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| DISTRICT COURT, SAGUACHE COUNTY,<br>COLORADO<br>Saguache Combined Court<br>501 4 <sup>th</sup> Street<br>Saguache, CO 801149   | DATE FILED<br>July 26, 2024 10:50 PM<br>FILING ID: 3A415DCEC0710<br>CASE NUMBER: 2024CV30015                           |
| <p><b>Plaintiff:</b> MAMMOTH MANAGEMENT, LLC, a Colorado limited liability company; MAMMOTH FARMS, LLC, a Colorado limited liability company; and MAMMOTH MANUFACTURING, LLC, a Colorado limited liability company.</p> <p>v.</p> <p><b>Defendants:</b> C2CC, LLC d/b/a BONANZA CANNABISCOMPANY, a Colorado limited liability company; and BONANZA, LLC, a Colorado limited liability company.</p> | <p style="text-align: center;"><b>▲ COURT USE ONLY ▲</b></p> <hr/> <p>Case No.: 2024CV030015</p> <p>Ctrm./Div.: WW</p> |
| <p><i>Attorney for Defendants</i><br/>         Michael P. Murray, #44220<br/>         DAVIS &amp; CERIANI, P.C.<br/>         1600 Stout Street, Suite 1710<br/>         Denver, Colorado 80202<br/>         Telephone: (303) 534-9000<br/>         Email: mmurray@davisandceriani.com</p>  |  |
| <b>DEFENDANTS' ANSWER TO COMPLAINT AND JURY DEMAND AND COUNTERCLAIMS</b>   |  |

Defendant C2CC, LLC d/b/a Bonanza Cannabis Company (“C2CC”), by and through its counsel, Davis & Ceriani, P.C., hereby submits its Answer to Plaintiffs Mammoth Management, LLC, Mammoth Farms, LLC, and Mammoth Manufacturing, LLC (collectively, “Mammoth”) Complaint and Counterclaims as follows:

### **INTRODUCTION**

Mammoth’s Complaint asserts claims and allegations against C2CC and “Bonanza, LLC”. C2CC does business as “Bonanza” pursuant to a trade name filed with the Colorado Secretary of State. However, “Bonanza, LLC” is not a separate entity and, based on the Colorado Secretary of State’s website, is not an entity that exists in Colorado. Accordingly, Mammoth’s claims and

allegations against “Bonanza, LLC” appear to be in error, and this Answer and Counterclaims is being filed on behalf of C2CC, LLC d/b/a Bonanza.

Mammoth’s lawsuit pertains to the allegedly growing practice in the marijuana industry of oil/distillate manufacturers (like Mammoth) engaging in a process of chemical modification or conversion of hemp products to create synthetic Tetrahydrocannabinol (“THC”, the principal psychoactive substance in the cannabis plant) for use in their oil and distillate. The conversion of hemp extract into THC through chemical conversion is in violation of the rules and regulations promulgated by the Marijuana Enforcement Division of the Colorado Department of Revenue (“MED”), the agency responsible for regulating the marijuana industry (and, by extension, enforcing the regulations). Mammoth has brought this lawsuit under the guise of its self-appointed role as watchdog of the marijuana industry, purportedly seeking to combat the practice of THC converted from hemp products. However, the fundamental problem with the Complaint—of which Mammoth is well-aware—is that it named the wrong party.

Specifically, Mammoth filed its Complaint on June 5, 2024—apparently without conducting any due diligence to confirm the allegations were true or supported by any credible evidence—falsely alleging that C2CC (1) purchases and/or brings waste marijuana plant material into its facilities to record with MED’s electronic tracking system and database known as METRC; (2) using that waste marijuana plant material as a guise, manufactures THC distillate through the chemical conversion of hemp products; and (3) uses that synthetic THC for use in its vape cartridges and edible gummies to sell to the public. Mammoth then served C2CC with the Complaint on June 7, 2024. That same day, undersigned counsel for C2CC contacted counsel for Mammoth to advise that (1) C2CC does not engage in, and has never engaged in, the manufacture of any THC distillate in any way, shape or form—whether through the extraction of THC, the conversion of hemp, or otherwise; and (2) C2CC has never purchased or otherwise brought any plant material (whether waste material, marijuana, hemp, or otherwise) into its facilities, all of which is confirmed by METRC. Rather, undersigned counsel advised counsel for Mammoth, that all of the distillate used by C2CC in its products is purchased from third-parties. Further, undersigned counsel advised Mammoth that immediately following the MED’s April 2024 bulletin regarding the prohibition on hemp-derived THC (discussed below), C2CC contacted all of its distillate providers to confirm none of them were engaging in the practice of creating THC distillate through hemp conversion, all of whom confirmed to C2CC that they do not engage in such practices. Thus, undersigned counsel advised that it appeared Mammoth had simply named the wrong party, and requested Mammoth dismiss the Complaint.

Despite being aware of the above facts, Mammoth has continued its lawsuit against C2CC. Further, over the last two months, it has become apparent that Mammoth is pursuing the Complaint against C2CC—which is substantially frivolous, groundless and vexatious within the meaning of C.R.S. §13-17-102—for an ulterior and improper purpose, namely: to harm C2CC’s business in order to increase Mammoth’s market share and/or to force C2CC to enter into a business relationship with Mammoth to obtain distillate exclusively from Mammoth for a cost well in excess of industry standards (which, ironically, undermines Mammoth’s purported interest in preserving the integrity of the market). Thus, not only does the Complaint lack substantial

justification within the meaning of C.R.S. §13-17-102, Mammoth’s continued pursuit of it (despite being well aware the factual allegations underlying it are demonstrably false) constitutes an abuse of process.

### ANSWER

1. Denied.

2. C2CC lacks knowledge and information sufficient to form a belief with respect to the allegations in paragraph 1 pertaining to Mammoth’s business. Admitted that C2CC sells edible gummy products and vape cartridges containing THC. Denied that C2CC “manufactures” edible gummy products and vape cartridges containing THC to the extent the allegation suggests C2CC manufactures the THC distillate contained in the gummy products and vape cartridges. As set forth in the Introduction, C2CC does not manufacture, and has never manufactured, THC distillate. Rather, all of the distillate used by C2CC in its products is purchased from third-party manufacturers.

3. C2CC lacks knowledge and information sufficient to form a belief with respect to the allegations in paragraph 3 and therefore denies the same. C2CC affirmatively states that Mammoth advised C2CC that it obtained an alleged test performed on product branded under C2CC’s name, which indicated the product contained THC that was derived from hemp. However, Mammoth has not provided C2CC with any such test. Further, upon information and belief, (1) MED has not formally approved any testing procedure for determining the presence of hemp-derived THC; and (2) accordingly, MED’s testing requirements do not require testing that purports to determine the presence of hemp-derived THC.

4. The allegation that “[t]his chemical conversion process is unlawful in Colorado” is a legal conclusion to which no response is required. The remaining allegations in paragraph 4 are denied. C2CC affirmatively states that Mammoth advised C2CC that it obtained an alleged test performed on product branded under C2CC’s name, which indicated the product contained THC that was derived from hemp. However, Mammoth has not provided C2CC with any such test. Further, upon information and belief, (1) MED has not formally approved any testing procedure for determining the presence of hemp-derived THC; and (2) accordingly, MED’s testing requirements do not require testing that purports to determine the presence of hemp-derived THC.

5. The allegations in paragraph 5 are denied. C2CC affirmatively states that not only does C2CC not price its products “at prices far below what it could cost to legitimately produce a regulated marijuana product”, upon information and belief, the prices Mammoth charges for its products are actually lower than the prices C2CC charges for its products.

6. Denied that C2CC has engaged in any unlawful action. Further denied that “Mammoth brings this action to hold Bonanza accountable for the significant harm caused by its unlawful actions.” As set forth herein, Mammoth is not bringing this action to “hold Bonanza accountable.” Rather, Mammoth is pursuing this action—which is substantially frivolous,

groundless and vexatious within the meaning of C.R.S. §13-17-102—for an ulterior and improper purpose, namely: to harm C2CC’s business in order to increase Mammoth’s market share and/or to force C2CC to enter into a business relationship with Mammoth under which C2CC would be forced to obtain its distillate exclusively from Mammoth at a cost well in excess of industry standards.

**PARTIES**

7. C2CC lacks knowledge and information sufficient to form a belief with respect to the allegations in paragraph 7 and therefore denies the same.

8. C2CC lacks knowledge and information sufficient to form a belief with respect to the allegations in paragraph 8 and therefore denies the same.

9. C2CC lacks knowledge and information sufficient to form a belief with respect to the allegations in paragraph 9 and therefore denies the same.

10. Admitted C2CC is a Colorado limited liability company. Denied its principal place of business is located in Denver, Colorado.

11. Denied. As set forth in the Introduction e above, Bonanza, LLC is not a separate entity nor is it an entity that exists in Colorado based on the Colorado Secretary of State’s website.

**JURISDICTION AND VENUE**

12. The allegations in allegations in paragraph 12 contain legal conclusions to which no response is required.

13. The allegations in paragraph 13 contain legal conclusions to which no response is required.

**GENERAL ALLEGATIONS**

14. Admitted.

15. Admitted.

16. Admitted.

17. C2CC lacks knowledge and information sufficient to form a belief with respect to whether Mammoth owns and operates “manufacturing facilities in Colorado that extract distillate from marijuana and manufacture edible gummies and vape cartridges.” Denied that C2CC owns and operates manufacturing facilities in Colorado that extract distillate from marijuana. As set forth in the Introduction, and as C2CC has advised Mammoth prior to filing this Answer, C2CC

does not manufacture, and has never manufactured, distillate—whether from extraction, hemp conversion, or otherwise. Rather, all distillate used in C2CC’s products is purchased from third-parties.

18. C2CC lacks knowledge and information sufficient to form a belief with respect to Mammoth’s business. Admitted that C2CC is engaged in the retail of marijuana products—namely, edible gummies and vape cartridges. Denied that C2CC manufactures the distillate used in its products. As set forth in the Introduction, and as C2CC has advised Mammoth prior to filing this Answer, C2CC does not engage in, and has never engaged in, the manufacture of distillate—whether through extraction, hemp conversion, or otherwise. Rather, all distillate used in C2CC’s products is purchased from third-parties.

19. Admitted.

20. C2CC lacks knowledge and information sufficient to form a belief with respect to the allegations in paragraph 20 that hemp plants naturally produce low levels (0.3% or less) of THC and that marijuana plants, by contrast, produce high levels of THC naturally. The remaining allegations in paragraph 20 contain legal conclusions to which no response is required.

21. The allegations in paragraph 21 contain legal conclusions to which no response is required. To the extent a response is required, the constitutional provisions cited in paragraph 21 speak for themselves and C2CC denies all allegations inconsistent with the same.

22. The allegations in paragraph 22 contain legal conclusions to which no response is required. To the extent a response is required, the statutory provisions cited in paragraph 22 speak for themselves and C2CC denies all allegations inconsistent with the same.

23. Admitted.

24. The allegations in paragraph 24 contain legal conclusions to which no response is required. To the extent a response is required, the statutory provisions cited in paragraph 24 speak for themselves and C2CC denies all allegations inconsistent with the same.

25. The allegations in paragraph 25 contain legal conclusions to which no response is required. To the extent a response is required, the statutory provisions cited in paragraph 25 speak for themselves and C2CC denies all allegations inconsistent with the same.

26. The document referenced in paragraph 26 speaks for itself and C2CC denies all allegations inconsistent with the same.

27. The allegations in paragraph 27 contain legal conclusions to which no response is required. To the extent a response is required, the provisions of the Marijuana Code cited in paragraph 27 speak for themselves and C2CC denies all allegations inconsistent with the same.

28. Admitted. C2CC affirmatively states that it has fully complied with all METRC obligations referenced in paragraph 28, and the METRC reports for C2CC confirm that, contrary to Mammoth's allegations, C2CC has never purchased or otherwise brought any plant material (whether waste material, marijuana, hemp, or otherwise) into its facilities.

29. The regulations, regulatory fees, licensing fees and taxes referenced in paragraph 29 speak for themselves and C2CC denies all allegations inconsistent with the same. C2CC denies the remaining allegations as vague and ambiguous.

30. The regulations referenced in paragraph 30 speak for themselves and C2CC denies all allegations inconsistent with the same.

31. The regulations referenced in paragraph 31 speak for themselves and C2CC denies all allegations inconsistent with the same.

32. The legislation referenced in paragraph 32 speaks for itself and C2CC denies all allegations inconsistent with the same.

33. The allegations in paragraph 33 contain legal conclusions to which no response is required. To the extent a response is required, the statutory provisions cited in paragraph 33 speak for themselves and C2CC denies all allegations inconsistent with the same.

34. C2CC lacks knowledge and information sufficient to form a belief with respect to the allegations in paragraph 34 and therefore denies the same. C2CC affirmatively states it has never cultivated marijuana or hemp.

35. C2CC lacks knowledge and information sufficient to form a belief with respect to the allegations in paragraph 35 and therefore denies the same. C2CC affirmatively states it has never cultivated marijuana or hemp.

36. C2CC lacks knowledge and information sufficient to form a belief with respect to the allegations in paragraph 36 and therefore denies the same.

37. C2CC lacks knowledge and information sufficient to form a belief with respect to the allegations in paragraph 37 and therefore denies the same.

38. The allegations in paragraph 38 contain legal conclusions to which no response is required. To the extent a response is required, the legislation and statutory provisions cited in paragraph 38 speak for themselves and C2CC denies all allegations inconsistent with the same.

39. The bulletin referenced in paragraph 39 speaks for itself and C2CC denies all allegations inconsistent with the same. C2CC affirmatively states that, immediately following the issuance of the bulletin referenced in paragraph 39, C2CC contacted all of its distillate providers to confirm none of them were engaging in the practice of manufacturing THC distillate through

hemp conversion, all of whom confirmed to C2CC that they do not engage in such practices.

40. The bulletin referenced in paragraph 40 speaks for itself and C2CC denies all allegations inconsistent with the same. C2CC affirmatively states that, immediately following the issuance of the bulletin referenced in paragraph 40, C2CC contacted all of its distillate providers to confirm none of them were engaging in the practice of manufacturing THC distillate through hemp conversion, all of whom confirmed to C2CC that they do not engage in such practices.

41. The bulletin referenced in paragraph 41 speaks for itself and C2CC denies all allegations inconsistent with the same. C2CC affirmatively states that, immediately following the issuance of the bulletin referenced in paragraph 41, C2CC contacted all of its distillate providers to confirm none of them were engaging in the practice of manufacturing THC distillate through hemp conversion, all of whom confirmed to C2CC that they do not engage in such practices.

42. The bulletin referenced in paragraph 42 speaks for itself and C2CC denies all allegations inconsistent with the same. C2CC affirmatively states that, immediately following the issuance of the bulletin referenced in paragraph 42, C2CC contacted all of its distillate providers to confirm none of them were engaging in the practice of manufacturing THC distillate through hemp conversion, all of whom confirmed to C2CC that they do not engage in such practices.

43. C2CC lacks knowledge and information sufficient to form a belief with respect to Mammoth's business. However, in the discussions between C2CC and Mammoth following Mammoth's filing of the Complaint, Mammoth has proposed conditioning its dismissal of C2CC from this lawsuit on C2CC agreeing to use Mammoth as its exclusive distillate provider. Accordingly, and upon information and belief, Mammoth is engaged in the business of manufacturing THC distillate.

44. C2CC lacks knowledge and information sufficient to form a belief with respect to Mammoth's business. However, in the discussions between C2CC and Mammoth following Mammoth's filing of the Complaint, Mammoth has proposed conditioning the dismissal of C2CC from this lawsuit on C2CC using Mammoth as its exclusive distillate provider. Accordingly, and upon information and belief, Mammoth is engaged in the business of manufacturing THC distillate.

45. C2CC lacks knowledge and information sufficient to form a belief with respect to Mammoth's business and, by extension, whether C2CC and Mammoth are "competitors." Admitted C2CC operates in the retail sector of the industry. Admitted C2CC sells its own lines of edible gummies and vape cartridges in Colorado. The remaining allegations in paragraph 45 are denied as vague and ambiguous. Specifically, the term "manufacturing" is undefined. To the extent "manufacturing" or "manufacture" is intended to mean that C2CC is involved in the manufacture of THC distillate—through extraction, hemp conversion or otherwise—the allegation is denied. As set forth herein, C2CC does not engage in, and never has engaged in, the manufacture of THC distillate—whether through extraction, hemp conversion, or otherwise. Rather, as set forth herein and as C2CC has advised Mammoth, all distillate used in C2CC's products is purchased from

third-parties.

46. Denied. As set forth herein, and as Mammoth knows, C2CC does not engage in, and never has engaged in, the manufacture of THC—whether through extraction, hemp conversion, or otherwise. Rather, as Mammoth knows, all distillate used in C2CC’s products is purchased from third-parties. Further, C2CC has never made any misrepresentations or omissions to the MED regarding the nature and source of its distillate. Rather, as C2CC’s METRC reports demonstrate, C2CC has never purchased or otherwise brought any plant material (whether waste material, marijuana, hemp, or otherwise) into its facilities, C2CC has never manufactured any distillate (whether through extraction, hemp conversion or otherwise), and all distillate used in C2CC’s products was purchased from third-parties.

47. Denied. *See* response to paragraph 46, incorporated herein.

48. Denied. The allegations in paragraph 48 are predicated on the false premise that C2CC uses marijuana in its “manufacturing process.” As set forth herein, and as Mammoth knows: (1) C2CC does not engage in, and never has engaged in, the manufacture of distillate—whether through extraction, hemp conversion, or otherwise—much less in a manner that violates Colorado law; and (2) as demonstrated by C2CC’s METRC Reports, C2CC has never purchased or otherwise brought any plant material (whether waste material, marijuana, hemp, or otherwise) into its facilities. Thus, the allegations in paragraph 48 are not only false, they are not supported by any (and in fact directly contradicted by all) credible evidence.

49. Denied. As set forth herein, and as Mammoth knows, (1) C2CC does not engage in, and never has engaged in, the manufacture of distillate—whether through extraction, hemp conversion, or otherwise—much less in a manner that violates Colorado law; and (2) as demonstrated by C2CC’s METRC Reports, C2CC has never purchased or otherwise brought any plant material (whether waste material, marijuana, hemp, or otherwise) into its facilities. Accordingly, C2CC has never recorded in METRC that it purchased any marijuana plant material (waste material, marijuana, hemp, or otherwise). Thus, the allegations in paragraph 49 are not only false, they are not supported by any (and in fact directly contradicted by all) credible evidence.

50. Denied. As set forth herein, and as Mammoth knows, C2CC does not engage in, and never has engaged in, the manufacture of any distillate—whether through extraction, hemp conversion, or otherwise. Rather, all distillate used in C2CC’s products is purchased from third-parties. Thus, the allegation in paragraph 50 is not only false, it is not supported by any (and in fact directly contradicted by all) credible evidence.

51. Denied. As set forth herein, and as Mammoth knows, C2CC does not engage in, and never has engaged in, the manufacture of any distillate—whether through extraction, hemp conversion, or otherwise. Rather, all distillate used in C2CC’s products is purchased from third-parties. Thus, the allegations in paragraph 51 are not only false, they are not supported by any (and in fact directly contradicted by all) credible evidence.



52. Denied. *See* responses to paragraphs 48-50, incorporated herein.

53. The labels referenced in paragraph 53 speak for themselves and C2CC denies all allegations inconsistent with the same. The remaining allegations in paragraph 53 are denied.

54. Denied.

55. C2CC lacks knowledge and information sufficient to form a belief with respect to Mammoth's business and therefore denies the allegations in paragraph 55. Denied that C2CC produces any "illicit products." C2CC affirmatively states that, upon information and belief, the prices Mammoth charges for its products are actually lower than the prices C2CC charges for its products.

56. Denied that C2CC's products are falsely marketed.

57. Denied. C2CC affirmatively states that, upon information and belief, the prices Mammoth charges for its products are actually lower than the prices C2CC charges for its products. Further denied that C2CC has usurped consumer market share from Mammoth. As set forth herein, Mammoth's pursuit of this Complaint against C2CC not only lacks substantial justification within the meaning of C.R.S. §13-17-102, it is brought for the ulterior and improper purpose of harming C2CC's business in order to increase Mammoth's market share and/or to force C2CC to enter into a business relationship with Mammoth under which C2CC would be forced to obtain its distillate exclusively from Mammoth for costs well in excess of industry standards.

58. C2CC lacks knowledge and information sufficient to form a belief with respect to the allegations in paragraph 58 and therefore denies the same. C2CC affirmatively states that Mammoth advised C2CC that it obtained an alleged test performed on product branded under C2CC's name that indicated the product contained THC derived from hemp. However, Mammoth has not provided C2CC with any such test. Further, upon information and belief, (1) MED has not formally approved any testing procedure for determining the presence of hemp-derived THC; and (2) accordingly, MED's testing requirements do not require testing that purports to determine the presence of hemp-derived THC.

59. C2CC lacks knowledge and information sufficient to form a belief with respect to the allegations in paragraph 59 and therefore denies the same. C2CC affirmatively states that Mammoth advised C2CC that it obtained an alleged test performed on product branded under C2CC's name indicated the THC was derived from hemp. However, Mammoth has not provided C2CC with any such test. Further, upon information and belief, (1) MED has not formally approved any testing procedure for determining the presence of hemp-derived THC; and (2) accordingly, MED's testing requirements do not require testing that purports to determine the presence of hemp-derived THC.

**FIRST CLAIM FOR RELIEF**  
**Colorado Consumer Protection Act (C.R.S. § 6-1-101*et seq.*)**  
**(Against all Defendants)**

- 60. C2CC incorporates its responses to paragraphs 1-59 as if fully set forth herein.
- 61. Denied.
- 62. Denied.
- 63. Denied.
- 64. Denied.
- 65. Denied.

**SECOND CLAIM FOR RELIEF**  
**Unjust Enrichment**  
**(Against all Defendants)**

- 66. C2CC incorporates its responses to paragraphs 1-65 as if fully set forth herein.
- 67. Denied.
- 68. Denied.
- 69. Denied.

**THIRD CLAIM FOR RELIEF**  
**Injunction**  
**(Against all Defendants)**

70. C2CC incorporates by reference its responses to paragraphs 1-69 as if fully set forth herein.

71. The allegations in paragraph 71 contain legal conclusions to which no response is required. To the extent a response is required, denied.

72. The allegations in paragraph 72 contain legal conclusions to which no response is required. To the extent a response is required, denied.

### **PRAYER FOR RELIEF**

To the extent a response is required to Mammoth's Request for Relief, all allegations therein are denied.

### **GENERAL DENIAL**

C2CC denies each and every allegation in Mammoth's Complaint that is not expressly admitted herein. C2CC also reserves the right to amend the foregoing Answer if information is discovered or disclosed necessitating such amendment.

### **AFFIRMATIVE AND SEPARATE DEFENSES**

1. The Complaint fail to state a claim upon which relief may be granted.
2. To the extent that Mammoth did sustain any damages, such injury or damage was not proximately caused by any conduct or inaction of C2CC, or was not foreseeable, or both.
3. The Complaint may be barred, in whole or in part, to the extent C2CC performed its obligations under any applicable contracts, agreements and/or regulations.
4. To the extent that Mammoth did sustain any damages, such injury or damage was not proximately caused by any conduct or inaction of C2CC, or was not foreseeable, or both.
5. The Complaint and damages may be barred, in whole or in part, by the doctrines of waiver, estoppel, laches, unclean hands, estoppel and unjust enrichment.
6. Mammoth have failed to mitigate damages, if any.
7. The Complaint may be barred, in whole or in part, by assumption of the risk.
8. The Complaint may be barred, in whole or in part, by Mammoth's contributory negligence.
9. The Complaint lacks substantial justification within the meaning of C.R.S. §13-17-102.
10. The Complaint is in violation of C.R.C.P. Rule 11.
11. C2CC reserves the right to supplement or withdraw affirmative defenses, allegations and/or denials as more information becomes known through discovery.

## **COMPLAINT FOR COUNTERCLAIMS**

For its Counterclaims against Plaintiffs Mammoth Management, LLC, Mammoth Farms, LLC, and Mammoth Manufacturing, LLC (collectively, “Mammoth”), Defendant C2CC, LLC d/b/a Bonanza Cannabis Company (“C2CC”), asserts as follows:

### **PARTIES, JURISDICTION, AND VENUE**

1. C2CC is a Colorado limited liability company with its principal place of business located in Centennial, Colorado.
2. Upon information and belief, Mammoth Management, LLC is a Colorado limited liability company with its principal place of business in Denver, Colorado.
3. Upon information and belief, Mammoth Farms, LLC is a Colorado limited liability company with its principal place of business in Saguache, Colorado.
4. Upon information and belief, Mammoth Manufacturing, LLC is a Colorado limited liability company with its principal place of business in Saguache, Colorado.
5. Mammoth Management, LLC, Mammoth Farms, LLC, and Mammoth Manufacturing, LLC are collectively referred to herein as “Mammoth”.
6. This Court has jurisdiction over this matter because Mammoth is domiciled in Colorado, all parties regularly transact business in Colorado, and this matter concerns the commission of tortious acts within Colorado.
7. Venue is proper pursuant to C.R.C.P. 98 because this matter concerns torts committed in this county and goods sold in this county.

### **GENERAL ALLEGATIONS**

8. C2CC incorporates by reference its Answer to Mammoth’s Complaint as if fully set forth herein. Accordingly, all capitalized terms in these Counterclaims not otherwise defined have the meaning afforded to them in the Answer.
9. On June 5, 2024, Mammoth filed its Complaint against C2CC, asserting claims based on allegations that:
  - a. C2CC purchases and/or brings waste marijuana plant material into its facilities to record with MED’s electronic tracking system and database known as METRC;
  - b. Using that waste marijuana plant material as a guise, manufactures THC distillate through the chemical conversion of hemp products; and

- c. Uses that synthetic THC for use in its vape cartridges and edible gummies to sell to the public.
10. Upon information and belief, Mammoth did not conduct any due diligence or perform any action to confirm that the allegations in its Complaint were accurate or supported by credible evidence.
11. Mammoth then served C2CC with the Complaint on June 7, 2024.
12. On June 7, 2024, following C2CC's receipt of the Complaint, undersigned counsel for C2CC contacted counsel for Mammoth to advise that:
  - a. C2CC does not and never has engaged in the manufacture of any THC distillate—whether through the extraction of THC, the conversion of hemp, or otherwise;
  - b. C2CC has never purchased or otherwise brought any plant material (whether waste material, marijuana, hemp, or otherwise) into its facilities, all of which is confirmed by METRC;
  - c. All distillate used by C2CC in its products is purchased from third-parties; and
  - d. Following the MED's April 2024 bulletin regarding the prohibition on hemp-derived THC, C2CC contacted all of its distillate providers to confirm none of them were engaging in the practice of manufacturing THC distillate through hemp conversion, all of whom confirmed to C2CC that they do not engage in such practices.
13. Based on the above, it appeared that Mammoth did not conduct any due diligence or perform any action to confirm that the allegations in its Complaint were accurate or supported by credible evidence, and had simply named the wrong party by filing the Complaint against C2CC.
14. Accordingly, C2CC requested Mammoth dismiss the Complaint against C2CC since, as set forth above and in the Answer, the factual allegations underlying Mammoth's Complaint were false and not supported by and (and in fact contradicted by) all credible evidence.
15. In response, Mammoth indicated it would be promptly amending its Complaint to add additional defendants—namely, the parties who are actually involved in, and responsible for, the alleged wrongful conduct set forth in the Complaint.
16. However, despite the passage of nearly two months since filing its Complaint, Mammoth has yet to amend its Complaint to add any new defendants. Nor has Mammoth

dismissed the Complaint against C2CC, despite being made aware on June 7, 2024 that the allegations in its Complaint against C2CC are demonstrably false.

17. Instead, Mammoth has proposed a resolution of its Complaint against C2CC under which C2CC enters into an agreement with Mammoth wherein Mammoth would be C2CC's exclusive distillate provider for an extended period of time, and C2CC would pay Mammoth an amount for the distillate that is substantially in excess of even the most expensive distillate on the market.

18. Thus, Mammoth has continued to pursue the Complaint against C2CC based on allegations that:

- a. C2CC purchases waste marijuana material to perpetrate a "scheme" despite knowing that METRC reports demonstrate C2CC has never purchased, or otherwise brought into its facilities, any plant material (whether waste material, marijuana, hemp, or otherwise);
- b. C2CC manufactures distillate through hemp conversion, despite knowing that C2CC has never manufactured distillate in any way, shape or form, whether through extraction, hemp conversion, or otherwise;
- c. C2CC knowingly sells products containing THC derived from hemp, despite knowing that, following the MED's April 2024 bulletin regarding the prohibition on hemp-derived THC, C2CC contacted all of its distillate providers to confirm none of them were engaging in the practice of manufacturing THC distillate through hemp conversion, all of whom confirmed to C2CC that they do not engage in such practices.

19. Further, the fact that Mammoth has conditioned its dismissal of C2CC from the Complaint on C2CC entering into an agreement with Mammoth under which Mammoth would be C2CC's exclusive distillate provider for an extended period of time, and pay Mammoth an amount for the distillate that is substantially in excess of even the most expensive distillate on the market, demonstrates Mammoth is pursuing the Complaint for ulterior and improper purposes: namely, to harm C2CC's business in order to increase Mammoth's market share and/or to force C2CC to enter into a business relationship with Mammoth to obtain distillate solely from Mammoth.

20. Thus, while Mammoth's initial filing of the Complaint on June 5, 2024 may have been the result of Mammoth's ignorance regarding (and failure to conduct any due diligence with respect to) the truth of the allegations in its Complaint, its refusal to dismiss or amend the Complaint since becoming aware of the truth on June 7, 2024 is:

- a. Substantially frivolous within the meaning of C.R.S. §13-17-102, as it is not based on any rational argument or evidence;

- b. Substantially groundless within the meaning of C.R.S. §13-17-102, as it is not supported by any (and is in fact contradicted by all) credible evidence; and
- c. Substantially vexatious, as it is being pursued in bad faith for the purpose of harming C2CC's business in order to increase Mammoth's market share and/or to force C2CC to enter into a business relationship with Mammoth to obtain distillate solely from Mammoth.

21. Finally, Mammoth's proposal to condition its dismissal of C2CC from this action on C2CC entering into a business relationship with Mammoth to obtain distillate exclusively from Mammoth for an extended period of time for an amount well in excess of industry standards demonstrates Mammoth is pursuing the Complaint for an ulterior and improper purpose.

22. As a result of Mammoth's misconduct set forth herein, C2CC has been damaged in an amount to be proven at trial.

**First Counterclaim for Relief**  
**(Abuse of Process – by C2CC against Mammoth)**

23. C2CC incorporates the foregoing paragraphs as if fully set forth herein.

24. Mammoth filed the Complaint against C2CC.

25. Mammoth had an ulterior purpose for filing and pursuing the Complaint against C2CC, namely: to harm C2CC's business in order to increase Mammoth's market share and/or to force C2CC to enter into a business relationship with Mammoth to obtain distillate exclusively from Mammoth for an extended period of time at a cost that is well in excess of industry standards.

26. Mammoth willfully used the Complaint in an improper manner to harm C2CC's business in order to increase Mammoth's market share and/or to force C2CC to enter into a business relationship with Mammoth to obtain distillate exclusively from Mammoth for an extended period of time at a cost that is well in excess of industry standards.

27. Mammoth's actions have caused, and will continue to cause, damages to C2CC in an amount to be proven at trial.

**Second Counterclaim for Relief**  
**(Violation of C.R.S. §13-17-102)**

28. C2CC incorporates the foregoing paragraphs as if fully set forth herein.

29. Mammoth filed the Complaint against C2CC on June 5, 2024, based on allegations that:

- a. C2CC purchases and/or brings waste marijuana plant material into its facilities to record with MED's electronic tracking system and database known as METRC;
- b. Using that waste marijuana plant material as a guise, manufactures THC distillate through the chemical conversion of hemp products; and
- c. Uses that synthetic THC for use in its vape cartridges and edible gummies to sell to the public.

30. On June 7, 2024, undersigned counsel for C2CC, advised counsel for Mammoth that, contrary to the Complaint:

- a. C2CC does not and never has engaged in the manufacture of any THC distillate—whether through the extraction of THC, the conversion of hemp, or otherwise;
- b. C2CC has never purchased or otherwise brought any plant material (whether waste material, marijuana, hemp, or otherwise) into its facilities, all of which is confirmed by METRC;
- c. All distillate used by C2CC in its products is purchased from third-parties; and
- d. Following the MED's April 2024 bulletin regarding the prohibition on hemp-derived THC, C2CC contacted all of its distillate providers to confirm none of them were engaging in the practice of manufacturing THC distillate through hemp conversion, all of whom confirmed to C2CC that they do not engage in such practices.

31. Despite being aware of the foregoing as of June 7, 2024, Mammoth has refused to dismiss and/or amend its Complaint against C2CC, and continues to pursue the same.

32. Accordingly, Mammoth's continued pursuit of the Complaint lacks substantial justification as it is:

- a. Substantially frivolous within the meaning of C.R.S. §13-17-102, as it is not based on any rational argument or evidence;
- b. Substantially groundless within the meaning of C.R.S. §13-17-102, as it is not supported by any (and is in fact contradicted by all) credible evidence; and
- c. Substantially vexatious, as it is being pursued in bad faith for the purpose of harming C2CC's business in order to increase Mammoth's market share and/or to force C2CC to enter into a business relationship with Mammoth to obtain distillate solely from Mammoth.



33. Mammoth's continued pursuit of the Complaint in violation of C.R.S. §13-17-102 has caused, and will continue to cause, damages to C2CC in an amount to be proven at trial.

**JURY DEMAND**

C2CC requests a trial to jury on all issues so triable.

**PRAYER FOR RELIEF**

WHEREFORE, C2CC prays for judgment as follows:

A. Judgment be entered in C2CC's favor and against Mammoth for the full amount of damages caused by Mammoth's abuse of process, plus costs, attorney fees and interest under Colorado law;

B. Judgment to be entered in C2CC's favor and against Mammoth based on Mammoth's pursuit of the Complaint in violation of C.R.S. §13-17-102 including, without limitation, all costs and attorney's fees incurred by C2CC in connection with Mammoth's Complaint;

C. For all costs, pre- and post-judgment interest, and attorneys' fees as are legally recoverable; and

D. Such other further relief as the Court deems just and proper.

DATED this 26<sup>th</sup> day of July, 2024.

DAVIS & CERIANI, P.C.

*s/Michael P. Murray*  
Michael P. Murray  
*Attorney for C2CC*

**CERTIFICATE OF SERVICE**

I hereby certify that on this 26<sup>th</sup> day of July 2024, a true and correct copy of the foregoing was served via Colorado Courts E-Filing system on all parties of record as follows:

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