STATE OF MINNESOTA

DISTRICT COURT

COUTY OF RAMSEY

SECOND JUDICIAL DISTRICT

Cristina Aranguiz and Jodi Connolly,

Court File No. 62-CV-24-7403

Plaintiffs,

Case Type: Other Civil

v.

Minnesota Office of Cannabis Management; and Charlene Briner, in her capacity as Interim Director of the Minnesota Office of Cannabis Management,

DECLARATION OF ERIC TAUBEL IN OPPOSITION TO MOTION FOR TEMPORARY INJUNCTION¹

Defendants.

Eric Taubel declares as follows:

1. My name is Eric Taubel, and I am the general counsel for the Minnesota Office of Cannabis Management ("OCM").

General Background

2. Beginning in July of 2024, OCM launched the Minnesota Cannabis Pre-Approval License lottery process by inviting potential applicants to seek certification as a social equity applicant under Minnesota Session Laws 2024, article 2, section 148, subd. 2, and Minn. Stat. section 342.17.

¹ The Court has scheduled a consolidated hearing on November 25, 2024 in three matters seeking temporary injunctions to prevent OCM from conducting a scheduled lottery to select social equity applicants for pre-approved licensing. The three cases are *Aranguiz et al. v. Minnesota Office of Cannabis Management*, 62-CV-24-7403, *Northern Illusion LLC v. Minnesota Office of Cannabis Management*, 62-CV-24-7411, and *Green Leaf MN LLC v. Minnesota Office of Cannabis Management*, 62-CV-24-7412. The cases have not been consolidated, and OCM is submitting substantially similar memoranda and declaration in each.

- 3. Applicants selected through the lottery process do not gain an immediate or absolute right to engage in cannabis business activities. The purpose of the lottery is to allow applicants with less access to capital to begin setting up their businesses with the knowledge that if they meet all of the requirements for licensure, they will be able to operate. For the most part, successful social equity applicants will be engaged in general business activities such as acquiring property and raising capital until the required regulatory scheme is in place.
- 4. OCM may not convert the preapprovals to full licenses until: (1) rules for the adult-use cannabis market are promulgated and in effect, (2) the applicant passes a criminal background check, (3) the applicant locates a physical location, (4) the applicant gains local zoning approval for the business, (5) the applicant updates all required application materials to reflect the adult-use rules and the applicants physical location, and (6) passes a final inspection from OCM.
- 5. OCM cannot promulgate rules until it posts them for a thirty-day public comment period and has them reviewed by an administrative law judge. Currently OCM plans to post the rules for public comment in January and February, with submission to an Administrative Law Judge in and promulgation of the rules at the end of March 2025.

NXMN Straw Applicant Scheme

- 6. Plaintiff, Cristina Elizabeth Aranguiz, qualified as a social equity applicant based on her address at 612 W Main Ave, Penthouse 5, Spokane WA, 99201 per her social equity report, attached as Exhibit A.
- 7. Plaintiff, Jodi Connolly, qualified as a social equity applicant based on her address at 222 Ronalds St. Iowa City IA., 52245, attached as Exhibit B.
- 8. On Wednesday, October 30, 2024, OCM received a tip from a concerned citizen with knowledge of a widespread scheme to game the Minnesota Cannabis Pre-Approval License lottery. This communication stated that an out-of-state cannabis operator had recruited hundreds of persons to apply on his behalf, and many used an address of a property which was a penthouse in a downtown area. The email indicated that the 'owner' had business in Iowa.
- 9. I reviewed all applications from Iowa and discovered that many contained a uniform email domain name: mncanna.org.
- 10. MNcanna.org is not an active website, however, the website for the Iowa Cannabis Company has a website: IAcanna.com. That company is owned by Tate Kapple. Exhibit C.
- 11. Tate Kapple submitted two applications, one for a retail license, and one for a delivery license. Tate Kapple qualified as a social equity applicant based on her address at 612 W Main Ave, Penthouse 5, Spokane WA, 99201. Exhibit D.
- 12. Subsequent communications from the informant included screenshots of a spreadsheet tracking the (1) name, (2) retail entity LLC registered for the retail license

application, (3) delivery entity LLC registered for the retail license application, (4) an email address ending in a mncanna.org domain, (5) a phone number, (6) the retail application number, (7) the delivery application number, (8) the name of the employee who filed the applications, and (9) a timestamp of the application submissions.

- 13. OCM reviewed these spreadsheets against its own application records. The timestamps for each application matched.
- 14. OCM matched many of the names of the MNcanna.org applicants to current employees of Tate Kapple's companies, including Plaintiff Christina Aranguiz, Zen Springs, and Tate Kapple, as well as multiple members of the Kapple family. Exhibit E. The email address used by Jodi Connolly in her submissions to OCM also came from the MNcanna.org domain. *See* Ex. B.
- 15. OCM also matched the names of the employees listed as on the spreadsheet discussed in paragraph 9, with current employees of Tate Kapple, including the Plaintiff, Christina Aranguiz, Dillion Stutler, and Debbie Silverman. Exhibits F, G and H.
- 16. In reviewing the applications for each of the MNcanna.org applications, each application used the same file labeling conventions. Each application also contained identical information about the anticipated first year earnings of the companies.
- 17. OCM was informed that each of the applicants was required to enter into an agreement with Tate Kapple to sell him their company for \$100,000.00 should they win the lottery.
- 18. Based on the foregoing facts, OCM identified 120 retail and 120 delivery applications associated with this scheme, each containing an MNcanna.org email address,

and denied each of the MNcanna.org applications for failing to disclose the \$100,000.00 transfer agreements.

19. On November 19, attorney Jason Teresak, on behalf of the Plaintiff, Christina Aranguiz, contacted me via email and attached a letter, attached as Exhibit I, that confirmed the above described scheme, and included two executed agreements that gave Tate Kapple an irrevocable right to purchase the companies should they win the lottery.

Lottery Scheduled for November 26

- 20. OCM intends to hold the Preapproval Lottery on Tuesday, November 26, 2024.
- 21. OCM began the process of planning for the lottery in June of 2024, shortly after the law creating the Preapproval Lottery process went into effect.
- 22. In order to hold the lottery, OCM entered into four separate contracts with: Smartplay International (Smartplay), Baker Tilly Advisory Group, LP (Baker Tilly), iDream.tv, Inc. (iDream), and the Minnesota Department of Revenue.
- 23. Smartplay entered into a contract with OCM on November 5, 2024, to provide a digital lottery draw system and technician to conduct a lottery event which will award cannabis licenses for the State of Minnesota. The contract requires that the date and time of the lottery be determined by mutual agreement. The contract terminates on December 31, 2024.
- 24. OCM entered into this contract as a single source, because Smartplay's machines have been used in other state cannabis licensing lotteries. Smartplay was identified as the only vendor capable of providing this service.

- 25. Baker Tilly entered into a contract with OCM on November 20, 2024, to operate Smartplay's computerized random drawing system and ensure appropriate procedures are implemented and followed to ensure a fair and random lottery. The contract expressly states the lottery services will be provided on November 26, 2024. The contract terminates on December 31, 2024. This contract identifies specific persons from Baker Tilly, who have specific expertise and experience in administering lotteries for cannabis licensure.
- 26. OCM entered into this contract as a single source, because the above referenced employees of Baker Tilly have specific experience in administering other state cannabis licensing lotteries. Baker Tilly was identified as the only vendor capable of providing this service.
- 27. iDream entered into a contract with OCM on November 15, 2024, to provide audio-video capability to stream the lottery. The contract provides that services will be provided on November 25 and 26, 2024, and cover a tech-rehearsal and the lottery itself. The contract expires on December 30, 2024.
- 28. OCM entered into an agreement with the Minnesota Department of Revenue to reserve physical space to hold the lottery. The specific location has the necessary size and technology to administer the lottery. The specific location has been outfitted by Minnesota IT Services (MNIT) with a hard-wired connection to the Internet to ensure that the lottery broadcast would not be interrupted or subject to service outages.
- 29. There are a limited number of locations within the Minnesota State Government buildings that meet the required criteria needed to host the lottery.

- 30. The contracting process began in July of 2024, and required almost 4 months to complete, and involved coordinating availability of 3 vendors and one state facility.
- 31. During the week of September 16, 2024, based on the pace of the application review, OCM leadership identified the current lottery date, November 26, 2024, as one of three possible dates, along with the 22nd and 25th. OCM proceeded with contract negotiations with Baker Tilly and Smartplay based on that assumption, and based on recommendations of the vendors, and availability, OCM selected the current lottery shortly thereafter.
- 32. As both Smartplay and Baker Tilly are single source providers, the office cannot simply find alternative vendors in the very likely case that both are not available on the same date in the weeks after the scheduled lottery. Because of the need to coordinate multiple vendors, OCM anticipates that if the lottery does not proceed as scheduled, the lottery will not be able to be scheduled until 2025. In that case, OCM would have to either amened each of the three contracts, or potentially enter into new agreements. In either event, OCM would have to once again go through state procurement processes to ensure compliance with state law, which includes review and approval of the Office of State Procurement.
- 33. The License Preapproval process is a onetime opportunity, and OCM can only issue license preapprovals to social equity verified candidates prior to the adoption of rules. As license preapproval is not a permanent opportunity, the law allowing it is not coded in Chapter 342. Once the office adopts rules, the only application process, is the one defined in Minnesota Statutes, section 342.14.

- 34. OCM posted its draft rules for an unofficial comment period in July and August of 2024. OCM anticipates that its final draft of rules will be complete and certified as to form by the Minnesota Revisor of Statutes by mid-January 2024. Prior to promulgation under expedited rulemaking authority under Minnesota Statutes, section 14.389, the office must post the rules for a 30-day official comment period, and then submit the rules to an administrative law judge for review. The administrative law judge is afforded 14 days to review. Once the review has occurred and any required changes made, OCM may promulgate the rules. OCM anticipates that this will occur at the end of March 2024.
- 35. Knowing that the review will, as it did for license preapprovals, take at least three months to complete, OCM is currently planning to begin the next cycle of applications, under section 342.14, prior to rule adoption.
- 36. The application cycle will begin with OCM opening a Social Equity Verification window. OCM plans to open that window at the end of January and will have the window open for at least 30 days prior to opening the application portal.
- 37. Subsequent to the social equity verification window opening, OCM will open the license application system (Accela) for applications to all cannabis license types in late February or early March.
- 38. In light of the above facts, there is substantial doubt that the lottery could be rescheduled prior to launch of the next application cycle, which would greatly diminish the benefits of winning the rescheduled preapproval lottery. Moreover, because the preapproval and application processes would overlap substantially, the most likely outcome of a delayed lottery is that OCM would not proceed with the preapproval lottery.

39. OCM estimates that the cost to administer the lottery will be approximately \$100,000 and that if the lottery is rescheduled, it will incur significant additional expense for the inconvenience and additional work required from its vendors.

I declare under penalty of perjury that everything I have stated in this document is true and correct to the best of my knowledge and belief.

Dated: November 24, 2024

By: s/Eric Taubel

Eric Taubel

EXHBIT A



Creative Services, Inc.



BACKGROUND SCREENING REPORT

Prepared for: Minnesota Office of Cannabis Management

64 Pratt Street Mansfield, MA 02048 508-339-5451

Subject Information:		Requ	Requestor Information:	
Subject:	Aranguiz, Cristina Elizabeth			
DOB:	12/08/XXXX	Requestor Name:	CSI	
Social Security Number:	XXX-XX-7143	Requestor Userid:	mnocm1/admin	
Order Number(s):	1939038	Requestor Phone:	508-339-5451	
Report Disposition Package Name(s):	CLEAR Social Equity Verification	Requestor Email:	atannock@creativeservices.com	
Address:	612 W MAIN AVE #1004 SPOKANE WA 99201	Email:	<u> </u>	
Order Date:	July 10, 2024 03:28 PM	Billing Identifier 1:	CANNABIS DELIVERY ONLY LICENSE	
Completion Date	July 29, 2024 07:11 PM	Billing Identifier 2:	MANUAL ENTRY	
Time First Completed	July 29, 2024 07:11 PM	Billing Identifier 3:		

Report Summary Information:

Component	Status
Criteria 1, page 6	COMPLETE - Not Pursued
Criteria 2, page 6	COMPLETE - Not Pursued
Criteria 3, page 6	COMPLETE - Not Pursued
Criteria 4, page 6	COMPLETE - Not Pursued
Criteria 5, page 6	COMPLETE - Not Pursued
Criteria 6, page 6	COMPLETE - Pursued Qualified
Criteria 7, page 6	COMPLETE - Not Pursued
Residential History Verification, page 6	COMPLETE - Clear
Internal Quality Control Review, page 6	COMPLETE - Clear





Creative Services, Inc.

Criteria 1	COMPLETE - Not Pursued:
Criteria 2	COMPLETE - Not Pursued :
Sitteria 2	COMPLETE - NOT Tursucu .
Criteria 3	COMPLETE - Not Pursued :
Criteria 4	COMPLETE - Not Pursued :
Criteria 5	COMPLETE - Not Pursued :
Criteria 6	COMPLETE - Pursued Qualified
Criteria 7	COMPLETE - Not Pursued :
Residential History Verification	COMPLETE - Clear :

Address: 612 W Main Avenue, PH5, Spokane, WA, 99201 Applicant Provided Dates: 04/01/2019 to Present

Applicant Provided Sources: Driver's License, Copies of Leases, Bank Statement

Verified Dates: 04/01/2019 to 06/30/2024

Verified Sources: TransUnion SSN Report, Driver's License, Copies of Leases, Bank Statement

Research Results: Clear

Comments: On 07/14/2024, 07/17/2024, 07/18/2024, and 07/26/2024, the applicant was contacted for additional information or clarification. The applicant was responsive to our outreach on 07/17/2024, 07/20/2024, and 07/26/2024 via email and was able to provide us sufficient information to proceed with the validation.

Internal Quality Control Review

COMPLETE - Clear :

No Records Found



EXHIBIT B



Creative Services, Inc.



BACKGROUND SCREENING REPORT

Prepared for: Minnesota Office of Cannabis Management

64 Pratt Street Mansfield, MA 02048 508-339-5451

Subject Information: Requ		estor Information:	
Subject:	Connolly, Jodi		
DOB:	06/10/XXXX	Requestor Name:	CSI
Social Security Number:	XXX-XX-8610	Requestor Userid:	mnocm1/admin
Order Number(s):	1939505	Requestor Phone:	508-339-5451
Report Disposition	CLEAR	Requestor Email:	atannock@creativeservices.com
Package Name(s):	Social Equity Verification	•	
Address:	222 RONALDS ST	Email:	JODICONNOLLY@MNCANNA.ORG
	IOWA CITY IA 52245	Billing Identifier 1:	Cannabis Delivery Only License
Order Date:	July 10, 2024 06:51 PM	· ·	• •
Completion Date	July 31, 2024 10:03 AM	Billing Identifier 2:	MANUAL ENTRY
Time First Completed	July 31, 2024 10:03 AM	Billing Identifier 3:	

Report Summary Information:

Component	Status
Criteria 1, page 2	COMPLETE - Not Pursued
Criteria 2, page 2	COMPLETE - Not Pursued
Criteria 3, page 2	COMPLETE - Not Pursued
Criteria 4, page 2	COMPLETE - Not Pursued
Criteria 5, page 2	COMPLETE - Not Pursued
Criteria 6, page 2	COMPLETE - Pursued Qualified
Criteria 7, page 2	COMPLETE - Not Pursued
Residential History Verification, page 2	COMPLETE - Clear
Internal Quality Control Review, page 2	COMPLETE - Clear





Creative Services, Inc.

COMPLETE - Not Pursued :
COMPLETE - Not Pursued :
COMPLETE - Pursued Qualified :
COMPLETE - Not Pursued :

Address: 222 Ronalds Street, Iowa City, IA 52245 Applicant Provided Dates: 08/24/2012 to 07/12/2024 Applicant Provided Sources: Mortgage Loan Agreement

Verified Dates: 08/24/2012 to 07/18/2024

Verified Sources: Tax Assessor, Mortgage Loan Agreement

Research Results: Clear

Comments: On 07/19/2024, 07/22/2024, 07/23/2024, 07/24/2024, 07/25/2024, and 07/26/2024, the applicant was contacted for additional information or clarification. The applicant was responsive to our outreach on 07/22/2024, 07/23/2024, 07/24/2024, 07/25/2024, and 07/26/2024, via phone and email and was able to provide us sufficient information to proceed with the validation.

Internal Quality Control Review COMPLETE - Clear :

No Records Found



EXHIBIT C







ABOUT US

GET YOUR CARD

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FAQS

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JOIN OUR TEAM!

MEDICAL CANNABIS IN IOWA

BECOME APATIENT

See if you qualify to become a cannabis patient in lowa.

View our simple instruction to apply for a card in order to buy medical CBD/THC products in Iowa.

BECOME A PATIENT

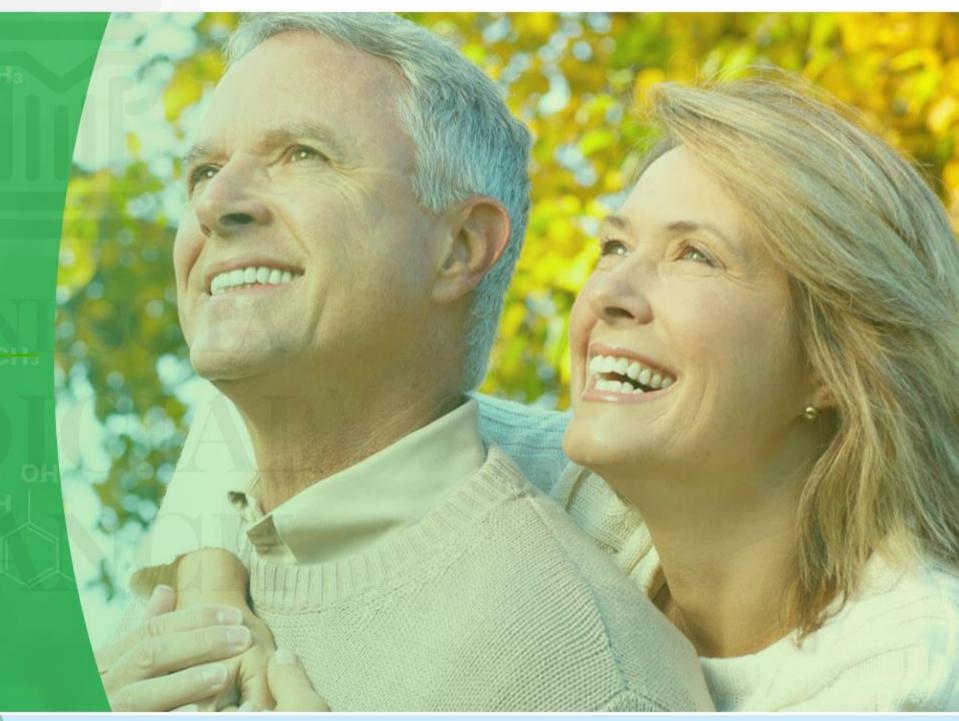


EXHIBIT D



Creative Services, Inc.



BACKGROUND SCREENING REPORT

Prepared for: Minnesota Office of Cannabis Management

64 Pratt Street Mansfield, MA 02048 508-339-5451

Subject Information:		Reque	Requestor Information:	
Subject:	Kapple, Tate Thomas			
DOB:	08/16/XXXX	Requestor Name:	CSI	
Social Security Number:	XXX-XX-0209	Requestor Userid:	mnocm1/admin	
Order Number(s):	1938947	Requestor Phone:	508-339-5451	
Report Disposition Package Name(s):	CLEAR Social Equity Verification	Requestor Email:	atannock@creativeservices.com	
Address:	612 W MAIN AVE PH 5 SPOKANE WA 99201	Email: Billing Identifier 1:	TATEKAPPLE@MNCANNA.ORG Cannabis Delivery Only License	
Order Date: Completion Date Time First Completed	July 10, 2024 03:01 PM July 24, 2024 10:14 AM July 24, 2024 10:14 AM	Billing Identifier 2: Billing Identifier 3:	MANUAL ENTRY	

Report Summary Information:

Component	Status
Criteria 1, page 6	COMPLETE - Not Pursued
Criteria 2, page 6	COMPLETE - Not Pursued
Criteria 3, page 6	COMPLETE - Not Pursued
Criteria 4, page 6	COMPLETE - Not Pursued
Criteria 5, page 6	COMPLETE - Not Pursued
Criteria 6, page 6	COMPLETE - Pursued Qualified
Criteria 7, page 6	COMPLETE - Not Pursued
Residential History Verification, page 6	COMPLETE - Clear
Internal Quality Control Review, page 6	COMPLETE - Clear





COMPLETE - Not Pursued :

Creative Services, Inc.

Criteria 1

Criteria 2	COMPLETE - Not Pursued :
Criteria 3	COMPLETE - Not Pursued :
Criteria 4	COMPLETE - Not Pursued :
Criteria 5	COMPLETE - Not Pursued :
Criteria 6	COMPLETE - Pursued : Qualified
Criteria 7	COMPLETE - Not Pursued :
Residential History Verification	COMPLETE - Clear :
TANKT AT A	
Address: 612 W Main Ave PH5, Spokane, WA 9 Applicant Provided Dates: 04/01/2019 to pr Applicant Provided Sources: Copies of Leas	resent
Verified Dates: 04/01/2019 to 06/30/2024 Verified Sources: Copies of Leases, Bank S	

Internal Quality Control Review

proceed with the validation.

Research Results: Clear

COMPLETE - Clear :

No Records Found

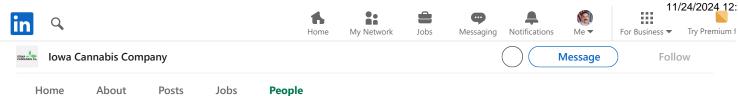
Comments: On 07/18/2024, 07/19/2024, and 07/22/2024, the applicant was contacted for additional information or clarification. The applicant was responsive to our outreach on 07/18/2024,

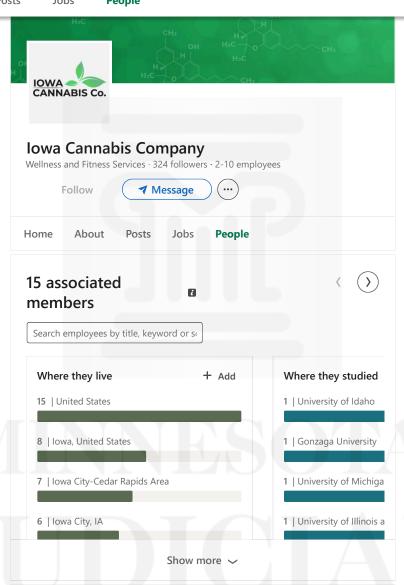
07/19/2024, and 07/22/2024 via phone and email and was able to provide us sufficient information to



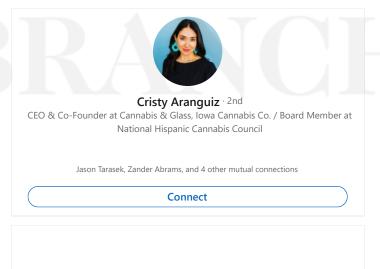
EXHIBIT E

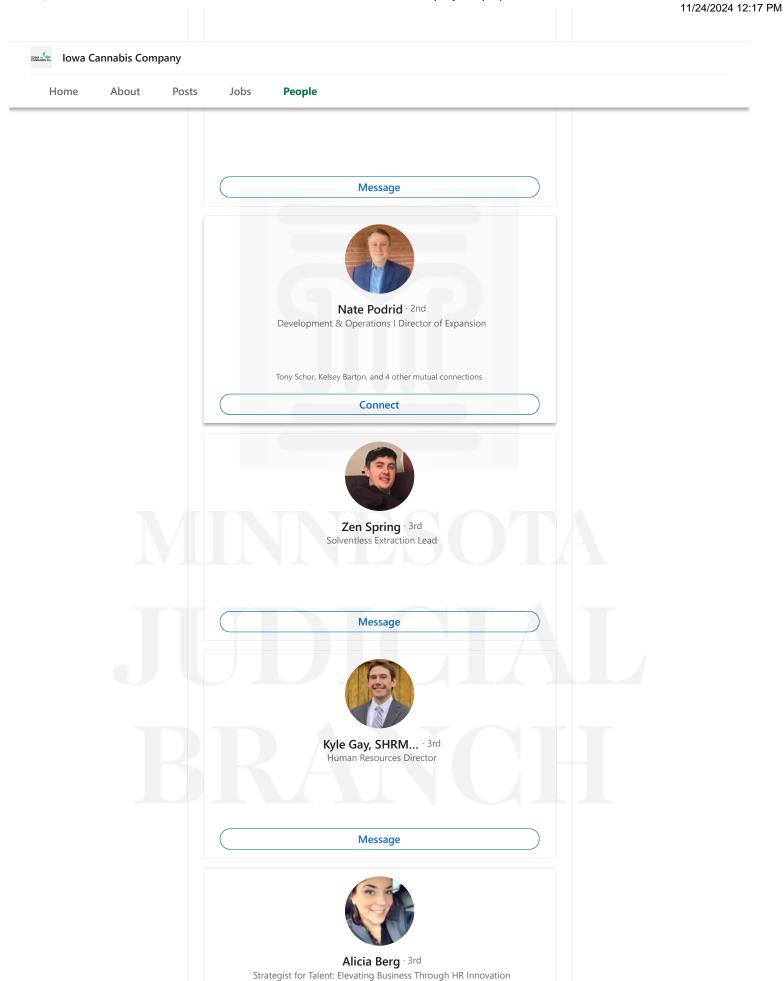


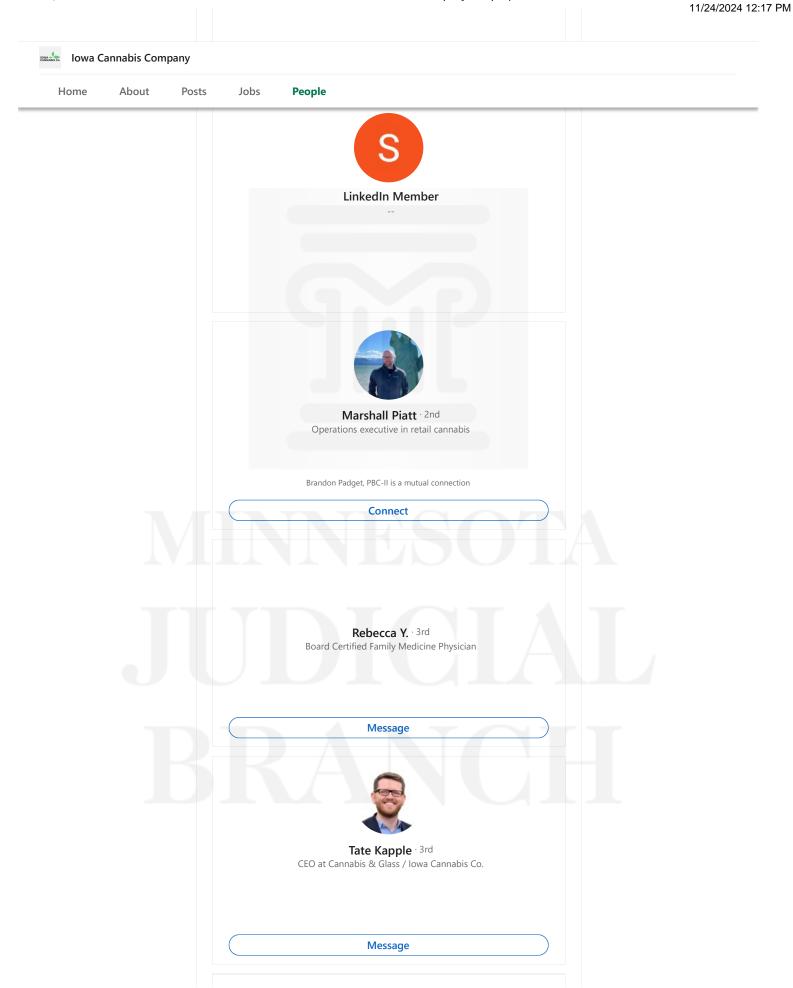




People you may know











Iowa Cannabis Company: People | LinkedIn

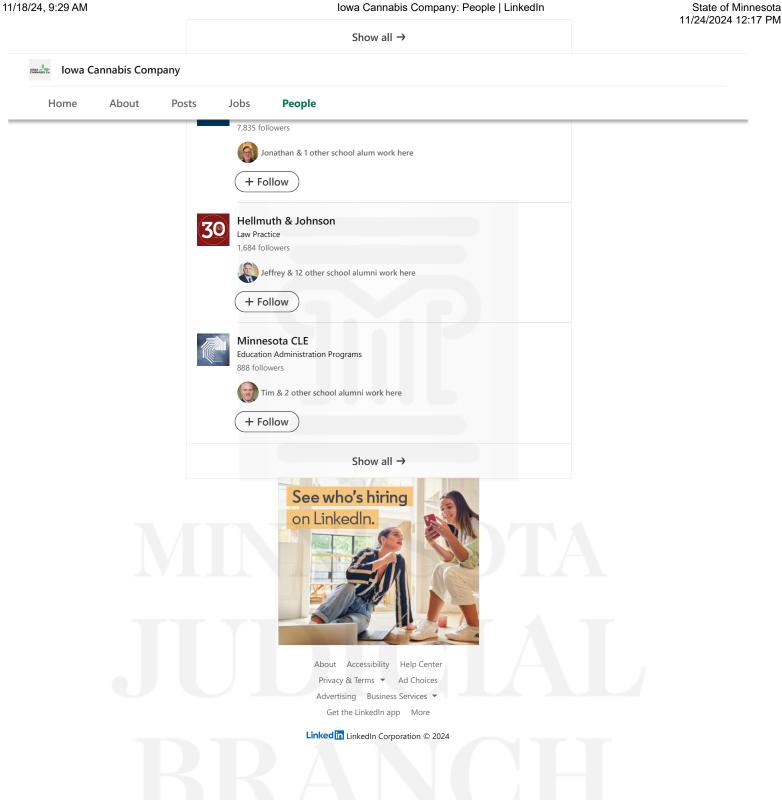


EXHIBIT F













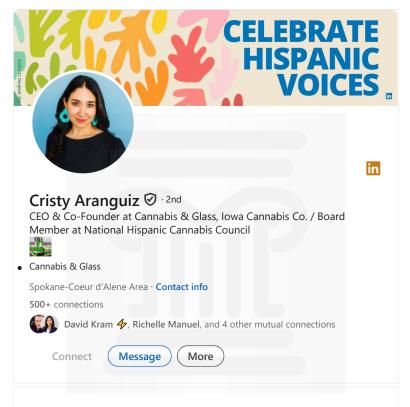












About

Cristina Aranguiz is Co-Founder and Chief Executive Officer of Cannabis & Glass and Iowa Cannabis Co. As a multi-state operator, she operates 7 cannabis retail dispensaries in 3 states and a large cannabis manufacturing site.

...see more



Cristy Aranguiz posted this • 2mo

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Director of Real Estate Development, Construction & Facilities

job-boards.greenhouse.io



1 comment

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Experience



Chief Executive Officer/Co-Founder

Cannabis & Glass · Full-time Nov 2013 - Present · 11 yrs 1 mo

Washington, United States · Remote

Cannabis & Glass (C&G) was founded in 2014 by Cristy Aranguiz & Tate Kapple, and continues to be a leader in the cannabis industry experiencing...

62-CV-24-7403

(2) Cristy Aranguiz | LinkedIn

Filed in District Court State of Minnesota 11/24/2024 12:17 PM



Chief Executive Officer/Co-Founder

Iowa Cannabis Company · Full-time Feb 2018 - Present · 6 yrs 10 mos Iowa, United States · Remote

Iowa Cannabis Company (ICC) was founded in 2018 by Cristy Aranguiz & Tate Kapple to provide medical cannabis THC and CBD products to the...



Board Member

NHCC National Hispanic Cannabis Council \cdot Contract Apr 2023 - Present \cdot 1 yr 8 mos

Remote

National Hispanic Cannabis Council is a purpose-driven nonprofit organization, created by unifying thought leaders in the cannabis business...

Education



GW The George Washington University

Skills

English

Program Management

Show all 5 skills →

Languages

English

Native or bilingual proficiency

Spanish

Native or bilingual proficiency

Interests

Companies

Groups

Newsletters

Schools



Harvard Business Review

14,489,672 followers





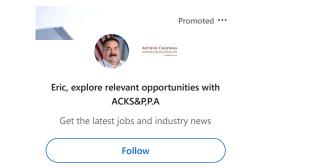
CNN Business

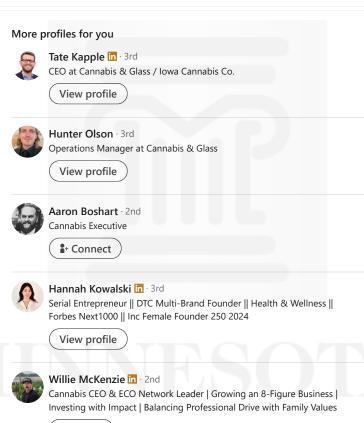
3,021,905 followers

+ Follow

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(2) Cristy Aranguiz | LinkedIn





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From Cristy's industry



Ellie Wilson

+ Follow

Executive Director at Autism Society of Minnesota

- Connect



Chelsea Donohue

Program Coordinator

- Connect



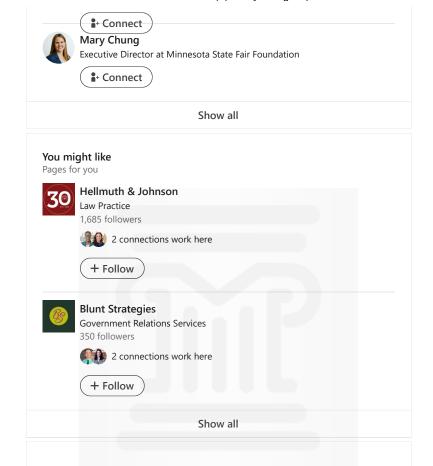
Alyssa Eilers

Manager of Legislative Affairs at Center for Energy and Environment

- Connect

Lisa Harrison

Associate General Counsel at International Union, UAW



JUDICIAL BRANCH

EXIHIBIT G



11/18/24, 11:21 AM

62-CV-24-7403

(2) Dillon Stutler | LinkedIn









My Network



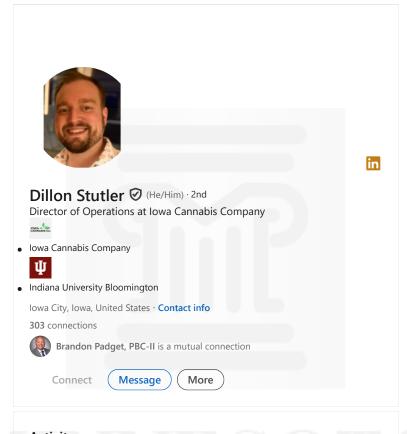
Messaging







Try Premium 1





310 followers

Posts

Comments

Dillon Stutler posted this • 3mo



Ten months ago I embarked on a new adventure after an amazing 13 years at GameStop. Since then it has been a whirlwind of excitement with invigorating new challenges in an industry that I had always ...show more



12 comments

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Experience



Iowa Cannabis Company

Full-time · 1 yr 3 mos

Director of Operations

Jul 2024 - Present \cdot 5 mos Iowa City, Iowa, United States

Operations Manager

Sep 2023 - Present \cdot 1 yr 3 mos Iowa, United States \cdot On-site



District Manager

 $\mathsf{GameStop} \cdot \mathsf{Full\text{-}time}$

Jan 2020 - Aug 2023 · 3 yrs 8 mos Quad Cities, Iowa Metropolitan Area District Manager at GameStop

Area Manager

ThinkGeek · Full-time

Feb 2017 - Dec 2019 · 2 yrs 11 mos

Indiana, United States



Store Manager

GameStop · Full-time

May 2010 - Jan 2017 \cdot 6 yrs 9 mos Bloomington, Indiana, United States

Education



Indiana University Bloomington

Business, Management, Marketing, and Related Support Services $2006\,\text{--}\,2009$

Recommendations

Received

Given

Nothing to see for now

Recommendations that Dillon receives will appear here.

Interests

Companies

Newsletters

Schools



Indiana University Bloomington

435,755 followers





GameStop

141,220 followers

+ Follow

Show all companies →



More profiles for you



Tate Kapple in · 3rd

CEO at Cannabis & Glass / Iowa Cannabis Co.

View profile



Cristy Aranguiz 🛅 · 2nd

(2) Dillon Stutler | LinkedIn

CEO & Co-Founder at Cannabis & Glass, Iowa Cannabis Co. / Board Member at Battomah Histpanic Cannabis Council



Aaron Boshart · 2nd

Cannabis Executive





 $\textbf{Marshall Piatt} \cdot 2 nd$

Operations executive in retail cannabis

- Connect



Debbie Silverman · 2nd

Executive Assistant to CEO | Cannabis & Glass & Iowa Cannabis Co.

- Connect

Show all

People you may know



Sara Severs

Chief of Staff, Minnesota Department of Transportation

- Connect



Bryant Jones

Chief of Cultivation Ops at Evokanna, LLC

O Pending



Cody Dornbusch

General Manager/Buyer at Hemp House MN

- Connect



Leah Montgomery

Deputy Chief of Staff for Policy & Legislative Affairs

- Connect



Joe Birkholz

Principal at Park Street Public

- Connect

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(2) Dillon Stutler | LinkedIn

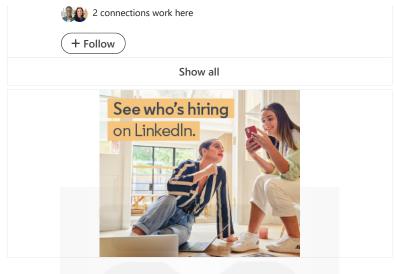




EXHIBIT H



62-CV-24-7403

Debbie Silverman | LinkedIn

























Debbie Silverman 🗹 · 2nd

Executive Assistant to CEO | Cannabis & Glass & Iowa Cannabis Co.



• Cannabis & Glass

United States · Contact info

240 connections



Richelle Manuel is a mutual connection

Connect

Message

More

About

As the Executive Assistant to the CEO at Cannabis & Glass and Iowa Cannabis Co., I am deeply committed to supporting the leadership team in driving our companies' success in the dynamic and rapidly growing cannabis industry. My passion for cannabis extends beyond its products; I am dedicated to advancing the industry...

Activity

246 followers

Debbie hasn't posted yet

Recent posts Debbie shares will be displayed here.

Show all activity →

Experience



Executive Assistant to Chief Executive Officer

Cannabis & Glass · Full-time Jun 2024 - Present · 6 mos

United States

As the Executive Assistant to the CEO at Cannabis & Glass and Iowa Cannabis Co., two leaders in the cannabis industry, I am at the forefront of ...

▽ Executive Support, Project Coordination and +6 skills



Real Estate Agent

KW Metro Center · Full-time Dec 2021 - Aug 2024 · 2 yrs 9 mos Houston, Texas, United States

♥ Client Relations, Residential Real Estate and +6 skills

Education



University of Houston

Bachelor's degree, Mass Communication/Media Studies

Strategic Communications

Skills

Organization Skills



Executive Assistant to Chief Executive Officer at Cannabis & Glass



Endorsed by 2 people in the last 6 months



2 endorsements

Audio Conferencing



Executive Assistant to Chief Executive Officer at Cannabis & Glass



Endorsed by 2 people in the last 6 months



2 endorsements

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Companies



Iowa Cannabis Company

324 followers





Cannabis & Glass 2,897 followers





More profiles for you



Cristy Aranguiz in · 2nd

CEO & Co-Founder at Cannabis & Glass, Iowa Cannabis Co. / Board Member at National Hispanic Cannabis Council

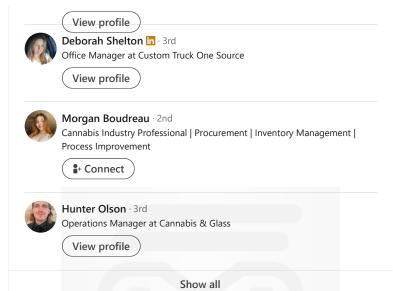




Tate Kapple in · 3rd

CEO at Cannabis & Glass / Iowa Cannabis Co.

Debbie Silverman | LinkedIn



People you may know

From Debbie's job title



Jennifer Allen Billington

Judicial Executive Assistant to Justice Paul Thissen & Justice Sarah E. Hennesy

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Erin Bauer

Executive Aide to the General Counsel at the Office of Governor Walz and Lieutenant Governor Flanagan

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Alexis Kise

Executive Assistant to the Senate Majority Leader

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Amity Beiner in

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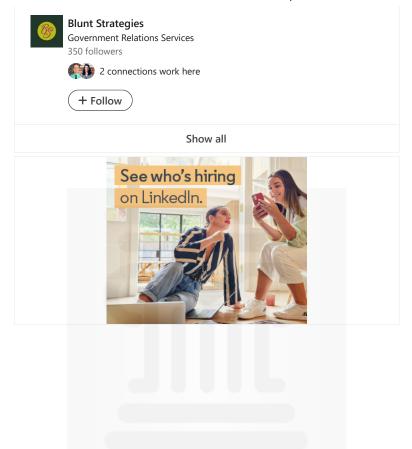


EXHIBIT I





4749 Chicago Avenue, S., Suite 3C Minneapolis, MN 55407 Tel: 612.509.2633

California · Colorado · Florida · Maryland · Massachusetts Michigan · Minnesota · New Jersey · New York · Texas

November 19, 2024

Minnesota Office of Cannabis Management

Via email: cannabis.info@state.mn.us

Greetings,

I am writing on behalf of Central Pinnacle Company LLC and Minnesota Grove LLC (collectively, the "Companies"), entities wholly owned by Cristy Aranguiz, a first-generation Latina American and qualified social equity applicant, in connection with recent correspondence received from the Minnesota Office of Cannabis Management ("OCM") purporting to deny lottery applications DIS-A24-000146 and DEL-A24-000054 (the "Applications") filed with OCM by the Companies for a Cannabis Retailer license and a Cannabis Delivery Service license, respectively.

As you may be aware, on November 18, 2024, the Companies received two email correspondences from OCM indicating that the Applications have been denied. Both emails contained attachments itemizing the same two reasons for OCM's denial of the Applications:

Document	Description	Status
Disclosure of Ownership and Control	If documentation does exist: Copies of any partnership agreement, operating agreement, or shareholder agreement are provided and comply with requirements of all relevant laws and Chapter 342, Laws of Minnesota 2024, chapter 121, article 2, section 76, and the chapter of Minnesota Statutes under which the applicant is organized	Fail
Disclosure of Ownership and Control	If documentation does exist: Copies of any promissory notes, security instruments, or other similar agreements are provided comply with requirements of all relevant laws and Chapter 342, Laws of Minnesota 2024, chapter 121, article 2, section 76, and the chapter of Minnesota Statutes under which the applicant is organized.	Fail

Vicente.

The Companies were not provided any further context or explanation for the denials, nor any opportunity to address these matters prior to the issuance of the denials.

The Companies would like to take this opportunity to explain why the reasons for denial of the Applications are incorrect on their face, and why, therefore, the Applications should be reinstated and accepted for inclusion in the pending OCM license lottery. In short, OCM incorrectly determined that the Companies failed to provide documents that simply do not exist.

As the first purported basis for denial, OCM asserted that the Companies each either (a) failed to provide copies of partnership agreements, operating agreements, or shareholder agreements or (b) that such agreements were provided but do not comply with all relevant laws and Chapter 342, Laws of Minnesota 2024, chapter 121, article 2, section 76. However, no such agreements were provided, because no such agreements exist. Each application truthfully states that the applicant Company is a single member limited liability company, owned 100% by Cristina Aranguiz. As such, neither Company entered into any partnership or shareholder agreement. Nor has either Company executed an operating agreement. Therefore, neither Applicant failed to comply with Chapter 342, Laws of Minnesota 2024, chapter 121, article 2, section 76 and should not have been denied on that basis.

As the second purported basis for the denial, OCM asserted that the Companies each either (a) failed to provide copies of any promissory notes, security instruments, or other similar agreements or (b) that such agreements were provided but do not comply with all relevant laws and Chapter 342, Laws of Minnesota 2024, chapter 121, article 2, section 76. Again, no such agreements were provided because no such agreements exist. Therefore, neither Company failed to provide such documentation, nor could such documentation fail to comply with Chapter 342, Laws of Minnesota 2024, chapter 121, article 2, section 76.

While we do not have sufficient information to know with certainty the source of any underlying confusion that gave rise to these denials, we are aware that OCM recently made inquiries into any connections between Tate Kapple and other applicants with a similar structure as the Companies. In the interest of pursuing an efficient resolution of this matter, we would also like to take this opportunity to explain the full extent of such connections. As you may be aware, Mr. Kapple's credit card was used to pay the Companies' application fees, a fact that may have given rise to incorrect assumptions and served a pretext for OCM's denial of the Applications.

Mr. Kapple (on behalf of an entity NXMN Partnership LLC ("NXMN")) paid the Companies' application fees as consideration—in the form of an in-kind payment to Ms. Aranguiz as the sole owner of the Companies—for options to acquire her membership interest in the Companies (the "Options"). That cash consideration for the Options is not refundable, and neither Mr. Kapple nor NXMN expect repayment of that cash consideration. This cash consideration is money that Ms. Aranguiz was entitled to by virtue of selling the Options, and she has self-funded the Applications using that money.

Vicente.

Notably, the Options are only exercisable if and when permitted by OCM, and the exercise of the Options and issuance of any equity in the Company is subject entirely to (a) the express approval of OCM and (b) payment of six-figure exercise payments. Copies of the Option Agreements are enclosed herewith as Exhibit A. As the holder of the Options, neither NXMN nor its members, including Mr. Kapple, are True Parties in Interest or Financiers under Minn. Stat. § 342.185. Furthermore, option agreements do not constitute either (i) a partnership agreement, operating agreement, or shareholder agreement or (ii) a promissory note, security instrument, or other similar agreement. For these reasons, neither the existence of nor the failure to disclose the Options (or the transaction between Mr. Kapple, NXMN and the Companies) are valid bases for denial of the Applications, and the Company is unaware of any other matter that could otherwise provide a basis for the denials itemized in correspondence from the OCM.

It is worth repeating that the Options have not been exercised and cannot be exercised without OCM's express approval, likely after promulgations of applicable regulations. Until then, Ms. Aranguiz remains the sole owner of the Companies; neither Mr. Kapple nor NXMN, nor any party other than Ms. Aranguiz, constitute a True Party in Interest or a Financier; and the only agreement between the relevant parties are the option agreements, the disclosure of which was not statutorily required or requested in the Applications. Accordingly, OCM's denials are not supported or justified under the law.

For the reasons set forth above, the Companies respectfully request that the Applications be promptly reinstated and accepted, and the Companies be including in the pending OCM lottery. We also request on behalf of the Companies "a records review of the submitted application materials" and an opportunity "to examine the [each] applicant[s'] records" pursuant to Laws of Minnesota 2024, chapter 121, article 2, section 148, subdivision 11.

In order to avoid expensive, time-consuming litigation, we kindly request an opportunity to meet in person at your earliest convenience. Ms. Aranguiz and I are available to meet in person this week and next and appreciate the opportunity to resolve these urgent matters before the upcoming holiday.

Respectfully,

/s/ Jason Tarasek

Jason Tarasek

Cc: Eric Taubel, Eric.Taubel@state.mn.us Oliver Larson, oliver.larson@ag.state.mn.us EXHIBIT A

Option Agreements

(attached)



PURCHASE OPTION AGREEMENT

THIS PURCHASE OPTION AGREEMENT (this "Agreement"), dated as of (the "Effective Date"), is by and among NXMN Partnership LLC, a Delaware limited liability company ("Buyer"), Cristina Aranguiz, an individual ("Seller"), and Central Pinnacle Company LLC, a Minnesota limited liability company (the "Company"). Buyer, Seller, and the Company are sometimes collectively referred to as the "Parties" and each in the singular, a "Party".

WHEREAS, Seller is the owner of one hundred percent (100%) of the issued and outstanding membership interests (the "Subject Equity") of the Company; and

WHEREAS, Buyer desires to have the right to purchase all of the Subject Equity and Seller desires to grant such right to Buyer, pursuant to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties hereto, the Parties hereby agree as follows:

1. Grant of Call Option.

Right to Purchase. Subject to the terms and conditions of this Agreement, and to the laws of the State of Minnesota and the regulations of the Minnesota Office of Cannabis Management ("OCM") commencing upon the date hereof and continuing for five (5) years thereafter (the "Option Period"), Buyer shall have the right (the "Call Right"), but not the obligation, to cause Seller to sell all or any portion of the Subject Equity of the Company at the Exercise Price (as defined in Section 2 hereof). Such Call Right shall be exercisable with respect to any portion of the Subject Equity during the duration of the Option Period, such that Buyer may purchase a portion of the Subject Equity at one point during the Option Period and purchase the remainder at a later time during the Option Period. In the event of any partial exercises of the Call Right, a ratable portion of the Exercise Price (as defined below) shall be paid in proportion to the portion of the Subject Equity purchased at any point during the Option Period. Any full or partial exercises of the Call Right and corresponding purchases and assignments of the Subject Equity shall only be made if permissible under Minnesota Statutes section 342.01, et seq. and all applicable state regulations issued in relation thereto (collectively, as amended from time to time, "Regulatory Laws") and shall only be made in conformance with Regulatory Laws and all other applicable laws.

(b) Procedures.

- (i) If Buyer desires, at any point during the Option Period, to exercise its Call Right, Buyer shall deliver to the Seller a written notice (the "Exercise Notice") indicating its election to exercise the Call Right.
- (ii) The Parties shall cooperate in obtaining all required governmental and regulatory approvals required under Regulatory Laws for the transfer of the Subject Equity (or the applicable portion thereof).

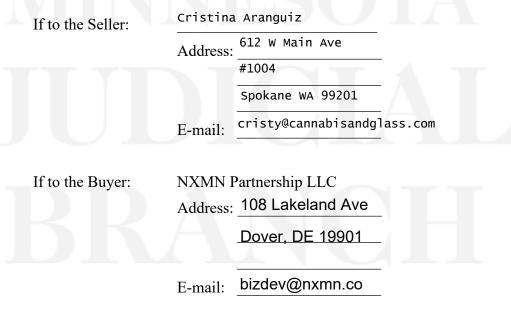
- (iii) At the Closing, Seller shall represent and warrant to the Buyer that (A) Seller has full right, title and interest in and to the Subject Equity, and that the Subject Equity constitutes all of the membership interests of the Company, (B) Seller has all the necessary power and authority and has taken all necessary action to sell such Subject Equity, and (C) the Subject Equity (or the applicable portion thereof) is being transferred free and clear of any and all mortgages, pledges, security interests, options, rights of first offer, encumbrances or other restrictions or limitations of any nature whatsoever.
- (c) <u>Closing</u>. The Closing shall occur within five (5) business days of the Parties obtaining all necessary regulatory and governmental approvals for the transfer of the Subject Equity (or the applicable portion thereof). Upon the Closing, Buyer shall pay the Exercise Price for the Subject Equity (or the ratable portion of the Exercise Price for the applicable portion of the Subject Equity) by wire transfer of immediately available funds to one or more accounts designated by Seller in writing and Seller shall deliver to Buyer a certificate or certificates representing the Subject Equity (or the applicable portion thereof) to be sold (if any), accompanied by an assignment and bill of sale of the Subject Equity (or the applicable portion thereof).
- (d) <u>Cooperation</u>. Seller shall take all actions as may be reasonably necessary to consummate the sale contemplated by this <u>Section 1</u>, including, without limitation, entering into agreements and delivering certificates and instruments and consents as may be deemed necessary or appropriate.
- 2. <u>Exercise Price</u>. The aggregate exercise price for the Subject Equity shall be \$100,000.00 USD for one hundred percent (100%) of the Subject Equity (the "<u>Exercise Price</u>").
- 4. <u>Termination</u>. This Agreement shall terminate (a) upon the mutual written consent of Seller and Buyer, (b) upon written notice from Buyer to Seller, (c) upon the expiration of the Option Period, or (d) upon such date that all of the Membership Interests have been purchased pursuant to this Agreement.
- 5. <u>Filings, Consents and Approvals.</u> Notwithstanding anything to the contrary herein, if, after the exercise of the Call Right, with respect to the sale or purchase of the Subject Equity pursuant to this Agreement, any Consent (as defined below) is required to consummate such transaction, including, but not limited to, consent by any governmental entity or regulatory body,

Buyer and Seller shall exercise reasonable best efforts to obtain any such Consents and shall cooperate to promptly make and prosecute such filings and obtain any such Consent. As used herein, "Consent" means any consent, order, approval, authorization or other action of, or any filing with or notice to or other action with respect to, any governmental entity, regulatory body, or any other person which is required for the consummation of a sale of the Subject Equity, or the conduct of the business or operation of the business of the Company, the ownership of the Subject Equity or the holding or utilization of any of the Subject Equity thereafter, whether such requirement arises pursuant to any requirement of applicable law or any agreement, including any of the foregoing which is required in order to prevent a breach of or a default under or a termination or modification of any agreement.

- 6. <u>Representations and Warranties.</u> Seller hereby represents and warrants to Buyer on and as of the date hereof and during the term of this Agreement as follows:
 - (a) Seller is a natural person and has full power, authority, and legal capacity to execute and deliver this Agreement and to perform his or her obligations hereunder. This Agreement constitutes his or her valid and legally binding obligation, enforceable against Seller in accordance with its terms.
 - (b) Seller is the record and beneficial owner of, and has good and marketable title to the Subject Equity, and is the sole legal, beneficial, record and equitable owner of the Subject Equity.
 - (c) The execution and delivery of this Agreement does not conflict with any other obligation of Seller. There is no claim, action, suit, proceeding or investigation ("Proceeding") of any nature pending or, to Seller's knowledge (after reasonable due inquiry), currently threatened that questions the validity of this Agreement or the right of Seller to enter into this Agreement or to consummate the transactions contemplated hereby, or that may otherwise have an adverse effect on the ability of Seller to comply with or perform any of his or her obligations under this Agreement. To Seller's knowledge (after reasonable due inquiry), no event has occurred that could reasonably be expected to give rise to the commencement of any such Proceeding.
 - (d) Seller has had the opportunity to review this Agreement with its own legal counsel, and has either done so to its satisfaction or has declined to do so. Seller has had an opportunity to evaluate the transactions contemplated by this Agreement and has made the affirmative decision to enter into this Agreement and proceed with the transactions contemplated hereby.
- 7. Covenants. Seller covenants that, for the duration of the Option Period, Seller shall not assign or otherwise transfer, or agree to transfer, any of the Subject Equity, or encumber or agree to encumber the same, including by permitting any lien thereupon. Seller further covenants that Seller shall inform Buyer within three (3) business days of receipt of any offer regarding the purchase of the Units or the placement of any lien or other encumbrance upon the Units. Seller and the Company further covenant that neither Seller nor the Company shall, nor shall permit the Company to, (a) issue any equity interests in the Company, or any interests convertible into equity in the Company, (b) incur any indebtedness, (c) encumber any of the assets of the Company, (d)

commence any legal proceedings, (e) amend, restate, or otherwise modify any operating agreement of the Company, nor create an operating agreement of the Company if one does not exist as of the date hereof, or (f) dissolve or wind up the Company.

- 8. <u>Successors and Assigns</u>. This Agreement shall be binding upon and inure to the benefit of each of the Parties hereto and their respective successors and assigns, provided, however, that no rights of Seller or the Company hereunder may be assigned, and no obligations of Seller or the Company may be delegated, without Buyer's prior written consent. Any purported assignment in violation of the foregoing shall be null and void. Buyer shall have the right to assign this Agreement, or any of its rights hereunder, whether in whole or in part, and including, without limitation, the ability of any such assignee to exercise the Call Right with respect to all or any portion of the Subject Equity, without the consent of Seller, to another person or entity. Any such assignee of Buyer may be made without the need for any amendment to this Agreement nor the execution of an option agreement in the name of such assignee, and in the event of such assignment such assignee shall be permitted to exercise the rights of Buyer as if such assignee was originally the Buyer hereunder with respect to any such rights delegated or assigned.
- 9. <u>Notices.</u> All notices and other communications pursuant to this Agreement shall be in writing and shall be deemed delivered and received (a) in the case of personal delivery, on the date of such delivery, (b) if sent via electronic mail, upon confirmation of delivery when directed to the relevant electronic mail address, if sent during normal business hours of the recipient, or if not sent during normal business hours of the recipient, then on the recipient's next business day, (c) in the case of a nationally-recognized overnight courier in circumstances under which such courier guarantees next business day delivery, on the next business day after the date sent, and (d) in the case of mailing, on the third business day following that on which the piece of mail containing such communication is posted.



or such other address as either Party may have furnished to the other in writing in accordance herewith, except that a notice of change of address shall be effective only upon actual receipt.

- 10. <u>Entire Agreement.</u> This Agreement constitutes the sole and entire agreement between Buyer and Seller respecting the Call Right and the other transactions described herein, and supersedes all prior agreements, representations, drafts, negotiations and communications, written or oral, of any kind. Neither this Agreement nor any provision hereof may be modified, supplemented, extended, amended, waived, discharged or terminated orally, but only by a written instrument signed by the Parties against which enforcement is sought.
- 11. <u>Confidentiality</u>. Each Party covenants and agrees that such Party shall keep secret and retain in strictest confidence and shall not at any time or in any manner, either directly or indirectly, divulge, copy, communicate, furnish, make available, or disclose to any third party or use for the benefit of himself, itself, or any third party, any Confidential Information (as defined herein). As used in this Agreement, "Confidential Information" shall mean any information relating to any Party, the business of such parties, or the transactions contemplated by this Agreement, including the existence of this Agreement; provided, however, that Confidential Information shall not include (i) any information which is in the public domain or becomes known in the industry through no wrongful act on the part of such party and the party's affiliates, or (ii) any information that such party is required to disclose by a governmental authority or court order, provided that the such party uses all commercially reasonable efforts to limit such disclosure and to obtain confidential treatment, and shall provide prior written notice to the other Party before making such disclosure.
- 12. <u>Waiver of Breach.</u> The waiver by either Buyer or Seller of a breach of any provision of this Agreement shall not operate as or be deemed a waiver of any subsequent breach by either Buyer or Seller.
- 13. Severability. It is mutually agreed and understood by the Parties that should any of the agreements and covenants contained herein be determined by any court of competent jurisdiction to be invalid by virtue of being vague or unreasonable, then the Parties hereto consent that this Agreement shall be amended retroactively to the date of its execution to include the terms and conditions said court deems to be reasonable and in conformity with the original intent of the Parties and the Parties hereto consent that under such circumstances, said court shall have the power and authority to determine what is reasonable and in conformity with the original intent of the Parties to the extent that said covenants and/or agreements are enforceable.
- 14. Applicable Law. This Agreement shall be construed in accordance with the laws of the State of Minnesota, without giving effect to principles of conflicts of law. The Parties hereto acknowledge that the production, sale, manufacture, possession and use of cannabis is illegal under U.S. federal law, including contracting with, investing in, or acquiring equity in a company engaging in such activities, and the Parties expressly waive any defense to the enforcement of the terms and conditions of this Agreement based upon non-conformance with applicable law relating to cannabis and the cannabis industry.
- 15. <u>Binding Arbitration</u>. Any and all claims, demands, disputes, controversies, or causes of action, arising out of or relating to any performance required under this Agreement, or the interpretation, validity or enforceability of this Agreement (including, without limitation, disputes over whether the court or an arbitrator shall determine the arbitrability of any dispute arising from or related to this Agreement, and/or the venue where such dispute shall be heard),

shall be resolved exclusively by arbitration in Spokane County, Washington. The arbitration shall be conducted by a single arbitrator jointly selected by the Parties; provided that, if the Parties are unable to agree upon an arbitrator, they agree to use the American Arbitration Association ("AAA") as an appointing authority. The arbitration shall proceed under the Commercial Arbitration Rules of the AAA, and the arbitrator shall apply Minnesota substantive law in the adjudication of all claims. The Parties agree to be: (a) bound by the decision of the arbitrator as the final decision with respect to the dispute; and (b) subject to the jurisdiction of the state courts of Minnesota for the purpose of confirmation and enforcement of any award. The parties understand that by agreeing to binding arbitration they are giving up the rights they may otherwise have to trial by a court or a jury and all rights of appeal. The prevailing Party in any arbitration shall be entitled to recover its documented costs and expenses (including reasonable attorneys' fees and expenses) from the non-prevailing Party.

- 16. Waiver of Jury Trial. EACH PARTY HERETO WAIVES ITS RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT IN ANY PROCEEDING OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR ANY AFFILIATE OF ANY OTHER SUCH PARTY, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS OR OTHERWISE.
- 17. <u>Counterparts.</u> This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Each counterpart may consist of a copy hereof containing multiple signature pages, each signed by one Party hereto, but together signed by both of the Parties hereto. Delivery of a signature page to, or an executed counterpart of, this document by facsimile, email transmission of a scanned image, or other electronic means, shall be effective as delivery of an originally executed counterpart.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have executed this Purchase Option Agreement as of the date first above written.

Buyer: NXMN Partnership LLC

By: tate tapple

Name: Tate Kapple

Its: Authorized Signatory

Seller: _ Cristina Aranguiz

By: (ristina lranguing 5072762472A24EC.... (signature)

Company: Central Pinnacle Company LLC

By: (ristina dranguing)

5072762472A24EC...
(signature)

Name: Cristina Aranguiz

(print name)

Its: Sole Member

PURCHASE OPTION AGREEMENT

THIS PURCHASE OPTION AGREEMENT (this "Agreement"), dated as of (the "Effective Date"), is by and among NXMN Partnership LLC, a Delaware limited liability company ("Buyer"), Cristina Aranguiz , an individual ("Seller"), and Minnesota Grove LLC , a Minnesota limited liability company (the "Company"). Buyer, Seller, and the Company are sometimes collectively referred to as the "Parties" and each in the singular, a "Party".

WHEREAS, Seller is the owner of one hundred percent (100%) of the issued and outstanding membership interests (the "Subject Equity") of the Company; and

WHEREAS, Buyer desires to have the right to purchase all of the Subject Equity and Seller desires to grant such right to Buyer, pursuant to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties hereto, the Parties hereby agree as follows:

1. Grant of Call Option.

Right to Purchase. Subject to the terms and conditions of this Agreement, and to the laws of the State of Minnesota and the regulations of the Minnesota Office of Cannabis Management ("OCM") commencing upon the date hereof and continuing for five (5) years thereafter (the "Option Period"), Buyer shall have the right (the "Call Right"), but not the obligation, to cause Seller to sell all or any portion of the Subject Equity of the Company at the Exercise Price (as defined in Section 2 hereof). Such Call Right shall be exercisable with respect to any portion of the Subject Equity during the duration of the Option Period, such that Buyer may purchase a portion of the Subject Equity at one point during the Option Period and purchase the remainder at a later time during the Option Period. In the event of any partial exercises of the Call Right, a ratable portion of the Exercise Price (as defined below) shall be paid in proportion to the portion of the Subject Equity purchased at any point during the Option Period. Any full or partial exercises of the Call Right and corresponding purchases and assignments of the Subject Equity shall only be made if permissible under Minnesota Statutes section 342.01, et seq. and all applicable state regulations issued in relation thereto (collectively, as amended from time to time, "Regulatory Laws") and shall only be made in conformance with Regulatory Laws and all other applicable laws.

(b) Procedures.

- (i) If Buyer desires, at any point during the Option Period, to exercise its Call Right, Buyer shall deliver to the Seller a written notice (the "Exercise Notice") indicating its election to exercise the Call Right.
- (ii) The Parties shall cooperate in obtaining all required governmental and regulatory approvals required under Regulatory Laws for the transfer of the Subject Equity (or the applicable portion thereof).

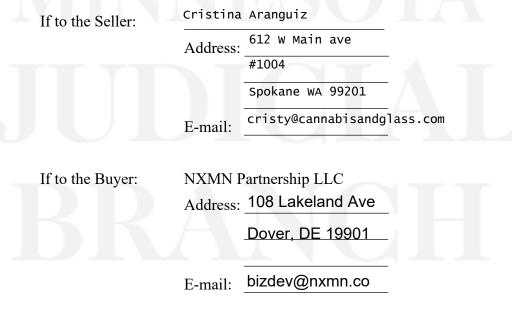
- (iii) At the Closing, Seller shall represent and warrant to the Buyer that (A) Seller has full right, title and interest in and to the Subject Equity, and that the Subject Equity constitutes all of the membership interests of the Company, (B) Seller has all the necessary power and authority and has taken all necessary action to sell such Subject Equity, and (C) the Subject Equity (or the applicable portion thereof) is being transferred free and clear of any and all mortgages, pledges, security interests, options, rights of first offer, encumbrances or other restrictions or limitations of any nature whatsoever.
- (c) <u>Closing</u>. The Closing shall occur within five (5) business days of the Parties obtaining all necessary regulatory and governmental approvals for the transfer of the Subject Equity (or the applicable portion thereof). Upon the Closing, Buyer shall pay the Exercise Price for the Subject Equity (or the ratable portion of the Exercise Price for the applicable portion of the Subject Equity) by wire transfer of immediately available funds to one or more accounts designated by Seller in writing and Seller shall deliver to Buyer a certificate or certificates representing the Subject Equity (or the applicable portion thereof) to be sold (if any), accompanied by an assignment and bill of sale of the Subject Equity (or the applicable portion thereof).
- (d) <u>Cooperation</u>. Seller shall take all actions as may be reasonably necessary to consummate the sale contemplated by this <u>Section 1</u>, including, without limitation, entering into agreements and delivering certificates and instruments and consents as may be deemed necessary or appropriate.
- 2. <u>Exercise Price</u>. The aggregate exercise price for the Subject Equity shall be \$100,000.00 USD for one hundred percent (100%) of the Subject Equity (the "<u>Exercise Price</u>").
- 4. <u>Termination</u>. This Agreement shall terminate (a) upon the mutual written consent of Seller and Buyer, (b) upon written notice from Buyer to Seller, (c) upon the expiration of the Option Period, or (d) upon such date that all of the Membership Interests have been purchased pursuant to this Agreement.
- 5. <u>Filings, Consents and Approvals.</u> Notwithstanding anything to the contrary herein, if, after the exercise of the Call Right, with respect to the sale or purchase of the Subject Equity pursuant to this Agreement, any Consent (as defined below) is required to consummate such transaction, including, but not limited to, consent by any governmental entity or regulatory body,

Buyer and Seller shall exercise reasonable best efforts to obtain any such Consents and shall cooperate to promptly make and prosecute such filings and obtain any such Consent. As used herein, "Consent" means any consent, order, approval, authorization or other action of, or any filing with or notice to or other action with respect to, any governmental entity, regulatory body, or any other person which is required for the consummation of a sale of the Subject Equity, or the conduct of the business or operation of the business of the Company, the ownership of the Subject Equity or the holding or utilization of any of the Subject Equity thereafter, whether such requirement arises pursuant to any requirement of applicable law or any agreement, including any of the foregoing which is required in order to prevent a breach of or a default under or a termination or modification of any agreement.

- 6. <u>Representations and Warranties.</u> Seller hereby represents and warrants to Buyer on and as of the date hereof and during the term of this Agreement as follows:
 - (a) Seller is a natural person and has full power, authority, and legal capacity to execute and deliver this Agreement and to perform his or her obligations hereunder. This Agreement constitutes his or her valid and legally binding obligation, enforceable against Seller in accordance with its terms.
 - (b) Seller is the record and beneficial owner of, and has good and marketable title to the Subject Equity, and is the sole legal, beneficial, record and equitable owner of the Subject Equity.
 - (c) The execution and delivery of this Agreement does not conflict with any other obligation of Seller. There is no claim, action, suit, proceeding or investigation ("Proceeding") of any nature pending or, to Seller's knowledge (after reasonable due inquiry), currently threatened that questions the validity of this Agreement or the right of Seller to enter into this Agreement or to consummate the transactions contemplated hereby, or that may otherwise have an adverse effect on the ability of Seller to comply with or perform any of his or her obligations under this Agreement. To Seller's knowledge (after reasonable due inquiry), no event has occurred that could reasonably be expected to give rise to the commencement of any such Proceeding.
 - (d) Seller has had the opportunity to review this Agreement with its own legal counsel, and has either done so to its satisfaction or has declined to do so. Seller has had an opportunity to evaluate the transactions contemplated by this Agreement and has made the affirmative decision to enter into this Agreement and proceed with the transactions contemplated hereby.
- 7. Covenants. Seller covenants that, for the duration of the Option Period, Seller shall not assign or otherwise transfer, or agree to transfer, any of the Subject Equity, or encumber or agree to encumber the same, including by permitting any lien thereupon. Seller further covenants that Seller shall inform Buyer within three (3) business days of receipt of any offer regarding the purchase of the Units or the placement of any lien or other encumbrance upon the Units. Seller and the Company further covenant that neither Seller nor the Company shall, nor shall permit the Company to, (a) issue any equity interests in the Company, or any interests convertible into equity in the Company, (b) incur any indebtedness, (c) encumber any of the assets of the Company, (d)

commence any legal proceedings, (e) amend, restate, or otherwise modify any operating agreement of the Company, nor create an operating agreement of the Company if one does not exist as of the date hereof, or (f) dissolve or wind up the Company.

- 8. <u>Successors and Assigns</u>. This Agreement shall be binding upon and inure to the benefit of each of the Parties hereto and their respective successors and assigns, provided, however, that no rights of Seller or the Company hereunder may be assigned, and no obligations of Seller or the Company may be delegated, without Buyer's prior written consent. Any purported assignment in violation of the foregoing shall be null and void. Buyer shall have the right to assign this Agreement, or any of its rights hereunder, whether in whole or in part, and including, without limitation, the ability of any such assignee to exercise the Call Right with respect to all or any portion of the Subject Equity, without the consent of Seller, to another person or entity. Any such assignee of Buyer may be made without the need for any amendment to this Agreement nor the execution of an option agreement in the name of such assignee, and in the event of such assignment such assignee shall be permitted to exercise the rights of Buyer as if such assignee was originally the Buyer hereunder with respect to any such rights delegated or assigned.
- 9. <u>Notices.</u> All notices and other communications pursuant to this Agreement shall be in writing and shall be deemed delivered and received (a) in the case of personal delivery, on the date of such delivery, (b) if sent via electronic mail, upon confirmation of delivery when directed to the relevant electronic mail address, if sent during normal business hours of the recipient, or if not sent during normal business hours of the recipient, then on the recipient's next business day, (c) in the case of a nationally-recognized overnight courier in circumstances under which such courier guarantees next business day delivery, on the next business day after the date sent, and (d) in the case of mailing, on the third business day following that on which the piece of mail containing such communication is posted.



or such other address as either Party may have furnished to the other in writing in accordance herewith, except that a notice of change of address shall be effective only upon actual receipt.

- 10. <u>Entire Agreement.</u> This Agreement constitutes the sole and entire agreement between Buyer and Seller respecting the Call Right and the other transactions described herein, and supersedes all prior agreements, representations, drafts, negotiations and communications, written or oral, of any kind. Neither this Agreement nor any provision hereof may be modified, supplemented, extended, amended, waived, discharged or terminated orally, but only by a written instrument signed by the Parties against which enforcement is sought.
- 11. <u>Confidentiality</u>. Each Party covenants and agrees that such Party shall keep secret and retain in strictest confidence and shall not at any time or in any manner, either directly or indirectly, divulge, copy, communicate, furnish, make available, or disclose to any third party or use for the benefit of himself, itself, or any third party, any Confidential Information (as defined herein). As used in this Agreement, "Confidential Information" shall mean any information relating to any Party, the business of such parties, or the transactions contemplated by this Agreement, including the existence of this Agreement; provided, however, that Confidential Information shall not include (i) any information which is in the public domain or becomes known in the industry through no wrongful act on the part of such party and the party's affiliates, or (ii) any information that such party is required to disclose by a governmental authority or court order, provided that the such party uses all commercially reasonable efforts to limit such disclosure and to obtain confidential treatment, and shall provide prior written notice to the other Party before making such disclosure.
- 12. <u>Waiver of Breach.</u> The waiver by either Buyer or Seller of a breach of any provision of this Agreement shall not operate as or be deemed a waiver of any subsequent breach by either Buyer or Seller.
- 13. Severability. It is mutually agreed and understood by the Parties that should any of the agreements and covenants contained herein be determined by any court of competent jurisdiction to be invalid by virtue of being vague or unreasonable, then the Parties hereto consent that this Agreement shall be amended retroactively to the date of its execution to include the terms and conditions said court deems to be reasonable and in conformity with the original intent of the Parties and the Parties hereto consent that under such circumstances, said court shall have the power and authority to determine what is reasonable and in conformity with the original intent of the Parties to the extent that said covenants and/or agreements are enforceable.
- 14. Applicable Law. This Agreement shall be construed in accordance with the laws of the State of Minnesota, without giving effect to principles of conflicts of law. The Parties hereto acknowledge that the production, sale, manufacture, possession and use of cannabis is illegal under U.S. federal law, including contracting with, investing in, or acquiring equity in a company engaging in such activities, and the Parties expressly waive any defense to the enforcement of the terms and conditions of this Agreement based upon non-conformance with applicable law relating to cannabis and the cannabis industry.
- 15. <u>Binding Arbitration</u>. Any and all claims, demands, disputes, controversies, or causes of action, arising out of or relating to any performance required under this Agreement, or the interpretation, validity or enforceability of this Agreement (including, without limitation, disputes over whether the court or an arbitrator shall determine the arbitrability of any dispute arising from or related to this Agreement, and/or the venue where such dispute shall be heard),

shall be resolved exclusively by arbitration in Spokane County, Washington. The arbitration shall be conducted by a single arbitrator jointly selected by the Parties; provided that, if the Parties are unable to agree upon an arbitrator, they agree to use the American Arbitration Association ("AAA") as an appointing authority. The arbitration shall proceed under the Commercial Arbitration Rules of the AAA, and the arbitrator shall apply Minnesota substantive law in the adjudication of all claims. The Parties agree to be: (a) bound by the decision of the arbitrator as the final decision with respect to the dispute; and (b) subject to the jurisdiction of the state courts of Minnesota for the purpose of confirmation and enforcement of any award. The parties understand that by agreeing to binding arbitration they are giving up the rights they may otherwise have to trial by a court or a jury and all rights of appeal. The prevailing Party in any arbitration shall be entitled to recover its documented costs and expenses (including reasonable attorneys' fees and expenses) from the non-prevailing Party.

- 16. Waiver of Jury Trial. EACH PARTY HERETO WAIVES ITS RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT IN ANY PROCEEDING OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR ANY AFFILIATE OF ANY OTHER SUCH PARTY, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS OR OTHERWISE.
- 17. <u>Counterparts.</u> This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Each counterpart may consist of a copy hereof containing multiple signature pages, each signed by one Party hereto, but together signed by both of the Parties hereto. Delivery of a signature page to, or an executed counterpart of, this document by facsimile, email transmission of a scanned image, or other electronic means, shall be effective as delivery of an originally executed counterpart.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have executed this Purchase Option Agreement as of the date first above written.

Buyer: NXMN Partnership LLC

By: tate kapple 392522FF27214C2....

Name: Tate Kapple

Its: Authorized Signatory

Seller: Cristina Aranguiz

By: (print name)

Sy: (ristina lranguing)

Signature)

Company: Minnesota Grove LLC

By: Cristina Aranguiz

Docusigned by:

Name: Cristina branquiz (print name)

Its: Sole Member

Signature Page to Purchase Option Agreement