

# **Tiffany Knopf's Steering Document**

This document relies on, and is in detailed response to the  
[Justus Henkes, CPA Deposition of July 18, 2023](#).

11/18/2023

Within the last several weeks, it is through my own investigative resources, accompanied by the shared information Amy Sherlock and Darryl Cotton provided me in their related case matters, that I have come to learn that there have been ongoing, gross mischaracterizations, lies and fraud relative to Adam Knopf and the various business entities ("entities") that he has an interest in.

From a top-down view, those issues are a result of inaccurate or undisclosed ownership interests, proxy figures representing those interests, and the various entities true financial condition aided and abetted by corrupt actions of attorney Gina Austin and Austin Legal Group (ALG), CPA/CFO Justus "Judd" Henkes IV and political lobbyist Jim Bartell. It has been an eye-opener of epic proportions which I will do my best to further detail here.

Before you disregard this document as the rantings of a former wife, it's important to know that it is only with the passage of time that these activities have come to light. And they don't start and stop with the cast of characters I've identified in the first paragraph. For example, in a November 1, 2023 [San Diego Union Tribune article](#), you can read about how the practice of currying favor with public officials to gain favorable processing of adult-use cannabis licenses with the use of proxy applicants and outright bribes is occurring in greater numbers. The response has been the increase in [criminal charges](#) being filed against those government officials, lobbyists and attorneys who engage in these practices. They are being held accountable as can be seen by [Councilmember Andreas Cardenas](#) being asked to resign in light of these charges. Adam and those people I've identified will go to any length to make sure their activities are not exposed as they would no doubt suffer similar legal consequences for their actions.

But back to my specific matters. While it is true, that to date, I have been legally married to Adam for 11 years, I have been in divorce proceedings since my [FIRST filing on February 4, 2021](#) which I dismissed believing we were going to reconcile. That reconciliation was unsuccessful and I refiled in my [SECOND filing on June 2, 2021](#) divorce proceedings.

While I was the 50/50 Director of Point Loma Patients Consumer Cooperative (PLPCC) in the [Articles of Incorporation dated April 24, 2014](#), I was not treated as an equal in the business. Adam did not

share crucial financial data and/or strategic management decisions with me that would have alerted me, an unwitting strawman in his plans, to the financial and legal irregularities I have now come to learn existed.

As the old saying goes hindsight is 20/20 but in my defense, that hindsight would have had to depend on me having some formal education in business, law and accounting to have been able to see these issues before they reached the stages which will be described herein. I had no training in any of these disciplines. Knowing that, Adam, his attorney Gina Austin and his CPA/CFO, Justus “Judd” Henkes IV (Henkes) all took advantage of me. Knowing what I know now, I can begin to set forth evidence that will materially support these allegations.

Before I begin with the specifics, I have to address some foundational issues with the early business entities that formed the beginning of what was to be the shared future we dreamed of creating when riding the wave of what was to become the financial boom of adult-use cannabis in California.

When I first met Adam in July 2010 he had a partner, Sergio Burga in a not-for-profit, medical dispensary they co-owned and operated called Point Loma Patient Association (PLPA). The PLPA dispensary was located in a storefront at 3045 Rosecrans Street Ste. 214 and was in operation from mid-2009 to early 2011.

In 2011, Adam’s Point Loma Patients Association (PLPA) received a code enforcement visit and notice from the City of San Diego that they were unpermitted and had to cease operations or they would be fined and ordered to shut down. This notice sparked the dissolution of the PLPA partnership between Adam and Sergio with their agreeing that Sergio leave with 100k in company cash and Adam leaving with any remaining product and the patient list. Sergio was not a resident of San Diego, so the patient list was not of any real ongoing value to him anyway.

With the dissolution of PLPA, Adam immediately began a delivery service, operating out of the 1100 Rosecrans Street location which was a delivery service only. Adam had told me he was operating his new delivery service legally. That it was just storefronts that weren’t legal. I believed him but what I have discovered through my current research and what can be seen in [BECK v. PLPCC ET AL Case No. 37-2017-00037524-CU-BT CTL](#) is that under Adam’s leadership, PLPCC paid no member contributions as was required of a not-for-profit collective or cooperative. Had Adam treated PLPA any differently from those required member distributions? I sincerely doubt it. In fact, what I have come to know about Adam is that his pattern of theft and deception extends to this day in virtually everything he does.

In early 2014, Adam and I began our investing in the permitting process known as a Conditional Use Permit (CUP) for a commercial property he had leased for what was to be the PLPCC licensed medical dispensary located 3452 Hancock street. We were granted that CUP in March 2015

In August 2015 Adam and I opened as Point Loma Patients Consumer Cooperative (PLPCC), which later became Golden State Greens as a for-profit entity. Of historical note and significance is his irresponsibility with his finances before I met him Adam had filed for [bankruptcy in 2011](#) and his reversal of fortunes after our getting married in 2012. Adam was able to put his bankruptcy behind him, becoming successful together, as a team through our joint income and time. The fact that I cut my hours from a great paying job as an Esthetician at Paradise Point Resort and Spa just so that I could take care of Adam's 3 children and my one child allowing him to roam free, shows what had been my commitment to him, our family and our shared goals. I created an environment that allowed Adam to pursue our dream of owning a licensed dispensary which was the only reason, for better or worse. any of this ever materialized.

It was while we were investing in the permitting process that Adam ended up in family court litigation with his previous wife in a child custody battle. Adam felt that with the expenses associated with acquiring the CUP, and with the litigation and award expenses in the child custody battle we could run out of money so we decided around June 2015, that we would seek out partners to invest in the permit application process.

Adam filed a [Statement of Information](#) for PLPCC business which was never operated under the requirements of an LLC. There were no minutes. Adam treated this entity as a 100% wholly owned business of his. While our personal shared bank account and monthly income were used to pay many of the early PLPCC's bills. I was not included in the decisions or the controls of how PLPCC money was spent, nor were those funds ever returned to our personal bank accounts.

While my divorce attorneys have been persistent in their goals to get to the facts that would allow us to determine the true worth of Adam's assets many of the requested information to bank accounts, contracts, financial records, etc. have been blocked by those who seek to protect themselves and Adam by not producing those records. In fact, the political lobbyist representing Adam was Jim Bartell who works closely with Gina Austin and her attorney Tamara Leetham-Rozmus, wherein a [July 30, 2022, email](#) simply claims in response to subpoenaed document production, all the records he has pertaining to Adam have been thrown out. And he cc's the ALG attorney, Tamara Leetham in that email! These are 99% electronic communications and "we threw them out." What nonsense!

With the aforementioned details having been presented, I will now present specific responses in support of these statements. Responses primarily related to the July 18, 2023, deposition of Mr. Justus “Judd” Henkes IV, CPA/CFO regarding his “person most knowledgeable” status (see Page 6) to the various entities, financial conditions and supporting records where Adam Knopf has interests.

- 1) On April 22, 2014, two days prior to my signing the PLPCC Articles with Adam as Director, Adam had entered into a [PLPCC Operating Agreement with Michael Sherlock](#). This was never disclosed to me.
- 2) On [January 1, 2015 Gina Austin of Austin Legal Group sent a Letter of Engagement](#) to Adam Knopf and Michael Sherlock for their joint venture, [Full Circle Management Company, LLC](#).
- 3) On March 4, 2015, Adam concocted a [“resignation”](#) document that was meant to relinquish any and all of my ownership interests in PLPCC. I did not create, sign, or even know that document existed until it was presented to me by Adam’s divorce attorneys, as supposed evidence that I had no equity interest in any of PLPCC. The document is a fraud and the fact that my signature was forged, authorizing a complete, no consideration surrender of my interests, is a testament to that.
- 4) On [March 11, 2015, Steven Lake, on behalf of himself, Michael Sherlock and Brad Harcourt](#) sent Adam a Proposal for what the Full Circle joint-venture would represent and generate.
- 5) On April 20, 2015 Adam had agreed to the terms and conditions set forth in this [Operations and Management Agreement](#) contemplated between PLPCC and Full Circle Management Company, LLC.
- 6) Gina Austin’s Austin Legal Group (ALG) billed [Full Circle for services](#) whereby PLPCC was paying Full Circle legal fees on 03/18/15. ALG also rendered billing to Full Circle on at least [two other separate occasions](#), through 04/30/2015 and 5/22/2015.
- 7) Full Circle made rent payments on behalf of PLPCC as can be seen and acknowledged in [Note 1 of the Adam Knopf, Judd Henkes and Eric Goldberg 5/13/2015 Hancock Proposal](#).

- 8) On or about March 2018 the 3452 Hancock Street location was renamed Golden State Greens (GSG). There was never any discussion or consideration given to me as to how PLPCC was to be dissolved and what my ownership interest in GSG was going to be. Clearly, based on the forged resignation letter, Adam has no intent of seeing that any of GSG equity would transfer to me.
- 9) On June 01, 2015 Adam and Henkes entered into an [LLC Agreement for Far West Management](#) which, as I came to discover was a management company for PLPCC operations. Of note, in [Exhibit B](#) of this agreement, Judd's wife, Jenna consents to Far West being a separate interest to Judd to which she holds no claim. On 12/14/16 after mentioning I wanted a divorce, Adam wanted me to sign this [Separate Property Consent Form](#) for GSG, LLC. I refused to do so.
- 10) Over the course of the last several weeks, a number of past employees of Adam's have come forth to describe what amounts to a lack of proper bookkeeping and accounting at PLPCC. In fact, the Point of Sale (POS) Software is customized by 3 Key Media, LLC ([Discovery Documents](#)) which is jointly owned by Adam Knopf, Member and his partner Gary Strahle, CEO and Founder. I have reason to believe that the [3 Key Media certificate of membership](#) interests does not represent the true joint venture relationship which was in place on or before 10/01/2021 when 3 Key Media paid Adam \$240,000 as a repayment on a loan that Adam would have had to made to 3 Key Media. I have no record of that loan having been made. I do know that, per Adam's statement to me, 3 Key Media received a federal PPP loan around that same time. The 3 Key Media check that can be found on page 3 of the Discovery Documents where it can be seen that the 3 Key Media check no 4501, was written by Adam and signed by Gary. In other words, this is proof that Adam had been engaged to the extent that he could write a \$240K 3 Key Media check that Gary would simply sign.

In short, Adam has continuously misrepresented this POS software relationship, the money they unlawfully took from the federal PPP loan program and how this all relates to the mismanagement of PLPCC and GSG POS integration with QuickBooks and Federal, State and State taxing authorities.

- 11) Upon information and belief PLPCC uses/used two different types of POS software systems between their Walk-In dispensary customers and their Pick-up and Delivery (P/D) business. When inventory for P/D orders was removed from the Walk-In inventory that did not generate any kind of receipt between the two divisions. Inventory management was at best, chaotic and self-serving.
- 12) Upon information and belief there is use of an “off-book” excel spreadsheet that manages a certain amount of inventory which has not been accounted for in the Cannabis Cloud software. When scanning input inventory at the POS we would get a pleasant beep tone and the product would show as an inventoried sale. When the product was off book, the scanner would emit an angry “not recognized” sound. The sale could still be made but the inventory adjustment would have to be made, on the Excel spreadsheet. This function was left to Matthew Freeman, the GM. It is a direct result of this off-book accounting that none of the financial records and statements provided by Henkes can be trusted as accurate.
- 13) Adam would come into the store on average 2-3 times a week and take sizable store inventory out. He would then generate an invoice for \$0.01 for that “sale.” ([See Bridgewater Affidavit @ Pg. 3:9-11](#))
- 14) Henkes would come into the store on average of 2 times a month and take sizeable store inventory out. He would also then have an invoice generated to \$0.01 for that “sale.” ([See Bridgewater Affidavit @ Pg. 3:9-11](#))
- 15) On July 10, 2018, further madness occurred when Adam ordered Heidi Rising, GM at Golden State Greens over to a dispensary located at 8863 Balboa Avenue. [In her sworn Rising Declaration of July 27, 2018](#), Rising details how Adam had instructed Rising and two GSG Managers to meet him at the site as they were “replacing the prior management company due to mismanagement.” One only has to read the Rising Declaration to come to terms with just how chaotic and dangerous the conditions were that Adam had subjected them to.
- Between her first visit on July 10<sup>th</sup> to the day they abandoned the dispensary by running out the back door to Gina Austin, in her awaiting getaway car, taking money, cannabis and records while those at the front door were there, by court order to take the dispensary over under

court receivership, pounding to get in while armed unpaid vendors were demanding to be paid would be, in my opinion, a classic example of how the adult-use licensing system failed everyone when these people were issued a license.

Matthew Freeman, Manager at GSG also provided a detailed accounting of these events his [Freeman Declaration](#) which included his onsite Balboa interactions of July 17<sup>th</sup> with Rising and Alexis Bridgewater “another GSG Manager.” Of note, while ALG took and submitted the declarations of both Rising and Freeman ALG took the [Bridgewater declaration](#) but never submitted it in Gina Austins [interlocutory appeal](#).

Of note, in [Judge Surgeons Order](#) of September 26, 2018, Henkes was ordered to act, under court authority, as the accountant for this dispensary while a forensic audit was performed under a court ordered 3rd party receiver. The Order stated the purpose, **“to conduct a comprehensive forensic audit of the Marijuana Operations, as well as of all named parties in this matter as it relates to financial transactions between and among such parties related to the issues in dispute.”** [emphasis added] All of Adams business entities deserve the same court ordered treatment as these are all shared Gina Austin clients financially managed by Justus “Judd” Henkes as CFO. The same Henkes, CPA/CFO who, as can be shown here, is corrupt, incompetent or both

Bridgewater took copies of her declaration but could not find, or was never given, the signature page. That’s why it’s missing from the link. What the Bridgewater declaration does say that the other two do not, is just how involved Adam was in the catastrophic events surrounding Adam’s “take-over” of the Balboa dispensary. That part of her story is summed up in her sworn [10/30/2023 Affidavit](#).

It is clear from the Declarations and statements that have been made by Adam that he reveled in the fact boasting he had initially believed he “owned that dispensary because Sherlock had died” and that he had gamed the system with his backdoor escape, when what he had actually done is showed that in Gina Austin, he had an attorney who would commit fraud upon the court and violate court orders while Adam had no problem putting his personnel in harms way for his own self-enrichment.

- 16) While remaining somewhat blissfully ignorant of my husband Adam’s doings, since the divorce proceeding have begun and since I have started doing a deeper dive into his affairs, I have

found numerous civil cases that have been filed against him, his entities, Henkes, Austin and others describing in great detail the activities being committed.

[OMARI BOBO v. PLPCC ET AL, Case No. 37-2017-00037348-CU-PO-CTL](#)

[BROWN v. KNOFF ET AL, Case No. 37-2017-00025128-CU-OE-CTL](#)

[GEORGE LOUIS ET AL v. AUSTIN LEGAL GROUP ET AL Case No. 37-2023-00015974-CU-CO-CTL](#)

[BECK v. JUSTUS HENKES ET AL Case No. 37-2017-00037524-CU-BT CTL](#)

- 17) On [July 18, 2023, Mr. Justus “Judd” Henkes, CPA, provided a deposition](#) in regard to his personal knowledge, controls and duties he had relative to Adam’s equity and operating procedures in those various entities that formed his interests.

Significant statements were made by Henkes in that deposition which point to his personal knowledge and involvement that Adam has and continues to commit fraud in the way the businesses manage their affairs and how financial information is accumulated and reported. Within his deposition, they are as follows:

Pg’s. 12:10-13;12, “I work with attorneys and do forensic accounting...I’m a CPA” *With that background there is no excuse for producing these records or the lame excuses you provide for lack of proper accounting procedures being in place.*

Pg. 15;20-21, “I’m a Managing Member...a de facto CFO for a collection of that that encompasses. It’s really just one marijuana business, a dispensary down on Hancock Street.” *As will be shown, that is a gross mischaracterization of Adams financial interests in cannabis entities.*

Pg. 16:1-16, Q: What entities are we talking about?

A: Far West Operating, Golden State Greens PL Inc, --those are the three main operating entities related to Hancock. And then there’s GSG Lemon Grove, PWO Expansion LLC...GSG SBCA Inc.”

Pg. 17:2-7, “...And then that entity converted into a for-profit GSG PL Inc.” *What I believe he is stating here is that GSG was acting as a for-profit while the law required them to operate as a not-for-profit. As CFO he was responsible for that significant operational requirement.*



Pg. 17:12-19:5, "[Exhibit B](#) the 05/13/2015 PLPCCC Joint Venture signed by Knopf, Goldberg and Henkes

Q: "Do you recall signing this document?"

A: " I don't recall signing it, if we were all three in the same room, if it was raining or if birds were flying around but I signed it. It's my signature." *This is an interesting answer in that to sign this document would have been a pretty significant event executed all on the same day with all the names and date looking to have been printed by the same hand. Who would have been most likely to have done this? Henkes and most likely at his office where the document was created. For him to try and distance himself from the content is telling.*

Pg. 19:8-20:4, Q: "What was the purpose of this document?"

A: "Adam had a falling out with his other business partners...I decided to get together with one of my clients and come together for the money...Adam is bringing the customer list...We're going to incur the costs...It was very clear between the parties that it needed to be for revenue, because that was the big promise from Adam. We were all going to be millionaires. Revenue was going to go from 3.5 to 12 million." *This statement means that Adam/Henkes were representing we were making \$3.5/year. That was not represented on our taxes. This is a false representation during the deposition by Henkes who was doing our taxes.*

Pg. 20:10-25, "...it was very important that earn-out is based on earnings. It also protects us as minority partners from Adam unilaterally raising salaries, buying Porches...that's why it has to come from earnings. You're not going to get this extra amount until there is an extra amount like you promised there would be. That is the spirit of the agreement."

Q: "Do you recall how much you put into this business to buy your interest?"

A: "It was probably 200,000 and 500,000 from Eric." *This is an important exchange because it shows that the 2 investors only came up with \$700K. The rest had to come from earnings generated from when the dispensary opened.*

Pg. 21:1-19, Q: "Were there any other investors besides yourself and Eric?" *We need to subpoena Eric. After we were awarded the Hancock permit, I heard him tell Adam during a phone call where Eric was on speaker everybody is celebrating, talking about other zoned areas that were opening up and Eric said, "Do we have to pay off another City*

**Councilmember?”** Of note, Eric’s wife is Dina Goldberg who has also, on numerous occasions heard Eric bragging that he bribed City Councilmembers to get his applications approved.

What I know of Eric is that he is, at times, out of control to the point he was actually banned from the dispensary because he would come into the store, intoxicated and belligerent, demanding, that as an investor, he be given free product. This happened on multiple occasions.

I’d be curious if Eric ever got his initial investment back. Has he made other investments since this one?

A: “No.”

Q: “Was there a value established for Adam’s contribution of the list?”

A: “The purchase price \$1,917,090.”

Adam had told me his contribution, by bringing the list was \$250,000. That was it. It was never \$1.9. The \$1.9 is a total invention.

Q: “And do you recall how you guys established that?”

A: “...based on the agreement he was entering into with the other party, that it fell through, with some adjustments from that agreement.” [See the Full Circle Agreement](#)

Q: “what was your understanding of those adjustments?”

A: “Making sure we got our money from the earn-out.” What these responses indicate is that the [Lake Proposal](#) (Full Circle) was likely turned down by Lake. He smelled a problem in working with Adam and Adam was forced to go to Henkes and Goldberg. The Henkes proposal was MORE restrictive terms than the Full Circle Proposal. Adam didn’t walk away from Full Circle. I’m thinking they walked away from Adam.

Page 22:19-25, “Adam operated illegally on the black market, whatever, without a permit pre-legalization, pre-permitting. And he had a customer list” “Whatever” What’s that supposed to mean? Indifference? The law shouldn’t apply to Adam Knopf?

What this is beginning to sound like is that Adam had value from all his years of unlicensed cannabis sales. The City and Gina Austin forced [Adam to resign](#) and reorganize as a co-op. Henkes goes into that next. Of note, Adam names James Jennings as his successor. James is my brothers partner and had absolutely NO idea Adam had done this. Later in this deposition

*we can see that Adam has a habit of this, even naming Henkes without his knowledge or consent in documents when @ 284:9 he tells Adam, “Dude, don’t do that without my knowledge. Don’t ever name me in anything [CV Hydro] if you haven’t contacted me.”*

Pg’s. 23:15-24:3, Q: “GSG was the subsequent corporation following PLPCC?”

A: “That was the crazy corporation that the City of San Diego forced us to form to get a permit. Nobody should tell any business if they need to do it as a partnership, as a corporation, as a trust, as a sole proprietor. That was a stupid rule. The City finally realized it when the recreational happened and we converted to a kind of for-profit corporation...We’re always taxed as a for-profit. There’s no such thing as a not-for-profit marijuana organization.” *When Judd said there is no such thing as a not-for-profit marijuana organization, it shows he is either stupid or lying. Prior to 2018 ALL licensed cannabis business was not-for-profit medical.*

Pg. 25:1-6, Q: “...so you played a role in the formation of GSG PL?”

A: “Not any role in the formation of GSG PL. I don’t form companies. The attorneys form companies.” *This may be a problem for Henkes. That attorneys comment belies the fact that he understood the Full Circle Proposal intimately. Those 05/13/2015 [numbers](#) did not likely come from a law office. My guess is Henkes prepared the numbers out of QuickBooks, hand printed the names and with all 3 signing off then the business was set up. Clearly this is playing a role in the formation of GSG PL.*

Pg’s. 26:14-27:1, “...you could think of these entities as a consolidating entity, even though they don’t consolidate. You have some complex rules that are imposed upon GSG PL Inc. like 280E, and you want to have tax planning around those rules. You’re trying to limit the assets that are in GSG PL Inc. to protect the company and you’re also trying to zero profits out in GSG PL Inc as a tax minimization strategy and push—I’m not a magician. You can’t make profits go away. I wish I could. I wouldn’t be a tax CPA. You gotta be a magician, right? But we can potentially move them, and we can recharacterize profits.” *Ok let’s make sure we understand this. He takes assets out of GSG PL to hide profits by moving them to consolidating entities that don’t consolidate and recharacterizing them once moved. Sure.*

Pg. 34:7-13. “There’s no W-2 employees at GSG PL Inc. It’s not an employer. It files zero tax returns because we have to file stupid payroll tax returns, but it’s never had one employee

since it's history. It's always leased employees from Far West Management and Far West Operating.

Pg's. 34:13-35:24. Q: "Does GSG PL have any retained earnings?"

A: "...from a book perspective or from a tax perspective? From a book perspective, possibly no. Our tax numbers are going to be higher because we get expenses disallowed in the tax side. Some years we might have close to zero income from a book perspective and then we add back some numbers, and we have taxable income all of a sudden."

Q: "Is that taxable income because you actually had income or was it because you couldn't deduct certain business expenses?"

A: "It's because we couldn't deduct certain business expenses. 280E is a code section that's meant to put people out of business. You can have 10 percent profits, and you have an add-back that puts you in a liability that's 30 percent. You have no way to your tax. That's why we haven't paid our tax the last two years."

Q: "For GSG PL?"

A: "Correct"

Q: "250 – without interest"

A: "Correct. 250 without interest" *This is Henkes admitting to not paying federal taxes. Taxes that are undoubtedly much higher if the books were not cooked or subject to these elaborate shell schemes.*

Page 36:11 Q: Are you familiar with 419 Consulting LLC?"

A: "Yes. It was just Adam's entity that was formed to hold his interest in all these entities."

Q: "Have you assisted with the tax preparation for this entity?"

A: "Yes I have."

Q: "Have you assisted with the 419 financials?"

A: "There's not really financials associated with the entity until last year. It's basically just a flow through. He picks up money. 419 might have an interest in Far West Operating. If there's income allocated to Adam, the income is allocated from Far West Operating to 419 Consulting."

419 Consulting is an S corporation that then issues a K-1 to Adam and says, “this is your share of the income.” It mirrors what came in basically.” *To me this just sounds like another scheme to move equity out of an entity that Adam has an interest in and then to park that money off in a K-1 to 419 where anyone who is looking at that does not immediately tie Adam into the share of the Far West Operating income.*

Page 37:5-19, Discusses the Metrc system that “we have to follow.” *I would have loved to drill down on this and see the state records to see what has been reported as sold. It wasn’t done then but both state and GSG Metrc records should be demanded for comparison.*

Page 39:5-41:18, “We wanted to purchase Hancock Street. That got tied up. We were trying to sell Santa Barbara to purchase the land in Hancock. We wanted to be self-sufficient and not pay a landlord. Unfortunately, that project was tied up, the sale, because of litigation with the City for over a year. We couldn’t monetize the sale of Santa Barbara to purchase Hancock.

The landlord on Hancock really wanted to sell. We actually had to arrange that sale because we had a lease that was airtight with the new tenant – or the new landlord was going to have to assume. So, we brought MedMen to the table. There were a number of people who were looking to purchase the property. But we brought another marijuana company, a competitor, to the table because we needed somebody to buy this property that was going to agree to our terms of the lease and adjust the lease to make it subleaseable. So, Hancock was sold to MedMen as a REIT Real Estate Investment Trust...now GSG PL subleases the space from Far West Operating who leases from MedMen REIT...and it might be [Far West] Management who has the lease, but Management is 100% owned by Far West Operating. It’s a disregarded entity. They’re one and the same.” *To say this is convoluted would be like saying climbing Everest is a day hike. What fails to get noticed here is that the license goes with the property and the licensee can be replaced. There are attorneys out there who have that wrong. Despite the fact that these convoluted leasing schemes are designed to punch back at the landlord for violating language in a lease agreement.*

Pg. 42:9-44:19 [Exhibit D](#) (Far West Operating, LLC Class A Member Unit Reallocation Agreement)

Q: “Are you familiar with this document?”

A: "It was a document we signed. The basic agreement was we were going to go after a bunch of different projects and that was going to affect the earn-out...Adam wanted a bigger percentage. I was apprehensive. I'm not bullish on the marijuana industry. I don't want to do every single project...As I mentioned previously that Adam did outside of our group that we didn't necessarily want to be involved in or he just went down the road by himself...this agreement was shifting Adam's percentage because we were going to do so much more with the money and we were going to build an empire...Adam was going to get 60% in that empire when we sell those companies rather than the 55%... We all agreed on that...these projects aren't free. They cost anywhere from 350 to \$400,000 to go after them. Some aren't even viable. But typically, that's what you'll spend on professional consultants, land use attorneys, project managers that help us through the permitting process in that jurisdiction...so the spirit of agreement was "if we're going to spend all this money I want more." And we agreed." *This is absurd. Adam gets an extra 5% for bird dogging and Henkes isn't bullish on cannabis anyway. Nonsensical.*

Pg's 44:20-45:2, Q: "...who presented the various opportunities that this was going to do?"

A: " I mean they were coming up every single day. There were permits still being issued in San Diego. It was like the Wild West of permitting."

Pg. 46:8-47:19, Q: "This agreement was effective December 2016?"

A: "That's what it says. It was early on in our partnership where we went after manufacturing and cultivation mostly in San Diego...I had to create a template, a deck together. What is our balance sheet going to look like? Adam gave me some inputs...Same business model that Adam did. He paid for the permit on Hancock Street. He won the permit and then we bring in the partners to finish the job. *"He" is actually "we". I paid for that permit too.*

Pg. 48:18-23, "Ultimately, I agreed with both the Pac Highway project and doing something in San Diego, which did not turn out good. I agreed with the additional Mission Valley and the Santa Barbara projects which did turn out good."

Pg's 49-53 *go into the financials and cash flow for Far West Operating, which shoulders 100% of the tax burden, and Far West Management which has all the expenses on it as a total amalgamation with GSG PL Inc. with the owners being Judd, Adam and Eric. I will leave it to the forensic accountants to see if Henkes description raises any red flags.*

Pg's. 53:11-54:2 , Q: "Who is Gary?"

A: "Gary is our Point of Sale (POS) service provider. He helped develop the POS with Adam. I didn't really want to be involved in that. I told him I'm not a software developer. **I think we should buy canned software. [emphasis added]** So that was his venture with Gary.

We do utilize a bolt on with Sales Force and that's where we get our reporting. So, he provides the monthly sales reports to me that come from the POS system. And we get the reports generated on our Sales force. And I get the reports that are tied to total sales, tax collected, city tax collected, excise tax and then I use that for reporting purposes." *What Judd fails to mention here is what we've heard is that a second type of POS software is being used for the Pick-Up and Delivery side. There is also a report of off-book accounting being done on an excel spreadsheet where inventory was not put into the Sales Force system. If any of this is true it makes all the numbers, which are questionable anyway, entirely devoid of any meaningful accuracy.*

Pg's. 56:7-59:16, "Pac Highway was a project we actually won. It was one of those projects we agreed to go after. We spent around 450-\$500,000 on the permit itself...It had super high rent. \$700,00 a year just poof, gone just to hold the place while we sought the permit. \$38,900 in sublease income, or that's what I was seeing deposited in the accounts. *[plural? Get all bank records. In light of what is being discussed here, the court should order those records be disclosed.]* Deposits that need to be made into a Far West Management account.

Pac Highway was a venture. We actually won the permit...but the industry was changing, and money was getting smarter. People weren't paying the same for dispensaries. They weren't paying the same for permits. And this one had a massive cost structure with heavy rent that would never go away unless you purchased the building. And a cultivation facility is not like a dispensary. Cultivation is massively capital intensive. We were going to have to spend between 5-\$6 million for just equipment, build out etc., to even flip the lights on. The project timeline and our paybacks just got longer and longer. We couldn't find an investor. We didn't have the 5-\$6 million to build this out.

I started telling Adam we would be better off as a business if we just walked away and get out of this and not get sued. You have a personal guarantee. I told you never to sign that, but you did so we have to figure out a way that you can land softly from this. We'll listen to any deal.

It started to heat up at the end with two different people getting serious about it. And then there was another person trying to get a cultivation permit just down the street and we approached him and said why don't you just take over our facility and we'll work it out. He agreed so we were able to walk away and not get sued and he actually bought the property. That got us out of the \$60 plus thousand a month payment." *Aarron Magagna bought the property? That's Gina's client. This is likely rife with fraud. [See 6220 Federal] Did Far West recover their rental hold and permit investment? If so where is that return shown? We have subpoenaed Far-West and opposing counsel, but they have refused to even respond to our legal rights to this discovery.*

Pg. 60:2-5, Q: "Are there any outstanding expenses that currently exist regarding Pac Highway?"

A: "We probably owe Gina and Austin Legal a little bit." *Gina brokering the deal with the new tenant/buyer? She knows the financial conditions of her clients and it wouldn't surprise me if she was involved in throwing out the proverbial life ring here.*

Pg's. 68:24-70:16, [Exhibit F](#) Q: "How do you maintain records for Far West Management say automobile expenses?"

A: "It depends on what's hitting the cash sheets or the cards. If they're using cards those are connected to a bank account. **Ultimately all if the activity is reflected within QuickBooks.**" **[emphasis added]** *We really need to drill down on expenses. Show us the payments made on the advertising and promotion for \$266,051.29. We want to see those negotiated checks. If they say it was all cash, there should still be line-item entries for where that money was spent. We want to confirm that the vendors they say were paid were indeed paid for the work they did.*

Q: "Regarding the case sheets, does an employee who needs tires go to Discount tires and take some store cash to pay for those tires?"

A: "You would have to ask Adam about operations. I don't work at the location. All I know is the number ended up on a cash sheet. There's a cash sheet for every single day of the year and between the cash sheet and the credit card charges that gets reconciled into QuickBooks" *Why wouldn't the software through Sales Force just distinguish between a cash sale and a CC sale? It does. It also does inventory management. Upper management could easily have a*



*QB portal that Henkes could be supervising which would allow cash deposits and withdrawals for cash expenses that would be done in real time. This may partially explain away the ridiculous use of off-book spreadsheets but inventory management is still a problem that doesn't exist when using commercial software as it is designed to be used. The fact that they are engaged in customizing the POS for their use should be the red flag that anyone doing 3<sup>rd</sup> party verification would be alert to.*

Pg's.71:24-72:8, "Obviously we're tying things to the POS sheet which is coming from a different report. *[he stumbles here]* Then we take the cash sheets, and we marry everything up in QuickBooks. This is our sales for the day. This is our cost of sales for the day. This is cost of sales coming through our reporting...and I'll vouch invoices. *[Cmon! this guy is a CPA and he's vouching invoices!? I'm not buying it.]* But again, it's mostly on a...if I have questions, right? *Throughout the deposition when Henkes is creating an answer that should raise more questions than it answers he ends with a "right?" In other words, he seems to be testing if that answer will work. There is nothing adversarial about the questions being asked. For the most part, at least up until now there is no answer that generates a series of follow up questions to explore the integrity of his answers. **When it comes to financials: Garbage in Garbage Out!***

Pg's 74:3-11, "I mean their attorney expenses...whether if Gina's group helping us on our litigation, they help us with licensing, they help us with all kinds of stuff, right? Arden is the litigation person; Tammy also helps us with court stuff and Michaela [Sweatt] helps us with licensing all coming from Austin Legal Group. *And how much of that is in boxes of cash? Keep in mind that payments to Bartell and Austin were often times paid in cash. Did that money ever make it onto their books? Did cash EVER hit their books?*

Pg's. 75:20-76:3, Q: "Any particular idea of what Event Expenses would entail?

A: Event expenses would be an event on 4/20 at our dispensary. We invited Snoop to come down and we give him 2 pounds of weed and \$10,000. It's an event expense."

*This is an extraordinary comment! How were the 2 pounds accounted for in Metrc? Who paid the taxes on that. He's literally admitting to using cannabis as a transaction outside the POS. Where is the actual journal entry for that expense. I'd REALLY like to see it.*

*Furthermore, [Exhibit F](#) only shows an Event Expense total of \$5,969.87. How did Snoop get \$10K on 4/20 in 2022? QuickBooks doesn't even bear that out. Actually, the ONLY time I'm aware Snoop came to visit our dispensary was on a patient appreciation day event on August 27, 2016. It was definitely not on an April 20, 2022, 420 event.*

Pg's. 78:13-79:8, Q: Are you familiar with Golden State Greens LLC?

A: "...I don't know why we started that entity...We're making our money off the three other areas I expressed: the rental income markup, the Metrc administration fee, and the sublease income. And that's basically how the companies are making their money and shifting the income from GSG PL to Far West Management or Far West Operating."

Pg. 77:10, "The payroll taxes relate to the GSG employees..."

*This appears to be a direct contradiction from an earlier statement at Pg. 34:7-13 where "GSG has no employees."*

"There's no W-2 employees at GSG PL Inc. It's not an employer. It files zero tax returns because we have to file stupid payroll tax returns, but it's never had one employee since it's history. It's always leased employees from Far West Management and Far West Operating."

Pg's. 82:7-84:9, Q: "What's your understanding of CDRS 2.0"

A: "CDRS 2.0 was our second coming of Camino del Rio South. It was tied up in litigation for over three years. So, we had inside information [how do we get inside information? That's likely Gina.] On the day that permit went back into the City, we were 75 percent ahead of everybody. [this seems to be a pattern for Gina clients. The same thing happened with Hancock Street] We actually got that permit and we had a capital partner in Andy Hermenez who was going to build it out where once it was built out we would have a 50/50 partnership on the dispensary. And so, he agreed to that. CDRS 2.0 was formed to hold our 50% of the operating entity. On the outside of CDRS, me, Eric and Adam individually entered into an agreement with CDRS 2.0 being the venture to form a joint venture agreement. So, Andy had his entity. We had our entity. And then you have the owners above.

When we got the permit, we told him we didn't want to do business with him and to just buy the permit from us for two-point-whatever million and he did. We sold it and walked away."

Pg's. 85:23-86:17, Q: "Is GSG Lemon Grove kind of the collective of other businesses?"

A: "GSG Lemon Grove GSG LLS FWO Expansion are all zero corps, zero entities. We don't have assets there to sell. The last asset we have is Hancock Street, right?"

We're keeping some of these entities for the ultimate sale. But ultimately everything should be wound up eventually, right? [Can we say pump and dump. Classic Gina Austin. They did the same thing with 6220 Federal Blvd. selling it to Originals.] So the only entities that are really operating are Far West Management, GSC PL and Far West Operating, Exhibits C, E, and F."

Q: "When you say the 'ultimate sale' are you talking about 'this entity' being the ultimate sale of this entity?"

A: "Correct."

Pg's. 86:23-88:25, Q: "You maintain QuickBooks for at least the three entities being shown in Exhibits C, E, and F; correct?"

A: "Correct."

Q: "Are there any other QuickBooks for any other businesses that you are maintaining?"

A: "No."

Q: "And where do you maintain QuickBooks?"

A: "In my office in La Jolla."

Q: "How often are you preparing QuickBooks for these entries?"

A: "We didn't have anyone for quite a few months. It was fine. We can play catch-up when you're doing tax returns. I employed a third-party Blue Daisy Consulting [they should be checked out for how the numbers were coming in and what was expected of them]. She wasn't working out and screwed up just a bunch of entries.

Now I have a CPA who I have to pay a bit more but they're doing kind of all the core data entry from the cash sheets to the bank rec and then I'm reviewing everything and of course handling all the tax returns...whatever may come up in the business.

So typically, we've been a couple of months behind but because of the divorce we're trying to be more current."

*This is astonishing. Not only is there garbage data in, they are a couple of months from manually entering what should be automatically imported into QuickBooks and reconciling the accounts. Henkes has a duty to make sure the POS is being properly used and he chooses to ignore and what should be an honest accounting of the cash going in and out of GSC PL.*

Pg's. 93:15-94:12, "Hey, instead of us paying the expenses, it's effectively a distribution to and him paying his expenses on the outside. He had some expenses that he paid from company funds related to projects that weren't related to the company. And then ever since we stopped paying Tiffany in about January 2022 because she no longer worked for the company and we can't continue to pay employees that aren't working for the company, he started taking that money for himself and I told him he can't just take a unilateral increase in his income. Everybody wants it. Do I get an increase pro rata to what you just got? So those are treated as distributions as well. Not income to Adam. Because it's distribution, right? He's allowed to take distributions. He's taxed on his income, not his distributions."

*He may not be taxed on his distributions, but it would be considered community property in the divorce. Also, what agreement was struck whereby an 'employee' would continue to be paid after they left the company? I was entitled to those payments as a part owner as evidenced by the continuous salary, not hourly I received since I left in October 2018 with a short 6 month return in 2021. The thing about this portion of Henkes statement is that I was not given any W-2's and when Adam brought my payments home in cash, he would give me 200-\$300 a week out of it and tell me the rest was his for personal use. Arguing with him over this made him more abusive. He was a complete bully. This whole scheme was meant to keep me on a short financial leash, under his control and keep more money for himself while it looked like I was being paid.*

Pg's. 97:1-99:6, Q: "Has there been changes in the revenue in these businesses?"

A: "Revenue has consistently been declining year after year, right? We used to have 16 million in revenue and now we're under 10. It's a big change in 5 years.

Q: "Would you characterize the reduction in revenue material?"

A: "Yeah. From 16 million to 9, absolutely material. And costs just continue to increase...We pay the City 650 grand a year in City tax for 12 or 1400 square feet. And those bastards have their hand out now like 'Oh wait. California charges an annual fee of \$96,000. Why don't we

charge an annual fee of 2-‘ It’s like are you frickin kidding me? Now we have to pay an extra 21,000 by the end of this month and I don’t know where it’s coming from. We just had to pay the 96-; right? So, it’s kind of like maybe we’re sending the rent check out on the 8<sup>th</sup>, right? There’s no money for distributions.”

*This really sounds like a classic case of ‘be careful what you wish for.’ The government is piling on fees and this business is going to be hard to sell with declining revenue streams and financials that can’t be trusted in their current form as a result of the wild management company schemes and the lack of accepted protocols being employed for inventory management and POS.*

Pg’s. 100;12-102:12, Q: “I’m going to hand you [Exhibit G](#) which is a notice of tax deficiency. Let me know when you’ve had a chance to look at it.”

A: “I know exactly what it is. We’re currently at appeal with the City with that hearing scheduled on September 10<sup>th</sup> or 14<sup>th</sup>.”

Q: “Do you have an understanding of what the basis for the tax deficiency is?”

A: “Absolutely. It’s really two pieces. One piece is we don’t have any support in the early years for our medical deduction so they’re disallowing them at 100%...There are certain deductions from your sales that you can take., which are City tax, excise tax, sales tax and medical sales number. We don’t have any support for our medical sales numbers.

We were on an old system, [420 Soft](#), before Gary [Strahle-Adams software development partner for Cannabis Cloud] taking over with his new point-of-sale system. And we actually used to—I actually know we had the data, right?”

*Henkes is inventing and conflating at a supersonic speed here. For example, deductions from your various tax numbers do not weigh into what was actually due those various agencies from those sales. This entire document production and spiel has been designed to create doubt on the tax deficiency determination. The only doubt that should exist with that audited number is how it arrived at with less than accurate sales data.*

*Furthermore, his statement about how they “don’t have any support for our medical sales numbers” is just flat stupid. Everything was medical until the passage of SB-94 and it’s full*

*implementation to adult-use recreational in 2018 wouldn't have even been an issue in the "early years." Everything was medical up until then!*

*Once I read this I reached out to Vladimir Drabkin, Owner of 420 Soft via text to get responses to my questions regarding what Henkes has accused as being 420 Soft shortcomings. The [10/31/2023 text message chain](#) in which I ask Vlad address some of the 420 Soft systems features that Henkes represents were inadequate can be seen here. Vlad never responded to me but it may be beneficial for the record to subpoena him so that the questions raised in my text to him could be addressed.*

*Lastly let's consider that while previous testimony by Henkes states he had nothing to do with the software or its development here he is going on record with "I actually know we had the data, right." How would he know that if he wasn't paying attention to the POS values? And not for nothing, why does he always end a dispositive statement with "right?" It's simple. He wants to see if his audience is buying it.*

*In the early days we had a scanner to check peoples medical IDs...We actually had the data at some point —right?—that actually supported people who were buying medical products; right? We were very—they were signing agreements. There were all kinds of stuff that was being uploaded and saved. **When we switched to—from 420 Soft to whatever our homegrown POS is called now, all that data was lost.***

*I'm not buying that at all! Where was the backup for all "stuff" that was being uploaded and saved? 420 Soft is cloud based. They would have had your data backed up. Also, for someone who claims to have nothing to do with operations software, only the QB uploads, how is it you know about ANY of these downstream issues? **You are completely full of it Henkes!***

*"And so, we're trying like mad to retriangulate somehow, someway to get this data to give something to the City to say, 'look, lets agree on a reasonable approach because this approach is not reasonable.' Why don't we look at all the other audits and see what percentage of people are doing medical sales across the City. We'll use the low number. We don't care. Just because the house burned down."*

*Meaning they don't have the supporting data, as required by law, and Metrc, to present the auditors during these periods. Henkes is going to an infantry gunfight with a squirt gun.*

*His statement that “It’s ridiculous that your disallowing 100 percent when you know we had medical sales in those periods” creates another problem for Henkes. He admits earlier that “there is no such thing as a not-for-profit marijuana organization” (Pg’s. 23:15-24:3) He states that for city cannabis tax sales they don’t consider the not-for-profit medical side as being exempt from taxes. If they actually do offer this exemption WHY THE HELL did the transaction not get uploaded into QB as a non-taxed ITEM!!? Seriously Henkes! You want us to believe that you lost all the POS data entry for medical cannabis patients AND you didn’t even have those values in QuickBooks? Or that the early year data you claimed was lost in 420 Soft, a cloud-based POS was not available off the 420 Soft server? To use your own vernacular; **right.***

Pg’s. 102:13-103:14, [Henkes is speaking very rapidly]

Henkes: “Regarding the \$500,000 MEDICAL SALES deduction on one of our returns I suggested we sample it.”

Rozmus: “Slow down.” [Rozmus is Tamara Leetham of ALG]

Henkes: “So, they sampled the transactions that were medical sales, and they made their selections as auditors. We couldn’t provide them with any support. It’s like them asking us for a marijuana receipt and we don’t have it.”

*Not the same at all. This is a \$500K deduction you’ve taken SPECIFICALLY for MEDICAL SALES, and you can’t prove how you ever arrived at that magic number.*

“I discussed this with the auditor but he couldn’t do anything so he said you can appeal this at the City Attorney level and that’s what stood in the assessment.”

*The auditor(s), on behalf of the taxpayers, would never agree to such a cockamamie scheme. Perhaps next time an applicant comes in for an adult-use CUP the City might screen the applicant for past violations of cannabis ordinances as was the case with Adam Knopf.*

Pg’s. 104:3-105:25, “The other part of the assessment I’ll call the ‘Gary Error’ although he would call it the ‘Matt Error.’ It started right when Gary’s system took over and it was the way the excise tax was being calculated within the system when they converted it.”

*This is another astonishing admission! Henkes should have caught that prior to it being uploaded to QBs. His statement that the deduction they were taking larger than it should have been proves he was not reconciling the uploaded data with QBs. But I’m not even sure I believe*

*that. Why not have a look at the Cannabis Cloud data to confirm that the excise tax was in fact being taxed on tax. I find that very hard to believe or that Henkes, a CPA/CFO, would not have caught it before taking a \$500K deduction.*

“Either way we owe it. It’s an accurate assessment as they were effectively, inadvertently, doubling the calculation.”

*Here’s my problem with that. The CPA is supposed to catch inadvertent entries. This is ONE STORE and it’s being run by a bunch of incompetent, grifter criminals led by an attorney who lies to the court and drives getaway cars for those criminals.*

**This seems like a good time to take a break from the Henkes Deposition and do the GSG PL to McDonalds POS systems comparison.**

### **McDonalds**

Through 12/2022 there were [13,348 McDonalds in the USA](#) with an average of 4 POS per store. This totals 53,392 POS in just the United States stores.

Between 2016 and 2022 [McDonalds grossed between 24-\\$28B](#) in revenue.

Each store will average between 3-5K customers per day.

Each store will accept cash or credit cards as payments for their items.

Each POS provides an instant sales upload to the McDonalds main offices whereby cash and cc transactions are accounted for by the individual POS and the employee who is logged into that POS.

As sales are made, inventory is reduced whereby automatic recommended inventory replacement levels are alerted to that stores purchasing manager which, when approved, are set up for the next available delivery date.

McDonalds HQ is able to see, in real time, what their individual and what any store at any register is doing in cash and CC sales. This information is then converted into full financials and can be used by franchisees and store owned for state and local tax filing.

McDonalds backs up all their data at the local and HQ levels. Data is not lost.



The financial information they rely on is honest and accurate. McDonalds is not making guesses or taking \$500K deductions unless that line item is legitimate and can be supported.

McDonalds is a legitimate investment for those who wish to grow their wealth with a proven strategy and a transparent corporate structure that doesn't play games with their earnings, expenses or taxes.

#### **GSG PL.**

They have one store. It's approximately 1400 sq-ft and is located at 3452 Hancock Street.

Between 2016 and 2022, they had average gross sales of \$13M with a low of 9 and a high of \$16M. Of note, the [2016-2022 P/L](#) shows the business consistently losing ~20% per year in gross revenues.

They rely on POS software that they developed and is fraught with reliability and operational performance issues. Henkes does not inspire confidence that this trajectory is likely to change.

They rely on off-books cash-sheets and manual entry of cash sales.

Inventory management is not being properly accounted for in any of the accounting programs.

There is no real time uploading of the store POS entries into the main QuickBooks accounting program.

There are no distinguishing key POS transaction elements such as a cash versus a credit card sale.

One accountant, Henkes, who has an ownership interest in how the business and the associated shell entities performs, is responsible for accumulating the raw data and developing it in QBs for tax and accounting purposes.

GSG PL has recently incurred significant after audit tax consequences of \$542K for failing to pay the prescribed taxes due the City of San Diego. While it was appealed they lost they appeal and the ruling was upheld based on this [appellate hearing determination](#).

They have lost years with of critical data that was necessary to support their claims under audit and which they were and are legally required {See Michaela Sweatt @ Pg's 74:3-11, who at ALG, Henkes said is responsible for compliance} to do under the following sections of the [B&P Code](#):

**26070** (k) A retailer shall notify the licensing authority and the appropriate law enforcement authorities within 24 hours after discovering any of the following:

- (1) Significant discrepancies identified during inventory. The level of significance shall be determined by the bureau.
- (2) Diversion, theft, loss, or any criminal activity pertaining to the operation of the retailer.
- (3) Diversion, theft, loss, or any criminal activity by any agent or employee of the retailer pertaining to the operation of the retailer.
- (4) The loss or unauthorized alteration of records related to cannabis or cannabis products, registered qualifying patients, primary caregivers, or retailer employees or agents.

**26160** (a) A licensee shall keep accurate records of commercial cannabis activity.

(b) All records related to commercial cannabis activity as defined by the licensing authorities shall be maintained for a minimum of seven years.

(c) Licensing authorities may examine the records of a licensee and inspect the premises of a licensee as the licensing authority, or a state or local agency, deems necessary to perform its duties under this division. All inspections and examinations of records shall be conducted during standard business hours of the licensed facility or at any other reasonable time. Licensees shall provide and deliver records to the licensing authority upon request.

(d) Licensees shall keep records identified by the licensing authorities on the premises of the location licensed. The licensing authorities may make any examination of the records of any licensee. Licensees shall also provide and deliver copies of documents to the licensing authority upon request.

(e) A licensee, or its agent or employee, that refuses, impedes, obstructs, or interferes with an inspection of the premises or records of the licensee pursuant to this section, has engaged in a violation of this division.

(f) If a licensee, or an agent or employee of a licensee, fails to maintain or provide the records required pursuant to this section, **the licensee shall be subject to a citation and fine of up to thirty thousand dollars (\$30,000) per individual violation.**

The loss of confidential medical cannabis records during the transfer of operating systems represents a serious confidentiality breach as defined in the Health and Safety Code Section 11362.81(b)(4) A person who breaches the confidentiality requirements of this article to information provided to, or contained in the records of, the department or of a county health department or the county's designee pertaining to an identification card program.

And SDMC section 34.0124 (Audit and Examination of Records) provides, "It shall be the duty of every person liable for the payment to the City of any Cannabis Business Tax imposed by this Article to keep and preserve, for a period of three years, all business records as may be necessary to determine the amount of such tax for which the Operator is liable. The Tax Administrator and authorized deputies or agents in the exercise of duties imposed by this Article shall have the right to inspect such records at all reasonable times and to apply auditing procedures necessary to determine the amount of tax due the City.

In short, the only thing that one can compare GSG PL to any traditional retailer is that they both have walk-in customers. After that there are no comparisons. It is indisputable that the weak attempts to protect this business with an accountant, Justus Henkes and a lawyer, Gina Austin, who lack the ethics to call out these operational shortcomings and it is only, with passage of time, we begin to see their complicity in these actions.

When given a choice, invest in McDonalds.

### **Now Back to our Deposition**

Pg's. 105:1-107:11, Q: "You mentioned that the appeal will occur in Septemberish?"

A: "Correct. It's probably going to take a while to resolve and then there's going to be multiple other meetings after that."

*Gibberish. The appeal was denied. Unless GSC PL is planning on suing the City of San Diego for their incompetence this matter is settled as detailed in the [October 5, 2023, City of San Diego response letter to Adam Knopf and Gina Austin](#) whereby the amount determined due is \$542,767.42. They have 14 days to make the payment or file another appeal. This needs to be followed up on.*

Q: "You indicated earlier that you feel the data for the medical cards existed at one point in time?"

A: "I know it existed at one point in time because I saw it. *[Again, how is Henkes arms-length from the operations and yet he saw the medical records]* We can't find the information from after 2016 which we need to follow up with – Tiffany, where she has this information on thumb drives in the office on the desk that has that data at her house. Gina [Austin] has the thumb drive with the 2016 data on it."

*Why would Gina have 2016 GSG medical records in her possession? That makes zero sense. These should have been on a secured server with the patient file information from the POS database so it could be seen when the patient came in. My guess is whatever patient data Gina had for 2016 was likely not from GSG but one of her other clients. This needs to be checked out for accuracy.*

"So, we're trying to triangulate but unfortunately you need to do this on a line-by-line basis and there's hundreds of thousands of transactions by saying "Hey, of people with 2016 recs, were they making purchases within our 2019 year? Could they be part of the sample because we have that information. We have the rec. We have their license. We have the information."

*This is nuts! They're trying to argue that because they don't have the records to support the audit that the sample should include patients who may have shopped with them in 2019 but GSG didn't require that customer to provide a rec? Seriously? That same customer may not have HAD a rec in 2019. Lunacy and the audit appeal confirmed it.*

Q: "Are you able to identify which is the portion that is directly related to the medical card information?"

A: "Not on this schedule, but I have it."

*Like so many other things they haven't provided, this too should be provided for review as it goes directly to their credibility.*

Q: "Do you have an estimate of what that number is?"

A: "I would like to say it's, like upwards of 300,00 into 542."

*That is too big a gap and entirely self-serving when it comes to the audit. We would want to see those medical records just to get a closer idea of what the number is and specifically how*

*they tracked patient records and data entry into QuickBooks from 420 Soft and Cannabis Cloud.*

Pg's. 107:23-112:8, Q: "Earlier you testified when I asked you about business credit cards, you said American Express and Citibank Visa. Was there an overlap with the two cards or did the American Express get shut down and he went to the Citibank?"

A: "I don't know why American Express got shut down or why he went to Citibank."

*This is a lie. Henkes knew exactly why American Express was shut down. We had both a personal and a business American Express account which were shut down because of the high volumes and the fact that Adam was paying them off with money orders which he had purchased from store cash.*

Q: "Do you have an opinion as to the financial health of the cannabis industry at this point in time?"

A: "I described it as the Wild West when permitting started. But today, the money has gotten smarter. The competition has gotten tougher, right? More places are opening up, more jurisdictions understanding the windfall of revenue that's potential. You see that competition, right. Is it going to hurt our business? Are they going to open up from the current 36 permit limit to 60? I think that's where the business is going, it's just how quick will it get there?

The biggest thing that hurts us is competition [unlicensed] and the lack of the City doing anything about the competition.

The only way you're going to make money is with volume, right? The margins are so darn thin at the end of the day. I don't like it as a business model going forward, right? I'd rather sell the business than not sell the business and I'd be happy working with my real estate, biotech and other types of clients. I like the deals. I like the development. That's fun tax and attorney work. Running a dispensary isn't fun. It's like babysitting. It's low margins.

I think we would have been better off getting out before when the multipliers were more, right? Back in the heyday, people were getting 1.25 times revenue depending on your location, right? It didn't matter what your expense structure was, right? But your \$16 million business was going to get bought at \$19 million, right? It's like an 80% factor. But today people aren't paying as much for them.

I have other people that are dealing with the Indians and the management company with Indian tribal stuff and dispensaries, and they're asking about purchases. But they're looking for distressed dispensaries, right?

It used to be we were a good candidate for being acquired because we had such a high revenue stream. Anybody could come and buy our company and they instantly had \$16 million of revenue in their company. So, while there was a lot of talk about selling the company back in the day, we never did, right? And we could have got a lot more money for it."

Pg's. 112:10-113:8, Q: "What's the nearest competitor to the Hancock location?"

A: "Probably Urbn Leaf on Buenos and then Pac Hwy is going to be close."

Q: "Do you anticipate that going to cut into revenues?"

A: "Any new dispensary would potentially cut into revenues. Customers aren't tied to the dispensary. I don't think anybody loves Golden State Greens so much that they won't shop somewhere else. No, these people are consumers, right?"

113:9-117:6, Q: "Tiffany was employed at Golden State Greens at one point? Or was paid?"

A: "Never by Golden State Greens but by Far West Management...Tiffany kind of helped us as a manager if you will, at the beginning. She was working in the office. She was coordinating with people in reception. She wasn't working on inventory purchasing. We always had a different manager for that. But she helped us with HR-related things. I never really questioned her role, but she was working in the business at the beginning...at least through COVID and then it didn't seem like maybe as much."

Q: "Do you recall what she was being paid?"

A: "I think it was \$4,000 a month."

Q: "And you prepare the personal tax returns for Tiffany and Adam?"

A: "Correct. I've prepared the most recent 2021 returns for them both. They were joint tax returns up until a week before the filing."

Q: "What happened a week before the filing?"

A: "Tiffany said that Adam wasn't claiming \$200,000 as income he was paid. It was a deal he had made outside of Eric and me. I brought it up to him saying I can't prepare a joint return to sign when one person is saying there's 200 grand missing. Adam told me he doesn't know what she's talking about.

I told Adam that I can't have you two file the same return. If you file separately, you can take your position and she can take hers but I'm not going to have a return where somebody is conflicting what's in or out of the return. I prepared separate returns in 2021."

Q: "Did she substantiate the allegation to you?"

A: "We didn't go into exact detail, but she said there was \$200,000 paid in cash but I can't remember if it came from Chula Vista or Oceanside. When I asked Adam about it, he said he was paid for a deal, but I had to give it back, so I didn't make any money. It was a deal where he was going in on a project with someone else and he didn't explain who the financier was or exactly what he was being paid for. And Tiffany never told me why he was being paid for it either."

*This is another lie. On or about March 2022 during a phone call I had with Henkes I told him how Adam had received that money. Adam told me that he had played broker on the Chula Vista property, and he received that money from Andy Hirmez. Henkes response to that was that he wasn't initially part of the Chula Vista project "but I am now. He owes me for that. You know he owes me for that."*

*Furthermore, if this \$200K has not been represented on Adam's tax return then I can assure you that Henkes knew about it and in preparation of the return failed to divulge what I know was money Adam received.*

Pg's 117:7-119:1, Q: "Can you describe all the different ways Adam gets paid for the businesses in the form of identifying categories?"

A: "There's only three, which would be his W-2, the surcharge revenue split which is about \$3,500 a month and then the \$4,000 that he's taking as a distribution, which was Tiffany's pay that has been redirected to him."

*Why is my pay being redirected? This makes no sense. It's a company burden that is now being shown as increased distribution to Adam. It is, essentially, increased compensation to Adam.*

Q: "Is that redirected to as a distribution on a K-1 as well?"

A: "It will be, yes. It's not income but it shows up on a distribution line so it does not go through the tax line when you figure out their individual return."

Q: "And what about the \$4,000 related to Tiffany?"

A: "That's also distribution and so that's just him taking money...It has nothing to do with the profitability of the company. That's all on the balance sheet, right? We didn't run it through as a wage expense or payroll expense would have gone up. These distributions are on the P&L and the balance sheet. It's not affecting his overall income, but it is affecting his cash flow."

Q: "And that distribution goes to Adam through a K-1 that goes to 419?"

A: "It would. It would be a distribution out of Far West Operating."

Pg's 119:3-121:5, Q: "Can you identify any expenses that are paid for by the business for the benefit of Adam?"

A: "...meals and entertainment but all that stuff is so small that I don't even really care about it, right? So, there's probably is, everybody expenses stuff through their business. Is it to the point where I need to bring something up? Is it affecting my distributions? No. Is there 10-20,000 of personal expenses and travel and other BS in the financial statements? Probably, right? And Tiffany was probably there enjoying those lunches in the beginning too. It's not material to the business."

Q: "Obviously what's material to you may be different to Tiffany. How do you define Material? I mean you said \$20,000 wouldn't be..."

A: "That's probably not a material number when you add everything up, right? I don't give a shit. If it was a hundred thousand I would probably ask 'what the F is going on her.' Let me be clear, if I thought it was materially impacting the earn-out, I would be the first one raising my



hand going 'No, that's against your thing' right? Because I want my money just as quick as he wants his."

Pg's 122:22- 131:14, [Exhibit I](#) and [Exhibit J](#) Q: "Can you describe the concept of what's going on here with the various entities?"

A: "We're just trying to track all the stuff that's going on between the entities, right? And we used to be more detailed and try to track them, like based on what the expense was for...all the money that was coming over to Far West Management is really Point Loma's money, but then they money back for uplift on Metrc, uplift on rents, uplift on sublease...they're really, in a nutshell, trying to track all the transaction that are going between the companies."

Q: "I don't see due from GSC PL Inc."

A: "PLPCC is GSG. That is when things became legal and permitted. Adam's previous business was where he developed a customer list. Paying him for that customer list.

Pg's. 131:24-136:8, [Exhibit K](#) Q: "This is a letter sent from my attorneys to Bergmark. I am just going to cover a couple of items in here. Counsel is looking for reasons why there were considerable changes between the QuickBooks in January 18, 2023, and those provided in March of 2023. Do you have any ideas?"

A: "Yeah. Because the timing's insane. Whose books are done for 2022 on January 18, 2023? They were updates and they're still not done. They will be finalized for the filing of the tax return. All of the intercompany entries hadn't been booked as far as uplift of rents, payroll and the Metrc administration...It's involved. You've got to look at fixes asset additions, depreciation of assets, intercompany entries, and open items that I have with 'Ask My Accountant' to be resolved between these dates...We might have a list of 50 questions. "Tell us what these things are Matt. Tell us what these things are Adam. And then they'll go through the spreadsheet, and they'll tell us what each of the line items are. We'll get justification for it and we'll make the appropriate reclass entry. I would say entries are there, but everything hasn't been cross-journalized by the companies, right?"

*What I don't understand about this statement is why are they relying on Excel spreadsheets to have Matt and Adam "reclassify" entries that should have been categorized properly when they were entered? Seriously, 50 questions regarding "appropriate reclass entry?"*

“The start of the books is what happens transactionally. This comes from the point-of-sale system. This comes from the bank. This comes from the daily sheets.”

*It is this statement by Henkes that should get you all the records you are seeking. This is all information that should come from the POS but Henkes is relying on YEAR END accounting gimmicks to persuade the family court, investors, the City and investors that this is on the up and up. That this meets Generally Accepted Accounting Practice (GAAP) as is currently being bandied about in the TRUMP trial in NYC over his real estate assets.*

“And so, there’s a lot of things that actually happened we had done and the filing of the tax return.”

Pg’s. 136:10-137:16, Q: “Going down to Number 3 on the exhibit, we talked about GSG Lemon Grove LLC and the joint venture does that refresh your recollection with regards to that?”

A: “A little bit. There was never an entity called CDRS 2.0. That was a project. CDRS 1.0 was also a project which I believe was going to be through FWO Expansion LLC. I believe we did name GSG Lemon Grove LLC as the joint venture partner with Andy Hirmez’s entity to operate a dispensary if we got the permit. So, we never sold Lemon Grove. I think we sold our interest in the joint venture.”

*How can you not know this?*

“So GSG Lemon Grove LLC is our entity still but it’s just a shell.”

Q: “Could we go back to 4 real-quick? It says there is no W-2 for Adam.”

A: “We’ve corrected that on our end to make sure that they knew it was previously provided. I think I put it in the shared folders that both people have access to.

Pg’s. 137:18- 141:12, *This Q&A involves the sale of the Santa Barbara permit and GSG SBCA in 2020. There are some interesting exchanges here that I will quickly summarize in how Henkes describes why the threat of litigation required the entire post approval permit sale had to go through Adam as the only owner of record. I would want to see Adam’s 2020 tax return to see if this was accurately stated for 32 percent of the taxes having been paid with the rest distributed 60/40. This really needs to be drilled down on once the tax returns for the entity and Adam are in hand.*

Pg. 141:13, *This Q&A revolves around Adam's personal expenses being paid through the business. Adam stated that amount to be "about \$18,000 a year" wherein Henkes states it may be a "little more, maybe a little less."*

*They go on to talk about Adam buying baseball tickets to baseball games and other marketing expenses until they landed on the auto expenses showing a "much higher" amount than previous years. To which Henkes blames it on a "categorization thing."*

*They discuss the legal fees are high since 2019 to which Henkes blames that "on the 3 lawsuits they've had to defend over environmental (Hmmm I don't recall that lawsuit) and employee lawsuits." (plural) He neglects to mention the class action which is a member lawsuit.*

Pg. 145:1, Henkes states, "So when we paid – this is a cash basis. We might have owed Gina for a year, right? And then we'd make some payments. We're not accruing that expense as it happens, we pay it when we can."

*I'm not buying that either. If Gina has a silent interest in the dispensary I would see where it was carried but for ALG there should have been monthly statements where any unpaid balance accrued interest. Gina's acceptance of these payments may have been a convenient way for GSG to launder that cash money. The ALG Retainer Agreement sets forth the interest that should be charged past due balances. My concern is that Gina didn't run those cash payments through ALG either and just did journal entries to reduce their balance due. This really needs to be determined and if ALG is a defendant, discovery should reveal that.*

*With regards to City and State line items Henkes describes as a "BS" \$96,000 annual fee the state has for licensing renewal and the City will begin charging a \$21,000 annual fee" which they could not have been entirely aware of when they got into the adult-use business but now that these fees exist the only solution is to raise your prices or increase traffic to cover it.*

Pg. 146:7, *there is discussion about the increases in office expenses to see if there are personal expenditures being included in those figures. Henkes acknowledges that Adam purchased a \$350 ski lift ticket that he's not going to get in a "pissing match with him over it. And when battling other retailers Adam will spend \$395,000 on marketing to "keep people coming through our doors."*

Pg. 148:18, *Henkes blames those doing the entries "I've been using Eden, Blue Daisy and now Chris Hardison (He may be the CPA working for Henkes and it may be worth talking to him)*

people put stuff in different categories and it would take forever to unwind it and be super consistent across everything.”

*Following that there are questions about any of the divorce, Adams legal fees being paid. It’s important to note here that when Adam cleared out our joint checking account at SDCCU in June 2022 took the entire \$306,000 that was in there as his own, he was able to pay the roughly \$80,000 in court ordered fees to my attorneys but where has he been getting the money to pay his legal fees and all the experts he brings into these proceedings? Adam doesn’t make enough on the books to afford that. I would ask that Adam provide documentation as to where the money has come from to make those payments.*

*Pg. 151:13, we get into the rental expenses increasing to \$1.255M and we get a breakdown of each property’s monthly rental expense and the associated annual property taxes due for those properties. This is an area where we really should be looking at bank statements to see that those reported amounts are accurate.*

*Pg. 153:3, Henkes is describing how “we just don’t have the money” to keep paying the rent at Pac Highway and had stopped paying in February or March. He states that an angel came in and purchased it which made them whole. He said the buyer was “another Adam” which is untrue. That buyer was Aaron Magagna, another Gina Austin client.*

*Pg. 154:3, Regarding GSG PL we get into there was no analysis of the point-of-sale system, but you go through and review the system information? To which Henkes replies “that is the first thing we start with, right? We start with the POS reports and that’s the starting point of the cash sheets, right? If the cash sheet’s not tying what’s coming out of the POS report, that would be question number 1, right? It’s kind of like the cash is the cash and how it’s distributed, right? Matt is using the POS as a source data as well, right. So, you wouldn’t expect it wouldn’t agree. So, we have already gone through that analysis and reconciled it before it’s plugged into QuickBooks. It happens concurrently, right? When my staff {We need to talk to staff} has a month of case sheets from Matt, he’ll have a sheet for every day. When he’s doing his daily journal entries, which include posting the sales, the tax, and cash balances, right?*

So, we've had trouble in the past with our accounts payable and tracking things at the dispensary level. What happens is some of the product we pay for when it comes into our office while some of the product we buy on time, and we owe for it.

When we get a cash sheet and it's money out, we don't know if it's for product that was purchased and it's real inventory or if it's a payable that we're paying off. I've told them multiple times to try and track this. So, we have a process, and it's what we do with companies who don't have a full inventory team.

These things work in tandem. They're all working between each other, inventory, cost of goods sold and accounts payable."

*This all sounds good until you realize that the POS is problematic, there are off books excel spreadsheets, some inventory is walking out the door without being paid for and I suspect, knowing how Adam operates, that some of that daily cash isn't being reported at all. It's never even reported to Henkes.*

Pg. 158:6-10, Q: "So it's not like there's some hidden cash profit that's being booked in there with..."

A: "No."

Pg. 158:11 we have some Q&A over the dropping revenues and Henkes responds with "It's been going down for years. It's month over month. I don't think identifying the reason behind the reductions is an easy task. I think you have to look at what's happening elsewhere in the community. I think a lot of dispensary numbers are down. We're not the only one." *[what's your source?]*

Q: "Would you say the decrease in revenues has been pretty steady over the course of the past five years."

A: "I would have to look month by month and I could create a graph if I really looked at it. But it makes me sick to my stomach because our costs keep going up and our revenue keeps going down."

*I don't have a graph, but I do have your [Exhibit P](#) which is your P&L for GSG from 2016-2022 and the numbers break down as follows:*

Year	Gross Income	% Change from prior year	Net Income	Net % of Gross Revenue
2016	12,349,546.19	NA	-419,568.76	103%
2017	16,010,181.26	29% Increase	5,142,437.15	67%
2018	16,038,803.36	0.17% Increase	7,062,652.74	55%
2019	14,683,625.50	8.4% decrease	253,331.50	98%
2020	12,116,683.09	17.48% decrease	71,609.15	99%
2021	11,562,226.89	4.57% decrease	-1,571,413.87	113%
2022	9,497,525.78	17.85% decrease	591,147.52	93%

*Clearly it can be seen that GROSS revenues have fallen in 4 consecutive years since their high of 2018. This despite the fact that advertising, marketing and events have spent money trying to maintain that gross revenue stream. It has not been successful. Have there been strategy meetings reflected in the GSG board minutes whereby these falling revenues and changing conditions would require adjustments as to how reduced money is being spent? I see no evidence of that. All I see is that Far West attempts to reduce GSG liabilities by keeping it a zero net revenue company, has no controls in place to see that ALL the cash coming in the door (front or back) is being accounted for.*

*Under the multi-entity strategy Henkes has created when we consider an analysis of the net % v gross % revenues Henkes should be attempting to reach a 100% or greater percentage of that gross. I see that he has only done that twice and when he really needs it for 2022, he lets that percentage fall to 93%. This is unacceptable considering the falling gross values and the taxes that will be paid on the 2022 net income. Lets see those 2017 and 2018 returns because if this P&L is to be believed, they had to pay federal and state taxes as a result of an elaborate entity scheme that did not work.*

*Henkes dodges a direct answer to this issue in the deposition. I would demand that we get a better understanding of the financial condition of all the entities because the one thing I can tell by this analysis is that the only consistency from year to year appears to be the falling gross revenues.*

*Pg. 160:18, the topic turns to Number 5 where there is 9 and \$10 million in retained earnings that should be paid out as dividends to which Henke laughs claiming "That's insane. You have to look at all the companies together [which is exactly why we require production of all the tax returns, bank accounts and POS data for ALL THE COMPANIES TOGETHER] and there's obviously not retained earnings like that."*

**Q: “Are there other reasons that there is retained earnings?”**

**A: “Again, I would have to look at everything across all three companies. You can’t look at a company in a vacuum.”** *I could not have said it better myself! Give us those records so we can get on with this! We will not rely on your self-serving interpretations of corrupt or non-existent financial data.*

*Pg. 161:14, the topic turns to a \$984,000 entry in the balance sheet as owed to shareholders. Henkes describes those shareholders as Adam, himself, and Eric with 60 percent of that [\$590,400] being due Adam. Where in our division of community property has my share of that been offered? If it’s agreed here that Adam is due this, it must be considered community property with \$295,200 being my share of that shareholders debt.*

*Pg. 163, the topic turns to how Henkes and Adam had met, guessing “five years before our venture, maybe six.”*

*Before they entered into any business ventures Adam had requested help with accounting to which Henkes replied, “I can’t really help you unless you want to start paying taxes on all this stuff.” This is a very important comment being made. First of all, Henkes is stating that this conversation in “pre-legalization, pre-permitting.” The insinuation being that Adam is involved in unlicensed, black market cannabis activities when, as Adam would have us believe, he was licensed for medical cannabis since 2013 as evidenced in the [Porkolab Declaration @ Pg. 1:9-4](#). Indeed Adam would have had City issued Business Licenses to operate legally as a storefront for these activities. Any tax structure in place at the time, that is prior to the implementation of adult-use in 2018 would have been well established tax law and regulation. In other words the statement Henkes is making here supports his understanding that Adam was engaged in a for-profit enterprise when the law then would have prohibited it.*

*Pg. 163:8-14, “He did start paying taxes on all his what I’ll call unlicensed dispensary...paying the sales and use tax. It was something like \$30,000 a month or something, I remember. I would come in every month to collect the \$30,000 payment and Adam was surprised but after 6 months he realized that ‘yes I’ve got to pay this every single month’ you know type of thing.”*

*What Henkes should have understood and indeed had a professional duty to do so was that prior to the implementation of adult-use, for-profit cannabis law and regulation, Adam owned and operated a not-for-profit cooperative at these locations.*

*That any “profits” were instead due to the members after all COGS were deducted. In fact, the [BECK v. PLPCC](#) class action case made that abundantly clear. Indeed, Adam even admits in his response that he did not distribute those so-called profits back to the members which means anyone, including Henkes that took a portion of those “profits” were actually stealing from the members and breaking not-for profit tax statutes that required that distribution. In in attorney Gina Austin’s representation of PLPCC, Golden State Greens, Far West Management, Far West Operating and Far West Staffing and attorney Matthew Dart’s representation of Adam Knopf and Justus Henkes I submit the [DECLARATION OF ADAM KNOPE](#)*

IN SUPPORT OF DEFENDANTS' JOINT OPPOSITION TO PLAINTIFF'S MOTION PURSUANT TO CALIFORNIA CORPORATIONS CODE §§ 12603-12607 FOR PRODUCTION OF RECORDS, APPOINTMENT OF INDEPENDENT ACCOUNTANT AND AWARD OF ATTORNEYS FEES AND COSTS (See Pg's 2:27-3:1 and Exhibit 2 PLPCC Bylaws) which further describes his relationship and the duties of Henkes (See Pg. 2:9-25).

“So that’s kind of how the relationship started. I was helping Adam on an individual basis, kind of supporting his venture that he had going through the permit process.”

Pg. 163:25, “He was working with other individuals trying to go after these permits, trying to do deals to figure out who he was going to be involved with, to partner, to kind of finish the projects after they got the permit. And so that kind of evolved. You know, we just kind of kept the relationship going.

I can't remember exactly. It was probably in the summer of 2015 -- or maybe not in the summer. Maybe earlier in the year, because it looks like we signed that in May. So, it was probably right at the beginning of the year he had a falling-out with the other partner. I think we called them the Full Circle Group. I don't know what the falling-out was. They had multiple other partners in it: this gentleman named Biker Sherlock; this guy, Steve Lake, who is a former owner of Sector 9 Skateboards. So there's some connections from La Jolla because I knew some of the guys from Sector 9. And, again, I didn't really know what their deal was. It was going to be some kind of a partnership where they were going to operate; but the exact details of who was going to pay what, who did what, what the revenue share was -- that had not been worked out yet. They had a falling-out.

I'm not sure what the falling-out was. I think there was too many cooks in the kitchen on the Full Circle side. They had investors from Santa Barbara. I forget what the investor from Santa



Barbara's name was. But there was multiple people. And there was so much noise coming from both sides, I think they were stuck and they couldn't get any project done. And so, Adam was kind of done with that group.

And I think they were ultimately going to, like, lose the property or something if they didn't make this one payment on time. And so Adam is like, "Oh, my God, you know, I got this permit. I can't -- I can't finish the project. We're going to lose it." And I said, "Let me see what I can do." And I got in contact with a high net worth individual, Eric, who had money to invest, who would be open to this type of investment. And we ended up syndicating the money with myself, my sister, and Eric and becoming partners with Adam."

*Pg. 165, the topic is on losing the Hancock property and Henkes describes the need for an emergency payment of \$120,000 needing to be made, paid to the landlord, Mr. Sinner with Adam bringing the customer list.*

Q: "was that the retail customers?"

A: "Correct."

Q: "Okay. And he was bringing them from his first entity?"

A: "Correct. We'll call it the unlicensed entity."

Q: "And as part of the investing in this entity, would you have invested in it without a license if it remained unlicensed?"

A: "Absolutely not."

Q: "Why not?"

A: "Because I'm not going to operate with unlicensed businesses."

*This is a complete contradiction. It's more than just an ethical or professional lapse in describing his duties and involvement during this deposition. We can see he has literally lost his moral compass whereby at one point he admits Adam is running unlicensed entities. He "won't operate with unlicensed businesses." Yet he just stated he takes a \$30K monthly tax payment, over a 6-month period, from an unlicensed business and he treats a not-for-profit entity as a for profit because as he's stated previously in this deposition, 'We're always taxed*

as a for-profit. There's no such thing as a not-for-profit marijuana organization.' (see Pg's. 23:15-24:35)"

*As far he knows, Henkes is operating with an unlicensed entity. As far as Theresa Porkolav, his medical cannabis cultivator knows, she's dealing with a legitimate not-for-profit medical cannabis cooperative. It must be hard for Adam to have tried to keep all these different stories straight.*

Pg. 167, the topic turns to Full Circle and the operation of Adam's unlicensed dispensary.

Q: "Did Adam ever express to you how his, I guess, relationship with his first entity changed? Did he get rid of it? Did he resign? Did he quit? Did he just kind of move on?"

A: "It pretty much wound down. I mean, I think the attorneys advised him that he shouldn't be operating that unlicensed dispensary when he's going after a permit for a licensed dispensary."

Q: "Okay. And in terms of unlicensed dispensary, your understanding was that it wasn't legal, the operation, or gray?"

A: "It was gray.

Q: "Gray."

A: "I think it was gray. I think we were -- I think people were operating under State law, which they still are, but the law was vague."

Q: "Did Adam ever express to how his first relationship with his first entity changed? Did he resign? Did he quit? Did he just kind of move on?"

A: "It pretty much wound down. I think the attorneys advised him that he shouldn't be operating an unlicensed dispensary when he's going after a permit for a licensed dispensary."

*I think Henkes is having a hard time holding on to his own, ever-evolving, thread here. He goes from an unlicensed entity being outside the law to state laws that were vague then and "still are" which means that these entities may ALL be operating in a gray area. If he wants to factor the federal law under the Controlled Substance Act, then Mr. Henkes you are indeed still operating an illegal enterprise and you are doing so through a multi-entity scheme to defraud the US taxpayer revenues derived under Section 280E of the IRS code by knowingly*

*creating consolidating entities that you have stated (Pg's. 26:14-27:1) operate in a non-consolidating fashion for the entire purpose of showing GSG PL Inc makes zero revenues.*

*Pg. 168, Henkes provides a detailed description of his duties and that he is a CPA and owns an accounting firm, Justus H. Henkes IV, Inc. He is asked if his services to these marijuana entities in done as an individual or through his incorporated business? To which he replies he does this work, including tax returns, as a W-2 wage compensation and is reflected in the business records accordingly.*

*Henkes did my personal tax returns and never invoiced me. I neither paid him or his company for that service. My only thought now is that Adam included my personal tax return fees with the business. Since that was supposedly a W-2 service then one of the entities paid for my personal tax return service. The other thing that jumps out at me is how is it that Henkes is working under a W-2 agreement with Adam, yet Henkes has stated (176:4-7) that others in his office were making journal entries on behalf of these entities. Were they listed as W-2 entities for that work or were those individuals paid through Justus H. Henkes IV, Inc? Are those employees W-2 or 1099 and who employs them? Do you work for anyone else as a W-2 wage earner?*

*Pg. 171, we find that Henkes met at the Hancock St. location "once every couple to three weeks" for "an hour or less each visit."*

*Pg. 173, we learn that the journal entries are made from Henkes office employees "staff" making journal entries from information provided from the dispensary. Which included POS data from Gary and "daily sheets from Matt."*

*This confirms, by Henkes own admission, that the daily sheets were separate from the Cannabis Cloud POS data.*

*Q: "And the daily sheets, do you receive those daily?"*

*A: "Monthly."*

*Q: "Can you describe the daily sheets for me? I don't think I've seen one."*

*A: "I believe they've been provided. That both the POS reports and the daily sheets have been provided in the shared drive. It starts with beginning cash by formula [Excel] and rolling it forward. And then it gets populated for each day, starting with the POS reports, because that's*

where it starts from, what sales did we generate for the day. Oh, we paid the security company \$20,000. Subtract that from the case and come up with case at the end of the day and roll it forward to the next day." *Did you get a receipt for each and every one of those cash payments. Did you 1099 all the vendors who received over \$600 in a years payables? Where are those 1099's?*

Q: "But the cash that 's said to be in existence on those sheet, do you know where it's kept?"

A: "Safe at 3452 but there's some kept at 3446 too."

Pg. 175, Q: "Have the internal financials ever been discussed?"

A: "We've kind of talked about it in conjunction with selling the business...it's kind of been discussed."

Q: "Have you ever approached any third parties to discuss them performing an audit?"

A: "No."

Q: "When was the last time that was discussed?"

A: "I don't know. A year ago, maybe."

Pg. 176, Q: "Could you just, in your own words, briefly describe the interrelationship between GSG PL, Far West Operating, and Far West Management."

A. "Far West Operating and Management, you know, they started as the management company. Obviously, GSG PL Inc. is an entity that holds the permit, but it's a shell before that; right? It doesn't really have any assets. It doesn't have the build-out assets. It doesn't have any employees. All it has is this license to sell marijuana. And so these companies come in and fill all the other roles that a business that needs to operate would fill. And that's, you know, running the payroll; providing the treasury function; making tax payments for the entity. Really -- you know, it -- they're kind of one and the same at the end of the day."

Q. "Okay. So I'm going to -- referring to all of them collectively, and if I'm going to change that, I'll let you know. Do any of the entities -- do the entities own any real property?"

A. "No."

Pg. 180, Q: "What was the name of the point-of-sale system you used at the dispensary and when did you start using it?"

A: "I'm not sure what Gary calls it and I believe it was implemented in 2020."

Q: "Is Gary's system cloud based?"

A: "It is."

Q: "Do you have access to it externally?"

A: "I do. But I have them run reports for me."

Q: "And does the POS also manage the inventory in the dispensary?"

A: "It does not."

*Well, if they wanted to go up against [420 Soft](#) that Gary created POS should monitor and track inventory as 420 Soft and every other Metrc compliant program out there does.*

Q: "So inventory is managed through Metric."

A: "Correct. They do inventory counts." *That's like saying your company financials are managed by a register receipt or a tax return. Metrc is simply a government peak into what was bought and sold through your in-house inventory management systems.*

Q: "What's the approximate value of the inventory right now?"

A: "I couldn't tell you. 3-400,000 probably. Actually, probably lower because we've been heading off paying vendors and paying these additional bills that have come up which have really hurt our business, right? We're barely making it each month."

Q: "And Matt's the one who would be responsible for putting that inventory into Metric?"

A: "I think it's in Metrc from the distributor and we go out and grab it."

Q: "So Matt is the one that goes out and does the grabbing?"

A: ""You would have to ask Matt and Gary their interaction and their process you know to fully understand it."

Q: "So it's not within your purview to monitoring inventory to make sure everything that's sold is accounted for?"

A: "As far as what? I guess I don't understand that."

Q: "You're not the person responsible for making sure that the inventory being reported sold is what's actually sold?"

A: "I would say that it's a combination of people that are inputting the stuff into the system and the reporting that we're getting out of it. I think Adam and Matt are more responsible for the inventory, right?"

Pg. 184, Q: "When reviewing the QuickBooks data, it appears the daily revenue information is recorded. How often is that information input?"

A: "I'm not micromanaging that are doing the input. Again, we're more up to speed than we've ever been under Chris. The transition from Eden to Blue was a bit of a crap shot over COVID. I mean if I call Chris, he was probably doing daily entries today. But it is a process because we're dealing with these 3 companies' books, right?"

Q: "Okay. And then just so I'm clear, the point-of-sale system, the current point-of-sale system, does not have any feature that would automatically populate that data into your QuickBooks data?"

A: "I mean, so QuickBooks always says that "Your stuff integrates with our stuff"; right? All that means is that we can read a CSV file, at the end of the day, we could get that piece in, but that's such a small piece of it."

Q: "Right."

A: "It's easier to drive the whole thing, the whole journal entry from the daily sheets, and make those entries at once rather than just getting, like, a sales and a cost of goods sold entry that's coming in."

*I'm sorry but this is utter BS. He expects us to believe by keeping off book accounting from GSG PL it makes it less confusing to do journal entries between the 3 companies? I find that nonsensical. The GSG books should be the in-store accounting system that is the bible to Henkes, QuickBooks and the various entities. Period.*

*If the store is making cash distributions to pay any vendors than that payable must be in the GSG books matching a vendor invoice and date time stamped, with a signature by the vendor or their agent for having taken that cash.*

*Now would be a damn good time to demand to see these Metrc reports to see how they match up to the inventory sold.*

Q: "Have you asked for any controls to be implemented to safeguard the handling of case?"

A: "The cash sheets were implements. That's one of the big things. We needed to start tracking. Doing cash counts and inventory counts as well.

Q: "And when were the cash sheets implemented?"

A: "Pretty much day one with cash counts performed every night and every morning and inventory counts done once a month with maybe some interim checking as well."

***Since day one. Incredible!***

Q: "Have there been instances of losses?"

A: "Probably yeah. Nothing like major."

*So, we are not expected to believe all the times you, Adam and Eric used the store as your own little piggybank to supply yourselves with that unpaid for inventory? (See [Bridgewater Affidavit](#) @ Pg. 3:9-10 and [Houston Affidavit](#) @ Pg. 3:3-9)*

*Let's say I run a bar and I happen to pour drinks, does might POS not tell me which bottle got the pour from, how much was poured, who poured that drink, how much is left in the bottle, is it an item that is automatically ordered when it gets 25% full, was the customer ticket paid in cash or credit card, what was the amount paid? From a GAAP principal does anything about what Henkes is describing here make sense? Of course not but the old baffle them with bullshit can be seen here in full swing.*

Pg. 189:1, Here we get to drill down on cost of goods sold QuickBooks entry in [Exhibit C](#) that is the GSG P&L for 2022 totaling product cost at \$4.8M .

Q: "I'm just trying to start with the COGS walk in number of \$4.8M. Are you telling us that the \$487,000 is a 10% fee of the \$4.8M because of an administration fee?"

A: " Yes. That is a Metrc administration fee that Far West Operating charges GSGS PL."

Q: "Why does FWO charge GSG that?"

A: "Because we provide services, and we charge for our office services."

Q: "What services do you specifically provide?"

A: "Running the whole Metric system for GSG PL Inc., keeping them compliant. It's not optional. It's required by the State to participate in Metrc."

*The follow up question really should have been "isn't it the POS data with inventory management what Metrc compliance requires of the licensee?" The answer would have been yes. Which means that anything FWO is providing is relying on Gary's Cannabis Cloud data that Henkes isn't even sure is Metrc compliant but to be in service, as a licensee, it must be.*

*The lunacy of this is that FWO is under no obligation to assure state compliancy but the licensee (Adam) and staff, most notably Freeman is responsible and if audited, like was recently done by the City of San Diego for \$500K in tax deficiencies will be nothing compared to the fines and penalties associated with GSG PL keeping track of inventory outside their POS and relying on FWO to "keep them compliant" to the tune of \$480,000 a year.*

*Pg's. 189:16-192:3, I would ask the reader to take a hard look at the exchange where the excellent questions being asked of Henkes to drill down on the FWO relationship with GSG and how Adam stood to make 60% of that net revenue. What is astounding is what follows,*

Q: " Sure. I guess I'm just trying to understand how an entity, which is compensating everybody via W-2 –"

A: "We have expertise. Okay? And so we charge for our expertise. Whether we have to deploy a monkey to hit a thing, that's not the expertise. That's the monkey that has to hit the thing. Okay? And you're going to pay for that monkey that hits the thing on a 50 percent markup. And because we're so smart and good looking, you're going to pay us 10 percent on your cost of goods sold. You don't like it, don't do business."

*"Smart and good looking"...you are one arrogant SOB.*

Q: "Okay."



A: "So it's one of the three ways that we take money out of GSG PL Inc. and move it over to here."

Q: "Okay. So as CFO, why not just increase everyone's salaries who is responsible for that administration of that expertise and administration of Metrc --

A: "Are you asking me how to run a business? I don't understand the question.

Q: "I'm just asking -- no. I'm just asking you. You're the CFO. And you're charging a 10 percent markup on your cost of goods sold for your expertise and booking it to Far West Operating. Why not just increase the compensation of the people who are providing the expertise directly via increasing their wages?"

A: "Tax minimization."

Q: "Okay. And so the purpose of that entry, one of the purposes of that entry is to drive down GSG PL's net income?"

A: "Correct."

*Pg's. 193:23-194;3, when Henkes is being questioned on the same financials in [Exhibit L](#) being run on both an accrual and a cash basis attorney Moore, representing Adam Knopf, instead of allowing Henkes to answer jumps in to say that "Well, you run the QuickBooks. You accessed it. What you printed up is up to you." Essentially blaming my side on running the wrong accounting method. This needs to be drilled down on.*

*Pg's. 195:19-198:10, we hear Henkes describe one of the purposes of inputting and charging that 10% fee is to drive down the net income of GSG. Henkes believes it is an "accurate reflection of the services that FWO provides to GSG through the value it's providing but agree that directionally it does drive down the net income in GSG."*

Q: "Now staying with [Exhibit L](#) and the payroll expense of \$101,090.93 what was that for if you weren't paying employees?"

A: "That's called staffing expenses."

*I'm not buying the entire explanation through 198:10 because if FWO is responsible for these payroll charges ALL GSG related payroll expenses should simply be a line-item expense over to FWO. You would NOT have work comp, SSI, etc. expenses shown as a line item in GSG financials. It's confusing and I believe it's confusing on purpose.*

*Pg's. 198:11-200:15, This back and forth is an attempt to understand Henkes explanation as to the how and why of his booking payroll into GSG. I am not an accountant, but I do believe in when confounded by an explanation, that Occam's Razor should apply. Now I know in advanced accounting schemes this may not apply but I do not see a single benefit in booking payroll and the associated expenses the way it is being done. Indeed, if this were a truly legitimate service, such as what ADP provides, the client is simply going to input the hours with the agreed upon wage, withholdings and what the clients matching contributions would be. At the end of the day, the client would list ADP as just another vendor expense and then this entire amount, to use Henkes previous association, MFF would not be in evidence.*

*Pg. 201:18, Here we have my attorney, Justin Prybutok telling Henkes "he's not a numbers guy" and that for "our line of questioning, it makes sense for our purposes, **it just might not make sense for your purposes.**" To which Henkes in his response has to double down is circuitous operating theory with,*

*A: "It becomes the expense of the company that incurred that expense of the marked-up charge, becomes the income of the company that incurred -- or sent out the bill for that charge. And then they incurred their normal expenses. And they end up profiting from the net of the difference."*

*I don't think even a Price Waterhouse can make sense of this Rubicon.*

*Pg's. 203:24-204:15, Referencing [Exhibit C](#) we have a chance to drill down on how wholesale product is bought, inventories and tracked through the sale.*

*A: "It would come off the vendor invoices. 'Hey, we bought these many eighths of weed.' The unit cost gets input into our point-of-sale system and then if we sell that eighth of weed, whatever cost—"*

*This is a problem because if from what Henkes has said earlier (181:10-12) that Adam is not using Cannabis Cloud for inventory control why are you now just describing your wholesale cost at purchase as an inputted item into Cannabis Cloud and why would that information not*

*include how much of that wholesale product is on hand. That is exactly why the software is designed to make cash sheets and off-book accounting unnecessary. Your defense for cash sheet accounting is falling apart with every passing statement.*

*Pg. 207, When discussing [Exhibit M](#) as a 2022 GSG P&L showing a net income of \$4.5M. Henkes goes on to say that the revised March version of this P&L lowers net income because \$4M was taken as an expense which resides in “another companies books that need to get marked and upcharged for.” Fair enough, based on this accounting scheme, but if it was as simple as journaling the expense into one of the other entities why wasn’t that just done? Why did you give us the cut in your Achilles heal with a P&L that even shows a \$4.5M net income?*

*What Henkes is exhibiting here is that the numbers are not even close to being current and the accounting micromanagement, all by Henkes as a W-2 employee, and apparently none by employees of the Justus H. Henkes IV, Inc accounting firm requires, these late term entries to make sense of the scheme.*

*”Because most of the expenses reside on another company's books that need to get marked up and upcharged for. **The big ones that are driving from the point-of-sale systems don't change -- right?** – the sales number, because we report those every month, every quarter. **And our cost of goods sold numbers don't change; right?** We've just added everything here. **Everything is missing here; right?** You have employees that sold 9 million dollars' worth of weed, but you don't have any employee cost. That's a great business. I would love to run this business --right? -- have no costs and just revenue. It would be perfect. It would be profitable.”*

*To which, in [Exhibit A](#), he is subpoenaed for these records on June 19, 2023 and he can’t deliver a P&L that shows a zero net income value? Indeed, unlike in previous years he still is left, for the purposes of this deposition, with a Net Income of \$591,147.52 showing in financials released in July 2023. Ridiculous.*

Year	Gross Income	% Change from prior year	Net Income	Net % of Gross Revenue
2016	12,349,546.19	NA	-419,568.76	103%
2017	16,010,181.26	29% Increase	5,142,437.15	67%
2018	16,038,803.36	0.17% Increase	7,062,652.74	55%
2019	14,683,625.50	8.4% decrease	253,331.50	98%
2020	12,116,683.09	17.48% decrease	71,609.15	99%

2021	11,562,226.89	4.57% decrease	-1,571,413.87	113%
2022	9,497,525.78	17.85% decrease	591,147.52	93%

Pg. 211, Referencing [Exhibit O](#) here we have a near comical objection from Henkes counsel, attorney Rozmus that this document cannot be included in the questions because this was an exhibit they asserted they didn't create and that it contained personal information on Henkes salary. When my attorney Prybutok replied that this was a document they had produced Rozmus still pressed that Henkes should decline to answer anything related to the exhibit. Prybutok agreed to only discuss the reclassification items contained in the report but that was not good enough for Rozmus. Prybutok suggested that a new report be generated, without the personal information and they come back on another day. Rozmus believed somehow Prybutok generated a report that contained Henkes personal information on it until such time that Henkes admitted to having had generated the report out of QuickBooks. Ultimately this led to Rozmus having to voir dire Henkes and get his acknowledgement and permission to discuss the numbers, including his what we now believe to be W-2 salary for the services he performed to "PLPCC."

Pg's. 218:10-219:11, Q: "Why was no payroll expense booked for GSG in 2017?"

A: "It was probably booked within here. I would have to go back and review those years. Those are old. And again, we switched from our management fee to different way of doing things as the company evolved. So I'd have to go back and look."

Q: "Would that be the same answer for 2018 as well?"

A: "Correct."

Q: "And what caused the rent expense to decrease going into 2017 like that?"

A: "I think I prepaid our rent in the first year. We had to pay somewhere around 120,000.

*This too makes no sense. If you prepaid the rent for a whole year in 2016 just because you shift to "10 or 11 grand a month" it doesn't change what you paid for the year. We REALLY need to see the chart of accounts for all his various bookkeeping systems.*

Pg's. 219:12-224:18, Here we get a multi-page diatribe as to how the wild fluctuations are showing year to year in values such as rent. I get that type of entry occurs but really, it's his reasoning in how these figures are being booked that concerns me. He admits @ 223:12-18

*that the entire strategy here relies on a tax court battle that ends in a settlement because “you can’t tax a company \$400 that made \$200.” Well, this strategy, with its management fees does just that and more. It doesn’t even use GAAP practices and has a CPA, owner, hiding behind a W-2 when it’s clearly his company and that companies resources that are engaged in trying to keep this thing in its lane.*

A: “So that's all we're doing. So if you really want to look at it between the companies, the best way to do it is to put all three of them together. Going to consolidate us. They could under audit; right? They could look at it as one transaction if they wanted, but we have this structure in place so we can hopefully withstand an audit; right? Or reach a settlement position.”

Pg’s 224:19-225:23, *In regard to [Exhibit Q](#) we have questions regarding the GSG balance sheet showing a negative number at the end of 2022. At the time this report was issued in production it would indicate that no one is updating the QuickBook financials in the downstream “I think they’ve done the counts” (225:16) or upstream values for something as important as inventory. The very lifeblood of this business!*

Pg’s. 225:24-229:13, *I’m sorry. I can’t even respond-comment to this. I have to hand it to attorney Prybutok who manages to get through this with his composure intact. The one thing I will say about this Henkes testimony here is that in a tax court audit Henkes can be expected to be treated far harsher than the City of San Diego on a tax deficiency audit than on federal or state charges that are inevitably are going to come. There is nothing about the structure or the responses to these questions that will prevent the full wrath of these taxing agencies from coming down on them.*

Pg’s 229:14-231:21, *Next we have Scott’s loans that are high interest loans at 10% that in one case comes from a loan being made before 2020 and still showing on the December 2022 balance sheet. Where Prybutok does well is showing that Henkes is not properly booking these 4 individual high interest loans that were supposed to be “paid back quick” and according to this exhibit, were not. The more I look at this operation the more it looks like they simply don’t have a plan that keeps them in business after the federal/state audits.*

Pg's 231:24-238:23, *What a frigging circus! When attorney Prybutok drills down on the negative \$7.82 million for the ATM Budroom he asks if that amount is what is due Far West Management? Henkes responds with,*

A: "I wouldn't say per a line item. I mean, that, again—this account was used for one portion of a transaction that was cycling through these companies."

*I've got an all expenses paid weekend in Las Vegas, to anyone who can explain how a negative \$7.82M attributed to a single ATM machine can be considered as anything else but that single ATM account value? A negative value at that? But he goes on,*

A: "I would go through the due to/due froms. We're still working on some of the due to/due froms. The way that entries were cycled by Blue Daisy -- I know we've done a lot of cleanup on ATM balances that were incorrect and this A/R DeNovo that was being incorrectly accounted for. And so Chris had to basically go back and do close to five months of cleanup of her transactions. So we're still going through the due to/due froms. That's one of the things that's looked at by the tax return time. But I wouldn't say that they owe us \$8 million right now."

Q: "Okay. Do you think in your cleanup you're going to get that number down to zero, the negative 8 million number?"

A: "No."

Q: "Do you have an estimate?"

A: "I don't."

Q: "So whatever that number is when the cleanup is done, that would be an amount of money that was owed from GSG PL to Far West Management; right?"

A: "Theoretically."

Q: "So you say, 'theoretically.' Wwhat do you mean by 'theoretically'?"

A: "I mean you have to look at all the companies together; right? I'm not going to look at one company's balance and say, 'Oh, that's the exact amount that they owed you.' No. It's cycled through a due to/due from. This is a conglomeration of a bunch of entries. And so, no, I wouldn't -- I wouldn't say that. I wouldn't say that they owe 8.4 million. I would say,

"I need time. I want to look at it, and then I can validate the number for you. Is it going to be zero? No absolutely not. There will be a number that GSG owes Far West it will be somewhere between zero and \$8,445,740 and that at least the \$900,000 that we put in was all used for GSG. It wasn't used for Far West Operating, right? And so that the \$900,000 that's owed somehow got cycled and spent on GSG P&L's book. And now they owe us back that money."

Q: "Why not just have the due tos be to one entity?"

A: "It's just by virtue of where the money is spent, right? spent; right? Sometimes we get deposits into Far West Operating. They'll spend money on the company's behalf.

Sometimes the money is at the Management level. We'll spend money on that behalf. We actually had two ATMs at one point. Some of the funds were being directed to Far West Management account. Some of the funds were being directed to the Far West Operating account, depending on the bill that we had to pay. Might have been a workers' comp bill for Far West Management. We didn't have the money. So we paid them from Far West Operating. Now there's a due to/due from between Far West Operating and Far West Management."

*I think what he's saying here is bills get paid depending on what ATM the cash is in and that cash goes to either Far West Management or Far West Operating. Sadly, as I read the rest of this portion of the deposition that appears to be the way this was set up.*

Pg's. 241:22-243:15, Q: "So there's a subsequent backup where these have been mostly reconciled?"

A: "I wouldn't call them "reconciled," just moved to a corporate account, right? I would say "moved into its appropriated income or expense classification account."

Q: "Can we get the most recent backup?"

A: "It's in the ShareFile."

Q: "We have the March 5<sup>th</sup> in the ShareFile. You uploaded another one?"

A: "Why don't I just upload the most recent one to you guys...as of last week...and you're going to get some data from 2023 as well because it's in there *[this too makes no sense, why would you include 2023 adjustments to year ending 2022 in this most recent SharedFile. Make*

*the latest adjustments within 2022 and that's what we will rely on.] but you're going to get a lot of stuff that has potentially changed and cleaned up from here." [Be still my heart.]*

Q: "I don't have a problem with that. Well Tamara controls that."

A: "If you want an update, I can provide it. If it cuts down on the questions. I don't have any problem providing it."

Q: "Keep in mind you guys ran accrual basis. I don't know if that category gets removed on a cash basis afterwards."

A: "It doesn't. These are real cash items that came in or an expense."

Pg's. 243:21-245:4, Regarding [Exhibit S](#) we first start with questions regarding personal travel expenses surrounding the entities. Henkes acknowledges that "They're probably mostly personal expenses." (244:9) Prybutok further elicits a Henkes response that other personal Knopf expenses showing up in the company books would be "travel, meals, entertainment or office." (244:15)

When asked about a car the business sold in 2022 and if he knew who the car was sold to he replied,

**A: "I don't. Some sucker."**

*This is a disturbing yet telling response. Why would Henkes believe, and go on to state, that whoever bought an entity asset was a "sucker?" Could the same not be said of anyone dealing with these entities?*

Pg's 245:5-247:15, We see the 3 Key Media, Gary Stahle point-of sale relationship described as "He's currently still a service provider for us. I still get all my POS reports from him. He runs our POS if you will."

Q: "And what is he compensated for providing that service?"

A: "I would have to go through and add up all his compensation. We get bills that are combined with Salesforce bills. So, he's billing us for our Salesforce as well. I would have to dig deeper to understand how much he's paying Salesforce."

*This would have been a good time to drill down on what Salesforce is and why it's being billed as a line item in a 3 Key Media bill. The fact is Salesforce is the platform that the POS software,*



*Cannabis Cloud, developed by 3 Key Media and financed by Adam Knopf with a membership stake in 3 Key Media relies on to communicate with QuickBooks. What Henkes or anyone else is telling you is that Salesforce licenses for single client applications such as Cannabis Cloud. The way it was setup though was with multiple users under the same Salesforce licensing agreement as can be found in the [Bridgewater Affidavit \(Pg. 2:17-20\)](#) in which she describes numerous 3 Key Media sharing the same Salesforce portal whereby we could all see each other's databases. I have no doubt that the fits and starts we had when transitioning from 420 Soft over the Cannabis Cloud can be directly related to the shared experience Adam and Gary put us through. Were we the "Suckers?" Looks like it from here.*

Q: "Did Adam Knopf ever discuss any loans that he made to Gary Strahle?" (247:5)

A: "He didn't. Like nothing came of up. But then there was something at the end about 25,000 and someone got paid back. I never dug too deep because it wasn't my concern. But apparently Adam had invested some money and then Gary had paid him back the money from an SBA loan or something."

*This is astonishing at several levels. Henkes saying he hadn't "dug too deep" is an attempt to insulate himself in what amounts to financial transactions that involved , cash, a federal PPP loan being used to pay back software development investments for a POS designed for the sale and control of a controlled substance (did you advertise that on your loan application guys?) and Henkes kinds of shrugs it off? C'mon at least you would want to know what the tax implications to Adam were, right? And if Henkes did indeed assist Strahle or 3 Key Media with their tax returns we have a significant perjury being committed here.*

Q: "Did the money he invested in 3 Key Media come from the Far West entities?"

A: "No."

*Before we get into Henkes' evasive answers let's find out if Adam ever received any payments FROM Gary and 3 Key Media. And the answer to that is yes. Gary paid Adam on at least 12 separate occasions for the business Gary was generating from multiple clients that Cannabis Cloud had booked for that POS software service. At first in December 2019 Adam brought \$20,000 cash from 3 Key Media home. Then beginning in January 2020 Adam only brought \$10,000 home. When I asked him why it was reduced, he said the other \$10,000 went for*

taxes. Every month thereafter we did receive \$10,000 in cash, with the exception of the [December 2020 payment that was issued to Adam as a 3 Key Media check.](#)

*This check says it's the first payment but that is not true. As I previously stated, Adam brought cash home every month since December 2019. in what he had told me was for his share of the 3 Key Media accounts. Cannabis Cloud had clients in Hong Kong and all over the world. Based on the phone calls they were having, there was a new client in Florida which was supposed to be a huge deal for Cannabis Cloud. Again, I was told that these payments were for Adams portion of the 3 Key Media client base monthly subscriptions. I have no way of knowing if in fact that was what those cash payments represented or where they were posted, if at all, in his personal or business tax returns or financials. Perhaps Mr. Henkes could respond to that as I do believe he also may have done the tax returns for Strahle and 3 Key Media.*

*What is noteworthy here is that Adam ALWAYS knew what the software was supposed to do and how it was supposed to be deployed. In the proposed April 20, 2015 [Operations and Management Agreement between PLPCC and Full Circle Management](#), which Adam had executed, but was never fully executed, you only have to see that in §§ 1.1 and 1.2 Adam describes the specific duties and functions that the new POS software will provide which is, amongst others, Facility System Maintenance (FSM) and inventory management.*

*So, did ANY of the entities outside PLPCC or GSG PL pick up Adam's POS services with 3 Key Media? NO. Instead, Adam took this on with Gary independent of the GSG entities and proceeded to give them less of a service, indeed a radicalized reduction of what is described in the Operations and Management Agreement just that these other entities would have a plausible, however small that may be, reason to exist.*

Pg's. 247:18-257:16, We start to dig into the Pac Highway project.

Q: "When was that lease disposed of?"

A: "I want to say three months age."

Q: "And how was it disposed of?"

A: "I was not privy to any of the back-end information that happened between the attorneys. I know the property was bought so our lease ended when a third party purchased it. So Adam's personal guarantee went away. And that kind of fixed the problem."

Q: "Were there continuing problems?"

A: "I mean, just in the business. The business is a retail business. It's incredibly expensive. Sales are down. Costs are up. I mean it's a tough business to run right now."

Q: "Did you market the Pac Highway permit for sale?"

A: "We did prior. We were trying to find investors any type of way, right? We were marketing just the permit to buy out for \$2 million. The appetite for buying a permit that required you to spend \$5 million was low. Basically, other people in town were giving their permits up on these types of facilities and walking away from them, and that was the going rate."

Q: "And who else in town gave up a permit and walked away from it?"

A: "Will [Senn] did, the owner of Urbn Leaf, to the same person [Magagna?] who bought it from us."

Q: "So we had to inspect those premises in this litigation and were told that it was in the possession of the HiKei dispensary right now. To your knowledge was there any relationship entered into between GSG PL and HiKei related to them taking possession of the space?"

A: "Not to my knowledge. I saw no contract related to us walking away from the property, having some kind of indemnification. If rent wasn't paid, I'd get a call. That hasn't been the case in 4 months. So there's no problem."

Q: "There were sub-lease tenants at Pac-Highway. Did you know who any of them were?"

A: "No. I know we were giving Gary some office space to run our point-of-sale. We weren't charging him because it was no cost to us. We were already paying rent."

*This begs the question how many other POS customers give free rent to their software provider? How much space was being given? How is this not a Far West expense because Far West is paying for that office space?" Does Henkes even know what he says before he says it?*

"I think there was somebody who threw parties there. I remember the name on the checks. It was like, same but not the same or something LLC. And so I don't know everybody who was there."

*Please. I invite anyone, anywhere on this planet to explain to me what it is he just said.*

Q: "What checks?"

A: "We did get a few rent checks it was recorded as like 38,900 in rental income. It was on one of the Far West entities not GSG PL."

Q: "As sub-lease income?"

A: "Correct. Far West Operating was the tenant if you will."

Q: "If you know, how much was Adam being paid for allowing these parties to be thrown?"

A: "I don't know for sure. But I know of a conversation that he had with Eric. Our other partner was really upset about these parties. "Hey, what's going on with this? We should have income from this. Adam is taking the money." I go, "Hey, investigate. Go down there. Let's get a private investigator. Let's go to the party; right? Take some video. He actually confronted Adam about it once. They got into words. And at one point I think Eric said, "Well, we'll -- I want to rent it out for my son to throw a party." And Adam was like, "I get 10 grand a night for that place." I don't know if that's right. I never saw 10 grand for a party. I know multiple parties were run there."

Q: "So that was a -- basically a "whisper down the lane"-type thing you heard from somebody else that, that's what --"

A: "Correct, a conversation I was having; right? And -Sorry. And I was -- I don't know what I was saying, but I think I was saying that I don't have any knowledge of the contracts. I just have knowledge of kind of what was happening at that location."

Q: "Okay. And so if Adam was receiving \$10,000 an event that was thrown there, that money was not then being put into -- back into the coffers, if you will?"

A: "Correct."

Q: "He wasn't mitigating against the rent loss?"

A: "No."

Q: "In your opinion, would he have been -- was he obligated to have mitigated against the rent cost?"

A: "As a business partner, I would think so."

Q: "Okay."

A: "I think he would decide the same thing if we were collecting rents from somebody and not remitting to the business."

Q: "Okay. And if you know, if you have any knowledge, how was Gary involved in the throwing of those events, if at all?"

A: "I think he was a sponsor of the events; right? I think he throws things up on Instagram. I know Eric was tracking a lot of the things. I forget -- I'm not really on social media. So he would forward me screenshots of stuff. I forget what it was called, "Yoga Dinners" or something. And I don't know if he was doing it in a partnership with other people or what was happening."

Q: "Got it. Are you worried at all as the CFO about collusion between Adam and Gary?"

A: "I think you always worry about collusion; right? I mean, it can happen. If people are colluding, systems can always be overcome."

Q: "Have you seen anything that would inform that suspicion?"

A: "Not between Gary and Adam, except for the Pac Highway sublease."

Q: "And what about the Pac Highway sublease informed that suspicion?"

A: "Just it occurring; right? It being brought to my attention that that was occurring, that there's probably some revenue that's being generated there that it would be nice to offset expense, but what are we going to do? Are we approaching it? Do we want to create a huge stink right now? What do we want to do? My bigger concern was the liability on the business; right? What if you throw a party and fucking kill everybody and the place burns down? What happens then? So it was more from a liability perspective that I care, not so much from the dollar perspective."

*This is a VERY legitimate concern! Also did Adam secure the necessary permits for these events? Was there security? Was there screening to prevent weapons or drugs being consumed on site? Was the property owner and FWO listed as additional insured? Knowing this was going on Henkes had a duty to inform Adam to cease and desist. FWO couldn't even take in this revenue (which it looks like they didn't anyway) without these event preconditions having been met. What Adam was doing was jeopardizing the adult-use permit with these unauthorized activities.*

Q: What about the -- I know I said between Gary specifically. What about collusion between Adam and other third parties?

A: "I mean, like I said, you can always have collusion; right? I mean, but I -- I haven't seen it, right? You know, if we vouch something, again, I'm not -- I can't go to the bank account of a vendor and make sure that the deposit went into their bank account and that Adam didn't get a kickback. I can't. It's just -- when people collude, you don't have access to some of the information."

Q: "Right. Have you heard anything that would inform that suspicion?"

A: "Not beyond, like, Pac Highway and the surcharge piece; right? Those are, I mean, two pieces that I can point to that have been identified that, one, we're accounting for because we have the information; and, one, it's hard to; right? I don't know if they made 10 grand from the party or not; right?"

Q: "Right. So despite I know you said costs keep going up, what's your opinion on the health of the revenue currently of GSG PL?"

A: "On just the revenue side?"

Q: "Just the revenue side."

A: "I mean, it's decreasing. I mean, I think we have -- we have struggles. I think we owe a lot of vendors, and we can't keep the best products on the shelf because we owe a lot of vendors, and there's limited vendors that we can deal with. I think other dispensaries are probably carrying a better range of products, and that's maybe helping their sales not negate so much. Health of the revenue, I think it's still going to be there. I think weed is insanely popular. I think there's tons of people that are using it, either for edibles, for medicinal purposes, for just smoking."

"You've got the hippies and the stoners that just want to get stoned too. So I don't think our client base is really going anywhere. I think they're going to continue to purchase. But I think consumers are consumers; right? And if consumers have a different avenue to purchase something bigger, faster, stronger, they're going to go do that; right?"

Q: "Right. And you said that you provided your input in the past. Ultimately, it's fair to say, though, that you don't have a final decision-making authority over anything?"

A: "I wouldn't say, 'final.'" But I -- I have influence on Adam; right? Obviously, he's looking to me to make sure things are, you know, not ass backwards and not upside down. I might tell them they kind of are. And he'll sensitize it in his head, you know, because, again, he's very bullish on the industry; right? He's -- and he's made a lot of good decisions as far as looking to legalize, looking to license, looking to report things correctly, looking to build under what's happening in the industry; right? He made a couple really good decisions; right? And I think I share some of that vision but maybe not the same level of passion with it."

"I don't really like hippies. I don't like reggae people. I don't like going to the Belly Up. I like reggae music. But if we have an event at the Belly Up, I'm not going. I'm not interested. I don't want to hang out with those type of people. It's just not my cup of tea. And so where he's all in on the poker chips, I'm not so all in."

*As I read what Henkes is saying here I can't help but shake my head in utter disbelief. He has compromised his integrity, if he ever had any, to work with Adam in an industry he isn't interested in. One that he's not bullish on. He absolutely identifies collusion between Adam*

*and 3<sup>rd</sup> parties and dismisses it because, the reality it, he's too close to the fire. When earlier it was suggested that "about a year ago," there be a 3<sup>rd</sup> party audit of the dispensary operations he dismissed that too. And now he admits that he doesn't even like hippies and reggae people because he doesn't want to "hang out with these people!"*

*For heaven's sake where did Adam find this BOZO!? How are these two involved in a licensed dispensary with tricycle missing a wheel account scheme of theirs? I'm serious! I have a headache just reading this crap and the worst of it is it will probably be left to the courts to clean it up! To clean up the City of San Diego's mess! Those audit numbers of theirs should have been a RED FLAG to the state that Metric needs some attention. Did they do that? Not from what I can tell. We need to move to put a receiver in there immediately! I'll take over as licensee and let's sit down with the City Attorney now to make sure we have a working plan to save this location under the direction of a 3<sup>rd</sup> party court appointed receiver! Failure to do that means there will be nothing to fight over and that I believe, sadly, is what Adam Knopf would be satisfied with!*

Pg's. 257:17-259:23, Now we get into what, as CFO, he would recommend to reduce expenses in a dwindling market.

Q: "What would you implement from a cost-saving perspective right now?"

A: "I would really look at advertising....I do think that eliminating advertising sales would not drop off the sales as big as Adam thinks it might drop off, right? I don't think we can reduce costs in other areas. I mean our employee cost is our employee cost." *[You could revisit those markups that FWM is charging GSG]*

"I think our legal and professional costs are a necessary evil. I don't like attorneys, but we have to pay them, right. It's part of our business. I love you Tammy, but attorneys in general and fee structures and everything, it gives me a sour taste in my mouth."

"So, I would have to say we can't cut too many areas. There's just not a lot of fruit to pick. I can't change my City tax expense or my annual permitting fees. I can't. There's just a lot of things where my hands are tied. I wish there were more areas to do it, but I just don't see that many areas."



*This is actually where Henkes, from his perspective, is correct. Drastic change needs to be implemented to save what we built. We need to save it from these people. I have a plan to save it from the very people who destroyed it.*

Pg's. 260:1-261:9, *Here we get to revisit the earn-out concept.*

Q: "With the earn-out concept it requires revenue needs to exceed a certain amount then Adam starts to collect what?"

A: "We have to be profitable and then he could collect towards that \$1.9 million we had agreed upon."

Q: "How much has he collected towards that \$1.9 million?"

A: "It might be 100 or 200,000 if you added up the different distributions and stuff. That haven't been ratable to whatever we've taken since stuff has stopped."

Q: "Going to the distributions, distributions, as you described it is a cash flow. So the \$4,000 a month that was being paid to Tiffany that Adam is now taking would be net of taxes right? He doesn't pay taxes on that 4,000. It's a K-1 income and loss.

A: "Correct. And the company is actually getting a \$48,000 less of a deduction for salary expense because we're not running Tiffany's expense because we're not running her salary through payroll. It's not going through the P&L and income and expense. It's going straight to distribution."

*Henkes describes that monthly payment as my salary. Since I'm not entitled to distribution then this \$4,000/month should be counted as Adam's distribution towards the \$1.9 earn-out payback.*

Pg's 261:17-263:14, Q: "There's a surcharge with the ATMs that was booked at 7 and is going down to 3500. Why?"

A: "We pay the ATM company about 7 grand a month. The ATM company, on the back end gives Adam a revenue share of \$3,500 a month. Should be coming into the company. We're currently treating that \$3,500 as a distribution."

Q: "So that's \$7,500 a month distribution ongoing?"

A: "Correct. I'm actually trying to get it changed back to our company getting it, but they still haven't sent me the forms. I'm talking to Transact First, who processes the surcharge reimbursement so that they can send the money to Far West's account, not Adams."

Q: "Have you discussed this with Adam?"

A: "No."

Q: "And if it was redirected back to Far West's account would it cease being a distribution going forward?"

A: "Of course it wouldn't. Adam would have no involvement in it anymore. And they probably wouldn't take the 7 grand from us. They would probably take the \$3,500 surcharge each month rather than the 7 grand surcharge and missing the 3,500 that's going outside the company."

Q: "So, while you're not happy about it, it's not one of those amounts that's worth it to you to make a big stink over?"

A: "It's being tracked, right. So whenever it comes up for a conversation about the earn-out, it's going to be on the schedule."

*To me this may seem like a niggling amount of money in the big picture but it shows how Adam puts himself above the company's needs. He's getting his in a deal that Henkes can't even get Transact First to send him the forms to redirect Adam's payments. And why is that? They work for Adam.*

Pg's 263:16-264:1 Q: "As a co-owner of this enterprise, do you have any concerns about his ongoing ability to manage this business properly?"

A: "I'm not going to comment on that. Adam runs the business, right? He is the 60% shareholder. It's not my position to fire Adam. Could the business be more efficient without him? Potentially. Would it be worse off? I don't think so."

*This is NOT a ringing endorsement from the Great OZ who just said he wouldn't comment on this question in the first place.*

Pg. 266:3-13, Q: "Have Adam's communications to the public on the businesses social media sites caused you any concern?"

A: "I'm a conservative person. I don't post stuff about my political views like Adam does. I've talked to him about it. Whatever he wants to do at his company level and his opinions that come out at that level, those are up to him, right?"

Pg's.266:14-267:7, Q: When was the last time that you seriously explored selling the business?"

A: "I talk to him. Not every time we talk but within the last month, I've told him we need to sell the business. He's open to it but again the deals are so few and far between. The money is tighter. You're not going to monetize any of it now, right? It's all going to be carryback note. You're going to get stock in the other company. You're going to be locked out for 6 months. You're going to have to have a lot of trust in this new company's stock. It's not like you're walking in with a check right? And so there are a lot of things that are making that difficult."

*I'm sorry Judd but anyone who would even consider buying Hancock with the financials your setting forth, the results of a recent audit, the lack of on site accounting would run not walk from your pitch. Does that make it difficult? I guess it would.*

Pg. 268:13-24, Q: Have any offers been fielded?"

A: "No. We've talked about it a little bit with Adam *[he's talking about Aaron Magagna, another Gina Austin client, but he has not once been able to call him by his correct name. I wonder why?]* suggesting that he buy our dispensary at the same time? I've had some Indian clients who run a dispensary on Indian land where I've had some inquiries from some people through them, but it didn't pan out. So I think we're open to listening to any and every offer out there.

*Good then you won't oppose my taking over under court order.*

Pg. 269:6, In [Exhibit T](#) Transactions by Account for GSG PL as of December 31, 2022, we are looking at a retained earnings balance of \$9.3 million.

Q: "In terms of when you are booking retained earnings, what are you intending to capture there? Is it an offsetting entry from another entity?"

A: "It's an offsetting entry if you hit retained earnings for a debt and you have to have a credit somewhere. So where is the credit on the other account."

Q: "You mean the other account from another one of the FW entities?"

A: "From GSG PL. So if you debited GSG PL retained earnings for 1.57 you've got to have a credit for 1.57 somewhere on GSG PL just to balance this books. It might have affected a different entity, and then we would book an offsetting entry on that other entity as well. I could go through these entities and pull up wants behind these entries though."

Q: "But the running balance of retained earnings through 12/31/2021 was that GSG PL had booked retained earnings of \$9,312,777.31. So as the bookkeeper I'm asking you, what does that balance represent? What is your understanding of what "retained earnings" are?"

A: "I'd have to look at in conjunction with the other with the other entities but it's cumulative earnings in a corporation."

Q: "So in 2017 the corporation booked retained earnings of \$5,142,497.15, that's what that represents?"

A: "Again I would have to look at the entry."

Q: "What other entry do you think there is for that 2017 entry?" [BINGO]

A: "I don't know what that entry is. I would have to look at the specific entry because you don't normally have to – everything gets closed into retained earnings."

Q: "When you say "everything" what do you mean by "everything?"

A: "All of the income every year get's closed into retained earnings."

Q: "And then that accumulates as a balance increase or decrease?"

A: "Well, this is a special closing entry that we made related to retained earnings so I would have to investigate what this entry is and then I could provide you an answer. Otherwise retained earnings is constantly being updated."

*At this point I would question, as an accounting laymen, whether this report was better suited to the potential investor/buyer AKA "suckers" or the taxing agencies.*

"If you had a sale for a hundred dollars, then your P&L is going to be a hundred dollars of sale and your balance sheet is going to be either AR, somebody owes me a hundred dollars, or

have cash of a hundred dollars. Your balance sheet is out of balance because you only have one entry over there for case. So, this hundred dollars of sales automatically gets closed to retained earnings.”

*I can see why supporting entities to GSG PL would be done on an accrual basis, as was done in [Exhibit T](#), but with GSG PL being a retail dispensary, why, other than to impress potential investors, would you rely on an accrual calculation where NO AR is, or at least shouldn't be getting entered?*

“They’re not sitting on \$9 million of cash. We don’t have that. We don’t have \$9 million of cash. We don’t have 9 million to distribute.”

Q: “So I have to look at the retained earnings of GSG PL, FWO and FWM?”

A: “All together. Absolutely.”

Q: “ And that would give me an idea of what cash the companies are sitting on that could be paid as a dividend?”

A: “Cumulative — that would give you your cumulative earnings less all your previous distributions, yes. So again, a lot of this actually just closing entries that I would have to investigate in detail.”

Pg’s. 275:11-276:15, Referencing [Exhibit U](#) regarding FWO 2022 P&L for legal and professional expenses.

Q: “Counsel had asked you some questions legal and professional expenses of approximately \$220,000 for 2022, meaning they were paid in 2022.”

A: “Correct.”

Q: “And that would have included Austin Legal invoices related to the business, correct?”

A: “Correct. I know he gets Austin Legal invoices related to the divorce but those wouldn’t be booked into the business.”

*The question I would have asked right about here is, “would any of these 2022 expenses included payments to Justus H. Henkes IV Inc. for accounting services or was all accounting services included in your W-2 earnings?” I would have also asked there had been any other accounting services. Paid for by GSG PL outside of your W-2 services and if so by whom? The*

*same goes for legal. "Has there been any legal services paid for by GSG PL that is outside of Austin Legal Group services?" If so, how much of that \$220,000 represents that in outside ALG legal and as for accounting, Henkes is a W-2 there should be none of the \$220K that went to accounting.*

*"I wouldn't want any Austin Legal [divorce] expenses running through the business, right? That hurts me.*

*Pg's. 277-2-281:16, Referencing [Exhibit V](#), the GSG PL 2021 Federal Tax return where the discussion turns to how the financials show gross revenue into net income through the use of landscaping "basically everything" into COGS. This is done "consistently over our filings" to increase facility expenses without getting "kicked out" which is an term for the IRS disallowing a particular line item deduction based on 280E. When asked if these were "fictitious markups" Henkes defends them as "transfer pricing charges between companies that have economic substance." [unless and until proven they don't. Then 280E kicks in with all the pain and suffering that comes from the disallowed number with penalties and interest being applied. Henkes better be airtight in his stated line-item deductions and have tax case law to cite where the consolidated entities could perform in an unconsolidated manner. I have no confidence in his ability to do so.]*

*Pg's. 283:2-287:11, Goes to various joint ventures.*

*Q: "Were you involved at all with Adam pursuing a license in Chula Vista?"*

*A: "I was involved by the fact that they needed an accounting or a financial representative to help them."*

*Since this was not a GSG PL or entity related venture did you perform the service through your Justus Henkes IV Inc accounting firm or through some other relationship?*

*"And so, I went in and helped both Adam and another individual, Micah Anderson who has cultivation activity through other permits. They were looking at doing a joint venture.*

*Why was this not brought to the Far West entities group and if so why was it passed on for Adam to participate outside these entities?*

*"So, I went in as kind of the "acting CFO" of this project as the main person who speaks on all these things, right? Micah and Adam just sit there and I'm the one talking to the City about*

our projections, what the plan was. So, I helped them with that. I was supposed to be paid but I never was." *[funny, Adam was paid for that project.]*

Q: "You incorporated an entity known as CV Hydro shortly after the parties separated in this matter. What is that entity?"

A: "I did not incorporate that entity at all. I believe Adam made me the registered agent on incorporation. I was like "Dude, don't do that without my knowledge. Don't ever name me in anything you haven't contacted me in."

Q: "So you don't know anything about an entity CV Hydro LLC and now you're getting questions about it?"

A: "No I might have heard the name before, and it might have been in that context like a thing from the Secretary of State as a reminder for a Statement of Information and I'm like "What the hell is this, Adam?" and he's like "I named you for something on this."

*My guess is Adam did NOT create this LLC. This was most likely done by someone over at Austin Legal Group on behalf of Adam and I would further guess that the final deal on this project was orchestrated, like Pac Highway with Gina representing both sides. On CV, this is speculation at this point but on Pac Highway there is no doubt Gina represented Aaron and Adam. On thing about CV though is creating the CV Hydro LLC entity is not something Adam would have done.*

Q: "And did you have any discussion with him about naming you as the agent of service of process on CV Hydro?"

A: "Not more than "Don't do it" and Make me aware." It wasn't my project."

*How does it feel to be a strawman Mr. Henkes and like all the other strawmen not get paid for that service?*

Q: "Do you know who Brittany Biesterfield is?"

A: "I don't. I might have heard the first name but not the last." (285:12-15)

*While feigning ignorance, she is an attorney at Austin Legal Group*

Q: " Are you aware of any property Adam purchased in Chula Vista?"

A: “ No.”

Q: “Are you aware of the Nirvana Avenue entities?”

A: “Those were part of the entities that were a subject of the write-off when that project ended. I believe the 99HT and the Nirvana Entities were single-member LLCs so they were reported on his individual returns *[prove it]* as Schedule C businesses, while the other ones didn’t require entities where they were single member LLs just flow through his 419 Consulting” *[prove it]*.

Q: “So the \$200,000 – regarding the tax return, Tiffany was the one who made you aware that there was \$200,000 in cash; right?”

**A: “She said there was 200,000 missing from the return of income, and that’s how I was made aware of it.”**

Q: “What did she say that \$200,000 was in the nature of?”

A: “ I don’t even know if she told me who paid him. She might have mentioned Andy Hirmez’s name, which is the person we had the deal with on CDRS 2. But I do believe that she did mention something about Chula Vista. It might have been National City. It’s somewhere in the South Bay and “Hey did you know Adam was paid on this deal? And I go “No. That’s news to me. He didn’t’ say anything to me. But if it’s income I need to know about it and we need to report it on the tax return, right?” I can’t take a position of not reporting income.”

Q: “And what did Adam say when you asked him about the money?”

A: “ He said something to the effect that “She’s crazy. She doesn’t know what she’s talking about. The money was given back,” or something like that.”

Q: “So he acknowledged that he had received the money?”

A: “Or that the deal was dead, that somehow it had not gone forward, and he hadn’t made any money.”

*This should be pretty easy to dispute. First of all, on or about March 2021 I counted the money and there was \$200,000 there in our home safe in a new tan bag that hadn’t been there before. I’m in that safe regularly, at least once a week, so I know when something is different. Even though he had tried to hide it in the corner of the safe.*



*When Adam came home, I caught him off guard and asked him where that money had come from. Adam told me it was paid in cash because he acted in the capacity of an unlicensed broker for Hirmez to purchase a low percentage of the Nirvana (3) permits (cultivation, distribution and retail) where he brokered that sale because Micah's mom, Debi Thomas decided to sell her interest.*

*In [August 2021 I took this picture of the money](#), still in the safe as proof it was still, 5 months later in our safe. The picture shows about \$160,000 of the initial \$200,000 that Adam had taken out over the course of that 5 months for his personal expenses. I was so fed up with his lies and stealing, I took this picture to prove, someday, just what kind of lying, cheating, stealing, abusive person he is.*

*Secondly if Adam had to return it, who did he return it to? This was a real estate transaction, why were the payments in cash? According to Adam they had to be in cash because he didn't have a brokers license. I'm not buying any of this because I know what I was told and I doubt very highly that Henkes, has a selective case of amnesia when it comes to this money and if it was ever actually reported.*

*Pg's. 287:12-289:10, Regarding Adam's son Micah has stated under oath that he began working on a contract for the entities in September of 2022. What I can tell you is that Micah's work was often times in the dispensary, even being trained on store protocols while he was under the age of 21. This is a direct violation of [DCC Licensee Regulations § 26140\(3\)](#). Adam didn't care. He does what he wants.*

*Q: "What did you understand he was doing inside the business?"*

*A: "I don't think he actually worked inside the business at first because I don't think he was 21 years old yet.*

*How would you know that when @ Pg. 171, states he visited the Hancock St. location "once every couple to three weeks" for "an hour or less each visit."*

*"He was working as a contractor, [was he W-2 or 1099?] on the documentation stuff. Like that built all these flash drives of all the scanned documentation. So we had invoices from all the vendors, for everything that went into Metrc, and kind of digitizing things. Turning old paper files into electronics."*

Q: "Is he now working inside the dispensary?"

A: "I believe now he is. He's an employee at this point."

Q: "And so some of the information that you guys were using to update the QuickBooks in 2023 was that part of the packages that he was scanning and sending?"

A: "He would never give me information. So, I was still getting – that was support behind the actual charges. Again, if I needed to dig deep into getting something, I would have asked Matt for an invoice or for support for something. He would direct me to Micah if I needed that one pulled for me. I haven't done that with Micah. Micah doesn't for the books and records."

*This is beyond stupid. Every vendor, if you're using it properly, is shown in QuickBooks with all the company information tax id etc. having been loaded before you can issue them a payment. Instead of all this cross-journal entry effort, why not let one of the FW entities pay these vendor invoices. That way they have a real function.*

*But if you were using QuickBooks properly, you would simply look at a vendor history and you would see every payment being made to that vendor. This is complete BS. Now you're pointing to Matt for information that should be a couple keystrokes away, who is then pointing you Adam's son Micah who you state at 289:10 "I haven't done that with Micah." Seriously you could have Matt updating QuickBooks for those payables and you would not have the chaos and confusion you have today with the added benefit that QuickBooks lets you scan or receive the digital version of a vendor invoice so you can make sure you're not getting screwed over there through any type of collusion.*

Pg's. 289:11-290:12, Q: "As far as GSG Lemon Grove that's being kept active in case it's needed for something down the line?"

A: "Correct."

Q: "And to your knowledge, has Adam been involved in trying to attempt securing a permit in Lemon Grove recently?"

A: "Not that I know of. I know that there's new stuff in the works in the City with social equity. He's mentioned "Hey we should sell this and start another business with a social equity partner" and I haven't really looked into it."

*This is absurd. What business could you sell today and then use social equity to scam even greater numbers of people through some type of ruse that does even deeper damage to those who are less financially sophisticated and/or could least afford it but would potentially be lured into chasing a dream of cannabis riches which ultimately, as a result of working with you, Adam and Gina, turns into a nightmare.*

Q: "And one last question regarding Pac Highway. All of those permits were essentially just given away to whoever purchased the property?"

A: "You know, I don't know how the permit actually transfers. I don't think he has to go reply for a permit. I think that the entitlement goes with the property."

Q: "But they weren't sold?"

A: "No."

Q: "by GSG Pac Highway?"

A: "Absolutely not."

Pg. 291:15, Q: "To understand the health of this cannabis business, can you look at these businesses separately or do you have to look at them collectively?"

A: "I think you need to look at them collectively at this point...It's really this dispensary that's down on Hancock Street that is three businesses that are running it collectively.

*I would have followed up with two questions at this point.*

*One: If in the unlikely event you sell GSG PL are you including the other entities in the sale?*

*Two: If it weren't for IRS Section 280E would you have structured the business in its current multi-entity form?*

#### **Henkes Deposition Exhibits**

[Exhibit A](#) Amended Notice of Deposition for July 18, 2023, at 9:00 am

[Exhibit B](#) 05/13/2015 PLPCCC Hancock Proposal executed by Adam Knopf, Eric Goldberg and Justus Henkes

[Exhibit C](#) GSG PL INC, P/L 01-12/2022 showing NET INCOME: \$581K

[Exhibit D](#) 12/01/2016 FAR WEST OPERATING LLC CLASS A MEMBER UNIT REALLOCATION AGREEMENT  
Executed by Adam Knopf, Eric Goldberg, Justus Henkes and Heather Henkes

[Exhibit E](#) FAR WEST OPERATING LLC, P/L 01-12/2022 (Cash) showing NET INCOME: \$1.4M

[Exhibit F](#) FAR WEST MANAGEMENT LLC, P/L 01-12/2022 (Cash) showing NET INCOME (LOSS): -\$1.9M

[Exhibit G](#) 05/02/2023 City of San Diego Notice of GSG PL INC's Tax Deficiency for Periods: April 1, 2018, thru December 31, 2021, in the amount of \$542,727.06. *Has this been paid? No. not as of the date of this declaration. How were the underpayment numbers derived? Court case? The fact that every period showed underpayments indicates that management was failing to accurately collect and pay the taxes due, that the POS was at fault, that shortages in METRC inventory data could have been to blame among other things. Does this audit mean that there are potentially state and federal taxes still owed for these periods? Of course! The other shoe just hasn't dropped!*

[2023/10/06 City of San Diego Post Appeal Follow up Letter.](#) While not part of the exhibits this is the letter that describes the appeal process that was undertaken of the tax deficiency ruling and upheld the determination that the assessed underpayment of \$542K was owed.

[Exhibit H](#) FAR WEST OPERATING LLC, 12/31/2022 BALANCE SHEET showing TOTAL L/E: \$2.2M

[Exhibit I](#) GSG PL INC, 12/31/2022 BALANCE SHEET (Cash Basis) showing TOTAL L/E: -\$4.2M

[Exhibit J](#) FAR WEST MANAGEMENT LLC, 12/31/2022 BALANCE SHEET showing TOTAL L/E: -\$12M

[Exhibit K](#) 06/30/2023 [Antoyan Miranda Law](#) representing me in my divorce proceedings, letter to opposing counsel citing 'INCOMPLETE PRODUCTION OF QUICKBOOKS FILES.' *This letter is an excellent start to what has been identified in the Henkes deposition and in the production as inadequate and frankly inexplicable changes in data between previous versions. In this letter, it was obvious to attorney Justin R. Prybutok that the discrepancies "raises doubt to whether the internal financial statements for 2022 [or any other year for that matter] are reliable." I would say that sums up the situation perfectly!*

*Clearly the issues in determining Adam Knopf's net worth are going to come down to understanding the amalgamation of shell companies that control his interests and if we are seeing the entire picture surrounding those transactions. From what I have recently heard from those who have worked at PLPCC and GSG there exists off-book accounting, loose inventory controls and blurred lines when it comes to business related expenses being used for personal use.*

*As such I would strongly implore counsel to seek an immediate deposition of Matthew Freeman (off-book accounting and Inventory controls) and Gary Strahle (POS and Inventory control based on a customized software solution that he and Adam developed instead of going with available software already in use.)*

*The degree of financial mismanagement is clear based on the City of San Diego Audit results. There is no way I can gauge the marital assets unless and until such time that Adam and his merry band of criminals are forced to come clean and report, to the extent that they can, what these entities are actually worth. It is essential for my valuations and those law enforcement agencies that are currently in the process of looking at Adams and those who guided him and ultimately benefited from those activities.*

*Lastly where is the response, if any, to this letter? I would ask that actions be considered with the court that orders a mutually agreeable Receiver be appointed to oversee all of the business enterprises Adam has an interest in, until such time that accurate valuations can be determined and if Adam and his management team, owners or counsel have violated any laws or denied me my constitutionally protected rights under, inter alia, 42 U.S.C. §§ [1983](#) and [1985](#).*

[Exhibit L](#) GSG PL INC, P/L 01-12/2022 (March 2023 Version) showing NET INCOME: \$591K.

[Exhibit M](#) GSG PL INC, P/L 01-12/2022 showing NET INCOME of \$4.5M. Apparently, in what had to be a 3-month period, Henkes decides to issue another version of the 2022 GSG P/L that lowers net income by ~\$4M. Which version are we supposed to rely on Mr. Henkes and why?

[Exhibit N](#) GSG PL INC, Transaction Detail by Account 01-12/2022 which provides us with a look at GSG monthly General Journal entries being made in QuickBooks to account for transfers of payroll expenses totaling a DEBIT of \$1.7M and a to the penny BALANCE of \$1.7M. The last journal entry lists a 80% markup for "Staffing Expenses." If the whole goal is to avoid IRS § 280E kicking in as not allowing payroll deductions for a business engaging in the sales of a controlled substance that IRS penalty would only amount to a maximum of 35% non-allowed deduction. When one considers the financial gymnastics that they are going through to devalue GSG PL INC you only have to consider what the costs of doing business to GSG PL INC would be if they didn't engage in these schemes?

[Exhibit O](#) FAR WEST OPERATING LLC, Transaction Detail by Account 01-12/2022 which provides us with a look at monthly General Journal entries being made in QuickBooks to account for transfers of payroll expenses from PLPCC totaling a DEBIT of \$647K and a BALANCE of \$111K. What I immediately find odd about this report is that Henkes continues to refer to PLPCC in a 2022 report. There was no PLPCC in 2022.

Unlike as seen in [Exhibit N](#), the GSG PL INC report leaves a balance of \$111K. Why is that?

Also, when you drill down on this report to pull out just the Adam Knopf payments it can be seen that Adam had payments made to him, described as being due from PLPCC, over the course of 2022 as follows.

Date	Number	Amount	Total
01/31/2022	8169	22,250.00	22,250.00
02/28/2022	8172	19,950.00	42,200.00
03/31/2022	8178	22,250.00	64,450.00
03/31/2022	8178	2,300.00	66,750.00
04/30/2022	8184	22,250.00	89,000.00
05/31/2022	8186	19,776.00	108,776.00
06/30/2022	2412	5,000.00	113,776.00
06/30/2022	2412	20,000.00	133,776.00
07/31/2022	2418	10,000.00	143,776.00
08/31/2022	2419	25,000.00	168,776.00
09/30/2022	2420	10,000.00	178,776.00
10/31/2022	2421	35,000.00	213,776.00
11/30/2022	2435	25,000.00	238,776.00
12/31/2022	2438	25,000.00	263,776.00

*Knowing that “PLPCC” paid Adam \$263K in 2022, we really need to see Adam’s 2022 tax returns and the accompanying Transactional Reports for those entities to see what all the entities paid him.*

*Also, I’m curious if Eric Goldberg was made whole on his original \$500K investment into FAR WEST since at least from this report he never received any payments in 2022. Was he no longer a partner and if not when did it become just Judd and Adam? Also, Judd told me that Adam was taking my portion \$52K/year for 2022 and 2023 but where is it shown in the books?*

[Exhibit P](#) GSG PL INC, P/L from 01/2016 thru 12/2022 reports Event/Delivery/Storefront TOTAL GROSS INCOME of \$92M and NET INCOME: \$11M.

*Under Cost of Goods Sold – Member Credits GSG did not offer any member credits in 2016, 2017, 2018. In 2019 they show \$74,046.48 having been issued as member credits. This would have no doubt been a result of the BECK v PLPCC lawsuit which required the member payback fund to be \$600,480 with \$76,990 having been stated to the court as having been redeemed ([see para 3](#)). The \$74K listed in the P/L for 2019 does not reconcile with that and there is no indication from the P/L, contrary to the court order, that the remaining \$523,689.70 was ever paid as \$5.00 credits (see para 4) to each purchase. In fact, if you look at the P/L for 2020 it only shows \$606.57 having been paid and nothing having been paid in 2021 and 2022.*

*Under INCOME none of the revenue in is displayed as having come from cash, credit cards or perhaps any other form of payment. This is a problem as this is primarily a cash business. If there are irregularities in the reported financials, how are we to believe that all the cash business is being properly and honestly accounted for? We can’t. Either this information is available in a different QB report or Henkes reliance*

*on customized downstream software, the use of Excel spreadsheets and reporting is a serious professional issue for him.*

*Also, Sales-Deliveries show no revenues for 2019, 2020, 2021 and 2022 is zero. This is all the evidence you need to prove that you don't have a functioning POS systems communicating to QuickBooks and Henkes let this fly.*

[Exhibit Q](#) GSG PL INC, 12/31/2022 BALANCE SHEET (Accrual) showing TOTAL L/E: -\$4.2M

*I'm not sure why Henkes issues the same time period for balance sheet on a cash basis ([Exhibit I](#)) and here in this exhibit on a accrual basis. This exhibit does raise some interesting questions though and one is why there is any AR amounts due a dispensary that relies on COD activities. What can be seen in the AR reports is that there was no AR reported in 2015, 2016, 2017 or 2018 but in 2019 we see a \$29K entry, in 2020 we see an AR credit entry of -\$8K (WTF is an AR credit?), in 2021 we see \$29K and in 2022 it's jumped to \$134K. This might seem minor when looking at that the big picture but if money is missing or there is an attempt to inflate value this would be one easy place to do it. Prove these AR values Mr. Henkes.*

[Exhibit R](#) FAR WEST MANAGEMENT LLC, P/L, 01-12/2022 (Accrual) showing NET INCOME (LOSS): -\$1.9M

*Like in [Exhibit O](#), I can't see why Henkes submits an accrual version of what he issued in [Exhibit F](#) for the same time which was a cash basis financial. They say the same thing, but [Exhibit R](#) provides details that don't change the fact that there is a \$1.9M loss whether its' cash or accrual. I'd like a reason for the two different versions. Does Henkes work on a cash or accrual basis with these cash driven entities?*

[Exhibit S](#) FAR WEST MANAGEMENT Transaction Detail by Account-Travel (Accrual) 01-12/2022 listing all credit card charges.

[Exhibit T](#) GSG PL INC, Transactions by Account-Retained Earnings (Accrual) 12/31/15 thru 12/31/21 showing Total Retained Earnings Balance of \$9M.

[Exhibit U](#) FAR WEST OPERATING LLC, P/L, 01-12/2022 (Accrual) shows a NET INCOME: \$1.3M.

*Unlike [Exhibit F](#) when the same period is shown on a cash basis as a loss of -\$1.9M running the numbers on an accrual basis changes things dramatically. I'm not attesting to the accuracy of either Exhibit, I'm just saying in this case I can see why you would want to issue this report to investors.*

[Exhibit V](#) GSG PL INC 2021 Tax Return.

*I would also like to see the State Tax returns for GSG PL INC so as to reconcile many of the values shown on the federal return.*

[Exhibit W](#) 2021 K-1 for Adam Knopf

## **Adam Knopf's Known Business Interests**

### **Point Loma Patients Association (PLPA) & OG Consulting**

While PLPA and the associated entity OG Consulting shut down because the City had served notice they could not operate without a license, unbeknownst to me, Adam had been claiming me as a [W-2 employee](#) during 2014 and as shown on his 2014 [2<sup>nd</sup> QTR Payroll](#) filing which shows Adams phone number at the bottom of the return. I sincerely doubt Adam prepared this return and I can state unequivocally that I never worked for that business or received a dime of what has been stated.

As far as payroll goes, we only have at Henkes deposition to see that they treat employment records pretty cavalierly. This becomes a glaring problem when these types of records are required to obtain a PPP loan.

Pg. 34:7-13, There are no W-2 employees at GSG PL Inc. It's not an employer. It files zero tax returns because we have to file stupid payroll tax returns, but it's never had one employee since its history. It's always leased employees from Far West Management and Far West Operating."

Pg's. 26:14-27:1, "...you could think of these entities as a consolidating entity, even though they don't consolidate. You have some complex rules that are imposed upon GSG PL Inc. like 280E, and you want to have tax planning around those rules.

Pg. 15;20-21, "I'm a Managing Member...a de facto CFO for a collection of that that encompasses. It's really just one marijuana business, a dispensary down on Hancock Street."

Pg. 168, *Henkes provides a detailed description of his duties and that he is a CPA and owns an accounting firm, Justus H. Henkes IV, Inc. He is asked if his services to these marijuana entities in done as an individual or through his incorporated business? To which he replies he does this work, including tax returns, as a W-2 wage compensation by GSG PL and is reflected in the business records accordingly. If that's the case how is Far West compensating him for his*



*upstream accounting and why would he want a W-2 relationship with GSG PL when the numbers going upstream are replete with errors and omissions issues?*

*What should also be an accounting red flag, in addition to how Henkes characterizes all the entities being one here, is the fact that they have no other clients.*

*Next if we look at the [2014 PLPA tax returns and miscellaneous supporting documents](#) it is clear that where Henkes states earlier he would have nothing to do with an “illegal dispensary,” one that had been forced to shut down it can be seen that Henkes actually did those returns and signed off as the Preparer at page 3 and ERO authentication at page 12. Henkes classifies the business under IRS Activity Code No. 446190 on page 5. Notwithstanding the fact that the IRS does not show this 446190 code at [business activity on their schedule of businesses](#), it would have been up to Henkes to properly categorize the entity as a cannabis related enterprise, at which point Section 280E would have been in effect and the deductions he took, other than cost of goods, would have been disallowed under PLPA.*

*Under section 280E he was falsely stating the enterprise and since there is no statute of limitations for fraud and evidence that this return represents which may have involved Adam Knopf in the death of Michael “Biker” Sherlock over the Balboa dispensary, every inconsistency that Henkes, a licensed CPA, who knew or at least should have known what he was doing, is called into question.*

*Henkes lied during the deposition where he states there’s “no such thing as a not-for profit cannabis entity” at page 23 and that he would “never operate with an unlicensed entity” at page 165.*

*Besides the fact that I found that Adam had secretly stored these 2014 tax returns at my parent’s house, (no other years were found) I find a number of odd and questionable things about the returns.*

*1.1) I never was paid the \$33,115.40 as shown on the W-2 on page 241.*

*1.2) Why is Henkes running payroll out of a medical cannabis entity when he has OG Consulting? [IRS Section 280E](#) had been in force since September 3, 1982. He should not have been taking payroll as a deductible.*

1.3) *PLPA was not run as a not-for-profit collective where those so-called profits would be redistributed back to the members. Ultimately it took the BECK case to prove that but the damage he did we can see went back to at least 2014.*

1.4) *One thing for sure, when Henkes fails to bring this level of detail to his deposition it further reinforces in my mind that he was able to accomplish this accounting with what I know to be an unlicensed dispensary but he has failed with GSG PL because I believe it is in their personal best financial interest to ALWAYS keep the 3<sup>rd</sup> party in the dark!*

*I was unaware that, in addition to PLPA, Adam also had OG Consulting as what I now believe was just another shell company entity which could be used to show zero net returns at the dispensary. I've included the [2014 OG Consulting tax return and supporting documents](#) because Henkes prepared that return as well.*

*We have all these "tickets" which I believe would be receipts for cash but as you look at the checks having gone through both Home Bank (PLPA) @ page 165 and Wells Fargo (OG Consulting) at page 34 and the numbers on the tickets don't line up with the check numbers on either of the accounts.*

2.1) *What was the purpose of this company when payroll was conducted out of PLPA?*

2.2) *Why did Adam need a PO box at the 5666 La Jolla Blvd. address?*

2.3) *Why were there no payments made from either entity to the City of San Diego for the business license that would have been a requirement for legal operation?*

*Finally, we can look at the [2014-PLPA Cash Payable Tickets](#) and provide comments re those individual tickets that are not legitimate, don't line up with either back accounts cleared check entries and raise suspicion as to how money was spent on the Michael "Biker" Sherlock dispensary on Balboa Ave.*

3.1) *The \$5,000 "repayment" on page 037 is not legitimate. I never went to Vail and had Adam promise to pay me back \$5,000. That just did not happen.*

3.2) *The large dollar cash payments to Mickael Sherlock for the Balboa Dispensary brings into question just what Adam's relationship early on with Biker? Adam was heavily into steroids at the time of Bikers suppose suicide. Nobody believed Biker killed himself and when Brad Harcourt called Adam to tell him about his death, I was there when Brad's*

*call came in and Adam showed no reaction. I found that very odd. Could his anger over not having the Full Circle deal come together have had something to do with it? Perhaps. I know one thing for sure. I was terrified of Adam during this time, even going so far as to hide his steroid syringes so he might come back to normal. For Adam to have hidden these records only raises my suspicions as to what may have happened to Biker.*

3.3) *Who is Ghost Management?*

3.4) *Why is DJR taking so much cash out of PLPA?*

3.5) *Was Andy Hirmez involved in any of these payments?*

3.6) *What exactly did Bartell and Gina do for the kind of money Adam was spending on them?*

3.7) *Where are the Articles of Incorporation for PLPA?*

3.8) *I see payments made to Vlad from 420 Soft. I have tried to find out if Adam was using 420 Soft for inventory management. He ignores me. But what is relevant here is that Henkes is using these inventory schedule on the tax returns so either that itemized inventory is in QuickBooks or 420 Soft. Either way this is exactly what would have been necessary, attached to the POS records to determine what was due in the City of San Diego Tax Deficiency audit. Regardless of whether Henkes is a W-2 employee or a 1099 vendor, based on these returns it proves he knows what was needed for this audit and the fact that he can blame a multi-year (2018-2021) accounting error and the City comes up with a number [Exhibit G](#) that is a pie-in-the-sky (perhaps they were using Ghost Accounting) assessment of \$542K is astonishing. How in the hell was Henkes and Adam let off the hook with this? If the POS accounting and inventory control is honest and accurate then the exact total of the underpayment would have been known. That \$542K is a completely illegitimate figure and Henkes, proven by his 2014 accounting, knows it.*

#### **GSG PL, Inc.**

GSG PL, Inc. a For-Profit venture (formerly known as Point Loma Patients Consumer Cooperative also Point Loma Patient Association – Not-For-Profit ventures ) originally began in 2009 was [restated to GSG PL Inc on March 28, 2018](#). The business currently operates as a retail cannabis store doing business under the name of Golden State Greens. It operates from a leased facility on Hancock Street in the Point

Loma area of San Diego. GSG PL, Inc. is organized and taxed as a C-Corporation. We understand Adam Knopf holds 100% of the issued and outstanding stock of GSG PL, Inc. but there are two others who have a beneficial interest in the business bringing Mr. Knopf's effective ownership interest to 60%. The retail operation is managed by Far West Management, LLC, a wholly-owned subsidiary of Far West Operating, LLC – both of these entities are 60% owned by 419 Consulting Corp, an entity which Adam Knopf owns 100%.

#### **419 Consulting Corp**

[419 Consulting Corp](#) was organized by Cheyenne Mosely of Legal Zoom on August 18, 2015 with Justus Henkes listed as Service of Process and taxed as S-Corporation. 419 Consulting Corp owns a 60% interest in Far West Operating, LLC. Adam Knopf owns 100% of 419 Consulting Corp. This entity also holds a 60% ownership interest in FWO Expansion, LLC; GSG Lemon Grove, LLC; and Golden State Greens, LLC. These three entities currently have no operations.

#### **Far West Operating, LLC**

[Far West Operating, LLC](#) was organized by attorney Arden Andersen of Austin Legal Group, on May 27, 2015, as a California limited liability company. 419 Consulting Corp owns 60% of Far West Operating, LLC. Therefore, by virtue of Adam Knopf's 100% ownership in 419 Consulting Corp, Adam Knopf owns 60% of Far West Operating, LLC. We understand Far West Operating, LLC was formed to engage and manage land use development projects, sublease space, and to provide a treasury function to GSG PL, Inc. Adam Knopf annually receives compensation and a Form W-2 from this entity.

#### **Far West Management, Inc., LLC**

[Far West Management, LLC](#) was organized by attorney Arden Andersen of Austin Legal Group, on May 27, 2015, as a California limited liability company. Far West Operating, LLC owns 100% of Far West Management, LLC giving Adam Knopf an effective 60% ownership in this entity through his 100% ownership in 419 Consulting Corp which owns 60% of Far West Operating, LLC. Far West Management, LLC manages GSG PL, Inc.'s cannabis retail operations on Hancock Street in the Point Loma area of San Diego. In 2020, Adam Knopf received compensation and a Form W-2 from this entity.

#### **Far West Staffing, LLC**

I believe Far West Staffing, LLC was formed in 2015 as a California limited liability company. We further understand that Far West Staffing, LLC is owned by Far West Operating, LLC but has never had any operations.

#### **FWO Expansion, LLC**

[FWO Expansion, LLC](#) was organized by attorney Arden Andersen of Austin Legal Group, on September 8, 2016, as a California limited liability company with Justus Henkes CPA filing a [Statement of Information](#) on September 18, 2017. 419 Consulting Corp owns 60% of Far West Expansion, LLC and, as such, Adam Knopf effectively owns 60% of this entity through his 100% ownership in 419 Consulting Corp. I believe FWO Expansion, LLC was formed to finance, purchase, and own real property for use as marijuana dispensaries and related activities.

#### **GSG Lemon Grove, LLC**

GSG Lemon Grove, LLC was formed in 2017 as a California limited liability company. 419 Consulting Corp owns 60% of GSG Lemon Grove, LLC and, as such, Adam Knopf effectively owns 60% of this entity through his 100% ownership in 419 Consulting Corp. We understand GSG Lemon Grove, LLC was formed to pursue a cannabis business in the Lemon Grove area of San Diego, but it did not do so. Subsequently in 2019, GSG Lemon Grove, LLC entered into a joint venture agreement with a third party related to a potential marijuana outlet in the Mission Valley area of San Diego. Before the Mission Valley operations began, the third party bought out GSG Lemon Grove, LLC's interest in the joint venture in 2021. Adam Knopf reported a capital gain in the amount of \$1,500,000 related to this transaction on his 2021 personal income tax return. The Articles for [GSG Lemon Grove, LLC are dated May 25, 2023](#) which lines up, 20 days later, with the purchase and approval of two new Lemon Grove permits as detailed in this [San Diego Union Tribune Article dated May 5, 2023](#). Listing the renowned cannabis attorney Gina Austin as Rita Hirmez's attorney.

#### **Golden State Greens, LLC**

Golden State Greens, LLC was formed in 2016 as a California limited liability company. 419 Consulting Corp owns 60% of Golden State Greens, LLC and, as such, Adam Knopf effectively owns 60% of this entity through his 100% ownership in 419 Consulting Corp. We understand Golden State Greens, LLC was formed to deliver cannabis related products and potentially hold a license and intellectual property.

#### **GSC Pac Highway, Inc.**

GSG Pac Highway, Inc. was formed in 2018 as a California corporation. Adam Knopf owns 100% of the issued and outstanding stock of GSG Pac Highway, Inc. We understand this entity was formed to obtain and hold a marijuana cultivation license which it obtained in late-2018. The facility for which it holds the license is located at 4909 Pacific Highway in San Diego. Far West Operating, LLC pays the rent on that facility.

#### **GSC SBCA, Inc.**

GSG SBCA, Inc. was formed in 2018 as a California corporation. Adam Knopf owned 100% of the issued and outstanding stock of GSG SBCA, Inc. We understand this entity was formed to purchase real property and obtain a cannabis license in the Santa Barbara area which it did until Mr. Knopf sold all of the stock in the company in July 2020 to an unrelated third party. Adam Knopf and Tiffany Knopf reported a capital gain in the amount of \$4,380,971 related to this transaction on their 2020 personal income tax return.

#### **99HT/GSG, LLC**

I believe that 99HT/GSG, LLC was formed to apply for a business permit to sell cannabis in Oxnard, California. On Schedule C to Adam Knopf's 2021 personal income tax return, abandoned development costs related to closed projects were expensed. We noted this entity was cancelled on December 22, 2022.

#### **Nirvana Avenue Investments, LLC**

Nirvana Avenue Investments, LLC was formed in 2021 as a California limited liability company. We understand that Nirvana Avenue Investments, LLC was formed to pursue a cannabis dispensary license in Chula Vista, California. We understand a permit was unable to be secured. On Schedule C to Adam Knopf's 2021 personal income tax return, abandoned development costs related to closed projects were expensed. We noted this entity was cancelled on December 22, 2022.

#### **Nirvana Cultivation, LLC**

Nirvana Cultivation, LLC was formed in 2021 as a California limited liability company. I believe that Nirvana Cultivation, LLC was formed to permit and develop cannabis business. On Schedule C to Adam Knopf's 2021 personal income tax return, abandoned development costs related to closed projects were expensed. This entity was cancelled on December 22, 2022.

#### **3 Key Media (Nevada Corp)**

The original software for PLPCC POS was [420 Soft](#). Adam wasn't satisfied with that software solution so on or about November 2016 when Gary Strahle introduced himself to me at the Hancock store

suggesting he had custom software that would fill the store needs better and left his card Adam was keen to hear his ideas.

Shortly thereafter, Gary and Adam began working on developing a new program that would ultimately replace 420 Soft. That program was designed to be a POS system, which they named Cannabis Cloud. Adam would use at our PLPCC and GSG dispensary and would operate within the licensed [Sales Force](#) platform, which would be Metrc compliant, allow data upload to QuickBooks and eventually be made available to other dispensaries under licensing agreements.

On July 27, 2020 [3 Key Media](#) became a 50/50 Joint Venture with Gary Strahle, CEO, Founder and Adam Knopf as a member and saw it's official launch, replacing 420 Soft at PLPCC on or about May 2019.

The switchover to Cannabis Cloud was fraught with issues that caused a lot of staff frustration. For example, Heidi Rising, our very capable GM, and Lauren Houston our Manager quit over it. Cannabis Cloud was not ready for prime-time release. While I didn't work at GSG at the time of the Cannabis Cloud launch, I lived with Adam, and I would hear the near daily heated calls he engaged in with staff and Gary over how it was failing to meet their needs and what it would take to fix it.

Cannabis Cloud was not stable, frequently having issues that required Gary to get the system back online and leaving staff having to generate handwritten invoices for the sale. In the end it did not perform as well as our previous software where we had greater technical support and could have done without the headaches that came with not having a POS and database that effectively and accurately communicated with Sales Force and ultimately QuickBooks. There are supporting declarations at the end of this document from some of those GSG employees who directly suffered the task of having to work with Cannabis Cloud.

**Nirvana Avenue Properties LLC (1849 Nirvana Chula Vista Property)**

[2017/07/20 420-Oceanside-LLC Articles of Incorporation-Andy Hirmez](#)

[2021/02/05: Golden State Greens CV](#) Executed Indemnity Agreement

[2021/02/18: 1891 Nirvana Ave CV](#) Property Certification Form

[2021/02/09: Tomar Letter to Andy and Lunar](#)

[2021/02/10: ALG-Retainer Agreement for Nirvana Avenue Properties LLC](#)

[2021/01/19: Change of Ownership and Grant Deed for 1891 Nirvana Avenue, Chula Vista CA 91911](#)

[2021/02/10 Austin Legal Group Retainer Agreement with Nirvana Avenue Properties LLC, Adam Knopf](#)

[2022/01/20 Henkes-Text to Adam and Tiffany re CDRS and the \\$1.5M](#) The third party Henkes refers to is Andy Hirmez

[2022/11/17 Nirvana-Ave-Properties-LLC Statement of Information](#) Listing Andy Hirmez's wife Rita Hirmez and Bessma Louisa (see [voiceofsandiego.org/2018/05/29/liquor-store-owners-are-getting-into-the-pot-game](#) "VOSD also found that three of San Diego's 13 legal dispensaries have direct connections to NMA leaders. Two of those leaders were punished by San Diego officials for hosting illegal dispensaries on their properties. This has occurred despite threats by authorities to keep black market players out of the legitimate commercial space."

[2023/07/20 Nirvana Records](#) Rita Hirmez Custodian of Records document production. Page 44-46 shows Adam Knopf as a resigning/withdrawing member on 07/01/2021.

[2023/05/09 1891 Nirvana Avenue Notice-of-Completion Filing](#)

#### **CV Hydro**

[CV Hydro LLC](#) was registered in the State of CA on January 26, 2022, by attorney Brittany Biesterfield of Austin Legal Group. Henkes can't seem to remember her @ (285:12-15.

#### **420 Oceanside, LLC**

This was an undisclosed interest by Adam and his attorneys. I believe it remains an asset to this day and includes the subterfuge of numerous parties to shield his identity. Those parties include, but not limited to, the City of San Diego, and certain individuals in the Development Services Department, Gina Austin, Tamara Leetham, Justus Henkes, Andy and Rita Hirmez, Lunar and Bessma Louissa, Drew Lambert and Far West Management.

[11/15/2023: Anomalies @ 2605 Camino de Rio South](#)

#### **SUPPORTING DECLARATIONS**

[2023/10/30 Alexis Bridgewater-Declaration w Exhibits](#)

[23/11/01 Lauren Houston Declaration w Exhibits](#)

[2023/11/01 Teresa Porkolab Declaration w Exhibits](#)

#### **RELATED ISSUES**

- 1) Adam used Carla Jones (daughter of his longtime family friend) and Kristina Knopf-Delaittre (his biological sister) strawman having been listed on various CUP Applications.



- 2) Harbor Collective and the Chula Vista and Jesus Cardenas connection.
- 3) Phil Rath, PPR Solutions Inc., lobbying report as filed in the [2023 EC-601](#) and attached client list [EC-601 Client List](#) on behalf of United Medical Marijuana Coalition, Will Senn, Adam Knopf, Aaron Magagna, Rocky Goyal, Sammi Harmis, Bret Peace, Alex Scherer, and Tony Hall. We also submit [2021](#) and [2022](#) reports for additional consideration.
- 4) Aaron Magagna, supposedly bought the Pac Highway project from Adam. Magagna created [COSDD71, LLC](#) and uses the same Point Loma Postal Plus where Quinn Holmes, then owner set up Magagna with a PO Box but it's listed as a Suite B132. Quinn is Adam's longtime friend since the coached together at Point Loma Little League approximately 11 years ago. Why is this at all important? Adam believes he's above the law and Gina represents Adam and Magagna. Here yet is another entity that Magagna uses for the same Address and PO Box but this time attorney Gina Austin authenticates the formation of [ECRENCINITAS4, LLC](#). Anybody that would have unlicensed events at that project is not above cooking a deal with another Austin client. Is this the LLC that is connected to Pac Highway?
- 5) What if any undisclosed interests might Adam hold in the Wellgreens Dispensary on Federal Blvd., in Lemon Grove, CA? Adam has joint venture agreements with Andy Hirmez, Rita Hirmez, Lunar Louissa, Bessma Loiusa that connect Mission Valley, Lemon Grove and Chula Vista all connect these people with Adam and Gina Austin representing them all.

How is that [Lunar Louissa qualified](#) for the Wellgreen's license when having been indicted and federally convicted, both Wellsgreen's and Lunar, for this illegal disposal. This is a classic case of why one who has an environmental cannabis conviction under his belt. It's simple. Lunar's name came off the application but Wellgreen's. The City of Lemon Grove ignored this clear violation of environmental and cannabis law, but this work around seemed to accomplish the licensing task.

#### **CLOSING STATEMENT**

On October 27, 2023, I met with skilled federal law enforcement agents that continue to detail what I now know to be the fraud with the primary bad actors being Adam, Gina Austin, Judd Henkes and Jim Bartell have been engaged in. All of the money he spent out of our personal bank accounts to influence local politicians support for his cannabis projects. It goes on and on. I have provided these highly trained professionals with the evidence to research and act on these claims and will continue to do so.

The \$542K amount determined in the City of San Tax Deficiency audit is a built upon any reliable POS accounting. How they arrived at that number, which is undoubtedly much higher, is a complete mystery. What is not a mystery though s the fact that I know I heard Adam and Judd talking about two PPP loans they got which now I understand was obtained fraudulently, and money they used in the cannabis business. Since this has come to light, I would take a hard look at Aaron Magagna, another Gina Austin client, and see if any of his various entities obtained PPP money and was it used to purchase, for example Pac Highway?

Adam is continuing his war against me with posts like this on his personal Instagram story in an attempt to scare me and shut me up. It's NOT going to work! I want to thank the brave me\_n and women who have suffered under these criminals for coming forward and trying to help right the wrongs. The truth WILL be exposed and those of you who have perpetrated this fraud and harmed so many in the process, WILL be held accountable, so help me God!



*Tiffany Knopf*