

Assigned for all purposes to: Stanley Mosk Courthouse, Judicial Officer: Curtis Kin

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9 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
10 **COUNTY OF LOS ANGELES**

11 INVINCIBLE HOLDINGS, LLC, a California
12 limited liability company.

13 Plaintiff,

14 vs.

15 ANIBAL MEJIA, an individual; and DOES 1-
16 10, inclusive.

17 Defendants.

COMPLAINT FOR: 21STCV33333

- 18 **1. BREACH OF FIDUCIARY DUTY;**
- 19 **2. BREACH OF WRITTEN CONTRACT;**
- 20 **3. BREACH OF COVENANT OF GOOD FAITH AND FAIR DEALING;**
- 21 **4. DECLARATORY RELIEF, CIVIL CODE SECTION 1060;**
- 22 **5. ACCOUNTING**

23 Plaintiff INVINCIBLE HOLDINGS, LLC, a California limited liability company, brings
24 this Complaint against defendants ANIBAL MEJIA, an individual, and DOES 1-10, inclusive,
25 and hereby allege:

26 **I. PARTIES**

27 1. Plaintiff INVINCIBLE HOLDINGS, LLC (“Invincible Holdings”) is a California
28 limited liability company and a Class B Member who owns 49% of interest in Gold Benzo
Alliance, LLC, a California limited liability company (“Gold Benzo”).

2. Invincible Holdings is informed and believes and thereon alleges that Defendant
ANIBAL MEJIA (“Mejia”) is an individual resident of California and a Class A Member who
owns 51% of interest in Gold Benzo.

3. DOES 1 through 10, inclusive, are sued under such fictitious names because their

1 true names and capacities are unknown to Invincible Holdings. When the true names and
2 capacities are ascertained, Invincible Holdings will amend this Complaint by inserting their true
3 names and capacities.

4 **II. INTRODUCTION**

5 4. While claiming that he is a 51% managing member of Gold Benzo, Mejia has
6 intentionally done nothing that would help advance Gold Benzo’s purpose of owning and operating
7 state-licensed cannabis business.

8 5. In contrast, Mejia has refused to take any actions that would help Gold Benzo get
9 approved for cannabis license.

10 6. The parties were contractually required to have at least 75% of the votes in order to
11 take any actions, particularly to engage in any act that would cause Gold Benzo to no longer be
12 suitable for licensure or that would jeopardize licensure for cannabis. Mejia, however, unilaterally
13 changed the login credentials to Accela, the online portal of the Department of Cannabis
14 Regulation of the City of Los Angeles (the “DCR”) through which documents and forms for
15 cannabis license must be uploaded. Mejia not only failed to notify Invincible Holdings about such
16 change, but has since refused to share the new password with Invincible Holdings, jeopardizing
17 Gold Benzo’s chance of getting the cannabis license and achieving its business purposes.

18 7. Mejia has also refused to sign documents necessary to execute a lease, which needs
19 to be submitted to the DCR through Accela in order to obtain a cannabis license.

20 8. The parties were also contractually required to share operating costs pro rata in
21 accordance with their membership interest. But only Invincible Holdings has fulfilled these
22 obligations. In fact, Invincible Holdings went above and beyond by paying more than its pro rata
23 share.

24 9. It is also questionable whether Mejia still qualifies as a social equity owner.

25 10. Mejia’s egregious and inexcusable conduct violates California law, and constitutes
26 breach of fiduciary duty, breach of contract, and breach of the implied covenant of good faith and
27 fair dealing. Invincible Holdings seeks a temporary restraining order, a preliminary injunction, a
28 permanent injunction, and declaratory reliefs enjoining Mejia from obstructing Gold Benzo from

1 getting a cannabis license, from operating state licensed cannabis-related business, from invading
2 Invincible Holdings’ rights as a managing member, and from avoiding his responsibilities to Gold
3 Benzo.

4 **III. GENERAL ALLEGATIONS RELATING TO ALL CAUSES OF ACTION**

5 **A. The Parties Agree to Form Gold Benzo Alliance, LLC to Own and Operate State**
6 **Licensed Cannabis-Related Enterprise.**

7 11. On August 16, 2019, Invincible Holdings and Mejia entered into the First Amended
8 and Restated Operating Agreement of Gold Benzo Alliance, LLC (the “Operating Agreement”).
9 A true and correct copy of the Operating Agreement is attached as **Exhibit A** and is incorporated
10 by reference. This agreement sets forth the general structure and terms governing Gold Benzo.
11 Mejia is a Class A member who holds 51% of interest and vote, and Invincible Holdings is a Class
12 B member who holds 49% of interest and vote. Both parties are managing members.

13 12. Under Section 1.04 of the Operating Agreement, the purposes of Gold Benzo are
14 to “(i) own and operate state licensed cannabis-related enterprise . . . and (ii) to engage in any and
15 all activities necessary, customary or incidental thereto.”

16 13. Under Section 2.02, The aggregate authorized Units of Gold Benzo comprises of
17 Class A Units and Class B Units. Each unit, regardless of class, has one vote.

18 14. Under section 2.08(f), no action may be taken by members at any given meeting
19 unless the appropriate quorum, or 75% of the vote, is presented.

20 15. Under section 2.08(g), when a quorum is presented, “no action may be taken by the
21 Members...without the affirmative vote of the Members holding at least seventy-five percent
22 (75%) of the outstanding Units.”

23 16. Under section 2.09, members may take action without a meeting if the other
24 members have consented to, in writing or by electronic transmission.

25 17. Under Section 3.01, Gold Benzo Alliance is a member-managed limited liability
26 company.

27 18. Section 3.02(n) provides how decisions regarding cannabis licensure must be made
28 as follows: “Without the prior written approval of the Members holding at least seventy-five

1 percent (75%) of the outstanding Units (with the Class A Units and Class B Units treated as one
2 class), which approval may be granted or withheld for any or no reason, the Company shall not,
3 and shall not enter into any commitment to . . . engage in any act . . . which would cause the
4 Company to no longer be suitable for licensure or which would jeopardize licensure for cannabis.”

5 19. Section 4.01(a) requires profits and losses of Gold Benzo to be allocated among
6 members pro rata in accordance with their membership interests.

7 **B. Defendant Has Denied Invincible Holdings Access to the Accela Portal, Jeopardizing**
8 **Gold Benzo’s Business Purposes and Opportunity to Get Approved for Relocation.**

9 20. In order to apply for a cannabis license, Gold Benzo must first submit a relocation
10 request to the DCR through Accela, the DCR’s online portal.

11 21. To apply for relocation, Gold Benzo is required to upload all required documents,
12 forms, and applications to the DCR through Accela.

13 22. Although the Operating Agreement expressly states that Gold Benzo is a member-
14 managed LLC, Mejia unilaterally changed the password to Accela without seeking other member’s
15 approval or notifying Invincible Holdings about the change.

16 23. On May 21, 2021, Invincible Holdings asked Mejia to share the new login
17 credentials to Accela with him.

18 24. On May 26, 2021, Invincible Holdings again requested Mejia to share the new login
19 credentials. These requests were met with resistance.

20 25. On June 3, 2021, Mejia claimed that in changing the Accela login credentials, he
21 had exercised his authority as the 51% owner of the license and CEO of Gold Benzo. Mejia further
22 stated that he wanted to maintain control over the licensing portal and that his review and approval
23 of licensing documents were required before they were uploaded to Accela.

24 26. The deadline to apply for relocation is December 31, 2021. Gold Benzo still needs
25 to negotiate and execute a lease and submit all required documents and forms for its relocation
26 request to the DCR by December 31, 2021. The application process, as outlined in the DCR’s
27 Temporary Approval Procedure, is complicated and time-consuming. It requires numerous
28 documents and forms. A true and correct copy of Temporary Approval Procedure is attached as

1 **Exhibit I** and is incorporated by reference.

2 27. Any further delays in sharing the login credentials will jeopardize the chance of
3 getting the relocation request approved and undermine Gold Benzo’s business purpose to own and
4 operate state licensed cannabis-related enterprise. Therefore, Invincible Holdings needs the login
5 credentials as soon as possible.

6 **C. Defendant Has Taken No Actions That Were Necessary for Gold Benzo to Apply for the**
7 **Cannabis License.**

8 28. In order to apply for relocation, Gold Benzo was required to enter into a new real
9 property lease agreement. On April 1, 2021, Gold Benzo’s then attorney drafted and asked both
10 parties to sign Action by Unanimous Written Consent of the Membmers (“Members Consent”),
11 which would authorize Invincible Holdings to execute a lease on behalf of Gold Benzo. Invincible
12 Holdings signed the Members Consent, but Mejia refused to sign it. A true and correct copy of
13 the Members Consent is attached as **Exhibit B** and is incorporated by reference.

14 29. Gold Benzo still needs to negotiate a lease and submit all required applications,
15 documents, and forms to the DCR by the deadline. As described above, the application process is
16 complicated and time-consuming. It requires numerous documents and forms. Without Mejia’s
17 signature, Gold Benzo’s business is stalled.

18 **D. As a 51% Member, Defendant Is Responsible for 51% of Gold Benzo’s Obligations.**

19 30. Invincible Holdings has paid for Gold Benzo’s expenses in the amount of
20 \$23,695.50, including:

21 a. Legal expenses to Cozen O'Connor in the amount of \$3,620.50. A true and
22 correct copy of accounting from Cozen O’Connor in the amount of
23 \$3,620.50 is attached as **Exhibit C** and is incorporated by reference.

24 b. A retainer fee to McReynolds & Vardanyan, LLP for preparing
25 and submitting cannabis licensing application in the amount of \$7,500. A
26 true and correct copy of the Engagement Letter and Scope of Services from
27 McReynolds & Vardanyan is attached as **Exhibit D** and is incorporated by
28 reference.

1 c. Invoice from the DCR in the amount of \$9,075.00. A true and correct copy
2 of the invoice from the DCR in the amount of \$9,075.00 is attached as
3 **Exhibit E** and is incorporated by reference.

4 d. Invoice from Stafford Design for site plan architect work for the cannabis
5 licensing application in the amount of \$3,500.00. A true and correct copy
6 of the invoice from Stafford Desgin in the amount of \$3,500.00 is attached
7 as **Exhibit F** and is incorporated by reference.

8 31. On May 21, 2021, Invincible Holdings asked Mejia to reimburse him 51% of the
9 above amount that it has paid on behalf of Gold Benzo.

10 32. Mejia has not contributed his pro rata share of the above expenses, even though he
11 is required to do so under the Operating Agreement.

12 33. Invincible Holdings also informed Mejia that Gold Benzo still owes McReynolds
13 & Vardanyan, LLP success fee in the amount of \$75,000.00. McReynolds & Vardanyan sent the
14 invoice as early as January. The law firm would lien Gold Benzo's cannabis license if the fee was
15 not paid. A true and correct copy of the invoice from McReynolds & Vardanyan is attached as
16 **Exhibit G** and is incorporated by reference.

17 34. In addition, Gold Benzo owes state taxes in the amount of \$1,012.94, which was
18 due on August 20, 2021. A true and correct copy of Notice of Balance Due from California
19 Franchise Tax Board is attached as **Exhibit H** and is incorporated by reference.

20 **IV. FIRST CAUSE OF ACTION**

21 **(Breach of Fiduciary Duty)**

22 35. The Plaintiff incorporates all previous allegations by this reference.

23 36. As a managing member of a limited liability company, Mejia owed a fiduciary duty
24 to the other managing member, Invincible Holdings, and to Gold Benzo.

25 37. Mejia breached his fiduciary duties by the conduct previously alleged herein in
26 detail, and in summary include:

27 a. Unilaterally changing the login credentials to Accela;

28 b. Failing to seek prior approval and affirmative vote of the members holding

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at least 75% of the outstanding units before changing the login credentials to Accela, even though such approval is required by the Operating Agreement;

- c. Failing to inform Invincible Holdings of the change;
- d. Failing to share the new login credentials with Invincible Holdings, and as a result, disabling Invincible Holdings and Gold Benzo from uploading required documents and forms to apply for relocation;
- e. Failing to sign documents necessary to execute a lease, including the Members Consent, which needs to be submitted to the DCR through Accela in order to obtain a cannabis license;
- f. Failing to maintain his status as a social equity partner;
- g. Failing to be responsible for 51% of Gold Benzo’s financial obligations.

V. SECOND CAUSE OF ACTION
(Breach of Written Contracts)

38. The Plaintiff incorporates all previous allegations by this reference.

39. Invincible Holdings and Mejia were parties to the Operating Agreement as alleged and defined herein.

40. Mejia breached its contractual duty to seek affirmative vote of the members holding at least 75% of the outstanding units before changing the login credentials to Accela.

41. This breach was a substantial factor in causing harm to Gold Benzo and Plaintiff, including preventing Plaintiff from uploading required documents and forms for Gold Benzo’s relocation application.

42. Mejia breached its contractual duty to take actions and sign documents, including the Members Consent, that were necessary for Gold Benzo to obtain a cannabis license.

43. This breach was a substantial factor in causing harm to Gold Benzo and Plaintiff, including circumvent Plaintiff’s efforts to negotiate and execute a lease which is required for Gold Benzo to obtain a cannabis license.

44. Also, as a 51% member of Gold Benzo and the Operating Agreement, Mejia had a

1 contractual obligation to pay 51% of Gold Benzo’s expenses and obligations.

2 45. Mejia breached its contractual duty to pay 51% of Gold Benzo’s obligations.

3 46. This breach was also a substantial factor in causing harm to Gold Benzo and
4 Plaintiff, including Plaintiff having to pay excess expenses on behalf of Gold Benzo.

5 47. Invincible Holdings performed all covenants and conditions of the Operating
6 Agreement, including informing Mejia of any changes to the login credentials to Accela, seeking
7 authorization for executing leases on behalf of Gold Benzo, signing the Members Consent, and
8 paying far more than its pro rata share of Gold Benzo’s obligations.

9 **VI. THIRD CAUSE OF ACTION**

10 **(Breach of Covenant of Good Faith and Fair Dealing)**

11 48. The Plaintiff incorporates all previous allegations by this reference.

12 49. As previously alleged herein, Invincible Holdings and Mejia were parties to the
13 Operating Agreement as alleged and defined herein.

14 50. Mejia unfairly interfered with Invincible Holdings’ rights as managing member of
15 Gold Benzo pursuant to the Operating Agreement, as alleged herein.

16 51. Mejia unfairly interfered with Gold Benzo’s chance of getting the cannabis license
17 and its business purposes of owning and operating state-licensed cannabis enterprise, as alleged
18 herein.

19 52. The Plaintiff and Gold Benzo were harmed by Mejia’s conduct, the full nature and
20 extent of which will be subject to proof at trial.

21 **VII. FOURTH CAUSE OF ACTION**

22 **(Declaratory Relief, Civil Code Section 1060)**

23 53. The Plaintiff incorporates all previous allegations by this reference.

24 54. As previously alleged herein, Invincible Holdings and Mejia were parties to the
25 Operating Agreement as alleged and defined herein.

26 55. An actual controversy has arisen and now exists between Invincible Holdings and
27 Mejia concerning their respective rights and duties under the Operating Agreement. As a 51%
28 member of Gold Benzo, Mejia had a contractual obligation to pay 51% of Gold Benzo’s expenses

1 pursuant to Section 4.01 of the Operating Agreement.

2 56. Invincible Holdings desires a judicial determination of its rights and duties, and a
3 declaration as to whether Mejia is responsible for 51% of the expenses and Invincible Holdings is
4 responsible for 49% of the expenses of Gold Benzo, based on their respective ownership interest
5 under the Operating Agreement.

6 57. A judicial declaration is necessary and appropriate at this time so that Invincible
7 Holdings may ascertain its rights and duties and be reimbursed for Gold Benzo's expenses that it
8 has paid and that is above Invincible Holdings' pro rata share.

9 **VIII. FIFTH CAUSE OF ACTION**

10 **(Accounting)**

11 58. The Plaintiff incorporates all previous allegations by this reference.

12 59. Extensive and exhaustive accounting information and documents have been
13 provided by Invincible Holdings to Mejia as alleged herein, but Mejia disputes and has disputed
14 the nature, extent and accuracy of the information and documents. Thus, a Court ordered
15 accounting is likely necessary to determine the amounts that Mejia owes Invincible Holdings.

16 **IX. PRAYER**

17 WHEREFORE, the Plaintiff pray for relief against Defendant as follows:

18 **As to the First, Second, and Third Cause of Action**

- 19 1. For a temporary restraining order, a preliminary injunction, and a permanent
20 injunction, all enjoining Mejia unilaterally changing and concealing the login
21 credentials to the Accela online portal, which is the online portal for the Department
22 of Cannabis Regulation of the City of Los Angeles to submit documents in order to
23 obtain a cannabis license;
- 24 2. For a temporary restraining order, a preliminary injunction, and a permanent
25 injunction, all compelling Defendant to sign documents necessary to execute a lease,
26 which needs to be submitted to the Department of Cannabis Regulation of the City of
27 Los Angeles through the Accela online portal in order to obtain a cannabis license;
- 28 3. For an order requiring Mejia to prove that he is qualified as a social equity partner.

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As to the Fourth Cause of Action

- 4. **A Declaration of Rights and Duties** that Mejia is responsible for 51% of the expenses of Gold Benzo, based on their respective ownership interest under the Operating Agreement.

As to all Causes of Action

- 5. For costs of suit incurred herein;
- 6. For attorney’s fees incurred herein;
- 7. For such other and further relief as the Court deems just and proper.

STREAM KIM HICKS WRAGE & ALFARO, PC

Dated: September 9, 2021

By: 
 Eugene Kim
 Attorney for Plaintiff,
 INVINCIBLE HOLDINGs, LLC, a California
 Limited Liability Company.

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FIRST AMENDED AND RESTATED OPERATING AGREEMENT

OF

GOLD BENZO ALLIANCE, LLC

This First Amended and Restated Operating Agreement (this “**Agreement**”) of Gold Benzo Alliance, LLC, a California limited liability company (the “**Company**”), is entered into as of August 16, 2019 among the Company, Anibal Mejia, an individual resident of the State of California (the “**Initial Class A Member**”), and Invincible Holdings, LLC, a California limited liability company (the “**Initial Class B Member**”) and any other Person who, after the date hereof, becomes a Member in accordance with the terms of this Agreement (collectively, the “**Members**”). Unless otherwise noted or defined elsewhere in this Agreement, capitalized terms used in this Agreement have the meanings ascribed herein, as more fully set forth in ARTICLE X.

WHEREAS, the Company was formed as a limited liability company on May 3, 2019 by the filing of the Company’s Articles of Organization with the California Secretary of State pursuant to and in accordance with the California Revised Uniform Limited Liability Company Act (Cal. Corp. Code §§ 17701.01 et seq.), as amended from time to time (the “**Act**”); and

WHEREAS, the Members agree that the membership in and management of the Company shall be governed by the terms set forth herein.

NOW, THEREFORE, INTENDING TO BE LEGALLY BOUND, the Members and the Company agree as follows:

ARTICLE I Organizational Matters

Section 1.01 Name. The name of the Company is Gold Benzo Alliance, LLC.

Section 1.02 Principal Office. The principal office of the Company is located at 5494 ½ Centinela Ave. LA 90045, or such other location as may from time to time be determined by the Members, and the Company shall give prompt notice of any such change to all Members.

Section 1.03 Registered Office; Registered Agent. The registered office of the Company and the registered agent for service of process on the Company in the State of California shall be that office and Person named in the Articles of Organization or such other office (which need not be a place of business of the Company) or such other Person or Persons as the Members may designate from time to time in the manner provided by the Act and Applicable Law, and the Company shall give prompt notice of any such change to all Members.

Section 1.04 Purpose; Powers.

(a) The purposes of the Company are to (i) own and operate state licensed cannabis-related enterprises pursuant to the Medicinal and Adult-Use Cannabis

regulation and Safety Act (MAUCRSA) and the Cal. Bus. And Prof. Code Div. 10, Sec. 26000-26250, in accordance with the laws of the State of California and the rules and regulations of the California Bureau of Cannabis Control (the “BCC”), and any other City or state regulatory agencies, and (ii) to engage in any and all activities necessary, customary or incidental thereto.

(b) The Company shall have all the powers necessary or convenient to carry out the purposes for which it is formed, including the powers granted by the Act.

Section 1.05 Term. The term of the Company commenced on the date and time the Articles of Organization were filed with the Secretary of State of the State of California and shall continue in existence perpetually or until any earlier date when the Company is terminated in accordance with the provisions of this Agreement or as provided by law.

ARTICLE II Members

Section 2.01 Members. The names, mailing addresses, and Membership Interests of the Members are set out in Schedule I attached hereto (the “**Members Schedule**”). The Company shall maintain and update the Members Schedule upon the issuance or Transfer of any Membership Interests to any new or existing Member in accordance with this Agreement.

Section 2.02 Authorized Units; Voting Rights of Members. The aggregate authorized Units in the Company shall be comprised of Class A Units and Class B Units. Each Class A Unit shall have one (1) vote per Unit and each Class B Units shall have one (1) vote per Unit. The amount of issued Units as of the date of this Agreement is listed on Schedule I.

Section 2.03 Class A Member Restrictions. The Class A Member shall meet the definition of a Tier 1 social equity partner pursuant to the Los Angeles Municipal Code (“LAMC”) (a “**T1 Partner**”) and shall comply with all requirements of the Los Angeles Social Equity Program (LAMC CH. X, Art. 4, Sec. 104.20), as may be amended from time to time. For as long as required by law, the Company shall at all times have one (1), but not more than one (1), Class A Member. In the event the Class A Member is removed or resigns, the Company shall use its best efforts to promptly locate and admit as a Member a new Class A Member in accordance with Section 2.05 and subject to the approval of all governing regulatory bodies, if applicable.

Section 2.04 Capital Contributions; Capital Accounts; No Withdrawals.

(a) The Members have contributed to the Company the amounts, in the form of cash, property, services, or a promissory note or other obligation (as such amounts may be amended herein from time to time, the “**Capital Contributions**”) set out in the Members Schedule. No Member is required to make additional Capital Contributions to the Company.

(b) The Company shall establish and maintain for each Member a separate capital account (a “**Capital Account**”) on its books and records in accordance with the

provisions of Section 704(b) of the Code and Treasury Regulations Section 1.704-1(b)(2)(iv). Each Capital Account shall be (i) credited by such Member's Capital Contributions to the Company and any profits allocated to such Member in accordance with Section 4.01 and (ii) debited by any distributions to such Member pursuant to Section 5.01(a) and any losses allocated to such Member in accordance with Section 4.01. For purposes of maintaining the Members' Capital Accounts, profits and losses shall be determined in accordance with Treasury Regulation Section 1.704-1(b). The Capital Accounts shall be adjusted by the Company upon the occurrence of an event described in Treasury Regulations Section 1.704-1(b)(2)(iv)(f)(5) in the manner described in Treasury Regulations Section 1.704-1(b)(2)(iv)(f)(5) and (g) if the Company determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members. In the event of a Transfer of any Membership Interest in accordance with the terms of this Agreement, the Transferee shall succeed to the Capital Account of the Transferor to the extent it relates to the transferred Membership Interest.

(c) No Member shall be entitled to withdraw any part of its Capital Account or to receive any distribution from the Company, except as otherwise provided in this Agreement.

Section 2.05 Admission of Additional Members.

(a) Additional Members may be admitted from time to time in accordance with Section 3.02. Any such admission of additional Members shall be made in compliance with the provisions of ARTICLE VI and Section 2.03(b).

(b) In order for any Person not already a Member of the Company to be admitted as a Member, whether pursuant to an issuance or a Transfer of Membership Interests, such Person shall have executed and delivered to the Company a written undertaking substantially in the form of the Joinder Agreement attached as Exhibit A (a "**Joinder Agreement**"). Upon the amendment of the Members Schedule and the satisfaction of any other applicable conditions, including, if a condition, the receipt by the Company of payment for the issuance of the applicable Membership Interests, such Person shall be admitted as a Member, shall be a party hereto, shall be deemed listed as such on the books and records of the Company, and thereupon shall be issued his, her, or its Membership Interests. The Company shall also adjust the Capital Accounts of the Members as necessary in accordance with Section 2.01.

Section 2.06 No Withdrawal.

(a) So long as a Member continues to hold any Membership Interest, such Member shall not have the ability to withdraw as a Member prior to the dissolution and winding up of the Company and any such withdrawal or attempted withdrawal by a Member prior to the dissolution and winding up of the Company shall be null and void. As soon as any Member ceases to hold any Membership Interests, such Person shall no longer be a Member.

Section 2.07 Certification of Membership Interests.

(a) The Company may, but shall not be required to, issue certificates evidencing Membership Interests in the Company.

(b) If the Company shall issue certificates representing Membership Interests in accordance with Section (a), then in addition to any other legend required by Applicable Law, all certificates representing issued and outstanding Membership Interests shall bear a legend substantially in the following form:

THE MEMBERSHIP INTERESTS REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO AN OPERATING AGREEMENT AMONG THE COMPANY AND ITS MEMBERS, A COPY OF WHICH IS ON FILE AT THE PRINCIPAL EXECUTIVE OFFICE OF THE COMPANY. NO TRANSFER, SALE, ASSIGNMENT, GIFT, PLEDGE, ENCUMBRANCE, HYPOTHECATION, OR OTHER DISPOSITION OF THE MEMBERSHIP INTERESTS REPRESENTED BY THIS CERTIFICATE MAY BE MADE EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF SUCH OPERATING AGREEMENT.

THE MEMBERSHIP INTERESTS REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY OTHER APPLICABLE SECURITIES LAWS AND MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED, OR OTHERWISE DISPOSED EXCEPT PURSUANT TO (A) A REGISTRATION STATEMENT EFFECTIVE UNDER SUCH ACT AND LAWS, OR (B) AN EXEMPTION FROM REGISTRATION THEREUNDER.

Section 2.08 Meetings.

(a) Meetings of the Members may be called by a Member or group of Members holding more than fifty percent (50%) of the Membership Interests.

(b) Written notice stating the place, date, and time of the meeting and, in the case of a meeting of the Members not regularly scheduled, describing the purposes for which the meeting is called, shall be delivered not fewer than ten (10) days and not more than thirty (30) days before the date of the meeting to each Member, by or at the direction of the Member(s) calling the meeting, as the case may be. The Members may hold meetings at the Company's principal office or at such other place, as the Member(s) calling the meeting may designate in the notice for such meeting.

(c) Any Member may participate in a meeting of the Members by means of conference telephone or other communications equipment by means of which all Persons participating in the meeting hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting.

(d) On any matter that is to be voted on by the Members, a Member may vote in person or by proxy, and such proxy may be granted in writing, by means of Electronic Transmission, or as otherwise permitted by Applicable Law. Every proxy shall be

revocable in the discretion of the Member executing it unless otherwise provided in such proxy; *provided*, that such right to revocation shall not invalidate or otherwise affect actions taken under such proxy prior to such revocation.

(e) The business to be conducted at such meeting need not be limited to the purpose described in the notice and can include other business to be conducted by the Members; *provided*, that the Members shall have been notified of the meeting in accordance with Section (b). Attendance of a Member at any meeting shall constitute a waiver of notice of such meeting, except where a Member attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

(f) A quorum of any meeting of the Members shall require the presence, whether in person or by proxy, of the Members holding at least seventy-five percent (75%) of the outstanding Units (with the Class A Units and Class B Units treated as one class). No action may be taken by the Members unless the appropriate quorum is present at a meeting.

(g) Subject to 2.05, Section 3.02, Section 11.11, and any other provision of this Agreement or the Act requiring the vote, consent, or approval of a different percentage of the Membership Interests, no action may be taken by the Members at any meeting at which a quorum is present without the affirmative vote of the Members holding at least seventy-five percent (75%) of the outstanding Units (with the Class A Units and Class B Units treated as one class).

Section 2.09 Action Without Meeting. Notwithstanding the provisions of Section 2.08, any matter that is to be voted on, consented to, or approved by Members may be taken without a meeting, without prior notice, and without a vote if consented to, in writing or by Electronic Transmission, by all Members entitled to vote on the matter. A record shall be maintained by the Company of each such action taken by written consent of a Member or Members.

Section 2.10 Investment Representations. Each Member represents and warrants that such Member is acquiring the Membership Interests being acquired by such Member concurrently with the execution hereof for such Member's own account, for investment and not with a view to the distribution thereof within the meaning of the Securities Act of 1933, as amended (the "**Securities Act**"). Each Member understands that the Membership Interests have not been registered or qualified under the Securities Act or any state securities laws, by reason of their issuance and sale in transactions exempt from the registration or qualification requirements of the Securities Act and applicable state securities laws. Each Member acknowledges that reliance on said exemptions is predicated in part on the accuracy of such Member's representations and warranties herein. Each Member acknowledges and agrees that the Membership Interests acquired by such Member hereunder must be held by each Member purchasing the same indefinitely unless a subsequent disposition thereof is registered or qualified under the Securities Act and applicable state securities law or is exempt from registration; and that the Company is not required to so register or qualify any such Membership Interests or to take any action to make such an exemption available except to the extent provided herein.

Section 2.11 Additional Representations and Warranties. Each Member represents and warrants that:

(a) Such Member has full capacity or full limited liability company or other entity power, as applicable, to enter into this Agreement and to perform such Member's obligations hereunder;

(b) this Agreement constitutes a valid and binding obligation of such Member enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, moratorium, fraudulent conveyance, insolvency or other similar laws affecting the rights of creditors generally and the availability of equitable remedies (whether as a proceeding in equity or at law); and

(c) the execution and delivery by such Member of this Agreement and the performance by such Member of such Member's obligations hereunder will not (i) breach, violate or constitute an event of default under, or give rise to any right of termination or acceleration under, any note, indenture or other agreement or instrument to which such Member is a party or by which such Member is bound, or result in the creation of any lien, charge or encumbrance of any kind upon the properties or assets of such Member pursuant to the terms of any such agreement or instrument, (ii) violate any law, rule, regulation, judgment, order, writ, decree or injunction of any court, governmental or regulatory body or agency applicable to such Member, or (iii) require any filing with, or any permit, license, consent or other authorization or approval from, or the giving of notice to, any governmental or regulatory body or agency, which has not been made or received.

ARTICLE III Management

Section 3.01 Management of the Company. Subject to the provisions of Section 3.02 and except as otherwise provided by the Act, the business, property, and affairs of the Company shall be managed by the Members. The actions of the Members taken in accordance with the provisions of this Agreement shall bind the Company. No Member of the Company shall have any authority or right to act on behalf of or bind the Company, unless otherwise provided herein, expressly authorized in writing by the Company, or unless specifically authorized by the requisite number of Members pursuant to a duly adopted resolution expressly authorizing such action.

Section 3.02 Actions Requiring Approval of Members. Without the prior written approval of the Members holding at least seventy-five percent (75%) of the outstanding Units (with the Class A Units and Class B Units treated as one class), which approval may be granted or withheld for any or no reason, the Company shall not, and shall not enter into any commitment to:

(a) Amend, modify, or waive any provisions of the Articles of Organization or this Agreement; *provided* that the Members may amend the Members Schedule

following any new issuance, redemption, repurchase, or Transfer of Membership Interests in accordance with this Agreement.

(b) Issue additional Membership Interests, Equity Securities, or other securities or, except in connection with a Transfer of Membership Interests that complies with the applicable provisions of ARTICLE VI and Section 2.03(b), admit additional Members to the Company.

(c) Incur any indebtedness, pledge or grant Liens on any assets, or guarantee, assume, endorse, or otherwise become responsible for the obligations of any other Person, in each case in excess of \$500 in a single transaction or series of related transactions, or in excess of \$1,000 in the aggregate at any time outstanding.

(d) Approval of an annual budget, or make adjustments to or any expenditures in excess of an annual budget approved pursuant to this subsection.

(e) Make any loan or advance to, or a Capital Contribution or investment in, any Person.

(f) Enter into or effect any transaction or series of related transactions involving the purchase, lease, license, exchange, or other acquisition (including by merger, consolidation, sale of stock, or acquisition of assets) by the Company of any assets and/or equity interests, other than in the ordinary course of business consistent with past practice.

(g) Enter into or effect any transaction or series of related transactions involving the sale, lease, license, exchange, or other disposition (including by merger, consolidation, sale of stock, or sale of assets) by the Company of any assets and/or equity interests, other than sales of inventory in the ordinary course of business consistent with past practice.

(h) Settle any lawsuit, action, dispute, or other proceeding or otherwise assume any liability or agree to the provision of any equitable relief by the Company.

(i) Dissolve, wind up, or liquidate the Company or initiate a bankruptcy proceeding involving the Company.

(j) Knowingly do any act in contravention of this Agreement or which would make it impossible to carry on the business of the Company, other than as described elsewhere herein, including, without limitation, to voluntarily withdraw any cannabis license application.

(k) Enter into, modify or amend any agreement with a Member or any Affiliate of any Member.

(l) Enter into, modify or amend any agreement or binding contract that individually obligates the Company to incur more than \$500 in any calendar year.

(m) Enter into, modify or amend any agreement or binding contract related to employment or consultant services of any person or entity, including any changes to compensation or benefits.

(n) Engage in any act in contravention of the laws of the State of California or which would cause the Company to no longer be suitable for licensure or which would jeopardize licensure for cannabis.

(o) Undertake any material change in the scope of the Company's business, as set forth in the Company's application for the issuance of a cannabis license in the State of California, or any material changes to such application as thereafter amended or modified in compliance with this subsection (l).

Section 3.03 Officers. The Members may, by vote or consent of the Members holding at least seventy-five percent (75%) of the outstanding Units (with the Class A Units and Class B Units treated as one class), appoint one or more individuals as officers of the Company (the "**Officers**") as the Members deems necessary or desirable to carry on the business of the Company and may delegate to such Officers such power and authority as such Members deems advisable. An Officer is not required to be a Member of the Company. Any individual may hold two or more offices of the Company. Each Officer shall hold office until his or her successor is designated or until his or her earlier death, resignation, or removal. Any Officer may resign at any time upon written notice to the Company. Any Officer may be removed by the Members, by majority vote or consent, at any time, with or without cause. A vacancy in any office occurring because of death, resignation, removal, or otherwise may, but need not, be filled by the Members, by majority vote or consent.

ARTICLE IV Allocations

Section 4.01 Allocation of Profits and Losses.

(a) The Company's profits and losses for each Fiscal Year will be allocated among the Members pro rata in accordance with their Membership Interests.

(b) Notwithstanding any other provision of this Agreement, (i) "partner nonrecourse deductions" (as defined in Treasury Regulations Section 1.704-2(i)), if any, of the Company shall be allocated for each Fiscal Year to the Member that bears the economic risk of loss within the meaning of Treasury Regulations Section 1.704-2(i) and "nonrecourse deductions" (as defined in Treasury Regulations Section 1.704-2(b)) and "excess nonrecourse liabilities" (as defined in Treasury Regulations Section 1.752-3(a)), if any, shall be allocated to and among the Members in accordance with their Membership Interests.

(c) This Agreement shall be deemed to include "qualified income offset," "minimum gain chargeback," and "partner nonrecourse debt minimum gain chargeback" provisions within the meaning of Treasury Regulations under Section 704(b) of the Code.

(d) All items of income, gain, loss, deduction, and credit of the Company shall be allocated among the Members for federal, state, and local income tax purposes consistent with the manner that the corresponding items are allocated among the Members pursuant to this section, except as may otherwise be provided herein or under the Code.

ARTICLE V Distributions

Section 5.01 Distributions.

(a) Distributions of available cash shall be made to the Members at the times and in the aggregate amounts determined by the Members holding at least seventy-five percent (75%) of the outstanding Units (with the Class A Units and Class B Units treated as one class). All distributions pursuant to this paragraph 5.01 will be made (i) first to the Members pro rata in accordance with their cash Capital Contributions until they have received a return of their entire cash Capital Contributions, and (ii) then pro rata among the Company's outstanding Units.

(b) Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make any distribution to Members if such distribution would violate the Act or other Applicable Law.

ARTICLE VI Transfers

Section 6.01 General Restrictions on Transfer.

(a) Except as permitted pursuant to Section 6.02 and Section 6.03, no Member shall Transfer all or any portion of its Membership Interest in the Company, except with the written consent of the Members holding at least seventy-five percent (75%) of the outstanding Units (with the Class A Units and Class B Units treated as one class).

(b) Notwithstanding any other provision of this Agreement (including Section 6.02 and Section 6.03), each Member agrees that it will not Transfer all or any portion of its Membership Interest in the Company, and the Company agrees that it shall not issue any Membership Interests:

(i) except as permitted under the Securities Act and other applicable federal or state securities or blue sky laws, and then, with respect to a Transfer of Membership Interests, only upon delivery to the Company of an opinion of counsel in form and substance satisfactory to the Company to the effect that such Transfer may be effected without registration under the Securities Act;

(ii) if such Transfer or issuance would cause the Company to be considered a "publicly traded partnership" under Section 7704(b) of the Code

within the meaning of Treasury Regulation Section 1.7704-1(h)(1)(ii), including the look-through rule in Treasury Regulation Section 1.7704-1(h)(3);

(iii) if such Transfer or issuance would affect the Company's existence or qualification as a limited liability company under the Act;

(iv) if such Transfer or issuance would cause the Company to lose its status as a partnership for federal income tax purposes;

(v) if such Transfer or issuance would cause the Company to be required to register as an investment company under the Investment Company Act of 1940, as amended;

(vi) if such Transfer or issuance would cause the assets of the Company to be deemed "Plan Assets" as defined under the Employee Retirement Income Security Act of 1974 or its accompanying regulations or result in any "prohibited transaction" thereunder involving the Company;

(vii) if such Transfer results in an acceleration or default under any contractual obligation of the Company; or

(viii) if such Transfer would cause the Company to be subject to any additional regulatory requirements or adversely affect any of their existing licensing.

(c) Any Transfer or attempted Transfer of any Membership Interest in violation of this Agreement shall be null and void, no such Transfer shall be recorded on the Company's books, and the purported Transferee in any such Transfer shall not be treated (and the purported Transferor shall continue be treated) as the owner of such Membership Interest for all purposes of this Agreement.

(d) Except as provided in Section 2.04(b), no Transfer of Membership Interests to a Person not already a Member of the Company shall be deemed completed until the prospective Transferee is admitted as a Member of the Company in accordance with Section 2.03(b) hereof.

(e) For the avoidance of doubt, any Transfer of a Membership Interest permitted by this Agreement shall be deemed a sale, transfer, assignment, or other disposal of such Membership Interest in its entirety as intended by the parties to such Transfer, and shall not be deemed a sale, transfer, assignment, or other disposal of any less than all of the rights and benefits described in the definition of the term "Membership Interest," unless otherwise explicitly agreed to by the parties to such Transfer.

Section 6.02 Class A Unit Purchase Right.

(a) To the extent allowed by Law, the Class B Member shall have the right to purchase One Hundred Percent (100%) of the Class A Units from the Class A Member,

subject to the approval of all governing regulatory bodies as applicable (the “**Purchase Right**”).

(b) The Class B Member shall exercise its rights under this Section 6.02 expressly at its sole discretion and the Purchase Right shall be consummated upon the Class B Member providing written notice to the Class A Member of its desire to exercise the Purchase Right (the “**Purchase Right Notice**”). The Purchase Right shall be effective as of the date the Purchase Right Notice is sent to the Class A Member and consummation of the Purchase Right shall not require acceptance by the Class A Member.

(c) The aggregate amount to be paid to the Class A Member for the Purchase Right shall be fair market value of the applicable Units on the date of the event triggering the Purchase Right (“**Purchase Right Price**”).

(d) The Purchase Right Price shall be determined as soon as reasonably possible by agreement among the Class A Member and the Class B Member, or if no agreement is reached, then by (i) an appraisal of the fair market value of the Company's assets, and (ii) a valuation of the Class A Units as if the assets of the Company were sold for cash at the fair market value determined by such appraisal, all liabilities and obligations of the Company duly satisfied, and the remaining cash distributed in accordance with Article 5. Fair market value shall include goodwill and be net of ordinary and customary costs incurred in connection with comparable asset sales. In determining the fair market value of the Company's assets, the appraiser will determine the price at which the Company's assets would change hands as a going concern between a willing buyer and a willing seller when the former is not under any compulsion to buy and the latter is not under any compulsion to sell, both parties having reasonable knowledge of relevant facts.

(e) If such an appraisal is required, one or more qualified independent appraisers shall be selected by a vote of the Members holding at least seventy-five percent (75%) of the outstanding Units (with the Class A Units and Class B Units treated as one class) entitled to vote. The decision of the appraiser(s) will be final and binding upon the Company and its Unitholders.

Section 6.03 Death; Disability; Termination of Employment; Cause; Proceedings.

(a) (i) Upon the death of a Class A Member, (ii) if a Class A Member becomes Disabled, (iii) upon the termination of employment with the Company by a Class A Member for any reason, (iv) in the event “Cause” is determined against a Class A Member, or (v) in the event of a Proceeding involving a Class A Member (each, “**Triggering Event**”), subject to the approval of all governing regulatory bodies as applicable and subject to Section 2.03, the Company, as determined by the Members holding at least seventy-five percent (75%) of the outstanding Units (with the Class A Units and Class B Units treated as one class) entitled to vote, shall have the option, in its sole discretion, to purchase all of the Membership Interests held by such Member (the “**Transferring Member**”) for a purchase price equal to the Capital Contributions of such

Member. Such option can be exercised within one hundred and twenty (120) days of the later of the Triggering Event and receipt of the Trigger Notice (as defined below) by written notice from the Company to the Transferor, in which case the Company shall purchase, and the Transferring Member shall sell, all of the Transferring Member's Membership Interests. The Transferring Member shall give written notice within ten (10) days of the occurrence of a Triggering Event (the "**Trigger Notice**") to the Company; provided that failure of the Transferring Member to give such notice shall not affect the rights of the Company under this Agreement. In determining whether or not the Company shall elect to purchase the Membership Interests, the Transferring Member shall not participate in any capacity in the Company's decision.

(b) All Membership Interests Transferred pursuant to the terms of this Section 6.03 shall be delivered free and clear of all liens and encumbrances.

ARTICLE VII

No Personal Liability and Indemnification

Section 7.01 No Personal Liability of Members.

(a) Except as otherwise provided in the Act, by Applicable Law, or expressly in this Agreement, no Member will be obligated personally for any debt, obligation, or liability of the Company or other Members, whether arising in contract, tort, or otherwise, solely by reason of being a Member.

Section 7.02 Indemnification.

(a) To the fullest extent permitted under the Act, any Covered Person (as defined in section (c) below) shall be entitled to indemnification and reimbursement of reasonable expenses from the Company for and against any loss, damage, claim, or expense (including reasonable attorneys' fees) (collectively, "**Losses**") whatsoever incurred by the Covered Person relating to or arising out of any act or omission or alleged acts or omissions (whether or not constituting negligence) performed or omitted by any Covered Person on behalf of the Company; provided, however, that (i) any indemnity under this Section 7.02 shall be provided out of and to the extent of the Company assets only, and neither any Member or any other Person shall have any personal liability to contribute to such indemnity by the Company; (ii) such Covered Person acted in good faith and in a manner believed by such Covered Person to be in, or not opposed to, the best interests of the Company and, with respect to any criminal proceeding, had no reasonable cause to believe his conduct was unlawful; and (iii) such Covered Person's conduct did not constitute fraud or willful misconduct[, in either case as determined by a final, nonappealable order of a court of competent jurisdiction].

(b) Upon receipt by the Company of a written undertaking by or on behalf of the Covered Person to repay such amounts if it is finally judicially determined that the Covered Person is not entitled to indemnification under this Section 7.02, the Company shall advance, to the extent reasonably required, each Covered Person for reasonable legal or other expenses (as incurred) of such Covered Person in connection with

investigating, preparing to defend, or defending any claim, lawsuit, or other proceeding relating to any Losses for which such Covered Person may be indemnified pursuant to this Section 7.02.

(c) For purposes of this Section 7.02, “**Covered Person**” means (i) each Member; (ii) each Officer of the Company; and (iii) each officer, director, shareholder, partner, manager, member, Affiliate, employee, agent, or representative of each Member.

ARTICLE VIII

Accounting and Tax Matters

Section 8.01 Inspection Rights. Upon reasonable notice from a Member, the Company shall afford the Member access during normal business hours to the corporate, financial, and similar records, reports, and documents of the Company, and shall permit the Member to examine such documents and make copies thereof.

Section 8.02 Income Tax Status. It is the intent of this Company and the Members that this Company shall be treated as a partnership for US, federal, state, and local income tax purposes. No Member shall make an election for the Company to be classified as other than a partnership pursuant to Treasury Regulations Section 301.7701-3.

Section 8.03 Bank Accounts; Investment of Company Funds. The Members shall cause one or more accounts to be maintained in the name of the Company in one or more banks, which accounts shall be used for the payment of expenditures incurred in connection with the business of the Company and in which shall be deposited any and all receipts of the Company. All amounts deposited in such accounts shall be and remain the property of the Company and shall be received, held and disbursed for the purposes specified in this Agreement. There shall not be deposited in any of such accounts any funds other than funds belonging to the Company, and no other funds shall in any way be commingled with such funds.

Section 8.04 Partnership Representative. The following shall apply in connection with the application of the partnership audit rules set forth in Sections 6221 through 6241 of the Code:

(a) The Members holding at least seventy-five percent (75%) of the outstanding Units (with the Class A Units and Class B Units treated as one class), by written consent, shall select such Person satisfying the requirements of Section 6223 of the Code to serve as the “partnership representative” (the “**Partnership Representative**”). The Partnership Representative shall have the authority to seek judicial review of an audit, extend the statute of limitations of an audit, enter into a settlement with the Internal Revenue Service or any other taxing authority, and otherwise have the authority proscribed to the Partnership Representative under the Code, the Treasury Regulations and Applicable law.

(b) If applicable, the Company intends to elect for the application of the election out procedure under Code Section 6221(b)(1), and if the Company does not or is unable to make such election, it intends to elect out under the provisions of Code Section

6226(a)(1) (each an “**Election Out Procedure**” and collectively the “**Election Out Procedures**”); provided, however, the Partnership Representative will have the authority to change or elect the audit procedure employed by the Company as the Partnership Representative deems appropriate.

(c) In the event that the Partnership Representative cannot or does not utilize an Election Out Procedure, and the Internal Revenue Service or other taxing authority imposes any liability for taxes on the Company (and for purposes of this Section 8.04, penalties and interest), each Member (or each person who was previously a Member of the Company) shall be obligated to contribute to the Company an amount equal to such Member’s share of the imposed tax liability within thirty (30) days of notice provided by the Company. The Company, at the discretion of the Members, by majority vote or consent, shall also be authorized to withhold from distributions, with respect to any Member, to collect such Member’s share of the imposed tax liability.

(d) If the Partnership Representative determines that the Company and/or the Members should file amended returns to facilitate a resolution to any audit or other dispute with any taxing authority, the Members hereby agree to timely file such amended returns in a manner determined by the Partnership Representative.

(e) The Company shall reimburse the Partnership Representative for any and all reasonable expenses (including, but not limited to, legal and accounting fees) incurred by the Partnership Representative in connection with the fulfillment of the Partnership Representative’s duties under this Section 8.04. If requested by the Partnership Representative, each Member shall deliver to the Company (i) any form or information needed to determine if the Member (or its direct or indirect owners, as the case may be) is subject to withholding under the provisions of any federal, state, local, foreign or other law, and (ii) any other form, instrument or information reasonably requested by the Company relating to any Member (or its direct or indirect owners, as the case may be) in order to comply with, or avail itself of any election with respect to, any tax law.

Section 8.05 Tax Returns.

(a) At the expense of the Company, the Company will cause the preparation and timely filing (including extensions) of all tax returns required to be filed by the Company pursuant to the Code as well as all other required tax returns in each jurisdiction in which the Company owns property or does business. As soon as reasonably possible after the end of each Fiscal Year, the Company will deliver to each Member, Company information necessary for the preparation of such Member’s federal, state, and local income tax returns for such Fiscal Year.

(b) Each Member agrees that such Member shall not treat any Company item on such Member’s federal, state, foreign, or other income tax return inconsistently with the treatment of the item on the Company’s return.

ARTICLE IX Dissolution and Liquidation

Section 9.01 Events of Dissolution. The Company shall be dissolved and its affairs wound up only upon the occurrence of any of the following events:

- (a) An election to dissolve the Company made by holders of Seventy-Five Percent (75%) of the Membership Interests;
- (b) The sale, exchange, involuntary conversion, or other disposition or Transfer of all or substantially all the assets of the Company; or
- (c) The entry of a decree of judicial dissolution under the Act.

Section 9.02 Effectiveness of Dissolution. Dissolution of the Company shall be effective on the day on which the event described in Section 9.01 occurs, but the Company shall not terminate until the winding up of the Company has been completed, the assets of the Company have been distributed as provided in Section 9.03, and the Articles of Organization shall have been cancelled as provided in Section 9.04.

Section 9.03 Liquidation. If the Company is dissolved pursuant to Section 9.01, the Company shall be liquidated and its business and affairs wound up in accordance with the Act and the following provisions:

- (a) The Members, or another Person selected by the Members, shall act as liquidator to wind up the Company (the “**Liquidator**”). The Liquidator shall have full power and authority to sell, assign, and encumber any or all of the Company’s assets and to wind up and liquidate the affairs of the Company in an orderly and business-like manner.
- (b) As promptly as possible after dissolution and again after final liquidation, the Liquidator shall cause a proper accounting to be made by a recognized firm of certified public accountants of the Company’s assets, liabilities, and operations through the last day of the calendar month in which the dissolution occurs or the final liquidation is completed, as applicable.
- (c) The Liquidator shall liquidate the assets of the Company and distribute the proceeds of such liquidation in the following order of priority, unless otherwise required by mandatory provisions of Applicable Law:
 - (i) First, to the payment of the Company’s debts and liabilities to its creditors (including Members, if applicable) and the expenses of liquidation (including sales commissions incident to any sales of assets of the Company);
 - (ii) Second, to the establishment of and additions to reserves that are determined by the Members, by majority vote or consent, to be reasonably necessary for any contingent unforeseen liabilities or obligations of the Company; and
 - (iii) Third, to the Members, on a pro rata basis, in accordance with the positive balances in their respective Capital Accounts, as determined after taking

into account all Capital Account adjustments for the taxable year of the Company during which the liquidation of the Company occurs.

Section 9.04 Required Filings. Upon completion of the winding up of the Company, the Liquidator shall make all necessary filings required by the Act.

ARTICLE X Definitions

Section 10.01 Definitions. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in this Section 10.01:

(a) “**Act**” means the California Limited Liability Company Act and any successor statute, as it may be amended from time to time.

(b) “**Affiliate**” means, with respect to any Person, any other Person who, directly or indirectly, controls, is controlled by, or is under common control with such Person. For purposes of this definition, “**control**” when used with respect to any specified Person, shall mean the power, direct or indirect, to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities or partnership or other ownership interests, by contract, or otherwise; and the terms “**controlling**” and “**controlled**” shall have correlative meanings.

(c) “**Applicable Law**” means all applicable provisions of (i) constitutions, treaties, statutes, laws (including the common law), rules, regulations, decrees, ordinances, codes, proclamations, declarations, or orders of any Governmental Authority; (ii) any consents or approvals of any Governmental Authority; and (iii) any orders, decisions, advisory, or interpretative opinions, injunctions, judgments, awards, decrees of, or agreements with, any Governmental Authority.

(d) “**Articles of Organization**” means the Articles of Organization filed with the California Secretary of State on May 2, 2019.

(e) “**Bankruptcy**” means an adjudication of bankruptcy or the entry of an order for relief or the filing of a voluntary case or petition under the Federal bankruptcy law or any state or local bankruptcy law, and, in addition, any other status constituting bankruptcy within the meaning of the Act.

(f) “**Cause**” means, as determined by the Members holding at least seventy-five percent (75%) of the outstanding Units (with the Class A Units and Class B Units treated as one class) entitled to vote:

(i) a Person’s failure to perform such Person’s duties and obligations to the Company;

(ii) a Person’s failure to comply with any valid and legal directive of the Company;

(iii) a Person's current or prior engagement in dishonesty, illegal conduct, or misconduct, which may be considered, in each case, injurious to the Company or its affiliates;

(iv) a Person's current or prior embezzlement, misappropriation, or fraud, whether or not related to such Person's employment with the Company;

(v) a Person's current or prior conviction of or plea of guilty or nolo contendere to a crime that constitutes a felony (or state law equivalent) or a crime that constitutes a misdemeanor involving moral turpitude;

(vi) a Person's violation of a material policy of the Company;

(vii) a Person's unauthorized disclosure of proprietary information of the Company or its affiliates;

(viii) a Person's breach of any material obligation under this Agreement or any other agreement between such Person and the Company; or

(ix) any failure by a Person to comply with the Company's written policies or rules, applicable to such Person, as they may be in effect from time to time.

(g) "**Class A Member**" means the Member holding Class A Units.

(h) "**Class A Percentage Interest**" means the percentage of Class A Units held by the Class A Member, expressed as the ratio of the number of Class A Units held by the Class A Member to the number of all Units outstanding at the time the determination is being made.

(i) "**Class A Units**" means all units held by the Class A Member.

(j) "**Class B Member**" means a Member holding Class B Units.

(k) "**Class B Units**" means all Units held by Class B Members.

(l) "**Code**" means the Internal Revenue Code of 1986, as amended.

(m) "**Disabled**" means the inability of a Member due to physical or mental reasons to properly perform a significant portion of the duties performed by such Member for the Company immediately prior to the inception of the disability and such disability continues for a period of at least 90 consecutive days, or a total of at least 180 days in any 365-day period. The determination of disability shall be made by an independent medical physician appointed in good faith by the Members, by majority vote or consent.

(n) "**Electronic Transmission**" means any form of communication not directly involving the physical transmission of paper that creates a record that may be

retained, retrieved, and reviewed by a recipient thereof and that may be directly reproduced in paper form by such a recipient through an automated process.

(o) “**Equity Securities**” means any and all Membership Interests of the Company and any securities of the Company convertible into, exchangeable for, or exercisable for, such Membership Interests, including, without limitation, any warrants or other rights to acquire such Membership Interests.

(p) “**Fiscal Year**” means the calendar year, unless the Company is required or elects to have a taxable year other than the calendar year, in which case Fiscal Year shall be the period that conforms to its taxable year.

(q) “**Governmental Authority**” means any federal, state, local, or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations, or orders of such organization or authority have the force of law), or any arbitrator, court, or tribunal of competent jurisdiction.

(r) “**Lien**” means any mortgage, pledge, security interest, option, right of first offer, encumbrance, or other restriction or limitation of any nature whatsoever.

(s) “**Marital Relationship**” means a civil union, registered domestic partnership, marriage, or any other similar relationship that is legally recognized in any jurisdiction.

(t) “**Membership Interest**” means the Class A Unit and Class B Unit interests in the Company owned by a Member, including such Member’s rights to (i) receive a distributive share of Company assets and items of Company income, gain, loss, and deduction; (ii) vote, consent, or participate in any Member decisions provided in this Agreement and the Act; and (iii) receive any and all other benefits due to a Member under this Agreement and the Act.

(u) “**Net Income**” means all income and expenses for the applicable period, including debt interest and all non-cash items such as depreciation, amortization, and amortization of equity awards, if any, as determined by generally accepted accounting practices, after standard deductions, expenses, fees, and taxes, consistently applied.

(v) “**Person**” means an individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association, or other entity.

(w) “**Proceeding**” means (i) the sale of a Member’s Membership Interest is contemplated or threatened under legal process as a result of any judgment in any legal or equitable proceeding against such Member or (ii) any execution process is issued against the Membership Interest held by a Member, or (iii) a Member is the subject of or a party to a divorce proceeding or has entered into a divorce settlement agreement regarding the disposition of marital assets, or (iv) the Membership Interests of a Member are attached,

or (v) there is instituted by or against a Member a Bankruptcy action, or (vi) a Member is convicted of, or pleads guilty or no contest to, any offense punishable as a felony or involving moral turpitude or immoral conduct or fraud with respect to the Company.

(x) “**Securities Act**” means the Securities Act of 1933, as amended, or any successor federal statute, and the rules and regulations thereunder, which shall be in effect at the time.

(y) “**Spouse**” means a spouse, a party to a civil union, a registered domestic partner, a same-sex spouse or partner, or any person in a Marital Relationship with a Member.

(z) “**Total Outstanding Units**” shall mean the total Units issued and outstanding at any point in time.

(aa) “**Transfer**” means to sell, transfer, assign, gift, pledge, encumber, hypothecate, or similarly dispose of, directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, or to enter into any contract, option, or other arrangement or understanding with respect to the sale, transfer, assignment, gift, pledge, encumbrance, hypothecation, or similar disposition of, any Membership Interests or any interest (including a beneficial interest) therein. “**Transfer**” when used as a noun shall have a correlative meaning.

(bb) “**Transferor**” and “**Transferee**” mean a Person who makes or receives a Transfer, respectively.

(cc) “**Unit(s)**” shall mean the limited liability interest of a Member in the Company representing a fractional part of the interests of all Members. A Member’s interest in the Company shall be equal to that percentage which bears the same ratio as the Units held by such Member bears to the Total Outstanding Units. Members may own, hold, and vote whole or fractional Units.

ARTICLE XI Miscellaneous

Section 11.01 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of California, without giving effect to any choice or conflict of law provision or rule (whether of the State of California or any jurisdiction).

Section 11.02 Submission to Jurisdiction. The parties hereby agree that any suit, action, or proceeding based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby, shall be brought in the federal courts of the United States of America or the courts of the State of California, in each case located in the City of Los Angeles and County of Los Angeles. Each of the parties hereby irrevocably consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action, or proceeding.

Section 11.03 Waiver of Jury Trial. EACH PARTY HERETO HEREBY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY THAT MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 11.04 Waiver. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No failure to exercise, or delay in exercising, any right, remedy, power, or privilege arising from this Agreement shall operate or be construed as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege. Nothing contained in this Section 11.04 shall diminish the waiver described in Section 11.03.

Section 11.05 Notices. All notices, requests, consents, claims, demands, waivers, and other communications hereunder shall be in writing and shall be deemed to have been given:

- (a) when delivered by hand;
- (b) when received by the addressee if sent by a nationally recognized overnight courier;
- (c) on the date sent by facsimile or email of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient; or
- (d) on the third (3rd) day after the date mailed, by certified mail, return receipt requested, postage prepaid.

Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 11.05):

If to the Company: Gold Benzo Alliance, LLC
9030 National Blvd
Los Angeles, CA 90034
Email: danny@srfarms.org
Attention: Danny Abdelmalak, President

with a copy (which shall not constitute notice) to: LME Law, PC
6121 Sunset Blvd.
Los Angeles, CA 90028
Email: lauren@lme-law.com
Attention: Lauren Estevez

If to a Member: To the Member's respective mailing address as set forth on the Members Schedule.

Section 11.06 Effectiveness. Notwithstanding anything to the contrary in this agreement, this Agreement shall be binding and deemed effective only upon approval by the City of Los Angeles Department of Cannabis Regulation for Commercial Cannabis Retail Storefront Operations ("Type 10 License," as defined in the Cal. Bus. & Prof. Code, Div.10, Ch. 5, § 26050 (18)) at the specified location pursuant to LAMC Chapter X, Article 4, Sec. 104.06 and Sec. 104.06.1 ("City Approval"). The effective date of this Agreement shall be the date on which City Approval is granted.

Section 11.07 Company Financing. If necessary to efficiently and effectively operate the business operations of the Company, the Company shall enter into loan and advisory agreements with qualified third parties subject to the approval of all applicable governing regulatory bodies.

Section 11.08 Remedies. In the event of any actual or prospective breach or default by any party, the other parties shall be entitled to equitable relief, including remedies in the nature of injunction and specific performance, awarded by a court of competent jurisdiction (without being required to post a bond or other security or to establish any actual damages). In this regard, the parties acknowledge and agree that they will be irreparably damaged in the event this Agreement is not specifically enforced, since (among other things) the Membership Interests are not readily marketable. All remedies hereunder are cumulative and not exclusive, may be exercised concurrently, and nothing herein shall be deemed to prohibit or limit any party from pursuing any other remedy or relief available at law or in equity for any actual or prospective breach or default, including recovery of damages. In addition, the parties hereby waive and renounce any defense to such equitable relief that an adequate remedy at law may exist.

Section 11.09 Severability. If any term or provision of this Agreement is held to be invalid, illegal, or unenforceable under Applicable Law in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

Section 11.10 Successors and Assigns. Subject to the restrictions on Transfers set forth herein, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors, and assigns.

Section 11.11 Amendment. No provision of this Agreement may be amended or modified except by an instrument in writing executed by the Members holding at least seventy-five percent (75%) of the outstanding Units (with the Class A Units and Class B Units treated as one class) entitled to vote. Any such written amendment or modification will be binding upon the Company and each Member. Notwithstanding the foregoing, amendments to the Members Schedule may be made by the Members in accordance with Section 3.02(a).

Section 11.12 Headings. The headings in this Agreement are inserted for convenience or reference only and are in no way intended to describe, interpret, define, or limit the scope, extent, or intent of this Agreement or any provision of this Agreement.

Section 11.13 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement.

Section 11.14 Entire Agreement. This Agreement, together with the Articles of Organization and all related Exhibits and Schedules, constitutes the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to such subject matter.

Section 11.15 Spousal Consent. Each Member who has a Spouse on the date of this Agreement shall cause such Member's Spouse to execute and deliver to the Company a spousal consent in the form of Exhibit B hereto (a "**Spousal Consent**"), pursuant to which the Spouse acknowledges that he or she has read and understood the Agreement and agrees to be bound by its terms and conditions. If any Member should marry or engage in a Marital Relationship following the date of this Agreement, such Member shall cause his or her Spouse to execute and deliver to the Company a Spousal Consent within ten (10) business days thereof.

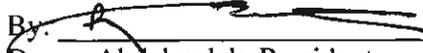
Section 11.16 No Third-Party Beneficiaries. Except as provided in ARTICLE VII, this Agreement is for the sole benefit of the parties hereto (and their respective heirs, executors, administrators, legal representatives, successors, and permitted assigns) and nothing herein, express or implied, is intended to or shall confer upon any other Person, including any creditor of the Company, any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Operating Agreement of Gold Benzo Alliance, LLC to be executed as of the date first written above by their respective officers thereunto duly authorized.

Company:

GOLD BENZO ALLIANCE, LLC
a California limited liability company

By. 

Danny Abdelmalak, President

[Signature Page of Members Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Operating Agreement of Gold Benzo Alliance, LLC to be executed as of the date first written above by their respective officers thereunto duly authorized.

Class A Member:

By: 
Anibal Mejia, an individual

IN WITNESS WHEREOF, the parties hereto have caused this Operating Agreement of Gold Benzo Alliance, LLC to be executed as of the date first written above by their respective officers thereunto duly authorized.

Class B Member:

INVINCIBLE HOLDINGS, LLC
a California limited liability company

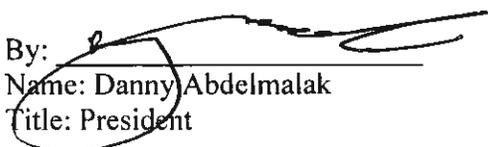
By: 
Name: Danny Abdelmalak
Title: President

EXHIBIT A
FORM OF JOINDER AGREEMENT

See attached.

**JOINDER TO THE
OPERATING AGREEMENT**

OF

GOLD BENZO ALLIANCE, LLC

This Joinder (the “**Joinder**”) to the Operating Agreement of Gold Benzo Alliance, LLC, dated as of August 16, 2019 (the “**Agreement**”), is made as of August 16, 2019 by the undersigned.

1. The undersigned does hereby join in the Agreement and agrees to be bound by all covenants, terms and provisions of the Agreement.
2. This Joinder shall be deemed to be a duly executed counterpart of the Agreement and upon execution hereof, the undersigned shall thereupon be deemed to be included in the definition of Member under the Agreement as if it was an original signatory thereto and shall continue to be a party to and be bound by the terms and conditions of the Agreement.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, has executed this Joinder as of the date first set forth above.

Entity (if applicable): Invincible Holdings, LLC

By: 

Name: Danny Abdelmalak

Title: CEO

EXHIBIT B
FORM OF SPOUSAL CONSENT

See attached.

CONSENT OF SPOUSE

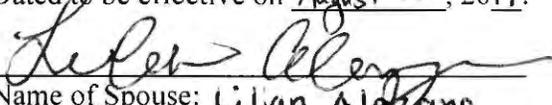
I, the spouse of Anibal Mejia, acknowledge that I have read the Operating Agreement, dated as of August 16, 2019, among Gold Benzo Alliance, LLC, a California limited liability company (the "Company"), and the members thereto (as the same may be amended or amended and restated from time to time, the "Agreement"), and that I understand the contents of the Agreement. I am aware that my spouse is a party to the Agreement and the Agreement contains provisions regarding the transfer of membership interests (as defined in the Agreement) of the Company which my spouse may own, including any interest I might have therein.

I hereby consent to the execution by my spouse of the Agreement and agree that any interest, including any community property interest, that I may have in any membership interests of the Company subject to the Agreement shall be irrevocably bound by the Agreement, including any restrictions on the transfer or other disposition of any membership interests, valuation methods or agreed values for the membership interests, or voting or other obligations as set forth in the Agreement.

I am aware that the legal, financial, and related matters contained in the Agreement are complex and that I am free to seek independent professional guidance or counsel with respect to this Consent. I have either sought such guidance or counsel or determined after reviewing the Agreement carefully that I will waive such right. I am satisfied with the terms of this Consent and I understand and have received full disclosure of all the rights that I am agreeing to waive.

I hereby agree that my spouse may join in any future amendment, waiver, consent, or modification of the Agreement without any further signature, acknowledgment, agreement, or consent on my part or notice to me.

Dated to be effective on August 16, 2019.


Name of Spouse: Lilian Alezano

SCHEDULE I
MEMBERS SCHEDULE

Members/Addresses	Class A Units	Percentage Interests
<u>Class A Member:</u>		
Anibal Mejia 523 W. 74 th St. Los Angeles, CA 90044	510	51%
<u>Class B Member:</u>		
Invincible Holdings, LLC	490	49%

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GOLD BENZO ALLIANCE, LLC

ACTION BY UNANIMOUS WRITTEN CONSENT OF THE MEMBERS

Dated: April 1, 2021

The undersigned, constituting all the members (the “**Members**”) of Gold Benzo Alliance, LLC, a California limited liability company (the “**Company**”), by consent in writing without the formality of convening a meeting, does hereby consent to the following actions of the Company:

WHEREAS, the Company is required pursuant to applicable state and municipal cannabis law to enter into a new real property lease agreement (the “**Lease**”); and

WHEREAS, the Members have determined that it is advisable and in the best interests of the Company to enter into the Lease and to authorize Invincible Holdings, LLC to execute the Lease on behalf of the Company.

NOW, THEREFORE, BE IT RESOLVED, that the Company be, and hereby is, authorized to enter into the Lease;

FURTHER RESOLVED, that Invincible Holdings, LLC be, and hereby is, authorized to execute the Lease on behalf of the Company;

FURTHER RESOLVED, that Invincible Holdings, LLC be, and hereby is, authorized, empowered, and directed on behalf of the Company to take any and all actions, do any and all things, and execute any and all documents that may be necessary or appropriate to effectuate the intent of the foregoing resolutions;

FURTHER RESOLVED, that all actions previously taken in good faith relating and consistent with the intent of the foregoing resolutions are hereby in all respects approved and ratified; and

FURTHER RESOLVED, that this Action by Unanimous Written Consent of the Members may be executed by facsimile, .pdf or other form of electronic transmission and any such execution will be treated in all manner and respects as an original instrument and will be considered to have the same binding legal effect as if it were the original signed version delivered in person.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned has caused this Action by Unanimous Written Consent of the Members to be executed as of the date first written above.

Anibal Mejia

INVINCIBLE HOLDINGS, LLC
a California limited liability company

By: *Danny Abdelmalak*
Name: Danny Abdelmalak
Title: President

(Constituting all the members of the Company)

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Date	Initials	Name / Invoice Number	Hours	Amount	Description	Matter Number	Index
5/16/2019 6/11/2019	6310	Germain DeMartinis Invoice=1279453	0.3	\$ 96.00	Review and finalize execution copies of Operating Agreements and Organizational Consents of Gold Benzo Alliance, LLC, Diamond Alliance, LLC, and Platinum Alliance, LLC and forward to D. Abdelmalak for execution.	440584	43513928
5/22/2019 6/11/2019	4757	Kevin McNab Invoice=1279453	0.2	\$ 48.00	Filed SS-4 for Gold Benzo Alliance	440584	43530821
6/7/2019 7/3/2019	4757	Kevin McNab Invoice=1285489	0.2	\$ 48.00	Receive, review and route filed SS-4 with EIN for Gold Benzo to Germain D	440584	43629875
8/11/2019 9/16/2019	6310	Germain DeMartinis Invoice=1304337	1.5	\$ 480.00	Per comments of LA City and L. Estevez, update the Amended and Restated Operating Agreement of Gold Benzo Alliance, LLC for compliance with applicable cannabis law.	440584	44100748
8/14/2019 9/16/2019	6310	Germain DeMartinis Invoice=1304337	1.3	\$ 416.00	Review comments of L. Estevez to the Tier 1 Social Equity Partner draft Operating Agreement of Gold Benzo Alliance, LLC and make updates to agreement as appropriate; send my comments to L. Estevez and D. Abdelmalak for finalization.	440584	44100958
8/15/2019 9/16/2019	6310	Germain DeMartinis Invoice=1304337	2.1	\$ 672.00	Draft First Amended and Restated Operating Agreement of Platinum Alliance, LLC for purposes of Tier 1 Social Equity cannabis license application; Update First Amended and Restated Operating Agreement of Gold Benzo, LLC to include final notice addresses; Update MSA between Broadway Alliance, LLC and Green Angel Love Co.; Update MSA between Broadway Alliance, LLC and 710 Brewing Company, LLC; Begin drafting Assignment Agreement between Abdelmalak and Broadway Alliance, LLC, per request of D. Abdelmalak.	440584	44101036
8/27/2019 9/16/2019	6310	Germain DeMartinis Invoice=1304337	0.2	\$ 64.00	Update Operating Agreements of Platinum, Gold Benzo, and Diamond with "9030 National" address and today's date, per request of D. Abdelmalak.	440584	44211155
8/27/2019 9/16/2019	6310	Germain DeMartinis Invoice=1304337	0.4	\$ 128.00	Update First Amended and Restated Operating Agreements of Gold Benzo, LLC and Platinum Alliance, LLC to final execution form for submission to state licensing agencies.	440584	44211134
8/11/2020 10/13/2020	6310	Germain DeMartinis Invoice=1405474	1.8	\$ 639.00	Draft (i) First Amendments to Operating Agreement for compliance with LA Ordinance 186703 and (ii) Consents authorizing amendments for each of Gold Benzo Alliance, LLC, Diamond Alliance, LLC, Palladium Alliance, LLC, and Platinum Alliance, LLC.	440584	47512290
9/24/2020 10/13/2020	6310	Germain DeMartinis Invoice=1405474	2.9	\$ 1,029.50	Draft Second Amended and Restated Operating Agreement of Gold Benzo Alliance, LLC to incorporate New LA Ordinance requirements and changes per request of D. Abdelmalak.	440584	47806830
		GRAND TOTAL		\$ 3,620.50			

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March 11, 2019

ATTORNEY-CLIENT PRIVILEGED & CONFIDENTIAL

Danny Abdelmalak
danny@srfarms.org
Gold Benzo Alliance, LLC
533 S Western
Los Angeles, CA 90020

Re: Engagement Letter and Scope of Services

Dear Mr. Abdelmalak:

We are pleased to welcome you, Danny Abdelmalak (hereinafter "Client" or "You") as a client of McReynolds | Vardanyan LLP (hereinafter referred to as "Counsel"). This letter will confirm our discussion regarding your engagement of our firm.

1. LEGAL SERVICES.

We appreciate the opportunity to serve you. Our goal is to provide you with legal services of the highest quality and efficiency and to help you accomplish your business objectives. Our relationship should begin with a mutual understanding of expectations and should continue with full and candid communications between us throughout the course of my representation. Please let us know promptly if you have any questions at any time regarding any aspect of my firm's work for you.

Please refer to the attached Scope of Services for a description of the legal services we will be providing to you. If additional services are requested by you and agreed to by us, this letter will apply to such services, unless superseded by another written agreement. In each case, before we can agree to provide additional services, we will need to perform a conflicts check and otherwise confirm our ability to provide these services. Our representation is limited to the specific services that you request and that which we have agreed to undertake.

2. IDENTITY OF THE CLIENT.

Our client in this matter will be solely the Client identified in the attached Scope of Services. Other than the as-yet-created entities identified in the attached Scope of Services (in matters that involve entity

formation), we do not represent and will not be deemed to have an attorney-client relationship with any of Client's current or future parents, subsidiaries, shareholders, members, partners, employees, directors, or other affiliates or constituents solely on account of my representation of Client in this matter or in any future matters we agree to accept. We are distinguishing between the entities and persons who are and are not our clients so that it is clearly understood to whom our various duties as attorneys are owed. We will have duties to Client as defined herein, but not to other entities or persons even if they are affiliated entities or constituents of Client. If we subsequently agree to represent any affiliated entities or constituents of Client, we will need to perform a conflicts check and either execute separate engagement letters with them or confirm the details of the representation in writing. If, however, we take on work for such affiliated entities or constituents without such a separate engagement letter or confirmation, the terms in this engagement letter (including, but not limited to terms governing conflicts of interest and arbitration of disputes) will apply to that representation.

3. ROLES OF ATTORNEY AND CLIENT.

Our responsibilities under this agreement are to provide legal counsel and assistance to you in accordance with this letter, and to provide statements to you that clearly outline the basis for our fees and charges. We will not disclose any confidential information of yours to any other client, even where that information might have some bearing on their interests. Likewise, we will not disclose the confidences of any other client to you, even where that information might have some bearing on your interests, and you agree that I am under no obligation to do so.

You agree to cooperate with us to the extent necessary to fulfill our duties under this agreement. Cooperation includes, but is not limited to, providing us with any necessary documents and other information promptly on request, attendance at all conference calls, meetings, conferences and other events where Client's presence is necessary. You also agree to keep us informed of developments related to this representation and to pay our statements in a timely manner. To allow us to conduct a conflicts check, you represent that you have identified to us all persons and entities that are or may become involved in this matter, including all such persons or entities that are affiliated with you. You also agree to notify us if you become aware of any other persons or entities that are or may become involved in this matter.

During the course of this engagement, we may express opinions or beliefs to you about the effectiveness of various courses of action or about the results that might be anticipated. Such statements are expressions of opinion only and should not be construed as promises or guarantees.

4. CLIENT FILES AND RETENTION.

In the course of your representation, we shall maintain a file in which we may place correspondence, agreements, governmental filings, prospectuses, disclosures, pleadings, deposition transcripts, exhibits, physical evidence, expert reports, and other items reasonably necessary to your representation ("Client File"). The Client File shall be and remain your property. Upon completion of a specific project, your original Client File for that project shall be available to be taken by you. We will be entitled to make copies if we so choose.

You also agree at the conclusion of the project (whether or not you take possession of the Client File) to take possession of any and all original contracts, wills, stock certificates, and other such important

documents that may be in the Client File and we shall have no further responsibility with regard to such documents. If you do not take possession of the Client File at the conclusion of the project, we will store such file for you for a period of three years. If you do not take possession of the Client File during such three year storage period, you agree that I may dispose of it. You agree that my internal communications, preliminary drafts, notes, and mental impressions shall be and remain my property and shall not be considered part of your Client File. You agree that I may enact and implement reasonable retention policies for such materials and that I also have discretion to delete such materials.

5. CONFLICTS OF INTEREST.

While we are representing you in this matter, we will have no other role in this matter for another party without your consent. As with any other client and any other matter, you will have our complete loyalty with respect to this matter. We cannot, without appropriate consents, represent any party if there is a conflict of interest with any of our other clients.

In order to avoid conflicts of interest among my clients, we each maintain an index of relevant names. We have searched our indexes in connection with this matter and have not found any relevant conflict which requires further action before undertaking my agreement.

It is possible that during the time we are representing you, some of our current or future clients may ask us to represent them in matters in which you are involved as another party. Furthermore, some of our clients may now or in the future operate in the same lines of business as you do. Both our own prudent business conduct, and the interests of my other clients, call for me to seek to retain the ability to accept matters for all of our clients. While I recognize the business relationship issues that are generally involved with litigation against clients, I ask for advance conflicts waivers covering litigation as an important part of my intake process.

We thus ask you in connection with this engagement to consent in advance to our acceptance of matters adverse to Client (whether such matters are currently pending or arise in the future). By entering into this agreement, you consent in advance to such adverse representation. Thus, for example, you agree that we would each be able to take on a new transactional matter adverse to Client for a current or future client at the same time that I am representing Client, provided the adverse matter is not substantially related to any matters I am handling or have handled for you. This consent also includes being adverse to you in any bankruptcy, regulatory, administrative, legislative, or rulemaking proceeding.

6. REPRESENTATION OF CLIENTS IN THE LEGAL CANNABIS SPACE.

As we have discussed, we have other clients in the legal cannabis space. To protect all of our clients, including You, we are asking that all of our clients sign a conflict of interest waiver. Specifically, we are asking that You acknowledge that we will represent other clients in connection with legal cannabis, and to waive any conflict that could arise from such representation. It is possible that a conflict of interest could arise which would be non-waivable.

By signing this Agreement, You acknowledge and agree that you understand that it remains illegal under federal law to manufacture, distribute, dispense, or possess with the intent to manufacture, distribute or dispense cannabis, or to conspire or attempt to do the same and that you have not retained me to give any legal advice, nor lead you to believe that cannabis is legal under Federal law. Moreover, you acknowledge and agree that even though cannabis is illegal under Federal law, you

nevertheless remain obligated to pay Federal taxes. This is true even if the party is a not-for-profit entity under state law.

By execution of this agreement, you agree and confirm that You: (a) have received and reviewed this letter; (b) understand the conditions set forth in this letter; (c) are engaging me to represent you; and (d) agree to waive the actual or potential conflicts of interest described in this letter.

7. RATES, FEES AND CHARGES.

Our fees are based primarily on the amount of time spent by my lawyers, paralegals and other professionals on your behalf, as well as the novelty and difficulty of the legal matters involved in your representation. Other factors may be taken into account including the legal problems involved, the risks and responsibilities assumed by me, the extent to which unforeseen circumstances arise, the time limitations imposed by you or circumstances, the results obtained, and other considerations permitted by applicable rules of professional conduct. We have the right to associate other counsel outside of our law firm as needed on your matter.

Client agrees to pay legal services at the following rates: \$500 per hour for Attorney time on hourly engagements, and \$200 per hour for Paralegal time, unless otherwise specified in the Scope of Services. Time is charged in minimum units of one-tenth of an hour.

Client understands that fees are to retain attorneys for legal services and are not contingent upon results. The retainer is based on attorneys' availability to cover the matter, refusal to take on conflicting matters, and the degree of novelty and difficulty involved in your matter.

In the event that we are compelled to testify or respond to a subpoena or other legal process in relation to a matter we have handled for you, you agree that we are entitled to be reimbursed for our time in doing so at my then-current rate, and for our expenses reasonably incurred, even if our attorney-client relationship with you is terminated at that time.

Reasonable travel within Los Angeles County is included in my fees. Should additional travel be required, client agrees to pay or reimburse Counsel travel fees with pre-approval.

Failure to pay fees and costs as stipulated will be grounds for termination of my attorney-client relationship and relief of any outstanding attorney duties. Client acknowledges that we have made no promises concerning the outcome of any matter, and that attorney's fees are not contingent thereon.

Our billing rates and charges are revised annually, but we reserve the right to revise them at other times. Following any such revision, my new rates and charges will be applied to your account, and this letter constitutes written notice to you of my right to make such revisions. All fees are subject to a 3% cost of living increase on January 1st of every year.

From time to time, you may request estimates of the fees and charges that we anticipate incurring on your behalf. These estimates are subject to unforeseen circumstances and are by their nature inexact. While we may provide estimates for your general planning purposes, such estimates are subordinate to our regular billing procedures, absent an express written agreement to the contrary.

Counsel will send Client monthly billing statements to Client itemizing amounts charged under the basic hourly rate stated above, and any costs or expenses for which Counsel is entitled to reimbursement. Client agrees to pay the amount due within 30 days following receipt of billing statement. If Client is engaging attorneys on a True Retainer basis, then a receipt will be provided for initial payment and no hourly billing statements will be provided.

8. ARBITRATION OF DISPUTES.

Any controversy or claim, whether in tort, contract or otherwise, arising out of or relating to the relationship between Client, its affiliates or successors (the "Client Arbitration Parties") and Counsel, its affiliated partnerships, attorneys or staff or any of their successors ("Counsel Arbitration Parties") or the services provided by or the fees charged by Counsel Arbitration Parties pursuant to this engagement letter or otherwise to the Client Arbitration Parties shall be submitted to binding arbitration. By agreeing to arbitrate, you are agreeing to waive your right to a jury trial. The arbitration will be conducted in accordance with this document, the Federal Arbitration Act and CPR Rules for Non-Administered Arbitration, as in effect on the date of this engagement letter. The arbitration shall be commenced and held in Los Angeles County, California, using California law. The depositions shall be limited to a maximum of six hours per deposition.

All aspects of the arbitration shall be treated as confidential and neither the parties nor the arbitrators may disclose the contents or results of the arbitration, except as necessary to comply with legal or regulatory requirements. The result of the arbitration shall be binding on the parties and judgment on the arbitrators' award may be entered in any court having jurisdiction.

Under California law, you have a right to arbitrate disputes regarding fees, charges and costs as set forth under the California Mandatory Fee Arbitration Code ("MFA Code"). Information about your right to arbitration under the MFA Code, as well as the California Mandatory Fee Arbitration Rules, can be found on the State Bar of California's Mandatory Fee Arbitration Program website.

BY SIGNING THIS LETTER, CLIENT AGREES TO HAVE ANY ISSUE ARISING OUT OF OR RELATING TO THE SERVICES OF COUNSEL (INCLUDING ANY CLAIM FOR PROFESSIONAL LIABILITY) WILL BE DECIDED IN ARBITRATION, AND CLIENT WAIVES ITS RIGHT TO A JURY OR COURT TRIAL AND ACKNOWLEDGES AND UNDERSTANDS THE ARBITRATION PROVISION.

9. ENTIRE AGREEMENT AND MISCELLANEOUS.

You and Counsel understand that this letter constitutes the entire agreement pertaining to the engagement of Counsel, and that it shall not be modified by any policies, procedures, guidelines or correspondence from you or your representative unless agreed to in writing by Counsel.

All parties signing this letter represent and warrant that they are fully authorized to enter into this agreement, and in the case of signatories agreeing on behalf of organizations, to bind the organization or organizations to the terms in this letter.

Our relationship with you will be deemed concluded when I have completed my agreed-upon services, except that for the avoidance of doubt, your obligations for fees and charges shall survive. In addition,

and without limiting the preceding sentence, in the event I have performed no work on your behalf in six consecutive months, you agree that our attorney-client relationship with you will have been terminated.

10. APPROVAL AND RETURN OF LETTER.

If this letter meets with your approval, please sign and return the enclosed copy. I will begin my work promptly upon receipt of that signed copy.

I look forward to working with you.

Very truly yours,

Narek Vardanyan, Esq.

A handwritten signature in blue ink that reads "Narek Vardanyan" is written over a horizontal line.

Date: March 11, 2019

Client Approval of Engagement

Client agrees to the terms of the enclosed letter, effective as of the date signed.

By signing this letter, Client acknowledges that Client has been afforded the full opportunity to review it and to seek the advice of independent counsel, and either has in fact consulted with such independent counsel or has chosen not to do so. Client further acknowledges that Client has been advised that selling marijuana is a violation of the Controlled Substances Act under Federal Law.

Client's Signature:

A handwritten signature in blue ink that reads "Danny Abdelmalak" is written over a horizontal line.

Date:

SCOPE OF SERVICES

Client: Danny Abdelmalak
Gold Benzo Alliance, LLC
533 S Western
Los Angeles, CA 90020

Start Date: March 11th, 2019

Scope of Services:

- Phase III:
 - Company formation & management company formation if applicable
 - All operation plans for Phase III (excl. Of Security and Site Plan) Retailer and /or delivery application for L.A. Phase III cannabis licensing application
 - Phase III advising on Social Equity Program
 - Drafting Social Equity Agreement

Fees:

- \$7,500 is due to retain attorneys' services to begin Phase III application
- Success Fees: An additional \$75,000.00 bonus payment will be made upon receipt of approval from the City of LA.

Payment Schedule:

- March 11, 2019 - \$7,500
- Success Fees: an additional \$75,000 bonus will be made upon receipt of approval from the City of LA.

Client Responsibility:

- Site Plans
- Security Plans

ACKNOWLEDGED, UNDERSTOOD, AND AGREED:

By Client:



Name: Danny Abdelmalak

Date: 3/15/2019

Email: danny@srfarms.com

Phone: (310) 560-9428

By Counsel:



Name: Narek Vardanyan, Esq.

Date: 3.11.2019

Email: narek@mcreynoldsllp.com

Phone: (818) 855-2115

INFORMATION REQUIRED FOR CASH PAYMENTS, if applicable (required by law):

Name:

SSN:

Address:

Driver's

License #:

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CITY OF LOS ANGELES DEPARTMENT OF
**CANNABIS
REGULATION**

221 N. Figueroa Street, Suite 1245
Los Angeles CA, 90012

Phase 3 Retail Round 1 Los Angeles Municipal Code Section 104.06.01(b)(7)

Social Equity Individual Applicant:	Gerardo Pineda-Aldana	ACA Reference Contact ID Number:	317267298
Invoice Date:	Monday, September 28, 2020	BTRC #:	
Amount Due:	\$9,075.00	Legal Business Name:	Platinum Alliance, LLC
Void if not Paid by:	Thursday, October 8, 2020	Doing Business As:	
Record Number:	LA-C-19-310198-R-APP	Premises Address:	615 61 ST, LOS ANGELES, CA 90001

Medical Cannabis Activities:
Medical Retail (J010)

Adult-Use Cannabis Activities:
Adult-Use Retail (J020)

Inv Id:	Fee Details	Fee Code	Fee Amount
3730	Cannabis Phase 3 Retail Storefront Application Fee	J301	8,059.00
3730	Fire Cannabis Inspection Fee	F100	1,016.00

- This invoice is only valid until **Thursday, October 8, 2020**. Application fees must be paid within ten days of the Invoice Date.
- **All unpaid Applications will be deemed abandoned after the tenth day in compliance with the Los Angeles Municipal Code.**
- If the Applicant does not have an existing Business Tax Registration Certificate (BTRC), then a completed **Business Tax Application** must be submitted with payment. At the request of the Social Equity Individual Applicant, DCR will provide an updated Invoice naming the Legal Business Entity associated with the original Application. **A BTRC must be registered to the Social Equity Individual Applicant or the Legal Business Entity identified in the original Application.** Click [here](#) for more information regarding registering for a BTRC.
- Payments by check, money order and credit card can be made at any open Office of Finance location. **Mailed payments will not be accepted.**
- Please note that the Office of Finance has limited hours and requires an appointment for cash payments over \$1,000. **An appointment to remit payment at the City Hall public counter must be requested via email (finance.csd.appt@lacity.org) by Friday, October 2, 2020.** Failure to request an appointment by Friday, October 2, 2020 does not relieve the Applicant from ensuring payment is made on or before Thursday, October 8, 2020.
- Payment of Application fees does not guarantee licensure. Application fees are non-refundable.
- Once your Application fees are paid, DCR will update your Accela record status to "**Awaiting Data Entry**".

Please remit this invoice with payment, Thank you.

Please Make Payment To:
City of Los Angeles
Office of Finance
Van Nuys Civic Center Branch
6262 Van Nuys Boulevard, #110
Van Nuys, CA 91401

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Invoice



STAFFORD DESIGN

3237 Malcolm Ave Los
Angeles CA. 90034
Mobil 323 547 5457

jgstaf@gmail.com

Attention: Danny Abdelmalak

PROJECT TITLES: Gold Benzo Alliance, LLC

PROJECT DESCRIPTION: Preparation of Site and Floor Plans

INVOICE NUMBER: GBA01

Total billing for completion of the above.

\$3,500.00

Pay to the order of James Stafford

Sincerely yours,
James G Stafford

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MCREYNOLDS|VARDANYAN LLP

100 West Broadway Suite 700
Glendale, CA 91210
US
info@mcreynoldslp.com
www.mcreynoldslp.com
O: 8188552115

INVOICE

Number	338
Issue Date	1/21/2021
Email	danny@srfarms.org

Bill To:

Gold Benzo Alliance, LLC
9030 National Blvd.
Los Angeles, CA 90034

Flat Fees

Flat Fees	Billed By	Price	Qty	Sub
Flat Rate CANN. Gold Benzo Alliance, LLC		\$75,000.00	1.00	\$75,000.00
Flat Fees Total:			1.00	\$75,000.00

Total (USD)	\$75,000.00
Payment	\$0.00
Balance	\$75,000.00

Terms & Conditions

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Limited Liability Company - Notice of Balance Due

Mark box and write new address on reverse.

NOTICE NUMBER: 1490825210729

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GOLD BENZO ALLIANCE, LLC
 9030 NATIONAL BLVD
 LOS ANGELES CA 90034-3114

ENTITY ID: SOSL 201912910628
 TAX YR(S) END: 12/19

BALANCE DUE: \$ 1,012.94
 PAYMENT DUE DATE: 08/20/21

Return this part with your payment. ↑
 Keep this part for your records. ↓

Entity ID: SOSL 201912910628

Payment Due Date: 08/20/21

Your limited liability company's (LLC) account has a balance due.

Side 1 of this notice lists the tax year, current balance due, and the payment due date. Refer to the following table for details.

Side 2 provides a summary balance for all amounts due from your LLC.

We enclosed a Business Entity Refund/Billing Information (FTB 1138) insert. It provides information regarding interest, penalties, and fees.

If your LLC has unpaid liabilities for multiple tax years, it will receive separate notices for each one. Pay the balance due shown on the most recent tax year notice.

Assessment for Tax Year Ending 12/31/19

Description	Amount
LLC Fee: LLC Annual Tax: Nonconsenting Nonresident Members' Tax: Partnership Level Tax: Tax Assessment: Penalties/Fees:	\$ 800.00
MONTHLY PENALTY	96.00
UNDERPAYMENT PENALTY	40.00
Interest Due:	76.94
Use Tax:	0.00
Credits Applied to FTB Liabilities:	0.00
Credit Applied to Use Tax:	0.00
Refunds/Interest Allowed:	0.00
New Liability Balance Due to the Franchise Tax Board:	\$ 1,012.94
Use Tax Balance Due to the California Department of Tax and Fee Administration:	\$ 0.00

Please see SIDE 2 of this notice for additional information.

Summary of Account Balance

Tax Years Ending: 12/19

Tax/LLC Fee	Penalty/Fee	Interest	Credits/Payments
800.00	136.00	76.94	0.00

Total Balance Due to the Franchise Tax Board: \$	1,012.94
---------------------------------------------------------	-----------------

Pay the balance due by the payment due date shown on the top of SIDE 1. If your LLC fails to pay by that date, additional penalties and interest will accrue.

Send a check or money order with the above payment coupon to the address shown at the top of SIDE 1.

If your LLC fails to pay the balance due within 30 days, we may assess a \$316 collection fee. We may also file or record a *Notice of State Tax Lien* per California Government Code Section 7171.

Connect With Us

Web: ftb.ca.gov

Phone: 800.852.5711 from 8 a.m. to 5 p.m. weekdays, except state holidays
916.845.6500 from outside the United States

TTY/TDD: 800.822.6268 for persons with hearing or speech impairments

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INFORMATION AND PROCEDURE BULLETIN

LIC-4003-IPB

September 22, 2020

TEMPORARY APPROVAL PROCEDURE

Los Angeles Municipal Code (“LAMC”) Section 104.01(a)(47) defines Temporary Approval as a DCR-issued temporary license that authorizes an Applicant to engage for a limited period of time in Commercial Cannabis Activity as would be permitted under the privileges of a non-temporary license of the same type. An Applicant with Temporary Approval is required to follow all applicable Rules and Regulations as would be required if the Applicant held a non-temporary License of the same type.

This bulletin, in conjunction with the Temporary Approval Workflow ([LIC-4003-WF](#)), provides general information and the procedures and requirements for an Applicant to obtain a Temporary Approval to engage in Commercial Cannabis Activity in the City of Los Angeles¹. In order to begin the Temporary Approval Process, an Applicant must first go through the Pre-Application Review Process ([LIC-4002-IPB](#), [LIC-4002-WF](#)) and obtain a determination of eligibility from DCR.

Overview of Responsibilities

Applicant Responsibilities:

- After receiving a determination of eligibility from DCR, upload the Temporary Approval application information and, if applicable, follow the procedures in the Social Equity Program - Entity Verification Information and Procedure Bulletin.
- Pay the Temporary Approval Application Fee.
- Pay additional fees, if any, for DCR to review documents that must be re-submitted.
- Obtain authorization from the applicable [State licensing authority](#) to conduct the Commercial Cannabis Activity(ies).
- Prepare for and schedule the Initial Inspection with DCR.
- Prepare for the LAFD Inspection.
- Resolve any deficiencies which may be discovered during an inspection, and/or schedule a follow-up inspection.
- Pay the Standard Inspection Fee if an additional inspection is necessary by DCR.

DCR Actions:

- Issue invoice for the Temporary Approval Application Fee and any other fees associated with additional document review or additional inspection fees, if applicable.
- Review application for completeness and communicate any deficiencies to the Applicant for resubmittal.
- Perform the Initial Inspection and communicate any deficiencies to the Applicant in writing.
- Communicate with LAFD regarding inspection.
- Verify local authorization with the applicable State licensing authority.
- Grant or deny Temporary Approval authorization.

¹ This document is intended to serve as an informational guide only. It does not replace or supersede the Los Angeles Municipal Code and does not constitute legal advice. This document is subject to change and may not constitute the most up-to-date or complete information. Applicants are encouraged to conduct their own due diligence and research to ensure that they are in compliance with all legal requirements.

Forms Associated with the Temporary Approval Process:

- [Financial Information Form](#) (BCC Form)
- Indemnification Agreement ([LIC-4005-FORM](#))
- Labor Peace Agreement ([LIC-4006-FORM](#))
- Landowner Attestation ([LIC-4007-FORM](#))
- Ownership and Financial Interest Holder Form ([LIC-4008-FORM](#))*
- Radius Map Attestation ([LIC-4009-FORM](#))*
- [Statement of Intended Use](#) (LAFD Form)
- [Security Plan](#) (BCC Form)
- Temporary Approval Attestation ([LIC-4010-FORM](#))
- Social Equity Program - Owner Compliance Attestation ([LIC-4011-FORM](#))

Documents Required:

- Business Formation and Organization Documents
- Equity Share Documents**
- Business Premises Diagram*
- Business Tax Registration Certificate (BTRC)
- Certificate of Occupancy
- Dated Radius Map*
- Executed Lease Agreement or Property Deed
- Site Plan*

*These documents are required during the Pre-Application Review Process and do not need to be re-submitted during the Temporary Approval Process unless the Applicant wishes to revise or update the document, subject to any applicable modification fee.

**Applicants and Licensees subject to Section 104.20 shall also provide all information, business records and agreements necessary to demonstrate that the Social Equity Individual Applicant owns the minimum Equity Share required under Section 104.20(a)(2).

Summary:

The Department of Cannabis Regulation may, at its discretion, issue a Temporary Approval to engage in Commercial Cannabis Activity under LAMC Sec. 104.06(d), at a Business Premises location provided that the Applicant²:

1. Successfully completes Pre-Application Review per LAMC Sec. 104.03(a) (See [Information and Procedure Bulletin No. LIC-4002-IPB](#)).
2. Submits all required information via Accela. This includes documents, forms, attestations and information.
3. Pays the Temporary Approval Application Fee for each Commercial Cannabis Activity.
4. Receives authorization to engage in the same Commercial Cannabis Activities from the State.
5. Passes the Initial Inspection for the Business Premises.
6. Passes an inspection conducted by the Los Angeles Fire Department Cannabis Unit to ensure that there are no fire or life safety inspection at the Business Premises.

² These requirements do not apply to Temporary Approvals issued under the authority of Sections 104.07 and 104.08.

Instructions for the Temporary Approval Process:

1. **Pre-Application Review.** The Applicant successfully completes the Pre-Application Review Process and receives a determination of eligibility from DCR.
2. **Log Into Accela and Upload the Required Information.** The Applicant logs into his/her Accela account to upload the required forms and documents. As noted above, some of the information was required during the Pre-Application Review process and does not need to be uploaded again unless the information contained in those documents needs to be updated.
 - a. **Social Equity Program - Entity Verification.** If applicable, Applicant follows the instructions in the Social Equity Program - Entity Verification Information and Procedure Bulletin ([LIC-4005-IPB](#))
3. **Invoice** DCR will prepare and issue an invoice for the Temporary Approval Application Fee that must be paid within 10 days of the date of issuance. When the invoice is generated, the Applicant will receive a notification from dcrlicensing@lacity.org. The invoice will be located in the "Documents" section of the Accela record. Payments must be submitted to the Office of Finance. Please visit the Office of Finance [website](#) for information related to business hours, locations, and payment methods.
4. **DCR Review.** DCR reviews the application for completeness and communicates any deficiencies to the Applicant. If an Applicant uploads additional required information for review, an invoice for the additional review and/or modification fee will be issued by DCR.
 - a. **Certificate of Occupancy.** It is strongly recommended that the Applicant verify the occupancy/use of the Business Premises with the Department of Building and Safety (LADBS) early in the process. If LADBS determines that a permit is required to change the use of the Business Premises, the process may take several months to complete.
 - b. **LAFD Permit.** Cultivation and Manufacturing Commercial Cannabis Activities may require a permit from the Los Angeles Fire Department, please contact the Fire Development Services Unit <https://www.lafd.org/cannabis> assess whether a permit is required
5. **DCR Confirmation of Local Authorization.** When DCR verifies that all the information is complete as required by this bulletin, it will contact the appropriate State agency(ies) to verify that local compliance is underway. For purposes of determining whether an applicant has local authorization, State licensing authorities provide the following options:
 - In Compliance: The local jurisdiction has determined that the applicant is compliant with local ordinances and regulations and that the applicant is authorized to engage in the requested Commercial Cannabis Activity.
 - Local Compliance Underway: The local jurisdiction is working with the applicant entity and the local authority authorizes the applicant entity to continue through the state licensing processes.

- Not in Compliance: The local jurisdiction has determined that the applicant entity is not in compliance with local ordinances and regulations.
6. **DCR Confirmation of Local Authorization.** DCR will reply “Local Compliance Underway” when it determines that TA documents is complete
 7. **Prepare for Initial Inspection.** The Applicant reviews the Initial Inspection Worksheet ([LIC-4002-WS](#)) in preparation of the Initial Inspection and corrects any deficiencies before DCR inspects the Business Premises.
 8. **Schedule Initial Inspection.** The Applicant requests an Initial Inspection by emailing dcrlicensing@lacity.org with the subject line “Request for Initial Inspection - [Application Number]”.
 9. **DCR Initial Inspection.** DCR will contact the Applicant to schedule a date and time for the inspection. DCR will conduct the Initial inspection checking compliance with the items included in the aforementioned “Initial Inspection Worksheet.” The Initial Inspection result will either be a Pass or Fail. If passed, the Applicant will continue with the Temporary Approval process, with the LAFD Inspection as the next step. If an additional inspection is required, please see the following step. Please note that due COVID-19, DCR will be conducting inspections virtually until further notice. Please review the [Virtual Inspection Technology Requirements, Scheduling a Virtual Inspection and Inspection Process](#) for the necessary tools and information related to conducting a virtual Initial Inspection.
 10. **Additional Inspection.** If DCR finds any deficiencies during the Initial Inspection which can not be immediately corrected, it will be documented and a copy of the inspection report will be uploaded to the Applicant’s Accela record within 2 business days of the inspection date. DCR will also prepare and issue an invoice for the additional inspection that must be paid within 10 days of the date of issuance. When the invoice is generated, the Applicant will receive a notification from dcrlicensing@lacity.org. The invoice will be located in the “Documents” section of the Accela record. Payments must be submitted to the Office of Finance. Please visit the Office of Finance [website](#) for information related to business hours, locations, and payment methods.
 11. **LAFD Inspection.** After the Applicant passes the Initial Inspection, information regarding the Business Premises location is referred to LAFD. LAFD contacts the Applicant to schedule a date for inspection.
 12. **Temporary Approval.** DCR will issue a Temporary Approval provided that the requirements are met.

Applicable Code Sections:

LAMC Section 104.06:

(a) **Application – Pre-Application Review.** Prior to filing an application pursuant to Subsection (b), an applicant shall pay a Pre-Application Review Fee pursuant to Section 104.19 for DCR to conduct a preliminary review of the application, and verify eligibility of Primary Personnel subject to a background review pursuant to Subdivisions 1 and 2 and compliance of the Business Premises location pursuant to Subdivision 3. If the application is deemed eligible for further processing, the Applicant shall pay a Temporary Approval Application Fee pursuant to Section 104.19 within 10 days of receiving an eligibility determination for further processing. An EMDD seeking a License under Section 104.07 shall pay the EMDD Temporary Approval Application Fee pursuant to Section 104.19(a). An Applicant seeking a License under Section 104.08 shall pay the Section 104.08 Temporary Approval Application Fee pursuant to Section 104.19(a). DCR may request additional information or documents from the Applicant at any time during the pre-application review, subject to payment of any fees under Section 104.19(h). If the Applicant fails to provide the additional information or documents in the time allotted by DCR, the application shall be deemed abandoned. Except for a Social Equity Individual Applicant who is an Owner on an application subject to processing under Section 104.06.1, an individual Applicant, Owner or Primary Personnel who is disqualified under Subdivision 1 or 2 may be permitted to amend the application to cure those defects, subject to the payment of any applicable modification fee in Section 104.19. An Applicant whose Business Premises location is deemed ineligible under Subdivision 3 shall not be permitted to amend their application but may submit a new application subject to the payment of any applicable fee in Section 104.19.

(b) **Application – Filing and Fees.** DCR shall consider the application filed following a determination of eligibility pursuant to Subsection (a) and the payment of the applicable Temporary Approval Application Fee for each Commercial Cannabis Activity pursuant to Section 104.19(a). The Temporary Approval Application Fee shall be due within 10 days from the date of invoice issuance. If the fees are not paid within the allotted time, the application shall be deemed abandoned. An Applicant shall submit all required information and documents pursuant to the Rules and Regulations. All Applicants are required to pay the Annual License Application Fee for each activity requested in the application pursuant to Section 104.19(a).

(d) **Temporary Approval.** DCR may, at its discretion, issue a Temporary Approval to engage in Commercial Cannabis Activity at a Business Premises location provided that the Applicant pays the Temporary Approval Application Fee for each Commercial Cannabis Activity, pursuant to Section 104.19, and the following requirements are met: (1) the Applicant receives authorization from the State; (2) the Business Premises location passes an Initial Inspection; (3) there are no fire or life safety violations at the Business Premises; (4) the Applicant submits the required attestations, as determined by DCR; and (5) the Applicant indemnifies the City on a form provided by DCR. These requirements do not apply to Temporary Approvals issued under the authority of Sections 104.07 and 104.08. Applicants and Licensees subject to Section 104.20 shall also provide all business records and agreements necessary to demonstrate that the Social Equity Individual Applicant owns the minimum Equity Share required under Section 104.20(a)(2). Issuance of

a Temporary Approval does not create a vested right in the holder to either an extension of the Temporary Approval, or to the issuance of a subsequent non-temporary License. Temporary Approval authorizes the Applicant to conduct Commercial Cannabis Activities, but does not waive or otherwise circumvent other City requirements or necessary permits from the City or other public agencies, including, but not limited to, a Certificate of Occupancy, health permit from the County of Los Angeles, or authorization from the State. If at any time during the processing of an Application it is discovered that an Application has been improperly prepared or required information has not been submitted in accordance with the Rules and Regulations, upon notification to the Applicant, processing shall be suspended and shall not continue until the Application has been corrected or the required information provided.

1. DCR may immediately suspend a Temporary Approval without a hearing based upon written findings that an Applicant's use of or conduct at the Business Premises poses an imminent threat to life or public safety. DCR's written findings shall conform with Section. 104.13(c). After suspension, the Applicant may request an administrative hearing pursuant to Section 104.14.

Questions regarding these procedures may be referred to dcrlicensing@licity.org.