



**STATE OF
OHIO**
BOARD OF PHARMACY

IN THE MATTER OF:

CASE No. M-2019-0059

KDJOH, LLC
c/o Mitchell Kahn
1220 Buchholzer Boulevard, Units C/D
Cuyahoga Falls, OH 44221

License No. MMD.04021
Account No./Application No. 83-963

SETTLEMENT AGREEMENT WITH THE STATE OF OHIO BOARD OF PHARMACY

THIS SETTLEMENT AGREEMENT (the "Agreement") is made and executed by and among KDJOH, LLC and the State of Ohio Board of Pharmacy ("Board") (individually each a "Party," and collectively the "Parties").

WITNESSETH:

WHEREAS, on or about June 4, 2018, the Board awarded KDJOH, LLC a provisional dispensary license to operate a medical marijuana dispensary at 1220 Buchholzer Boulevard, Units C/D, Cuyahoga Falls, OH 44221 (the "Dispensary").

WHEREAS, On or about July 5, 2018, KDJOH, LLC entered into an agreement with GR Holdings OH-ND, LLC, whereby KDJOH, LLC, contributed its membership interests to GR Holdings OH-ND, LLC.

WHEREAS, On or about July 9, 2018, GR Holdings OH-ND, LLC entered into an Operating Agreement that included KDJOH, LLC as a subsidiary of GR Holdings OH-ND, LLC.

WHEREAS, On or about October 10, 2018, KDJOH, LLC and GR Vending OH Management, LLC entered into a Management Agreement, whereby GR Vending OH Management, LLC was responsible for "providing the Labor Force" and "for the provision of all services relating to the daily operations of the Dispensary" would receive 100% of all profits.



WHEREAS, On or about October 24, 2018, KDJOH, LLC and GR Holdings OH-ND, LLC voluntarily and upon its own initiative entered into a series of agreements, including but not limited to, the following: a Membership Interest Purchase Agreement; a Secured Revolving Note; and an Option Agreement.

WHEREAS, On or about October 29, 2018, GR Holdings OH-ND, LLC issued a Confidential Private Placement Memorandum.

WHEREAS, On or about October 30, 2018, GR Holdings OH-ND, LLC executed a Second Amended and Restated Operating Agreement of GR Holdings OH-ND, LLC that included KDJOH, LLC as a subsidiary of GR Holdings OH-ND, LLC.

WHEREAS, at all times referenced herein, KDJOH, LLC was operating under a provisional dispensary license, and had not yet obtained a certificate of operation as a medical marijuana dispensary.

WHEREAS, the Board has determined that the above-mentioned agreements violate Ohio Adm.Code 3796:6-2-12(C)(6), as interpreted by the Board.

WHEREAS, KDJOH, LLC has amended the above-mentioned agreements so that they unequivocally do not violate the change of ownership rules found in Ohio Adm.Code 3796:6-2-12.

WHEREAS, the Board has authority under 3796.14(B) and Ohio Adm.Code 3796:6-4-03(A) and 3796:6-4-04 for a violation of Ohio Adm.Code 3796:6-2-04 and Ohio Adm.Code 3796:6-2-12.

WHEREAS, KDJOH, LLC neither admits nor denies that it has violated any statutes or regulations governing medical marijuana dispensaries.

NOW, THEREFORE, in consideration of the mutual promises and undertakings herein set forth, and intending to be legally bound hereby, the Parties hereto agree as follows:

1. **Preambles.** The foregoing preambles are incorporated herein by reference.
2. **Specific Actions.**
 - a. The Board hereby issues a reprimand to KDJOH, LLC.

- b. The Board hereby issues a fine of fifteen thousand dollars (\$15,000) against KDJOH, LLC. This fine will be attached to KDJOH, LLC's license record and must be paid no later than 30 days from the effective date of this Agreement. To pay the fine KDJOH, LLC may (1) remit payment by credit card or debit card via the eLicense portal (www.elicense.ohio.gov) (NOTE: effective 07/01/2019, the State of Ohio Board of Pharmacy no longer accepts ACH (Electronic Checks) or American Express); or (2) remit payment via Certified Check or Cashier's Check to the State of Ohio Board of Pharmacy, 77 South High Street, 17th Floor, Columbus, OH 43215, made payable to "Treasurer State of Ohio".
- c. Once the fine identified above has been paid to the Board and KDJOH, LLC notifies the Board that it is ready for final inspection pursuant to Ohio Adm.Code 3796:6-2-06(A), the Board will schedule a final inspection of KDJOH, LLC's provisional dispensary location within fourteen days in accordance with Ohio Adm.Code 3796:6-2-06(B).
- d. Once KDJOH, LLC has complied with the conditions of this Agreement and met all other licensure requirements such as payment of the appropriate fees and passing the final inspection(s), the Board will award KDJOH, LLC a certificate of operation.
- e. KDJOH, LLC agrees to the following conditions:
 - i. An Associated Key Employee listed of KDJOH, LLC shall personally interview and determine the management level employees to work in the Dispensary. An Associated Key Employee of KDJOH, LLC or its management level employees shall choose medical marijuana merchandise to purchase for sale; choose the design of the Dispensary; administer and control the daily operations of the Dispensary; and choose which independent contractors will provide services to the dispensary and authorize payment to independent contractors for services rendered.

- ii. All key employees and dispensary support employees will be employed directly by KDJOH, LLC and not a third-party. KDJOH, LLC cannot request a final inspection until it has complied with this provision.
- iii. KDJOH, LLC's licensed Associated Key Employee(s) shall have ultimate authority and control over the operations of the Dispensary including without limitation, security, inventory management and control, quality control recordkeeping, collection efforts, patient education and services, marketing and advertising, information technology, accounting services.

3. Specific Releases.

- a. KDJOH, LLC. KDJOH, LLC agrees not to institute or reinstitute any actions, in any jurisdictions, in any forum, tribunal, court, or administrative proceeding, for claims it now has or holds against the Board relating to, arising from, or concerning its provisional dispensary license or related to the ownership structure matters described herein.
- b. The Board. The Board agrees not to treat this Agreement or the facts listed in the preamble as disqualifying KDJOH, LLC from submitting any future applications in the State of Ohio for dispensaries should the Board determine to make future application opportunities available to the public nor from disqualifying KDJOH, LLC from transferring the KDJOH, LLC dispensary license to a third party in the future.

- 4. General Release.** In consideration of the covenants and agreements contained herein, the Parties, for themselves and each of their respective administrators, trustees, accountants, parents, subsidiaries, divisions, affiliates, predecessors, successors, present or former officers, directors, employees, shareholders, owners, attorneys and assigns, hereby fully and forever release, withdraw, remise, quit-claim and fully and forever discharge the other party, and each of their respective heirs, executors, administrators, trustees, accountants, parents, subsidiaries, divisions, affiliates, predecessors, successors,

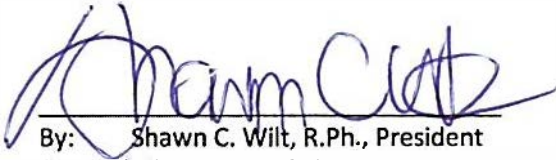
present or former officers, directors, employees, shareholders, owners, attorneys, and assigns, from any and all claims, demands, damages, accounts, debts, liens, suits, actions, and rights or causes of action of every kind and description, whether known or unknown, suspected or unsuspected, which it now has, or has had, or hereafter can, shall, or may have arising out of or related to the subject of the ownership structure contained in this Agreement. The Parties agree not to pursue litigation in this matter or for any claim related to the ownership structure described herein. This release does not affect the Parties' rights to enforce the terms of this agreement, nor does it affect KDJOH, LLC's ability to institute an administrative or court action, including against the Board of Pharmacy, to prevent the disclosure of its trade secrets or confidential information.

5. **Public Record.** All Parties to this Agreement understand that this document is a public record under R.C. §149.43, and its terms will therefore become part of the minutes of a meeting of the Pharmacy Board.
6. **Costs and Expenses of Administrative and Court Proceedings.** Each party shall be responsible for the costs and expenses it incurred in connection with any hearings or other litigation.
7. **Chapter 119. Proceedings.** The Parties acknowledge and agree that this Agreement was entered without resort to the administrative procedures set forth in Chapter 119. of the Ohio Revised Code.
8. **Entire Agreement.** This Agreement supersedes any and all agreements by, between and among the Parties, and represents their entire agreement pertaining to the subject matter hereof. There is no agreement or understanding relating to the subject matter hereof, whether express, implied, written or oral, not expressly set forth herein.
9. **Binding Effect.** This Agreement is binding upon and shall inure to the benefit of the Parties hereto and their agents, employees, successors and assigns.
10. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio.

- 11. Interpretation.** This Agreement shall be interpreted as though mutually drafted by the Parties hereto and their respective counsel.
- 12. Headings.** The headings preceding the paragraphs herein are intended to be for convenience only and shall have no operative force or effect.
- 13. Authority.** The Parties hereto represent and warrant to each other that each Party possesses the full requisite authority to enter into this Agreement and that the person signing this Agreement on behalf of each Party is fully and duly authorized to do so.
- 14. Execution in Counterparts; Facsimile Signatures.** The Parties acknowledge and agree that this Agreement may be executed (1) in one or more counterparts, which together shall constitute a single, integrated agreement, and (2) by facsimile signatures which shall have the same force and effect as original signatures.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, KDJOH, LLC and the State of Ohio Board of Pharmacy intending to be legally bound hereby, have executed this Settlement Agreement, which becomes effective upon the date of the Board President's signature below:



By: Shawn C. Wilt, R.Ph., President
State of Ohio Board of Pharmacy



By: KDJOH, LLC

Shawn C. Wilt 12/30/19
Print Name Date

Matthew S. Deria 12/27/19
Print Name Date