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IN THE CIRCUIT COURT OF THE STATE OF OREGON
FOR THE COUNTY OF MULTNOMAH

Measure 8 Ventures, LP, Gron Ventures Fund I, LP, Zola Global Investors Ltd., Anson Advisors Inc. on behalf of Anson East Master Fund LP, AC Anson Investments Ltd., Anson Investments Master Fund LP, and Anson Opportunities Master Fund LP, Serendipity SP – Trimble Fund SP on behalf of Emerald Spur Limited, Lapid US Investments LLC, and Hadron Healthcare and Consumer Special Opportunities Master Fund,

Plaintiffs/Counter-Defendants,

vs.

Nitin Khanna, Karan Khanna, Angelo Lombardi, Sam Knapp, Nicholas J. Slinde, Benjamin C. Stoller, and Allan Goodman,

Defendants/Counter-Plaintiffs.

Nitin Khanna, Karan Khanna, Angelo Lombardi, and Sam Knapp,

Third-Party Plaintiffs,

vs.

Boris Jordan, Sunny Puri, Peter Clateman, Juan Pablo Martinez, Cura Partners, Inc., and Curaleaf Holdings, Inc.,

Third-Party Defendants.

No. 22CV00946

**DEFENDANTS NITIN KHANNA,
KARAN KHANNA, ANGELO
LOMBARDI, AND SAM KNAPP’S
ANSWER TO PLAINTIFFS’
COMPLAINT, AFFIRMATIVE
DEFENSES, COUNTERCLAIMS
AND THIRD-PARTY
COMPLAINT**

Prayer: \$515,600,000 plus interest
and attorneys’ fees

Filing Fee: \$1,178

Fee Authority: ORS 21.160(1)(e)

**Not Subject to Mandatory
Arbitration**

Defendants Nitin Khanna, Karan Khanna, Angelo Lombardi, and Sam Knapp
(collectively as “Defendants”) hereby respond to Plaintiffs’ Complaint (“Complaint”) as
follows:

Page

1 - **DEFENDANTS NITIN AND KARAN KHANNA,
LOMBARDI, KNAPP’S ANSWER TO PLAINTIFFS’
COMPLAINT, AFFIRMATIVE DEFENSES,
COUNTERCLAIMS AND THIRD-PARTY COMPLAINT**

1 **PRELIMINARY STATEMENT**

2 Defendants have filed a motion to dismiss Count I (Violations of ORS 59.115), Count
3 II (Violations of ORS 59.135), and Count III (Participant Liability under ORS 59.115(3) and
4 59.137) of Plaintiffs’ Complaint for lack of subject matter jurisdiction and moved to compel
5 arbitration of those claims (“Motion to Dismiss”). *See* ORCP 21 A(1). Defendants are
6 preserving all rights with respect to the Motion to Dismiss and nothing in Defendants’
7 Answer, Affirmative Defenses, Counterclaims, and Third-Party Complaint (“Answer”) as set
8 forth herein should be construed as a waiver, whether express or implied, of Defendants’
9 rights and remedies in connection with the pending Motion to Dismiss. To that end,
10 Defendants are not answering Counts I–III in this Answer and affirmative defenses; Nitin
11 Khanna is answering Plaintiffs’ Complaint only with respect to Count IV: Breach of
12 Fiduciary Duty that is alleged as to him only. Defendants reserve the right to supplement or
13 amend the Answer and to assert all applicable defenses and counterclaims to the extent the
14 Court denies the Motion to Dismiss. To the extent Defendants do not specifically admit an
15 allegation herein, Defendants deny such allegation. The headings contained in this Answer,
16 reflect the text used in the Complaint and do not constitute an admission by Defendants of
17 their contents.

18 **ANSWER**

19 1.

20 Defendants admit that Sentia Wellness, Inc. (“Sentia”) is a CBD (cannabidiol)
21 company founded by Nitin Khanna, that Nitin Khanna is Sentia’s former Executive
22 Chairman, and that, at certain points in time, Karan Khanna was Chairman of Sentia’s board
23 of directors, Angelo Lombardi was Sentia’s President, Sam Knapp was Sentia’s Senior Vice
24 President of Finance, and Nicholas J. Slinde, Benjamin C. Stoller and Allan Goodman served
25 as counsel to Sentia. Paragraph 1 otherwise contains argument, characterizations, and
26

1 conclusions of law to which no answer is required. To the extent an answer is required, they
2 are denied. Except as specifically admitted, denied.

3 2.

4 Defendants admit that there was a plan to separate Cura Partners THC and CBD
5 businesses. Paragraph 2 otherwise contains argument, characterizations, and conclusions of
6 law to which no answer is required. To the extent an answer is required, they are denied.
7 Except as specifically admitted, denied.

8 3.

9 Defendants admit that plaintiffs are purporting to assert claims under the Oregon
10 securities laws and for breach of fiduciary duty. Defendants deny that Nitin Khanna made
11 untrue statements or omissions of material fact. To the extent this paragraph refers to
12 plaintiffs' respective knowledge or understanding, Defendants presently lack knowledge or
13 information sufficient to form a belief about the truth of those allegations and, on that basis,
14 deny such allegations. Paragraph 3 otherwise purports to describe and quote from various
15 emails, which are documents that speak for themselves, and contains conclusions of law to
16 which no answer is required. To the extent an answer to those allegations is required, they
17 are denied. Except as specifically admitted, denied.

18 **PARTIES**

19 4.

20 Defendants admit that Measure 8 Ventures, LP, Gron Ventures Fund I, LP, Zola
21 Global Investors Ltd., Anson Advisors Inc., Serendipity Growth Capital Ltd., Lapid US
22 Investments LLC, and Hadron Healthcare and Consumer Special Opportunities Master
23 Fund are among the plaintiffs in this action and that some of those entities purchased
24 convertible debentures from Sentia. Except as specifically admitted, denied.

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5.

Defendants admit that Measure 8 Ventures, LP is a Delaware entity that purchased Sentia debentures. Defendants otherwise lack knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph and, on that basis, deny the allegations.

6.

Defendants admit that Gron Ventures Fund I, LP is a Delaware entity. Defendants otherwise lack knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph and, on that basis, deny the allegations.

7.

Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 7 and, on that basis, deny the allegations.

8.

Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 8 and, on that basis, deny the allegations.

9.

Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 9 and, on that basis, deny the allegations.

10.

Defendants admit that Lapid US Investments LLC is a Delaware entity. Defendants otherwise lack knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph and, on that basis, deny the allegations.

11.

Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 11 and, on that basis, deny the allegations.

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12.

Defendants admit that Nitin Khanna resides in Newberg, Oregon, that at certain points in time he was the executive chairman of Sentia and the CEO of Cura Partners. Defendants admit that in those roles Nitin Khanna had certain powers as provided by the organizational documents and governing law as applicable. Paragraph 12 otherwise contains argument, characterizations, and conclusions of law to which no answer is required. To the extent an answer to those allegations is required, they are denied. Except as specifically admitted, denied.

13.

Defendants admit that Karan Khanna resides in Beverly Hills, California, that at certain points in time he was the chairman of Sentia’s board of directors, and that he is listed on certain corporate documents for Sentia, which documents speak for themselves. Paragraph 13 otherwise contains argument, characterizations, and conclusions of law to which no answer is required. To the extent an answer to those allegations is required, they are denied. Except as specifically admitted, denied.

14.

Defendants admit that Angelo Lombardi resides in Spring Hill, Tennessee, that at certain points in time he was chief operating officer at Cura Partners and later the president of Sentia. Paragraph 14 otherwise contains argument, characterizations, and conclusions of law to which no answer is required. To the extent an answer to those allegations is required, they are denied. Except as specifically admitted, denied.

15.

Defendants admit that Sam Knapp was at certain points in time a director of finance at Cura Partners and later vice president of Sentia. Defendants deny that Mr. Knapp resides in Portland, Oregon. Paragraph 15 otherwise contains argument, characterizations, and

1 conclusions of law to which no answer is required. To the extent an answer to those
2 allegations is required, they are denied. Except as specifically admitted, denied.

3 16.

4 Defendants admit that Nicholas J. Slinde is a partner at the law firm Slinde Nelson,
5 that at certain points in time he served on the board of directors of Cura Partners and Sentia.
6 Paragraph 16 otherwise contains argument, characterizations, and conclusions of law to
7 which no answer is required. To the extent an answer to those allegations is required,
8 Defendants presently lack knowledge or information sufficient to form a belief about the
9 truth of those allegations and, on that basis, deny such allegations. Except as specifically
10 admitted, denied.

11 17.

12 Defendants admit that Benjamin C. Stoller is an attorney at Slinde Nelson and that he
13 has previously provided at least some legal advice to Cura Partners and Sentia. Paragraph 17
14 otherwise contains argument, characterizations, and conclusions of law to which no answer is
15 required. To the extent an answer to those allegations is required, Defendants presently lack
16 knowledge or information sufficient to form a belief about the truth of those allegations and,
17 on that basis, deny such allegations. Except as specifically admitted, denied.

18 18.

19 Defendants admit that Allan Goodman is listed as a partner at Goodmans LLP and
20 that he previously provided at least some legal advice to Sentia. Paragraph 18 otherwise
21 contains argument, characterizations, and conclusions of law to which no answer is required.
22 To the extent an answer to those allegations is required, Defendants presently lack
23 knowledge or information sufficient to form a belief about the truth of those allegations and,
24 on that basis, deny such allegations. Except as specifically admitted, denied.

1 **JURISDICTION AND VENUE**

2 19.

3 Defendants admit that Plaintiffs’ Complaint purports to seek in excess of \$50,000.
4 Defendants admit that this action is not subject to the mandatory Court Arbitration Program
5 provided for under ORS 36.400. Defendants aver, however, that Counts I–III are subject to
6 mandatory arbitration pursuant to their subscription agreements and the Federal Arbitration
7 Act as explained in Defendants’ Motion to Dismiss. Except as specifically admitted, denied.

8 20.

9 Defendants admit that this Court has personal jurisdiction over them, but presently
10 lack knowledge or information sufficient to form a belief about the truth of the allegations
11 with respect to other defendants. Except as specifically admitted, denied.

12 21.

13 Defendants deny paragraph 21.

14 22.

15 Defendants admit that Sentia’s principal place of business was located in Multnomah
16 County. Defendants deny that Multnomah County is the proper venue for Counts I–III for
17 the reasons explained in Defendants’ Motion to Dismiss. To the extent the allegations in this
18 paragraph relate to other parties, Defendants presently lack knowledge or information
19 sufficient to form a belief about the truth of those allegations. The remaining allegations
20 contain argument, characterizations, and conclusions of law to which no answer is required.
21 To the extent an answer to those allegations is required, they are denied. Except as
22 specifically admitted, denied.

23 **FACTS**

24 23.

25 Defendants admit that Nitin Khanna founded Cura Partners LLC and that Cura
26 Partners sold Select brand THC and CBD products. Paragraph 23 otherwise contains

1 argument, characterizations, and conclusions of law to which no answer is required. To the
2 extent an answer to those allegations is required, Defendants presently lack knowledge or
3 information sufficient to form a belief about the truth of those allegations. Except as
4 specifically admitted, denied.

5 24.

6 Defendants admit that Cura Wellness LLC was a subsidiary of Cura Partners related
7 to its CBD business and products. Except as specifically admitted, denied.

8 25.

9 Admitted.

10 26.

11 Defendants admit that at some point in time Nitin Khanna informed investors in Cura
12 Partners of a potential plan to separate the THC and the CBD businesses and provided his
13 opinion as to the potential benefits of doing so as related to the 2018 U.S. Farm Bill.

14 Defendants also admit that Nitin Khanna knew many of the investors in Cura Partners.
15 Paragraph 26 otherwise contains argument, characterizations, and conclusions of law to
16 which no answer is required. To the extent an answer to those allegations is required, they
17 are denied. Except as specifically admitted, denied.

18 27.

19 Paragraph 27 contains characterizations and purports to describe and quote from a
20 document. The document and communications referenced speak for themselves and require
21 no further response. To the extent an answer is required, Defendants presently lack
22 knowledge or information sufficient to form a belief about the truth of those allegations and,
23 on that basis, deny such allegations. Except as specifically admitted, denied.

24 28.

25 Paragraph 28 contains argument, characterizations, descriptions of a document that
26 speaks for itself, and conclusions of law to which no answer is required. To the extent an

1 answer to those allegations is required, Defendants presently lack knowledge or information
2 sufficient to form a belief about the truth of the remaining allegations in Paragraph 28 and,
3 on that basis, deny such allegations.

4 29.

5 Paragraph 29 contains argument, characterizations, descriptions of a document that
6 speaks for itself, and conclusions of law to which no answer is required. To the extent an
7 answer to those allegations is required, Defendants presently lack knowledge or information
8 sufficient to form a belief about the truth of the remaining allegations in Paragraph 29 and,
9 on that basis, deny such allegations.

10 30.

11 Paragraph 30 contains characterizations and descriptions of documents that speak for
12 themselves and to which no answer is required. To the extent an answer to those allegations
13 is required, Defendants presently lack knowledge or information sufficient to form a belief
14 about the truth of the remaining allegations in Paragraph 30 and, on that basis, deny such
15 allegations.

16 31.

17 Paragraph 31 contains argument, characterizations, descriptions of a document that
18 speaks for itself, and conclusions of law to which no answer is required. To the extent an
19 answer to those allegations is required, Defendants presently lack knowledge or information
20 sufficient to form a belief about the truth of the remaining allegations in Paragraph 31 and,
21 on that basis, deny such allegations.

22 32.

23 Defendants deny that Nitin Khanna made a misrepresentation and deny that plaintiffs
24 have accurately characterized the communication(s) they purport to quote. Paragraph 32
25 otherwise contains argument, characterizations, descriptions of documents which speak for
26

1 themselves, and conclusions of law to which no answer is required. To the extent an answer
2 to those allegations is required, Defendants deny such allegations.

3 33.

4 Defendants admit that on April 9, Nitin Khanna emailed an individual from Gron
5 Ventures and that the email contains the text quoted. Except as expressly admitted, denied.

6 34.

7 Defendants admit that Nitin Khanna sent an email to at least some investors
8 containing the text contained in the screen capture but deny that plaintiffs have accurately
9 characterized that communication or its recipients. Paragraph 34 otherwise contains
10 argument, characterizations, descriptions of documents that speak for themselves, and
11 conclusions of law to which no answer is required. To the extent the remaining allegations
12 require a response, Defendants presently lack knowledge or information sufficient to form a
13 belief about the truth of the remaining allegations in Paragraph 34 and, on that basis, deny
14 such allegations.

15 35.

16 Defendants deny that Nitin Khanna made any misrepresentations. Paragraph 35
17 otherwise contains argument, characterizations, and conclusions of law to which no answer is
18 required. To the extent an answer to those allegations is required, Defendants presently lack
19 knowledge or information sufficient to form a belief about the truth of the remaining
20 allegations in Paragraph 35 and, on that basis, deny such allegations.

21 36.

22 Paragraph 36 contains argument, characterizations, and conclusions of law to which
23 no answer is required. Paragraph 36 otherwise purports to describe and quote from various
24 documents, which documents speak for themselves. To the extent an answer to those
25 allegations is required, Defendants presently lack knowledge or information sufficient to
26

1 form a belief about the truth of the remaining allegations in Paragraph 36 and, on that basis,
2 deny such allegations.

3 37.

4 Paragraph 37 contains argument, characterizations, and conclusions of law to which
5 no answer is required. Paragraph 37 otherwise purports to describe and quote from various
6 documents, which documents speak for themselves. To the extent an answer to those
7 allegations is required, Defendants presently lack knowledge or information sufficient to
8 form a belief about the truth of the remaining allegations in Paragraph 37 and, on that basis,
9 deny such allegations.

10 38.

11 Defendants admit that plaintiffs were required to execute agreements in connection
12 with their investments but deny that Karan Khanna and Angelo Lombardi actively
13 participated in the negotiating, drafting, reviewing, editing, or overseeing the preparation of
14 these documents. Paragraph 38 otherwise contains argument, characterizations, and
15 conclusions of law to which no answer is required. To the extent an answer to those
16 allegations is required, Defendants presently lack knowledge or information sufficient to
17 form a belief about the truth of the remaining allegations in Paragraph 38 and, on that basis,
18 deny such allegations.

19 39.

20 Paragraph 39 contains argument, characterizations, and conclusions of law to which
21 no answer is required. To the extent an answer to those allegations is required, Defendants
22 presently lack knowledge or information sufficient to form a belief about the truth of the
23 remaining allegations in Paragraph 39 and, on that basis, deny such allegations.

1 *The Investors Began to Discover the Securities Fraud in February 2020*

2 40.

3 Paragraph 40 contains argument, characterizations, and conclusions of law to which
4 no answer is required. Paragraph 40 otherwise purports to describe and quote from a
5 document or documents, which speak for themselves. To the extent an answer to those
6 allegations is required, Defendants presently lack knowledge or information sufficient to
7 form a belief about the truth of the remaining allegations in Paragraph 40 and, on that basis,
8 deny such allegations.

9 41.

10 Paragraph 41 contains argument, characterizations, and conclusions of law to which
11 no answer is required. Paragraph 41 otherwise purports to describe and quote from a
12 document, which speaks for itself. To the extent an answer to those allegations is required,
13 Defendants presently lack knowledge or information sufficient to form a belief about the
14 truth of the remaining allegations in Paragraph 41 and, on that basis, deny such allegations.

15 42.

16 Defendants deny that Nitin Khanna had not worked at Sentia for “nearly nine
17 months” leading up to February 2020 and that he allegedly “revealed that February 4 was his
18 first real day at Sentia.” With respect to what “the Investors” purport to have discovered,
19 Defendants presently lack knowledge or information sufficient to form a belief about the
20 truth of that allegation, on that basis, deny such allegations.

21 43.

22 Paragraph 43 purports to describe and characterize financial statements, which
23 financial statements speak for themselves and require no response. To the extent an answer
24 to the allegations in paragraph 43 is required, Defendants presently lack knowledge or
25 information sufficient to form a belief about the truth of those allegations and, on that basis,
26 deny such allegations.

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44.

Defendants admit that representatives from Measure 8, Gron Ventures, Anson Advisors, and Serendipity visited Portland in or around February 2020. Paragraph 44 otherwise contains argument, characterizations, and conclusions of law to which no answer is required. To the extent an answer to those allegations is required, Defendants presently lack knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 44 and, on that basis, deny such allegations.

45.

Paragraph 45 contains argument, characterizations, and conclusions of law to which no answer is required. To the extent the allegations in Paragraph 45 are deemed factual, Defendants presently lack knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 45 and, on that basis, deny such allegations.

46.

Defendants admit that CohnReznick, an accounting and advisory firm, performed an audit of Sentia’s finances, but deny any untrue statements or omissions. Paragraph 46 otherwise contains argument, characterizations, and conclusions of law to which no answer is required. To the extent an answer to those allegations is required, Defendants presently lack knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 46 and, on that basis, deny such allegations.

47.

Defendants admit that Sentia sold certain assets to a third-party but deny that Nitin Khanna received personal benefit from that sale. Paragraph 47 otherwise contains argument, characterizations, and conclusions of law to which no answer is required. To the extent an answer to those allegations is required, Defendants presently lack knowledge or information sufficient to form a belief about the truth as to Sentia’s financial assets and liabilities at the

1 undefined time alleged and, on that basis, deny those allegations. Except as specifically
2 admitted denied.

3 48.

4 Defendants deny that Nitin Khanna “knew this projection was unattainable.”
5 Paragraph 48 contains argument, characterizations, purported descriptions of documents that
6 speak for themselves, and conclusions of law to which no answer is required. To the extent
7 an answer to those allegations is required, Defendants deny plaintiffs’ arguments and
8 characterizations, and presently lack knowledge or information sufficient to form a belief
9 about the truth of the allegations regarding the contents of specific, unidentified emails and,
10 on that basis, deny such allegations.

11 49.

12 Defendants admit that Nitin Khanna sent an email to at least some investors with an
13 attachment containing the text contained in the screen capture but deny that plaintiffs have
14 accurately characterized that communication or its recipients. The documents speak for
15 themselves. Except as explicitly admitted, denied.

16 50.

17 Defendants admit that Nitin Khanna sent an email to an individual with a Gron email
18 address with an attachment containing the text contained in the screen capture but deny that
19 plaintiffs have accurately characterized that communication. The documents speak for
20 themselves. Except as explicitly admitted, denied.

21 51.

22 Defendants admit that Nitin Khanna sent an email containing the text contained in
23 this paragraph but deny that plaintiffs have accurately characterized that communication.
24 The documents speak for themselves. Except as explicitly admitted, denied.

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52.

Defendants presently lack knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 52 and, on that basis, deny such allegations.

53.

Defendants presently lack knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 53 and, on that basis, deny such allegations.

54.

Defendants presently lack knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 54 and, on that basis, deny such allegations.

55.

Defendants deny that Nitin Khanna made any misrepresentations. Paragraph 55 otherwise contains argument, characterizations, and conclusions of law to which no answer is required. Paragraph 55 otherwise purports to describe and interpret a document, which speaks for itself. To the extent the allegations in Paragraph 55 are deemed factual, Defendants deny those allegations.

56.

Defendants admit that Nitin Khanna sent an email containing the text contained in this paragraph but deny that plaintiffs have accurately characterized that communication. The documents speak for themselves. Except as explicitly admitted, denied.

57.

Paragraph 57 contains argument, characterizations, and conclusions of law to which no answer is required. Paragraph 57 otherwise purports to describe and quote from various unidentified documents, which documents speak for themselves. To the extent these require a response, Defendants deny that plaintiffs have accurately characterized Nitin Khanna's communications but presently lack knowledge or information sufficient to form a belief

1 about the truth of the remaining allegations in Paragraph 57 and, on that basis, deny such
2 allegations.

3 58.

4 Paragraph 58 contains argument, characterizations, and conclusions of law to which
5 no answer is required. Paragraph 58 otherwise purports to describe and characterize
6 documents, including an unspecified financial statement, the documents of which speak for
7 themselves. To the extent these allegations require a response, Defendants presently lack
8 knowledge or information sufficient to form a belief about the truth of the allegations in
9 Paragraph 58 and, on that basis, deny such allegations.

10 59.

11 Paragraph 59 contains argument, characterizations, and conclusions of law to which
12 no answer is required. Paragraph 59 otherwise purports to describe and characterize
13 documents, including certain financial statements, the documents of which speak for
14 themselves. To the extent these allegations require a response, Defendants deny that
15 plaintiffs accurately characterize the documents and presently lack knowledge or information
16 sufficient to form a belief about the truth of the remaining allegations in Paragraph 59 and,
17 on that basis, deny such allegations.

18 60.

19 Defendants deny paragraph 60.

20 61.

21 Defendants deny paragraph 61.

22 62.

23 Defendants deny that “Khanna intentionally overstated Cura Wellness’s relationships
24 with major retailer and distributors.” Paragraph 62 otherwise contains argument,
25 characterizations, and conclusions of law to which no answer is required. Paragraph 62
26 otherwise purports to describe and quote from documents, which speaks for themselves. To

1 the extent these additional allegations require a response, Defendants presently lack
2 knowledge or information sufficient to form a belief about the truth of those allegations and,
3 on that basis, deny such allegations.

4 63.

5 Paragraph 63 purports to describe an unidentified presentation, which is a document
6 that speaks for itself. To the extent those allegations require a response, Defendants
7 presently lack knowledge or information sufficient to form a belief about the truth of the
8 allegations in Paragraph 63 and, on that basis, deny such allegations.

9 64.

10 Paragraph 64 purports to describe an email, which is a document that speaks for itself.
11 To the extent those allegations require a response, Defendants presently lack knowledge or
12 information sufficient to form a belief about the truth of the allegations in Paragraph 64 and,
13 on that basis, deny such allegations.

14 65.

15 Paragraph 65 purports to describe a spreadsheet, which is a document that speaks for
16 itself. To the extent this allegation requires a response, Defendants presently lack knowledge
17 or information sufficient to form a belief about the truth of the allegations in Paragraph 65
18 and, on that basis, deny such allegations.

19 66.

20 Paragraph 66 purports to describe a spreadsheet, which is a document that speaks for
21 itself. To the extent this allegation requires a response, Defendants presently lack knowledge
22 or information sufficient to form a belief about the truth of the allegations in Paragraph 66
23 and, on that basis, deny such allegations.

24 67.

25 Paragraph 67 purports to describe an email, which is a document that speaks for itself.
26 To the extent paragraph 67 requires a response, Defendants presently lack knowledge or

1 information sufficient to form a belief about the truth of the allegations and, on that basis,
2 deny such allegations.

3 68.

4 Paragraph 68 contains argument, characterizations, and conclusions of law to which
5 no answer is required. Paragraph 68 otherwise purports to describe a document, which
6 speaks for itself. To the extent the allegations in Paragraph 68 are deemed factual,
7 Defendants presently lack knowledge or information sufficient to form a belief about the
8 truth of the remaining allegations in Paragraph 68 and, on that basis, deny such allegations.

9 69.

10 Paragraph 69 contains argument, characterizations, and conclusions of law to which
11 no answer is required. Paragraph 69 otherwise purports to describe a document, which
12 speaks for itself. To the extent the allegations in Paragraph 69 are deemed factual,
13 Defendants presently lack knowledge or information sufficient to form a belief about the
14 truth of the remaining allegations in Paragraph 69 and, on that basis, deny such allegations.

15 70.

16 Paragraph 70 contains argument, characterizations, and conclusions of law to which
17 no answer is required. To the extent the allegations in Paragraph 70 are deemed factual,
18 Defendants deny those allegations.

19 71.

20 Paragraph 71 purports to describe an email, which is a document that speaks for itself.
21 To the extent paragraph 71 requires a response, Defendants deny that plaintiffs accurately
22 characterize these communications and otherwise presently lack knowledge or information
23 sufficient to form a belief about the truth of the allegations and, on that basis, deny such
24 allegations.

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72.

Defendants deny that Nitin Khanna made any misrepresentations or omissions. Paragraph 72 otherwise contains argument, characterizations, and conclusions of law to which no answer is required. To the extent those allegations require a response, Defendants presently lack knowledge or information sufficient to form a belief about the truth of those allegations and, on that basis, deny such allegations.

73.

Paragraph 73 contains argument, characterizations, and conclusions of law to which no answer is required. To the extent the allegations in Paragraph 73 require a response, Defendants deny those allegations.

74.

Defendants deny the allegations in paragraph 74.

75.

Paragraph 75 contains argument, characterizations, descriptions of documents that speak for themselves, and conclusions of law to which no answer is required. To the extent those allegations require a response, Defendants presently lack knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 75 and, on that basis, deny such allegations.

76.

Defendants deny the allegations in paragraph 76.

77.

Paragraph 77 contains argument, characterizations, descriptions of documents that speak for themselves, and conclusions of law to which no answer is required. To the extent the allegations in Paragraph 77 require a response, Defendants presently lack knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 77 and, on that basis, deny such allegations.

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78.

Paragraph 78 purports to describe and characterize various documents, some of which are unidentified, the contents of which speak for itself. To the extent the allegations in Paragraph 78 require a response, Defendants presently lack knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 78 and, on that basis, deny such allegations.

79.

Paragraph 79 contains argument, characterizations, descriptions of documents that speak for themselves, and conclusions of law to which no answer is required. To the extent the allegations in Paragraph 79 require a response, Defendants presently lack knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 79 and, on that basis, deny such allegations.

80.

Paragraph 80 contains argument, characterizations, descriptions of documents that speak for themselves, and conclusions of law to which no answer is required. To the extent the allegations in Paragraph 80 require a response, Defendants presently lack knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 80 and, on that basis, deny such allegations.

81.

Defendants admit that Sentia launched Social CBD and deny that Nitin Khanna made any misrepresentation alleged in this paragraph. Paragraph 81 otherwise contains argument, characterizations, descriptions of documents that speak for themselves, and conclusions of law to which no answer is required. To the extent those allegations require a response, Defendants presently lack knowledge or information sufficient to form a belief about the truth of those allegations and, on that basis, deny such allegations.

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82.

Paragraph 82 contains argument, characterizations, descriptions of documents that speak for themselves, and conclusions of law to which no answer is required. To the extent the allegations in Paragraph 82 require a response, Defendants presently lack knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 82 and, on that basis, deny such allegations.

83.

Paragraph 83 contains argument, characterizations, and descriptions of documents that speak for themselves to which no answer is required. To the extent the allegations in Paragraph 83 require a response, Defendants presently lack knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 83 and, on that basis, deny such allegations.

84.

Paragraph 84 contains argument, characterizations, and descriptions of documents that speak for themselves to which no answer is required. To the extent the allegations in Paragraph 84 require a response, Defendants deny that plaintiffs accurately characterize the documents referenced but presently lack knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 84 and, on that basis, deny such allegations.

85.

Defendants admit that Sentia had a one-year license for the Select brand following the spinoff and that Sentia began transitioning to its own brand as soon as practical to begin building that brand for the long-term benefit of the company. Except as specifically admitted, denied.

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86.

Paragraph 86 contains argument, characterizations, descriptions of documents that speak for themselves, and conclusions of law to which no answer is required. To the extent the allegations in Paragraph 86 require a response, Defendants presently lack knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 86 and, on that basis, deny such allegations.

87.

Defendants deny the allegations in paragraph 87.

88.

Defendants deny the allegations in paragraph 88.

89.

Defendants deny the allegation that Nitin Khanna made a misrepresentation.

Paragraph 89 otherwise contains argument, characterizations, descriptions of documents that speak for themselves, and conclusions of law to which no answer is required. To the extent the allegations in Paragraph 89 require a response, Defendants presently lack knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 89 and, on that basis, deny such allegations.

90.

Defendants deny the allegation that Nitin Khanna made a misrepresentation.

Paragraph 90 otherwise contains argument, characterizations, descriptions of documents that speak for themselves, and conclusions of law to which no answer is required. To the extent the allegations in Paragraph 90 require a response, Defendants presently lack knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 90 and, on that basis, deny such allegations.

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91.

Defendants presently lack knowledge or sufficient information to form a belief as to the accuracy of the dollar values listed in paragraph 91 and otherwise deny the allegations in that paragraph.

92.

Defendants deny the allegation that Nitin Khanna made misrepresentations regarding Sentia’s inventory. Paragraph 92 otherwise contains argument, characterizations, and descriptions of documents that speak for themselves to which no answer is required. To the extent these allegations require a response, Defendants presently lack knowledge or information sufficient to form a belief about the truth of those allegations and, on that basis, deny such allegations.

93.

Defendants deny the allegations in paragraph 93.

94.

Paragraph 94 contains argument, characterizations, and descriptions of documents that speak for themselves to which no answer is required. To the extent the allegations in Paragraph 94 require a response, Defendants presently lack knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 94 and, on that basis, deny such allegations.

95.

Paragraph 95 contains argument, characterizations, and descriptions of documents that speak for themselves to which no answer is required. To the extent the allegations in Paragraph 95 require a response, Defendants presently lack knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 95 and, on that basis, deny such allegations.

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96.

Defendants deny the allegation that Nitin Khanna made a misrepresentation. Paragraph 96 contains argument, characterizations, descriptions of documents that speak for themselves, and conclusions of law to which no answer is required. To the extent the allegations in Paragraph 96 require a response, Defendants presently lack knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 96 and, on that basis, deny such allegations.

97.

Defendants presently lack knowledge or information sufficient to form a belief about the truth of the allegations regarding information that “Investors” did or did not “discover” and, on that basis, deny such allegations. Defendants deny the remaining allegations.

98.

Defendants deny the allegations in paragraph 98.

99.

Paragraph 99 contains argument, characterizations, descriptions of documents that speak for themselves, and conclusions of law to which no answer is required. To the extent the allegations in Paragraph 99 require a response, Defendants presently lack knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 99 and, on that basis, deny such allegations.

100.

Defendants admit that Goldman Sachs is a leading investment bank, and that Nitin Khanna had a pre-existing relationship with Goldman Sachs concerning a different investment. Paragraph 100 otherwise contains argument, characterizations, and conclusions of law to which no answer is required. To the extent the allegations in Paragraph 100 are deemed factual, Defendants presently lack knowledge or information sufficient to form a

1 belief about the truth of the remaining allegations in Paragraph 100 and, on that basis, deny
2 such allegations.

3 101.

4 Defendants deny the allegation that Nitin Khanna made a misrepresentation.
5 Paragraph 101 otherwise contains argument, characterizations, descriptions of documents
6 that speak for themselves, and conclusions of law to which no answer is required. To the
7 extent the allegations in Paragraph 101 are deemed factual, Defendants presently lack
8 knowledge or information sufficient to form a belief about the truth of the remaining
9 allegations in Paragraph 101 and, on that basis, deny such allegations.

10 102.

11 Paragraph 102 purports to describe and quote from a document, which speaks for
12 itself, for which no further response is required. To the extent the allegations in Paragraph
13 102 require a response, Defendants presently lack knowledge or information sufficient to
14 form a belief about the truth of the allegations in Paragraph 102 and, on that basis, deny such
15 allegations.

16 103.

17 Paragraph 103 purports to describe and quote from a document, which speaks for
18 itself, for which no further response is required. To the extent the allegations in Paragraph
19 103 require a response, Defendants presently lack knowledge or information sufficient to
20 form a belief about the truth of the allegations in Paragraph 103 and, on that basis, deny such
21 allegations.

22 104.

23 Defendants presently lack knowledge or information sufficient to form a belief about
24 the truth of the allegations in Paragraph 104 and, on that basis, deny such allegations.

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105.

Defendants presently lack knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 105 and, on that basis, deny such allegations.

106.

Defendants deny the allegation that Nitin Khanna made any misrepresentations to plaintiffs. Otherwise, Defendants presently lack knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 106 and, on that basis, deny such allegations.

107.

Paragraph 107 purports to describe and quote from a document, which speaks for itself. To the extent the allegations in Paragraph 107 require a response, Defendants presently lack knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 107 and, on that basis, deny such allegations.

108.

Defendants presently lack knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 108 and, on that basis, deny such allegations.

109.

Paragraph 109 contains argument, characterizations, descriptions of documents that speak for themselves, and conclusions of law to which no answer is required. To the extent the allegations in Paragraph 109 require a response, Defendants presently lack knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 109 and, on that basis, deny such allegations.

110.

Paragraph 110 purports to describe and quote from a document, which speaks for itself. To the extent the allegations in Paragraph 110 require a response, Defendants

1 presently lack knowledge or information sufficient to form a belief about the truth of the
2 allegations in Paragraph 110 and, on that basis, deny such allegations.

3 111.

4 Paragraph 111 purports to describe and quote from a document, which speaks for
5 itself. To the extent the allegations in Paragraph 111 require a response, Defendants
6 presently lack knowledge or information sufficient to form a belief about the truth of the
7 allegations in Paragraph 111 and, on that basis, deny such allegations.

8 112.

9 Paragraph 112 purports to describe and quote from a document, which speaks for
10 itself. To the extent the allegations in Paragraph 112 require a response, Defendants
11 presently lack knowledge or information sufficient to form a belief about the truth of the
12 allegations in Paragraph 112 and, on that basis, deny such allegations.

13 113.

14 Defendants deny that Nitin Khanna misrepresented the work Goldman Sachs had
15 performed. Paragraph 113 otherwise contains argument, characterizations, descriptions of
16 documents that speak for themselves, and conclusions of law to which no answer is required.
17 To the extent the allegations in Paragraph 113 require a response, Defendants presently lack
18 knowledge or information sufficient to form a belief about the truth of the remaining
19 allegations in Paragraph 113 and, on that basis, deny such allegations.

20 114.

21 Defendants deny the allegations in paragraph 114.

22 115.

23 Defendants admit that Nitin Khanna had success with prior companies, that he had a
24 relationship with Goldman Sachs, and that he agreed to serve as executive chairman of
25 Sentia. Defendants deny that Nitin Khanna made misrepresentations. Paragraph 115
26 otherwise contains argument, characterizations, and conclusions of law to which no answer is

1 required. To the extent the allegations in Paragraph 115 require a response, Defendants
2 presently lack knowledge or information sufficient to form a belief about the truth of the
3 remaining allegations in Paragraph 115 and, on that basis, deny such allegations.

4 116.

5 Paragraph 116 purports to describe and quote from a document, which speaks for
6 itself. To the extent the allegations in Paragraph 116 require a response, Defendants
7 presently lack knowledge or information sufficient to form a belief about the truth of the
8 allegations in Paragraph 116 and, on that basis, deny such allegations.

9 117.

10 Defendants deny that Nitin Khanna made any misrepresentations alleged in this
11 paragraph. Defendants otherwise presently lack knowledge or information sufficient to form
12 a belief about the truth of the remaining allegations in Paragraph 117 and, on that basis, deny
13 such allegations.

14 118.

15 Defendants deny that Nitin Khanna made any misrepresentations alleged in this
16 paragraph. Paragraph 118 otherwise purports to describe and quote from documents, which
17 speak for themselves. To the extent those allegations in Paragraph 118 require a response,
18 Defendants presently lack knowledge or information sufficient to form a belief about the
19 truth of the allegations in Paragraph 118 and, on that basis, deny such allegations.

20 119.

21 Defendants admit that Nitin Khanna had an active role in managing Cura Partners.
22 Paragraph 119 otherwise contains argument, characterizations, descriptions of documents
23 that speak for themselves, and conclusions of law to which no answer is required. To the
24 extent the allegations in Paragraph 119 require a response, Defendants presently lack
25 knowledge or information sufficient to form a belief about the truth of the remaining
26 allegations in Paragraph 119 and, on that basis, deny such allegations.

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120.

Defendants deny that Nitin Khanna made any misrepresentations alleged in this paragraph. Paragraph 120 purports to describe and quote from a document, which speaks for itself. To the extent the allegations in Paragraph 120 require a response, Defendants presently lack knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 120 and, on that basis, deny such allegations.

121.

Paragraph 121 purports to describe and quote from a document, which speaks for itself. To the extent the allegations in Paragraph 121 require a response, Defendants presently lack knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 121 and, on that basis, deny such allegations.

122.

Defendants deny the allegation of any false representation. Paragraph 122 otherwise purports to describe and quote from a document, which speaks for itself. To the extent the allegations in Paragraph 122 require a response, Defendants presently lack knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 12 and, on that basis, deny such allegations.

123.

Defendants admit that Nitin Khanna had an employment contract with Sentia, the contents of which speak for itself. Paragraph 123 otherwise contains argument, characterizations, descriptions of documents that speak for themselves, and conclusions of law to which no answer is required. To the extent the allegations in Paragraph 123 require a response, Defendants presently lack knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 123 and, on that basis, deny such allegations.

1 124.

2 Defendants deny paragraph 124.

3 125.

4 Defendants deny the allegation that Nitin Khanna did not actively work at Sentia until
5 almost nine months after its founding. Paragraph 125 otherwise contains argument,
6 characterizations, descriptions of documents that speak for themselves, and conclusions of
7 law to which no answer is required. To the extent the allegations in Paragraph 125 require a
8 response, Defendants presently lack knowledge or information sufficient to form a belief
9 about the truth of the remaining allegations in Paragraph 125 and, on that basis, deny such
10 allegations.

11 126.

12 Defendants deny that Nitin Khanna made any misrepresentations. Paragraph 126
13 otherwise contains argument, characterizations, and conclusions of law to which no answer is
14 required. To the extent the allegations in Paragraph 126 require a response, Defendants
15 presently lack knowledge or information sufficient to form a belief about the truth of the
16 remaining allegations in Paragraph 126 and, on that basis, deny such allegations.

17 127.

18 Paragraph 127 purports to describe and quote from a document, which speaks for
19 itself. To the extent the allegations in Paragraph 127 require a response, Defendants
20 presently lack knowledge or information sufficient to form a belief about the truth of the
21 allegations in Paragraph 127 and, on that basis, deny such allegations.

22 128.

23 Paragraph 128 purports to describe a document, which speaks for itself. To the extent
24 the allegations in Paragraph 128 require a response, Defendants presently lack knowledge or
25 information sufficient to form a belief about the truth of the allegations in Paragraph 128 and,
26 on that basis, deny such allegations.

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129.

Defendants deny that Mr. Lombardi made any alleged misrepresentation. Paragraph 129 otherwise purports to describe a document, which speaks for itself. To the extent the allegations in Paragraph 129 require a response, Defendants presently lack knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 129 and, on that basis, deny such allegations.

130.

Paragraph 130 otherwise purports to describe a document, which speaks for itself. To the extent the allegations in Paragraph 130 require a response, Defendants presently lack knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 130 and, on that basis, deny such allegations.

131.

Paragraph 131 purports to describe and quote from a document, which speaks for itself. To the extent the allegations in Paragraph 131 require a response, Defendants presently lack knowledge or information sufficient to form a belief about the truth of the remaining allegations in Paragraph 131 and, on that basis, deny such allegations.

132.

Defendants deny that Nitin Khanna made any alleged misrepresentation. Paragraph 132 otherwise purports to describe a document, which speaks for itself. To the extent the allegations in Paragraph 132 require a response, Defendants presently lack knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 132 and, on that basis, deny such allegations.

133.

Paragraph 133 otherwise purports to describe a document, which speaks for itself. To the extent the allegations in Paragraph 133 require a response, Defendants presently lack

1 knowledge or information sufficient to form a belief about the truth of the allegations in
2 Paragraph 133 and, on that basis, deny such allegations.

3 134.

4 Paragraph 134 purports to describe and quote from a document, which speaks for
5 itself. To the extent the allegations in Paragraph 134 require a response, Defendants
6 presently lack knowledge or information sufficient to form a belief about the truth of the
7 remaining allegations in Paragraph 134 and, on that basis, deny such allegations.

8 135.

9 Defendants presently lack knowledge or information sufficient to form a belief about
10 whether “the Investors” did or did not review Sentia’s year-end 2019 financial statements.
11 Paragraph 135 otherwise purports to describe and quote from a document, which speaks for
12 itself. To the extent those allegations in Paragraph 135 require a response, Defendants
13 presently lack knowledge or information sufficient to form a belief about the truth of the
14 remaining allegations in Paragraph 135 and, on that basis, deny such allegations.

15 136.

16 Defendants admit that representatives from Measure 8, Gron Ventures, Anson
17 Advisors, and Serendipity visited Portland in or around February 2020 and that at some point
18 in time CohnReznick performed an audit of Sentia. Paragraph 136 otherwise contains
19 argument, characterizations, and conclusions of law to which no answer is required. To the
20 extent the allegations in Paragraph 136 require an answer, Defendants presently lack
21 knowledge or information sufficient to form a belief about the truth of the remaining
22 allegations in Paragraph 136 and, on that basis, deny such allegations.

23 137.

24 Defendants presently lack knowledge or information sufficient to form a belief about
25 what the Investors discovered in Sentia’s financial documents or when permitting was
26 complete for Sentia’s manufacturing facility. Defendants presently lack knowledge or

1 information sufficient to form a belief about the truth of the remaining allegations in
2 Paragraph 137 and, on that basis, deny such allegations.

3 138.

4 Defendants admit that CohnReznick completed an audit of Sentia. Paragraph 138
5 otherwise purports to describe and quote from a document, which speaks for itself. To the
6 extent those allegations in Paragraph 138 require a response, Defendants deny that plaintiffs
7 are accurately characterizing CohnReznick's findings and therefore deny the allegations in
8 paragraph 138.

9 139.

10 Paragraph 139 purports to describe and quote from a document, which speaks for
11 itself. To the extent the allegations in Paragraph 139 require a response, Defendants deny
12 that plaintiffs are accurately characterizing CohnReznick's findings and therefore deny the
13 allegations in paragraph 139.

14 140.

15 Defendants deny the allegations in paragraph 140.

16 141.

17 Defendants deny the allegations in paragraph 141.

18 **CLAIMS FOR RELIEF**

19 **Count I: Violations of ORS 59.115**

20 142. – 152.

21 Defendants repeat and reassert their Preliminary Statement. As this claim is subject
22 to the Motion to Dismiss and Motion to Compel Arbitration, defendants reserve all rights to
23 answer these claims in the event the Court denies those motions. To the extent a response is
24 required at this time, Defendants deny the allegations in these paragraphs.

1 **Count II: Violations of ORS 59.135**

2 153. – 164.

3 Defendants repeat and reassert their Preliminary Statement. As this claim is subject
4 to the Motion to Dismiss and Motion to Compel Arbitration, defendants reserve all rights to
5 answer these claims in the event the Court denies those motions. To the extent a response is
6 required at this time, Defendants deny the allegations in these paragraphs.

7 **Count III: Participant Liability under ORS 59.115(3) and 59.137**

8 165. – 186.

9 Defendants repeat and reassert their Preliminary Statement. As this claim is subject
10 to the Motion to Dismiss and Motion to Compel Arbitration, defendants reserve all rights to
11 answer these claims in the event the Court denies those motions. To the extent a response is
12 required at this time, Defendants deny the allegations in these paragraphs.

13 **Count IV: Breach of Fiduciary Duty**

14 187.

15 Defendants repeat and reassert their Preliminary Statement and their answers to each
16 of the preceding allegations as if fully set forth herein.

17 188.

18 Paragraph 188 contains argument, characterizations, and conclusions of law to which
19 no answer is required. To the extent the allegations in Paragraph 188 are deemed factual,
20 Defendants deny the allegations.

21 189.

22 Defendants admit that Sentia’s stock is not publicly traded, and that Nitin Khanna
23 owns some Sentia shares. Paragraph 189 otherwise contains argument, characterizations, and
24 conclusions of law to which no answer is required. To the extent the allegations in Paragraph
25 189 are deemed factual, Defendants deny the allegations.

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190.

Paragraph 190 contains argument, characterizations, and conclusions of law to which no answer is required. To the extent the allegations in Paragraph 190 are deemed factual, Defendants deny the allegations.

191.

Paragraph 191 contains argument, characterizations, and conclusions of law to which no answer is required. To the extent the allegations in Paragraph 191 are deemed factual, Defendants deny the allegations.

192.

Paragraph 192 contains argument, characterizations, and conclusions of law to which no answer is required. To the extent the allegations in Paragraph 192 are deemed factual, Defendants deny the allegations.

RELIEF SOUGHT

Defendants deny that Plaintiffs are entitled to any relief sought in the Complaint.

Defendants deny that Plaintiffs are entitled to a jury trial on their claims because Plaintiffs have waived their right to a jury trial by agreement.

AFFIRMATIVE DEFENSES

142.

Subject to and without waving any of Defendants’ arguments to dismiss Plaintiffs’ claims under Oregon Securities Law for lack of subject matter jurisdiction, and without any admission of any kind, Defendants asserts the following defenses in response to the allegations in the Complaint. Defendants’ reserve the right to supplement and amend these affirmative defenses to assert all applicable defenses to the extent the Court denies the Motion to Dismiss.

1 **FIRST AFFIRMATIVE DEFENSE**

2 (Failure to State a Claim)

3 143.

4 Plaintiffs' allegations fail to state a claim upon which relief can be granted.

5 **SECOND AFFIRMATIVE DEFENSE**

6 (Lack of Subject Matter Jurisdiction)

7 144.

8 Plaintiffs' claims should be dismissed, in whole or in part, because this Court lacks
9 subject matter jurisdiction.

10 **THIRD AFFIRMATIVE DEFENSE**

11 (Arbitration Agreements Bar Suit)

12 145.

13 Plaintiffs' claims are barred from being raised before this Court because Plaintiffs
14 agreed to arbitrate their claims asserted in the Complaint. Plaintiffs, by filing this Complaint,
15 violate such agreements to arbitrate, this Complaint should be dismissed, and Plaintiffs
16 compelled to arbitrate.

17 **FOURTH AFFIRMATIVE DEFENSE**

18 (Statute of Limitations)

19 146.

20 Plaintiffs' claims against Defendants are barred, in whole or in part, by the applicable
21 statutes of limitations and other applicable periods of repose.

22 **FIFTH AFFIRMATIVE DEFENSE**

23 (Statute of Ultimate Repose)

24 147.

25 Plaintiffs' claims against Defendants are barred, in whole or in part, by the applicable
26 statutes of ultimate repose.

1 **SIXTH AFFIRMATIVE DEFENSE**

2 (In Pari Delicto)

3 148.

4 Plaintiffs' claims against Defendants are barred, in whole or in part, by the doctrine of
5 in pari delicto.

6 **SEVENTH AFFIRMATIVE DEFENSE**

7 (Waiver)

8 149.

9 Plaintiffs, by their acts, omissions, and/or conduct, have waived, in whole or in part,
10 their respective claims against Defendants.

11 **EIGHTH AFFIRMATIVE DEFENSE**

12 (Estoppel)

13 150.

14 Plaintiffs' claims against Defendants are barred, in whole or in part, by the doctrine of
15 estoppel or other related equitable doctrines.

16 **NINTH AFFIRMATIVE DEFENSE**

17 (Comparative Fault)

18 151.

19 Plaintiffs' damages must be reduced, diminished, and/or barred in proportion to the
20 wrongful or negligent conduct of persons or entities other than Defendants, under the
21 principles of comparative fault.

22 **TENTH AFFIRMATIVE DEFENSE**

23 (Business Judgment Rule)

24 152.

25 Defendants' conduct satisfied the business judgment rule.
26

1 **ELEVENTH AFFIRMATIVE DEFENSE**

2 (Unclean Hands)

3 153.

4 Plaintiffs' claims against Defendants are barred, in whole or in part, by Plaintiffs'
5 own unclean hands and wrongful conduct.

6 **TWELFTH AFFIRMATIVE DEFENSE**

7 (Ratification)

8 154.

9 Plaintiffs' claims are barred, in whole or in part, as a result of their respective
10 ratification of each of the alleged acts.

11 **THIRTEENTH AFFIRMATIVE DEFENSE**

12 (Laches)

13 155.

14 Plaintiffs' claims against Defendants are barred, in whole or in part, by the doctrine of
15 laches.

16 **FOURTEENTH AFFIRMATIVE DEFENSE**

17 (Offset Damages)

18 156.

19 Any recovery for damages allegedly incurred by each plaintiff, if any, is subject to
20 offset in the amount of any benefit actually received by each plaintiff through his/her
21 investments, their liability on Defendants' counterclaims, or other equitable grounds for
22 reducing recovery.

1 **FIFTEENTH AFFIRMATIVE DEFENSE**

2 (Bespeaks Caution)

3 157.

4 Plaintiffs' claims against Defendants are barred, in whole or in part, because any
5 alleged statements of material fact, alleged omissions of material fact, or other challenged
6 statements were contained or were made in the context of sufficient cautionary language or
7 risk disclosures and thus are rendered non-actionable under the "bespeaks caution" doctrine.

8 **SIXTEENTH AFFIRMATIVE DEFENSE**

9 (Failure to Mitigate Damages)

10 158.

11 Plaintiffs have each failed to mitigate their respective damages, thus barring or
12 reducing their recovery.

13 **SEVENTEENTH AFFIRMATIVE DEFENSE**

14 (Loss Causation or Superseding Cause)

15 159.

16 Plaintiffs' claims against Defendants and any purported damages, if any, were caused
17 by superseding or intervening causes, and/or the conduct of others or other factors for which
18 Defendants are not responsible and over which Defendants had no control and did not result
19 from any acts or omissions by Defendants. Without admitting any liability or that Plaintiffs
20 have suffered any damages, superseding causes and/or the acts of others should reduce the
21 recovery by plaintiffs and the allocation of any fault attributed to Defendants.
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1 **EIGHTEENTH AFFIRMATIVE DEFENSE**

2 (No Misrepresentation)

3 160.

4 Plaintiffs’ claims against Defendants are barred because the allegedly untrue
5 statements of material fact, omissions of material fact, or misleading statements were, in fact,
6 true and accurate and/or not material.

7 **NINETEENTH AFFIRMATIVE DEFENSE**

8 (Plaintiffs’ Knowledge)

9 161.

10 Plaintiffs’ claims against Defendants are barred because Plaintiffs had knowledge of
11 the alleged untruths or omissions on which Plaintiffs’ claims are based.

12 **TWENTIETH AFFIRMATIVE DEFENSE**

13 (Good Faith)

14 162.

15 Defendants’ acts and any alleged omissions with respect to Plaintiffs were at all times
16 in good faith, for good cause, and without any intent to wrongly deprive Plaintiffs of any
17 money or property.

18 **TWENTY-FIRST AFFIRMATIVE DEFENSE**

19 (Privilege and Justification)

20 163.

21 Plaintiffs’ claims are barred, in whole or in part, by statute and/or common law, on
22 the grounds that Defendants were privileged and/or justified in acting as they did.

1 **TWENTY-SECOND AFFIRMATIVE DEFENSE**

2 (Material Information Disclosed)

3 164.

4 Plaintiffs' claims against Defendants are barred because some or all of the matters
5 now claimed by plaintiffs to be the subject of misrepresentations or omissions were publicly
6 disclosed, were in the public domain, or were expressly disclosed to plaintiffs and, as such,
7 were available to plaintiffs.

8 **TWENTY-THIRD AFFIRMATIVE DEFENSE**

9 (Lack of Causation)

10 165.

11 Plaintiffs' claims against Defendants are barred because the alleged breaches of
12 fiduciary duty did not cause plaintiffs to suffer any loss.

13 **TWENTY-FOURTH AFFIRMATIVE DEFENSE**

14 (Attorney Fees)

15 166.

16 To the extent Plaintiffs' claims under the Oregon Securities Law are not dismissed for
17 lack of subject matter jurisdiction and if Defendants prevail in this action before this Court,
18 then Defendants are entitled to recover their reasonable attorney fees pursuant to ORS
19 59.115(10).

20 **TWENTY-FIFTH AFFIRMATIVE DEFENSE**

21 (Standing)

22 167.

23 Plaintiffs' claims against Defendants are barred because they are not the real parties
24 in interest, and therefore lack standing to sue. Among other reasons, Plaintiffs lack standing
25 to bring their asserted breach of fiduciary claim that is derivative.
26

1 **TWENTY-SIXTH AFFIRMATIVE DEFENSE**

2 (Jury waiver)

3 168.

4 To the extent that it otherwise has the right, Plaintiffs have waived their right to a jury
5 trial under multiple agreements.

6 **TWENTY-SEVENTH AFFIRMATIVE DEFENSE**

7 (Indispensable Party)

8 169.

9 Plaintiffs’ claims are barred because they have failed to join an indispensable party,
10 including Sentia Wellness, Inc.

11 **TWENTY-EIGHTH AFFIRMATIVE DEFENSE**

12 (Incorporation by Reference)

13 170.

14 Defendants hereby adopt and incorporate by reference any and all other defenses
15 asserted, or that may hereafter be asserted, by any other defendant to the extent such defense
16 may be applicable to Defendants.

17 **TWENTY-NINTH AFFIRMATIVE DEFENSE**

18 (Reservation of Rights)

19 171.

20 Defendants reserve the right to assert additional affirmative defenses as they may
21 become apparent as the result of discovery or otherwise. Furthermore, as noted above,
22 Defendants assert the above defenses in response to the allegations in the Complaint subject
23 to and without waving any of Defendants’ arguments to dismiss Plaintiffs’ claims under
24 Oregon Securities Law for lack of subject matter jurisdiction, and without any admission of
25 any kind. Defendants’ reserve the right to supplement and amend these affirmative defenses
26 to assert all applicable defenses to the extent the Court denies the Motion to Dismiss.

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174.

Mr. Jordan and Measure 8 followed this script at two Portland-based companies: Cura Partners, Inc. and Sentia Wellness, Inc. Measure 8 executives, Peter Clateman and Juan Pablo Martinez, conspired with Mr. Jordan to carry out his illegal scheme.

175.

Mr. Jordan is the Executive Chairman of the Board of Curaleaf Holdings, Inc. (“Curaleaf”), a provider of consumer cannabis products. He is also the Founding Partner at Measure 8, which invests in cannabis start-ups.

176.

Measure 8 invested in Cura Partners. Through this investment, Mr. Jordan took a seat on the Cura Partners board of directors.

177.

Cura Partners established a strong brand in the cannabis market and Mr. Jordan (through Curaleaf) bought Cura Partners. Mr. Jordan sat on every side of the transaction as buyer (Executive Chairman of Curaleaf), director of the selling company (Cura Partners), and investor into the selling company (founding partner of Measure 8). He used his position to enrich himself at the expense of Cura Partners and its shareholders.

178.

Later, at Sentia, Measure 8, Mr. Jordan, Anson, Mr. Puri, and the other Counter-Defendants teamed up to enrich themselves at the expense of Sentia and its shareholders. All the Counter-Defendants invested in Sentia. Measure 8 and Anson also received seats on Sentia’s board of directors.

179.

Sentia struggled due to changes in the regulatory environment and the impact of COVID-19. Counter-Defendants and Third-Party Defendants realized they would not realize a quick or easy return on their investment. Counter-Defendants, led by Measure 8 and

1 Anson, ignored their duties to Sentia and its shareholders, choosing instead to focus on
2 recouping as much of their investment as they could.

3 180.

4 Their actions damaged Nitin Khanna, Karan Khanna, Mr. Lombardi, Sentia, and its
5 shareholders

6 181.

7 As a director of both Cura Partners and Sentia, Mr. Jordan owed duties of care,
8 loyalty, and good faith and fair dealing. He breached those duties and violated other laws in
9 the process. Mr. Clateman and Mr. Martinez conspired with Mr. Jordan by giving him
10 substantial assistance to carry out his illegal scheme.

11 182.

12 As a director of Sentia, Mr. Puri owed duties of care, loyalty, and good faith and fair
13 dealing. He breached those duties and violated other laws in the process.

14 183.

15 Counter-Defendants also unjustly enriched themselves at the expense of Nitin, Karan,
16 Mr. Lombardi, Sentia, and its shareholders.

17 **PARTIES, JURISDICTION, AND VENUE**

18 184.

19 Nitin Khanna is the former CEO of Sentia. He is an Oregon resident. He is the
20 managing member of Kali-Mata, LLC which was the single largest shareholder in Cura
21 Partners and Sentia at all times relevant to this Complaint.

22 185.

23 Karan Khanna was a Sentia board member at the times relevant to these claims. He is
24 a member of Kali-Mata, LLC. He resides in California.

1 186.

2 Mr. Lombardi resides in Tennessee. He was the Chief Operating Officer at Cura
3 Partners, president of Sentia, and Sentia director at the times relevant to these claims.

4 187.

5 Measure 8 is a venture capital firm incorporated in New York. Measure 8 invested in
6 both Sentia and Cura Partners. Mr. Jordan is a founding partner of Measure 8.

7 188.

8 Mr. Jordan is a resident of Miami, Florida. He was a director of Cura Partners and
9 Sentia. He also serves as Executive Chairman of the Board of Curaleaf Holdings, Inc., a
10 publicly traded company headquartered in Wakefield, Massachusetts. Mr. Jordan is a
11 founding partner of Measure 8.

12 189.

13 Peter Clateman is a resident of New York, New York. He is Measure 8's general
14 counsel. He also serves as general counsel of Curaleaf Holdings Inc.

15 190.

16 Juan Pablo Martinez is a resident of New York, New York. He is a principal at
17 Measure 8.

18 191.

19 Anson is a hedge fund incorporated in Canada with offices in Dallas and Toronto. Its
20 registered office is in the Cayman Islands. Anson invested in Cura Partners and Sentia.

21 192.

22 Mr. Puri is a resident of Toronto, Ontario. He is a partner at Anson.

23 193.

24 Gron Ventures Fund I, LP is a private equity fund incorporated in Delaware with its
25 principal place of business in California. It invested in Cura Partners and Sentia.

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194.

Zola Global Investors Ltd. is an asset management company incorporated in Delaware with its principal place of business in Utah. Zola invested in Cura Partners and Sentia.

195.

Serendipity SPC – Trimble Fund SP is a private equity fund incorporated in the Cayman Islands with its principal place of business in Singapore. Serendipity invested in Sentia.

196.

Lapid US Investments LLC is an asset management company incorporated in Delaware with its principal place of business in Toronto, Canada. Lapid invested in Cura Partners and Sentia.

197.

Hadron Healthcare and Consumer Special Opportunities Master Fund is a pooled investment fund incorporated in the Cayman Islands with its principal place of business in the Cayman Islands. Hadron invested in Cura Partners and Sentia.

198.

Curaleaf Holdings Inc. is a publicly traded company headquartered in Wakefield, Massachusetts. Curaleaf acquired Cura Partners in a deal that closed in February 2020.

199.

Prior to being acquired by Curaleaf, Cura Partners Inc. was a Delaware corporation with its principal place of business in Portland, Oregon. It is now a wholly-owned subsidiary of Curaleaf.

200.

This Court has personal jurisdiction over each of the Counter-Defendants and Third-Party Defendants. This Court has jurisdiction over this dispute pursuant to ORS 14.030.

1 201.

2 Venue in this Court is appropriate because a substantial portion of Counter-
3 Defendants' and Third-Party Defendants' wrongdoing occurred in Multnomah County.

4 **FACTUAL BACKGROUND**

5 202.

6 Nitin and Karan, through Kali-Mata, were the largest shareholders in both Cura
7 Partners and Sentia.

8 203.

9 Cura Partners was formed around 2015 and operated a cannabis and CBD business.

10 204.

11 Measure 8 invested in both Cura Partners and Sentia.

12 205.

13 Through Measure 8's investment, Mr. Jordan sat on Cura Partners' and Sentia's
14 boards of directors.

15 206.

16 In addition to serving as Executive Chairman of the board of directors of Curaleaf,
17 Mr. Jordan owns approximately 30% of Curaleaf directly and indirectly. He also controls a
18 majority of Curaleaf's super-voting shares, effectively giving him control of the company.

19 207.

20 Curaleaf, Mr. Jordan, and some of its major investors have close ties to Russian
21 oligarchs.

22 208.

23 Discovery will be conducted regarding the extent to which these individuals have
24 funded, influenced, and directed Mr. Jordan's actions, which appear to be the typical type of
25 tactics used by Russian oligarchs. We reserve the right to amend to add additional Third-
26 Party Defendants when these currently unidentified co-participants are identified.

1 **Mr. Jordan breaches his fiduciary duties to Cura Partners and its shareholders.**

2 209.

3 In May 2019, approximately a year after Mr. Jordan's initial investment in Cura
4 Partners, Curaleaf agreed to buy Cura Partners. In exchange, the Cura Partners shareholders
5 would receive 95 million shares of Curaleaf stock, valued at almost \$1 billion. That same
6 month, Cura Partners' CBD business was transferred to Sentia.

7 210.

8 Soon after negotiating the sale of Cura Partners to Curaleaf, the vaping crisis and
9 associated questions about the health risks associated with cannabis products led to declining
10 sales and revenue for Cura Partners' cannabis business.

11 211.

12 Mr. Jordan sought to renegotiate the terms of the sale. Under the new terms of the
13 deal, Cura Partners' shareholders would receive 65 million shares of Curaleaf stock. If the
14 Cura Partners' Select brand of business met certain sales targets (the "Earnout Targets") after
15 the acquisition, then Cura Partners' shareholders would recover the remaining 30 million
16 shares.

17 212.

18 Mr. Jordan later called Nitin to demand a reduction in the sale price by another 10
19 million shares. In other words, Mr. Jordan unilaterally reduced the sale price to 55 million
20 shares, with 40 million shares to be awarded if the Select brand met the Earnout Targets.

21 213.

22 Cura Partners could not refuse this discounted offer. It had already transferred the
23 other part of its business—the CBD business—to Sentia. It had only a few months of cash
24 on hand and the acquisition was in the middle of a regulatory approval process that could
25 extend indefinitely, raising the prospect that Cura Partners would run out of money before its
26 acquisition. Nor could Cura Partners raise more money because it had already been acquired.

1 In short, Cura Partners relied on the Curaleaf acquisition for its very survival. Without the
2 acquisition, it would have gone bankrupt.

3 214.

4 Mr. Jordan knew that he was making Cura Partners an offer that it could not refuse.
5 As a Cura Partners and Sentia director, he knew that Sentia had acquired Cura Partners' CBD
6 assets. He knew how much cash Cura Partners had, how many months it could survive, and
7 that the proposed acquisition and regulatory approval process had made it impossible for
8 Cura Partners to raise more capital. In short, he knew that Cura Partners would have to
9 accept even his discounted offer.

10 215.

11 This discounted offer harmed all Cura Partners' shareholders. Each received less
12 money as a result. By unilaterally reducing the sale price, Mr. Jordan breached his duty of
13 loyalty and care to the Cura Partners' shareholders.

14 216.

15 At the same time, Mr. Jordan ensured that his own investment vehicle, Measure 8, did
16 not get harmed by the lower price. Measure 8 had negotiated investor rights that gave it veto
17 power over any acquisition. Measure 8 threatened to veto Curaleaf's acquisition of Cura
18 Partners, even though it was led by the same person—Mr. Jordan—who negotiated the deal
19 in the first place. It successfully leveraged its veto power to acquire approximately 1.2
20 million additional shares of Curaleaf stock to offset the price reductions that Mr. Jordan
21 negotiated.

22 217.

23 Several investors balked at cutting the deal price from 65 million shares to 55 million
24 shares. Mr. Puri specifically called Nitin and claimed that an investor at Anson was upset
25 about the new sale price and relayed several legal threats related to the lowering of the sale
26 price. Nitin and Karan, amongst a handful of other large shareholders, agreed to return 2%

1 of the sale price, or approximately 1.1 million shares of Curaleaf stock, to those investors if
2 the Select brand did not meet the Earnout Targets after being acquired by Curaleaf.

3 218.

4 Measure 8 was also one of the investors that balked at lowering the sale price even
5 though it was controlled by the same person—Mr. Jordan—who imposed the reduction in the
6 first place.

7 219.

8 The sale of Cura Partners to Curaleaf closed in February 2020.

9 220.

10 Mr. Jordan owed fiduciary duties to Nitin, Karan, Cura Partners, and its shareholders.

11 221.

12 Mr. Jordan breached his duties to Nitin, Karan, Cura Partners, and its shareholders in
13 at least the following ways:

- 14 1. Unilaterally reducing the price to buy Cura Partners, thereby damaging Nitin,
15 Karan, Cura Partners, and its shareholders;
- 16 2. Using his investment vehicle, Measure 8, to enrich himself at the expense of
17 Nitin, Karan, Cura Partners, and its shareholders;
- 18 3. Using his positions in Measure 8 and Curaleaf to ensure that he would not
19 suffer the same losses as Nitin, Karan, Cura Partners, and its shareholders;
- 20 4. Using his position as Executive Chairman of Curaleaf to ensure that the Select
21 brand could not meet the Earnout Targets, thereby enriching himself as a
22 major stockholder in Curaleaf; and
- 23 5. Using his position as Executive Chairman of Curaleaf to ensure that the Select
24 brand could not meet the Earnout Targets, forcing Nitin and Karan to pay an
25 additional 1.1 million shares to certain shareholders including Measure 8.
26

1 222.

2 Because of Mr. Jordan's actions, Nitin, Karan, Cura Partners, and its shareholders
3 were harmed.

4 **FIRST CLAIM FOR RELIEF**

5 **(Nitin's and Karan's Unjust Enrichment Claim against Mr. Jordan)**

6 223.

7 Third-Party Plaintiffs incorporate the preceding paragraphs.

8 224.

9 As the Executive Chairman of Curaleaf's Board and the individual controlling its
10 super-voting shares, Mr. Jordan controlled Curaleaf and its operations. He used his absolute
11 control over Curaleaf to ensure that the Select brand could not and would not meet the
12 Earnout Targets. He implemented new accounting practices, new sales practices, new
13 product innovation practices, and new distribution practices to ensure that the Select brand
14 did not meet the Earnout Targets.

15 225.

16 For example, at Mr. Jordan's direction, Curaleaf cancelled the launch of new products
17 which had substantial pre-orders, cancelled months of work to acquire licenses in new states,
18 redirected product slated for the Select brand to Curaleaf products, and required new sales to
19 be channeled through a distributor (a company in which, unsurprisingly, Mr. Jordan was an
20 investor). None of these decisions had any legitimate business purpose. Each ensured that
21 the Select brand did not meet the Earnout Targets.

22 226.

23 The sole purpose of these actions was to adversely impact the metrics used to
24 determine whether the Select brand could meet the Earnout Targets. These actions had no
25 other legitimate business purpose. These actions also had the effect of materially and
26

1 unfairly distorting the metrics used to determine whether the Select brand could meet the
2 Earnout Targets to ensure that Curaleaf did not have to pay the earnout.

3 227.

4 By ensuring that the Select brand could not meet the Earnout Targets, Mr. Jordan
5 benefitted personally because Curaleaf did not have to dilute the value of its stock by issuing
6 millions of shares to the Cura Partners' shareholders.

7 228.

8 Allowing Mr. Jordan to retain this benefit would result in unjust enrichment.

9 229.

10 Each of these Counter-Defendants (with the exception of one of the Anson funds and
11 Serendipity) invested in and were shareholders in Cura Partners. Each of them has been
12 damaged by Mr. Jordan's scheme, except of course, Measure 8 which made sure that it
13 recouped its potential losses.

14 230.

15 Mr. Jordan was unjustly enriched in the amount of at least \$515,600,000. All
16 amounts are readily ascertainable and should bear prejudgment interest at the statutory rate.

17 231.

18 Mr. Jordan's conduct was willful or reckless and in malicious disregard of Nitin's and
19 Karan's rights. As such, pursuant to ORS 31.725, Nitin and Karan intend to move to amend
20 this Third-Party Complaint to seek punitive damages.

21 **SECOND CLAIM FOR RELIEF**

22 **(Nitin's and Karan's Breach of Fiduciary Duty Claim**
23 **Against Mr. Jordan and Measure 8)**

24 232.

25 Third-Party Plaintiffs incorporate the preceding paragraphs.

26

1 233.

2 As described above, Mr. Jordan breached his duties to Nitin, Karan, Cura Partners,
3 and its shareholders. He unilaterally reduced the price of Cura Partners by 10 million shares,
4 ensured that his investment vehicle, Measure 8, did not get hurt by the reduced sale price,
5 squeezed out more value by threatening to veto the very deal that he had negotiated, and
6 rigged the earnout to ensure that the Select brand could not meet the Earnout Targets

7 234.

8 Nitin and Karan suffered special injuries that were distinct from those suffered by all
9 the shareholders generally.

10 235.

11 Because the Cura Partners' cannabis business did not meet the Earnout Targets, Nitin
12 and Karan had to pay an additional 1.1 million shares of Curaleaf stock to the aggrieved
13 investors, which included Measure 8. In this way, Measure 8 and Mr. Jordan received yet
14 another windfall.

15 236.

16 Measure 8 received approximately 19% of those 1.1 million shares (the "Failed
17 Earnout Payment").

18 237.

19 Mr. Jordan's breaches damaged Nitin and Karan at least in the amount of
20 \$56,839,099.50. All amounts are readily ascertainable and should bear prejudgment interest
21 at the statutory rate.

22 238.

23 Mr. Jordan's conduct was willful or reckless and in malicious disregard of Nitin's and
24 Karan's rights. As such, pursuant to ORS 31.725, Nitin and Karan to move to amend this
25 Third-Party Complaint to seek punitive damages.

26

1 **THIRD CLAIM FOR RELIEF**

2 **(Nitin’s and Karan’s Unjust Enrichment Claim against Mr. Jordan and Measure 8)**

3 239.

4 Third-Party Plaintiffs incorporate the preceding paragraphs.

5 240.

6 Measure 8 and Mr. Jordan received an unjust benefit from Mr. Jordan’s breach of
7 fiduciary duties.

8 241.

9 Nitin and Karan were harmed by Mr. Jordan’s breaches and unlawful actions.

10 242.

11 Measure 8 negotiated special investor rights for itself that gave it veto power over any
12 acquisition. It exercised those rights to negotiate approximately 1.2 million extra shares of
13 Curaleaf stock for itself.

14 243.

15 Nitin and Karan also paid Measure 8 the Failed Earnout Payment.

16 244.

17 Allowing Measure 8 and Mr. Jordan to retain the benefit of those shares or the
18 Earnout Payment would result in unjust enrichment because it was based on Mr. Jordan’s
19 breach of duties to Cura Partners and its shareholders and other illegal conduct.

20 245.

21 Measure 8 and Mr. Jordan were unjustly enriched at Nitin’s and Karan’s expense in
22 the amount of at least \$18,169,099.50. All amounts are readily ascertainable and should bear
23 prejudgment interest at the statutory rate.

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246.

Measure 8’s conduct was willful or reckless and in malicious disregard of Nitin’s and Karan’s rights. As such, pursuant to ORS 31.725, Nitin and Karan intend to move to amend this Third-Party Complaint to seek punitive damages.

FOURTH CLAIM FOR RELIEF

(Nitin’s and Karan’s Civil Conspiracy Claim against Mr. Clateman and Mr. Martinez)

247.

Third-Party Plaintiffs incorporate the preceding paragraphs.

248.

Mr. Clateman and Mr. Martinez conspired with Mr. Jordan (collectively, the “Measure 8 Conspirators”). Each gave Mr. Jordan substantial assistance or encouragement to breach his fiduciary duties and unjustly enrich himself as described in this Third-Party Complaint. Each benefited financially from their participation in the conspiracy.

249.

The Measure 8 Conspirators agreed to work together to help Mr. Jordan breach his duties, unjustly enrich himself, and violate other laws.

250.

The Measure 8 Conspirators recognized the potential for conflicts of interest for Mr. Jordan given his roles at Cura Partners, Measure 8, and Curaleaf. They took steps to insulate Mr. Jordan accordingly.

251.

The efforts that the Measure 8 Conspirators took were a sham—mere technicalities to preserve the patina of propriety while Mr. Jordan pulled the strings behind the scenes.

252.

Whenever there was a situation where Mr. Jordan’s personal involvement created the potential for a conflict, he would deploy two lieutenants—Mr. Clateman and Mr. Martinez—

1 to do his dirty work for him. Each Measure 8 Conspirator committed one or more acts in
2 furtherance of their civil conspiracy and knowingly provided substantial assistance and
3 encouragement to each other's efforts.

4 253.

5 Mr. Clateman and Mr. Martinez negotiated several agreements for Measure 8 which
6 Mr. Jordan could not negotiate given the thicket of conflicts surrounding his many roles.

7 254.

8 For example, Mr. Clateman and Mr. Martinez negotiated Measure 8's participation in
9 the return of shares should the Select brand not meet the Earnout Targets. They threatened
10 that Measure 8 would not approve Curaleaf's acquisition of Cura Partners if it did not also
11 benefit from Nitin's and Karan's and the other large shareholders' offer to return shares if the
12 Select brand failed to reach the Earnout Targets.

13 255.

14 Because the Measure 8 Conspirators acted in concert with each other to accomplish
15 the unlawful conduct described above in Claims 1 through 3 and 5, each of them are jointly
16 and severally liable to the Defendants/Third-Party Plaintiffs for all damages resulting from
17 any and all acts committed in furtherance of their civil conspiracy.

18 **FIFTH CLAIM FOR RELIEF**

19 **(Nitin's and Karan's Unjust Enrichment Claim**
20 **against Counter-Defendants and Third-Party Defendants)**

21 256.

22 Third-Party Plaintiffs incorporates the preceding paragraphs.

23 257.

24 Sentia began operating in May 2019. Nitin and Karan, through Kali-Mata, were and
25 remain the single largest shareholders in Sentia.

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258.

Measure 8 invested \$25 million in Sentia. Mr. Jordan took a seat on Sentia’s board of directors.

259.

Anson Funds invested \$25 million in Sentia. Mr. Puri took a seat on Sentia’s board of directors.

260.

Measure 8 and Anson both invested through a convertible note, making them creditors to Sentia for two years, with the option to become shareholders.

261.

Measure 8 and Anson also negotiated an Investor Rights Agreement that gave them special rights. They had the ability, among other powers, to veto: (1) any transaction that would cost the company more than \$350,000; (2) any change in the principal business or entry into new lines of business; (3) any reorganization of the company; and (4) any merger, consolidation, liquidation, or wind-up of the company.

262.

The other Counter-Defendants—Zola, Hadron, Serendipity, Lapidus, and Gron—also invested in Sentia through a convertible note, but did not have the same investor rights as Measure 8 and Anson.

263.

Nitin entered into an employment contract (the “Employment Contract”), where he agreed to serve as CEO of Sentia.

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264.

Sentia’s mission was to be the first consumer-focused CBD company capable of fulfilling the demand coming from the four largest retailers: Costco, Target, Walmart, and Amazon. To achieve its goal, Sentia set about building a large manufacturing facility to manufacture a wide range of CBD products (gummies, chocolates, tinctures, topicals, etc.) on a fully automated basis.

265.

Sentia became the industry leader with more retailers carrying its product than any other brand.

266.

Sentia registered millions in revenue based on orders from CVS and Walgreens.

267.

In November 2019, the FDA issued a letter that devastated Sentia and the rest of the CBD industry. The FDA’s data revealed real risks that needed to be considered before taking CBD for any reason. Demand for Sentia’s products plummeted overnight.

268.

Only a few short months later, the COVID-19 pandemic hit the United States which also hurt the CBD market nationwide.

269.

The combination of the FDA ruling and COVID-19 made it clear that Sentia faced serious challenges outside its control. When it became clear there would be no quick or easy return on their investment, Mr. Jordan and Mr. Puri acted only in their self-interest as creditors, to the detriment of Sentia’s shareholders.

270.

Sentia’s management presented Mr. Jordan and Mr. Puri with an option that would allow Sentia to wait for a more favorable regulatory environment and the end of the COVID-

1 19 pandemic. Sentia had enough cash on hand to wait almost a decade. This option offered
2 the greatest potential return to Sentia's shareholders.

3 271.

4 Counter-Defendants, led by Measure 8 and Anson, chose a different option. They
5 chose to preserve cash, cut costs, ignore revenues, and focus on selling the company.

6 272.

7 Their decision operated to the Counter-Defendants' and Third-Party Defendants'
8 benefit. It also meant that the shareholders would not benefit at all.

9 273.

10 By choosing to liquidate the company, Measure 8 and Anson triggered provisions of
11 the Investor Rights Agreement that effectively put them in charge of Sentia.

12 274.

13 Measure 8 and Anson insisted on the power to approve every cash transaction and,
14 when Sentia had less than \$21 million, became the signatories on the bank account.

15 275.

16 Counter-Defendants and Third-Party Defendants, led by Measure 8 and Anson,
17 insisted on breaking the company into pieces instead of selling the entire company. This
18 crippled the company because it was no longer a going concern.

19 276.

20 Mr. Jordan arranged for Curaleaf to buy parts of Sentia at a deep discount.

21 277.

22 Counter-Defendants and Third-Party Defendants, led by Measure 8 and Anson,
23 rejected a \$60 million all-stock offer for Sentia, which would not put any cash in their
24 pockets as creditors, but could benefit Sentia's shareholders. Instead, they chose to sell
25 Sentia's assets for \$2 million in cash. As Sentia's creditors, they benefited from this
26 decision, but the shareholders did not.

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278.

Counter-Defendants and Third-Party Defendants, led by Measure 8 and Anson, also insisted that Sentia return \$14 million in cash to its creditors as a contingency before they would sign off on this sale. In that way, they ensured that they recouped part of their investment. At the same time, they harmed Sentia and its shareholders because Sentia had less money to fund its operations.

279.

Counter-Defendants and Third-Party Defendants focused on recouping their investment. Their focus prioritized their own interests to the detriment of Sentia’s stockholders.

280.

In February of 2021, Counter-Defendants and Third-Party Defendants began exploring a lawsuit against Sentia, Nitin, Karan, and Sentia’s officers and directors. For months while they explored a suit against the very company to which they owed duties of loyalty, Mr. Jordan and Mr. Puri remained on the Sentia board. In their position, they had access to Sentia’s most confidential information, which they leveraged against the company and its officers and directors, to whom they owed fiduciary duties.

281.

Mr. Jordan and Mr. Puri did not resign from Sentia’s board of directors until May 2021.

282.

After Mr. Jordan resigned from the Sentia board, he and the Measure 8 Conspirators tried to recover their Sentia investment with threats and extortion. The Measure 8 Conspirators threatened to sue Nitin several times. Over and over again, one of the Measure 8 Conspirators would call, making vague allegations of impropriety, claiming that other

1 Sentia debenture holders wanted to sue Nitin. When pressed on the details, the Measure 8
2 Conspirators could not or would not provide any. Instead, they offered a deal: return the
3 balance of Measure 8's investment, approximately \$20 million, and in return, they would not
4 cooperate with the other Counter-Defendants, thereby ensuring that the other Counter-
5 Defendants did not sue.

6 283.

7 Nitin repeatedly asked for details of the supposed impropriety, but the Measure 8
8 Conspirators offered none. They only demanded the return of Measure 8's investment.
9 Instead of succumbing to this shake-down, Nitin repeatedly refused. He also informed the
10 Measure 8 Conspirators that he had claims of his own that he could bring if they sued him.

11 284.

12 Mr. Jordan's and the Measure 8 Conspirators' tactics at Cura, Curaleaf, and Sentia
13 echo those used by Russian oligarchs, with whom Curaleaf has documented ties.

14 285.

15 As described above, Counter-Defendants and Third-Party Defendants, led by
16 Measure 8, Anson, Mr. Jordan, and Mr. Puri, enriched themselves at the expense of Sentia's
17 shareholders, including Nitin and Karan, even though they owed Sentia's shareholders duties
18 of care, loyalty, and good faith and fair dealing. They were aided and abetted by the other
19 Counter-Defendants who knew of Mr. Jordan's and Mr. Puri's breaches and gave them
20 substantial assistance and encouragement in this scheme.

21 286.

22 Counter-Defendants and Third-Party Defendants all received a benefit as a result of
23 Mr. Jordan's and Mr. Puri's actions. It would be unjust for Counter-Defendants to retain the
24 benefits conferred upon them.

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287.

Counter-Defendants and Third-Party Defendants have been unjustly enriched in the amount of \$16,000,000. All amounts are readily ascertainable and should bear prejudgment interest at the statutory rate.

288.

Counter-Defendants and Third-Party Defendants conduct was willful or reckless and in malicious disregard of Nitin’s and Karan’s rights. As such, pursuant to ORS 31.725, Nitin and Karan intend to move to amend this Third-Party Complaint to seek punitive damages.

SIXTH CLAIM FOR RELIEF

**(Nitin’s Breach of Fiduciary Duty Claim
against Measure 8, Anson, Mr. Jordan, and Mr. Puri)**

289.

Third-Party Plaintiffs incorporate the preceding paragraphs.

290.

Measure 8, Mr. Jordan, Anson, and Mr. Puri owed duties to Sentia and its shareholders.

291.

Measure 8, Mr. Jordan, Anson, and Mr. Puri breached those duties by self-dealing and putting their interests and the interests of the creditors ahead of the interests of Sentia and its shareholders.

292.

Measure 8, Mr. Jordan, Anson, and Mr. Puri insisted on attempting to sell Sentia to buyers, like the Mohawk Group (renamed Aterian), who did not show any interest in purchasing Sentia. On information and belief they did so to further their own financial interests because they held Mohawk shares. This resulted in delays in selling Sentia that hurt

1 the company and its shareholders. Discovery will be conducted into Measure 8's, Mr.
2 Jordan's, Anson's, and Mr. Puri's interests in the Mohawk Group.

3 293.

4 Nitin suffered special injuries as described in the preceding paragraphs and in the
5 Seventh Claim for Relief that were distinct from those suffered by all the shareholders
6 generally.

7 294.

8 Measure 8's, Mr. Jordan's, Anson's, and Mr. Puri's breaches damaged Nitin at least
9 in the amount of \$16,000,000. All amounts are readily ascertainable and should bear
10 prejudgment interest at the statutory rate.

11 295.

12 Measure 8's, Mr. Jordan's, Anson's, and Mr. Puri's conduct was willful or reckless
13 and in malicious disregard of Nitin's rights. As such, pursuant to ORS 31.725, Nitin will
14 move to amend this Third-Party Complaint to seek punitive damages.

15 **SEVENTH CLAIM FOR RELIEF**

16 **(Nitin's Tortious Interference with Contractual Relations Claim**
17 **against Counter-Defendants and Third-Party Defendants)**

18 296.

19 Third-Party Plaintiffs incorporate the preceding paragraphs.

20 297.

21 Counter-Defendants and Third-Party Defendants, led by Measure 8 and Anson,
22 interfered with Nitin's and Sentia's contractual relations by, among other things, draining
23 Sentia of its assets and cash for their own benefit. Their actions hurt Sentia, its employees,
24 shareholders, and officers.

25 298.

26 At the same time as they were draining Sentia of cash, Counter-Defendants and
Third-Party Defendants, planned to sue Nitin and Sentia's directors and officers. They

1 threatened to do so several times after it became clear that Sentia would not succeed. Their
2 threats induced Nitin to give up his compensation and severance.

3 299.

4 Measure 8's and Anson's actions and their direction to Nitin about how to operate
5 Sentia interfered with Nitin's contractual relations with Sentia by inducing Nitin into offering
6 to give up the compensation and severance packages in his Employment Contract.

7 300.

8 Sentia has not paid Nitin his compensation and severance due to Measure 8's and
9 Anson's self-interested actions.

10 301.

11 Measure 8's and Anson's actions have damaged Nitin in the amount of at least
12 \$1,600,000.

13 302.

14 As a result of Measure 8's and Anson's tortious interference with Nitin's and Sentia's
15 contractual relations, Nitin has suffered harm in an amount to be proven at trial, plus other
16 consequential and incidental damages to be proven at trial, and prejudgment interest which is
17 readily ascertainable.

18 **EIGHTH CLAIM FOR RELIEF**

19 **(Mr. Lombardi's Tortious Interference with Contractual Relations Claim** 20 **against Counter-Defendants and Third-Party Defendants)**

21 303.

22 Third-Party Plaintiffs incorporate the preceding paragraphs.

23 304.

24 Counter-Defendants and Third-Party Defendants, led by Measure 8 and Anson,
25 interfered with Mr. Lombardi's and Sentia's contractual relations by, among other things,
26

1 draining Sentia of its assets and cash for their own benefit. Their actions hurt Sentia, its
2 employees, shareholders, and officers.

3 305.

4 At the same time as they were draining Sentia of cash, Counter-Defendants and
5 Third-Party Defendants, planned to sue Nitin and Sentia's directors and officers. They
6 threatened to do so several times after it became clear that Sentia would not succeed.

7 306.

8 Measure 8's and Anson's actions and their direction to Mr. Lombardi about how to
9 operate Sentia interfered with Mr. Lombardi's contractual relations with Sentia by inducing
10 Mr. Lombardi into offering to give up the compensation and part of the severance packages
11 included his Employment Contract.

12 307.

13 Sentia has not paid Mr. Lombardi his compensation and part of his severance due to
14 Measure 8's and Anson's self-interested actions.

15 308.

16 Measure 8's and Anson's actions have damaged Mr. Lombardi in the amount of at
17 least \$391,000.

18 309.

19 As a result of Measure 8's and Anson's tortious interference with Nitin's and Sentia's
20 contractual relations, Mr. Lombardi has suffered harm in an amount to be proven at trial, plus
21 other consequential and incidental damages to be proven at trial, and prejudgment interest
22 which is readily ascertainable.

1 **NINTH CLAIM FOR RELIEF**

2 **(Nitin’s, Mr. Lombardi’s, and Mr. Knapp’s Indemnification Claims**
3 **against Cura Partners under ORS 60.387 et seq.)**

4 310.

5 Third-Party Plaintiffs incorporate all the preceding paragraphs.

6 311.

7 Oregon law requires a company to indemnify its former officers and directors.

8 312.

9 Nitin, Mr. Lombardi, and Mr. Knapp (the “Third-Party Indemnification Plaintiffs”)
10 are all former officers and directors of Cura Partners. Nitin was executive chairman of the
11 board of directors and CEO. Mr. Lombardi and Mr. Knapp were officers.

12 313.

13 Third-Party Indemnification Plaintiffs are fairly and reasonably entitled to
14 indemnification for all of their liability and expenses, including attorneys’ fees under ORS
15 60.401(2) and the Cura Partners’ Articles of Incorporation, in view of all the relevant
16 circumstances, whether or not they met the standard of conduct set forth in ORS 60.391, or
17 were adjudged liable as described in ORS 60.391(4), whether the liability is based on a
18 judgment, settlement, or proposed settlement, or otherwise.

19 314.

20 If the Third-Party Indemnification Plaintiffs prevail in this action, on the merits or
21 otherwise, they are entitled to mandatory indemnification of their reasonable expenses
22 including attorneys’ fees incurred in this action under ORS 60.394, ORS 60.401(1), and the
23 Cura Partners’ Articles of Incorporation, including the reasonable expenses including
24 attorneys’ fees incurred to obtain Court-ordered indemnification.

1 315.

2 Third-Party Indemnification Plaintiffs have made a demand on Cura Partners to
3 indemnify them and advance expenses. Cura Partners has not responded.

4 **TENTH CLAIM FOR RELIEF**

5 **(Third-Party Indemnification Plaintiffs' Reimbursement and Advancement of Expenses**
6 **Claims against Cura Partners under the Cura Partners' Bylaws)**

7 316.

8 Third-Party Plaintiffs incorporate all the preceding paragraphs.

9 317.

10 Cura Partners' Bylaws and ORS 60.397 entitle Third-Party Indemnification Plaintiffs
11 to reimbursement and advancement of expenses including attorneys' fees that they have
12 incurred and will incur in this action.

13 **ELEVENTH CLAIM FOR RELIEF**

14 **(Third-Party Indemnification Plaintiffs' Breach of Contract Claims**
15 **against Curaleaf)**

16 318.

17 Third-Party Plaintiffs incorporate all the preceding paragraphs.

18 319.

19 Cura Partners and Curaleaf entered into the Amended and Restated Agreement and
20 Plan of Merger by and among Curaleaf Holdings, Inc., Cura Partners Inc. and Shareholder
21 Representative Services LLC, as Seller Representative ("Merger Agreement").

22 320.

23 The Merger Agreement requires Curaleaf to "indemnify and hold harmless each
24 present and former director or officer." That indemnification and hold harmless agreement
25 applies to "any costs or expenses (including reasonable attorneys' fees and expenses),
26 judgments, fines, losses, claims, damages, liabilities, and amounts paid in settlement in

1 connection with any actual or threatened Action arising out of, relating to or in connection
2 with any action or omission in his or her capacity as a director or officer occurring or alleged
3 to have occurred.” The Merger Agreement also requires that Curaleaf “reasonably
4 cooperate” with Third-Party Indemnification Plaintiffs in the defense of the lawsuit.

5 321.

6 Curaleaf breached these terms of the Merger Agreement. Third-Party
7 Indemnification Plaintiffs have requested indemnification of Curaleaf. Curaleaf denied that
8 request.

9 322.

10 Third-Party Plaintiffs have fully performed their contractual obligations under the
11 Merger Agreement or are excused from such performance by Curaleaf’s breach.

12 323.

13 As a result of Curaleaf’s breach of the Merger Agreement, Third-Party Plaintiffs have
14 suffered harm in an amount to be proven at trial, plus other consequential and incidental
15 damages to be proven at trial and prejudgment interest.

16 **PRAYER**

17 Wherefore, Third-Party Plaintiffs pray for relief against the Counter-Defendants and
18 the Third-Party Defendants as follows:

19 A. On the first claim for relief, for a judgment:

- 20 1. Awarding damages in an amount of \$515,600,000, together with
21 prejudgment interest and any other appropriate remedies.

22 B. On the second claim for relief, for a judgment:

- 23 1. Awarding damages in an amount of \$56,839,099.50, together with
24 prejudgment interest and any other appropriate remedies.

25 C. On the third claim for relief, for a judgment:
26

- 1 1. Awarding damages in an amount of \$18,169,099.50, together with
2 prejudgment interest and any other appropriate remedies.
- 3 D. On the fourth claim for relief, a judgment:
- 4 1. That any award of damages entered herein against Mr. Jordan or
5 Measure 8 on Third-Party Plaintiffs' First Claim for Relief, Second
6 Claim for Relief, Third Claim for Relief, and/or Fifth Claim for Relief
7 be entered against Mr. Jordan, Measure 8, Mr. Clateman, and
8 Mr. Martinez jointly and severally.
- 9 E. On the fifth claim for relief, a judgment:
- 10 1. Awarding damages in an amount of \$16,000,000, together with
11 prejudgment interest and any other appropriate remedies.
- 12 F. On the sixth claim for relief, a judgment:
- 13 1. Awarding damages in an amount of \$16,000,000, together with
14 prejudgment interest and any other appropriate remedies.
- 15 G. On the seventh claim for relief, a judgment:
- 16 1. Awarding damages in an amount of \$1,600,000, plus other
17 consequential and incidental damages to be proven at trial, prejudgment
18 interest and any other appropriate remedies.
- 19 H. On the eighth claim for relief, a judgment:
- 20 1. Awarding damages in an amount of \$391,000, plus other consequential
21 and incidental damages to be proven at trial, prejudgment interest and
22 any other appropriate remedies.
- 23 I. On the ninth claim for relief, a judgment:
- 24 1. That Nitin, Mr. Lombardi, and Mr. Knapp be indemnified for all their
25 liability, costs, and expenses, including attorneys' fees.
- 26 J. On the tenth claim for relief, a judgment:

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1. That Cura Partners be ordered to reimburse Nitin, Mr. Lombardi, and Mr. Knapp for the attorneys’ fees and expenses they have incurred in this action and directing Cura Partners to advance the attorneys’ fees and expenses that they will continue to incur in this action.

K. On the eleventh claim for relief, a judgment:

1. That Curaleaf must indemnify and hold harmless Nitin, Mr. Lombardi, and Mr. Knapp, and that it must reasonably cooperate with them in the defense of this lawsuit.

L. That Third-Party Plaintiffs be awarded such other relief as the Court may deem just and appropriate.

DATED this 16th day of May, 2022.

MARKOWITZ HERBOLD PC

By: *s/ Vivek Kothari*

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1237601

ATTORNEY CERTIFICATE OF SERVICE

I hereby certify that on May 16, 2022, I have made service of the foregoing **DEFENDANTS NITIN KHANNA, KARAN KHANNA, ANGELO LOMBARDI, AND SAM KNAPP'S ANSWER TO PLAINTIFFS' COMPLAINT, AFFIRMATIVE DEFENSES, COUNTERCLAIMS AND THIRD-PARTY COMPLAINT** on the parties listed below in the manner indicated:

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DATED this 16th day of May, 2022.

s/ Vivek Kothari

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