

SETTLEMENT AGREEMENT

This Settlement Agreement is entered into as of August_, 2020 (the “Effective Date”) (this “Agreement”), among High Sierra Holistics, LLC, a Nevada limited liability company (“HSH”) (“Settling Plaintiff”), the State of Nevada, Department of Taxation (“DOT”) and TRNVP098, LLC a Nevada limited liability company (“TRNVP098”) (collectively “Settling Defendants” or individually, a “Settling Defendant”).

RECITALS

- A. HSH , TRNVP098 and the DOT (collectively the “Settling Parties” and individually, a “Settling Party”) are all parties to a consolidated lawsuit pending in the District Court, Clark County, Nevada, as Case No. A-19-787004-B (the “Lawsuit”).
- B. Within the Lawsuit there are claims and counterclaims relating to the disputes at issue in the Lawsuit (the “Disputes”).
- C. The parties want to compromise and settle the Disputes in the Lawsuit by dismissing the claims in the Lawsuit by and between the Settling Parties, each Settling Party to bear its own costs and attorneys’ fees, and to exchange mutual releases as provided in this Agreement.

NOW THEREFORE the Settling Parties agree:

DESCRIPTION OF TRANSFER AND ISSUANCES OF LICENSE

1. The Settling Defendant hereby assigns (subject to DOT and/or Cannabis Compliance Board (“CCB”) approval) all rights, interest and title in the Nevada retail marijuana dispensary conditional license (the “Conditionally Approved License”) to HSH contingent on the execution of a Purchase Agreement and as set forth below provided that each of the conditions set forth in this Agreement, including those set forth in Paragraphs 4-6 hereof, shall first be fulfilled:
 - TRNVP098 hereby assigns 1 Lyon County conditional license to HSH.
2. The license described in this Agreement must be in good standing.
3. The license transfer pursuant to this Agreement cannot create a monopoly, as prohibited in NRS 678B.230 and NRS 678B.270.

TRANSFER OF OWNERSHIP APPLICATIONS

4. As a condition and term of this settlement, the CCB agrees to make a good faith effort to expedite and process HSH’s transfer of ownership application described in paragraphs 1 and 6 in this Agreement.
5. As a condition and term of the settlement, DOT agrees to take all necessary steps to attempt to have all other non-settling parties waive their costs and fees against the settling parties.

TIMING OF TRANSFERS

6. As a condition and term of this settlement, after the conditions precedent in Paragraphs 4-5 are met, the CCB agrees to make a good faith effort to expedite any Transfer of Interest request for the transfer of the license from TRNVP098 to HSH as set forth in Paragraph 1 above. The CCB agrees that it will make a good faith effort to expedite and process the Transfer of Interest request after submission thereof. For purposes of approving the transfers, HSH was previously and is currently approved by the DOT as an owner and operator of marijuana cultivation and distribution licenses in the state of Nevada. In compliance with Nevada law, HSH has operated pursuant to those licenses without any suspensions or revocations of those licenses. Any delays in approvals of the Transfer of Interest request due to no fault of transferor shall not be deemed a breach of this Agreement.

RELEASES AND DISMISSALS

7. As a condition and term of this settlement, within two business days after the conditions precedent in Paragraphs 4-6 are met, the parties will execute mutual releases in the form attached hereto as Exhibit A, with each party to bear its own costs and attorneys' fees.

8. As a condition and term of this settlement, within two business days after the conditions precedent in Paragraphs 4-6 are met, HSH shall move to dismiss any and all claims in the cases listed below (the "Dismissed Claims"):

- a. High Sierra Holistics, LLC v. State of Nevada, Department of Taxation, Case No. A-19-787726-C currently pending in the Eighth Judicial District Court of the State of Nevada, In and For the County of Clark;
- b. High Sierra Holistics, LLC v. State of Nevada, Department of Taxation, Case No. 19-CV-00073 currently pending in the Third Judicial District Court of the State of Nevada, In and For the County of Lyon; removed to United States District Court for the District of Nevada; Case No. 3:19-CV-00271-MMD-CLB; consolidated into Case No. 3:19-CV-00270-LRH-CLB;
- c. High Sierra Holistics, LLC v. State of Nevada, Department of Taxation, Case No. CV19-000142 currently pending in the Second Judicial District Court of the State of Nevada, In and For the County of Washoe; removed to United States District Court for the District of Nevada; Case No. 3:19-CV-00270-LRH-CLB

HSH will dismiss the Dismissed Claims with prejudice against DOT, as applicable, and without costs or fees to or from any such Settling Party.

9. HSH agrees to relinquish any and all administrative appeals to DOT and CCB which they may have or have arising out of the September 2018 retail marijuana store competition.

CONTINUED PARTICIPATION BY SETTLING PLAINTIFFS

10. If any Settling Party settles any other matter related to the Lawsuit (each, a “Future Settlement”), every other Settling Party shall be included as released parties in such Future Settlement on the same release terms and conditions as set forth herein; provided, however, that any Settling Party receiving such release shall bear its own costs and attorneys’ fees with respect thereto as provided in this Agreement.

ADDITIONAL TERMS RELATING TO LICENSES AND TRANSFERS

11. This Settlement Agreement shall only be valid if the current litigation pending in Case No. A-19-787004-B is settled in its totality and/or the litigation results in TRNVP098 retaining the conditional license granted to it in Lyon County. Should it be determined that TRNVP098 is not entitled to retain the conditional license granted to it in Lyon County, then this Settlement Agreement shall be declared null and void and all monies and other items shall be returned to the party from which they originated.

12. DOT and/or CCB agrees that the parties to this Agreement shall receive a fourteen (14)-month extension of the current deadline of December 5, 2020 to February 5, 2022, for conditional licensees to obtain final inspections and approval from DOT and/or CCB on the conditional license received and that comparable extensions shall be extended to other parties that settle claims in this Lawsuit with the DOT and/or CCB. Notwithstanding the foregoing, for any jurisdiction that currently has a moratorium on new adult-use cannabis establishments (including but not limited to the Counties of Humboldt, Pershing, White Pine, Storey and Lander), DOT and/or CCB agrees to extend the deadline to obtain final inspections and approval from DOT and/or CCB on any and all conditional licenses owned by TRNVP098 in such jurisdiction for a period of fourteen (14) months after the date any moratorium is lifted in such jurisdiction.

13. DOT and/or CCB further agrees to make a good faith effort to perform final inspections on an expedited time period – within 5 business days of the request for inspection – for the new locations of the Settling Parties.

REPRESENTATIONS AND WARRANTIES

14. In the event that the DOT is no longer responsible for performing any of the conditions and/or requirements in this Agreement, then the entity that is responsible for performing such duties (e.g., the CCB or any related entity) shall be subject to the conditions and requirements provided in this Agreement. The State of Nevada, DOT represents and warrants that it has authority to sign this Agreement and bind the CCB.

15. TRNVP098 represents and warrants that it has full and complete control to assign the conditional license it was awarded and TRNVP098 shall indemnify, defend and hold HSH harmless from any and all costs, damages, fees (including attorneys’ fees) or liability claimed by any entity claiming an ownership interest in the TRNVP098 conditional Lyon County license being transferred. TRNVP098 is not responsible for securing any ownership transfer approvals

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from the DOT or CCB for the Lyon County license TRNVP098 transfers hereunder. HSH will be responsible for all costs associated with the ownership transfer applications with the state and any local jurisdiction. Nothing contained herein shall limit, waive, or revoke the DOT's or CCB's rights, powers, or duties under Nevada Administrative Code 453D.312.

16. Each of the Settling Parties hereto represent and warrant that they have had an adequate opportunity to seek and receive legal advice and counsel from an attorney of their choice regarding the content and effect of this Agreement, have actually received such counsel and advice as they deem prudent to receive in these circumstances, have read this Agreement in its entirety, understand all provisions of this Agreement and their import and effect, and enter into and execute this Agreement freely and voluntarily.

17. Each of the Settling Parties warrant and represent there are no other agreements made between any Settling Plaintiffs and any Settling Defendants involving conditions related to the transfer of any conditional licenses or related to any marijuana consumption lounges in the State of Nevada.

OTHER TERMS

18. Purpose of Compromise and Settlement. The parties have each entered into this Agreement solely for the purpose of settling and compromising the Disputes and the Lawsuit and nothing contained in this Agreement or its performance shall be deemed to be an admission or acknowledgment of: liability, the existence of damages or the amount of any damages relating to the Disputes or the Lawsuit.

19. Non-Participating Party Procedure: The Settling Parties agree to cooperate to obtain final resolution of Lawsuit ("Global Settlement") consistent with this Agreement.

20. Cooperation & Non-Interference. The parties agree that they will not use or refer to the Lawsuit as part of any interactions with or lobbying efforts to any governmental agency to prevent any other party from obtaining local government approval and/or from obtaining an approval at final inspection for the licenses retained by any party or assigned to any party, including but limited to a party seeking an extension or trying to secure additional time to obtain and SUP from a local jurisdiction.

GENERAL PROVISIONS

21. No Wrongdoing. The Parties acknowledge that this Agreement is entered into solely for the purpose of compromising disputed claims and avoiding the time and expense of litigation. It is expressly understood and agreed that this Agreement represents the settlement of disputed claims and nothing contained in this Agreement shall constitute or be treated as an admission of any wrongdoing or liability on the part of any Party hereto.

22. Enforcement. In the event of the breach of this Agreement by any party, the remedies of the non-breaching parties shall be limited to enforcement of this Agreement for breach of this Agreement.

23. Mediation. If the event of a dispute among the Parties concerning this agreement, the Parties agree they shall attempt to resolve such dispute through mediation with a mediator agreed upon by the Parties).

This Agreement to mediate all disputes applies even if some person or entity claims that this Agreement is void, voidable or unenforceable for any reason.

24. Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties and their respective heirs, successors and assigns contingent upon the execution of a final Purchase Agreement between HSH and TRNVP098. With this Agreement requiring approval of the Nevada Tax Commission, the binding effect of this Agreement specifically includes the CCB as successor to the DOT in its capacity as regulator of the marijuana program in the State of Nevada. Except as specifically provided in prior paragraphs of this Agreement, this Agreement is not intended to create, and shall not create, any rights in any person who is not a party to this Agreement.

25. Entire Agreement. This Agreement contains the entire agreement between the parties and may not be changed or terminated orally but only by a written instrument executed by the parties after the date of this Agreement.

26. Construction. The terms and conditions of this Agreement shall be construed as a whole according to its fair meaning and not strictly for or against any party. The parties acknowledge that each of them has reviewed this Agreement and has had the opportunity to have it reviewed by their attorneys and that any rule or construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement, including its exhibits or any amendments.

27. Partial Invalidity. Except with respect to Paragraph 5, if any term of this Agreement or the application of any term of this Agreement should be held by a court of competent jurisdiction to be invalid, void or unenforceable, all provisions, covenants and conditions of this Agreement, and all of its applications, not held invalid, void or unenforceable, shall continue in full force and effect and shall not be affected, impaired or invalidated in any way.

28. Attorneys' Fees. In any action or proceeding to enforce the terms of this Agreement or to redress any violation of this Agreement, the prevailing party shall be entitled to recover as damages its attorneys' fees and costs incurred, including but not limited to mediation fees, whether or not the action is reduced to judgment. For the purposes of this provision, the "prevailing party" shall be that party who has been successful with regard to the main issue, even if that party did not prevail on all the issues.

29. Governing Law and Forum. The laws of the State of Nevada applicable to contracts made or to be wholly performed there (without giving effect to choice of law or conflict of law principles) shall govern the validity, construction, performance and effect of this Agreement. Any lawsuit to interpret or enforce the terms of this Agreement shall be brought in a court of competent jurisdiction in Lyon County, Nevada. The Parties acknowledge the matters involved in the Lawsuit and this Agreement may involve conduct and concepts in violation of Federal law regardless of

compliance with applicable State law. The Parties expressly waive the defense of illegality under the Federal Controlled Substances Act.

30. Necessary Action. Each of the Settling Parties shall do any act or thing and execute any or all documents or instruments necessary or proper to effectuate the provisions and intent of this Agreement.

31. Counterparts. This Agreement may be executed in any number of counterparts, each of which when duly executed and delivered shall be an original, but all such counterparts shall constitute one and the same agreement. Any signature page of this Agreement may be detached from any counterpart without impairing the legal effect of any signatures, and may be attached to another counterpart, identical in form, but having attached to it one or more additional signature pages. This Agreement may be executed by signatures provided by electronic facsimile transmission (also known as "Fax" copies), or by electronic signature, which signatures shall be as binding and effective as original signatures.

32. Notices. Any and all notices and demands by or from any party required or desired to be given under this Agreement shall be in writing and shall be validly given or made if served either personally or if deposited in the United States mail, certified or registered, postage prepaid, return receipt requested. If such notice or demand is served by registered or certified mail in the manner provided, service shall be conclusively deemed given upon receipt or attempted delivery, whichever is sooner.

33. Miscellaneous. The headers or captions appearing at the commencement of the paragraph of this Agreement are descriptive only and for convenience in reference to this Agreement and shall not define, limit or describe the scope or intent of this Agreement, nor in any way affect this Agreement.

Masculine or feminine pronouns shall be substituted for the neuter form and vice versa and the plural shall be substituted for the singular form and vice versa in any place or places in this Agreement in which the context requires such substitution or substitutions, and references to "or" are used in the inclusive sense of "and/or".

[Signatures on following pages]

8/18/2020

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

HIGH SIERRA HOLISTICS, LLC

By: 

Print Name: Russell Ernst

Title: MANAGING PARTNER

TRNVP098, LLC

By: 

Print Name: Shane Terry

Title: Managing Member

STATE OF NEVADA,
DEPARTMENT OF TAXATION

By: 

Print Name: Melanie Young

Title: Executive Director