

August 10, 2018

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VIA E-Mail and CERTIFIED MAIL

Aaron@sonomapac.com

Aaron Browe
Sonoma Pacific Distribution, Inc.
131A Stony Circle
Santa Rosa, CA 95401

Re: Ground-Level LLC/Atlas Extracts

Dear Mr. Browe:

We are counsel for Ground Level, LLC (“Ground Level”). It has come to our attention that Sonoma Pacific Distribution, Inc. (“Sonoma Pacific”) has wrongfully facilitated or provided labels for regulated cannabis products that erroneously reference the name and license number of Ground Level.

By way of background, in mid-July 2018, Ground Level co-founder Ronnie Cabral came across a picture posted from Minuteman Press on Instagram with a label for a cannabis product that references the name and license number of Ground Level. The label states in relevant part “MFGR: GROUND LEVEL, LLC” and “CDPH: T00001026.” The picture is depicted below.



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Immediately after learning of this wrongful use of the Ground Level name and license number, Mr. Cabral made contact with you to inquire. You provided verbal assurance to Mr. Cabral that this was a mistake, and that Sonoma Pacific would release no cannabis product with a label that incorrectly referenced any identifying information relating to a Ground Level product.

Despite these assurances, Mr. Cabral later learned that the Ground Level name and license number had in fact been placed on a cannabis product called HoneyButter Rosin distributed by Sonoma Pacific and sold in the retail dispensary Bloom. Please see the below photograph that depicts this product with the subject incorrect label information.



Mr. Cabral then met with you to discuss the ongoing issue. You expressed an apology, and made the representation that only one small batch had been released with the offending labels. You characterized this as a mistake, and represented that it would not happen again.

Despite your assurances, on August 08, 2018, we became aware that additional cannabis product from the brand HoneyButter Rosin was being sold at multiple retail dispensaries with the same offending label information. An exemplar of these newly discovered offending labels is depicted below.

At this point in time, we are aware of at least 600 units of the subject product, and likely many more, that have been delivered to at least 17 dispensaries.



By intentionally mislabeling cannabis products through the wrongful use of the Ground Level name and license number, Sonoma Pacific has created substantial legal liability for all parties involved. All products wrongfully labeled are considered adulterated, misbranded and contaminated products under state and local cannabis regulations and state consumer protection statutes.

All misbranded product must immediately be removed from the chain of distribution. This means that all retailers must be immediately notified that these products are illegal for sale and must be immediately made unavailable for any retail sale. In addition, for any subject misbranded product that has been sold, a product recall must be immediately initiated.

The actions of Sonoma Pacific have placed Ground Level's license in jeopardy and give rise to substantial potential regulatory and tort liability to Ground Level. Sonoma Pacific's wrongful actions also constitute deceptive trade practices and unfair competition in violation of California Business & Professions Code §17200 *et seq.*, giving rise to a claim for damages, equitable relief, disgorgement of profit and recovery of costs including attorney's fees.

On behalf of Ground Level, we demand that you provide written assurance within three (3) days of receipt of this correspondence that Sonoma Pacific will (a) immediately and permanently cease and desist from distributing any cannabis product that makes wrongful use of the Ground Level name or license number; (b) immediately notify all persons or entities within the Sonoma Pacific chain of distribution of any cannabis product that contains a label with the offending information; (c) immediately institute a recall of all misbranded and adulterated products with the offending label information, (d) notify in writing your insurance carrier(s) of the error and of this potential claim by Ground Level; and (d) confirm in writing that Sonoma Pacific will indemnify, hold harmless and defend Ground Level from any and all claims, liability or losses that arise out of or are related to the wrongful use of the Ground Level name and/or license number on any cannabis product.

As a matter of precaution, we must report these illegal acts to the relevant California cannabis licensing authorities.

Aaron Browe
Sonoma Pacific Distribution, Inc.
August 10, 2018

This letter does not purport to be a complete statement of the facts or the law and is without prejudice to the legal and equitable rights of Ground Level, including but not limited to the right to seek monetary damages, equitable relief and attorneys fees, all of which are expressly reserved.

We look forward to hearing from you.

Sincerely,

Wilson Elser Moskowitz Edelman & Dicker LLP

Ian A. Stewart

Ian A. Stewart
Partner

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