

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

PEGASUS CAPITAL INVESTMENTS INC.

**MAXIMUM OF \$4,200,000 COMMON STOCK
\$14.00 PER SHARE OF COMMON STOCK**

CALL (916) 292-9412

PEGASUS CAPITAL INVESTMENTS INC., a California Corporation (“PCII” or the “Company”), is offering (the “Offering” refers to the presentation of information with respect to the Company’s desire to provide common stock in the Company in exchange for capital contributions being made to the Company) up to 300,000 shares of common stock, par value \$.01 for sale to qualified Subscribers (Subscriber refers to any individual or entity considering a potential investment in the Company or the shares of common stock) at a purchase price of \$14.00 per share of common stock. The Offering is being made only to qualified “Accredited Investors,” as such term is defined in Rule 501(a) under the Securities Act of 1933, as amended (the “Securities Act”).

No public market exists for any of the Company's securities and no public market is expected to develop following the Offering. The Offering has not been registered under the Securities Act or any state securities laws and is being conducted in reliance upon exemptions from the registration requirements of these laws. The shares of common stock will be subject to restrictions on transferability and may not be resold or otherwise transferred without registration or exemptions from registration under the Securities Act and applicable state securities laws.

AN INVESTMENT IN THE COMPANY’S SHARES OF COMMON STOCK IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. SEE “RISK FACTORS” FOR A DISCUSSION OF CERTAIN FACTORS THAT YOU SHOULD CONSIDER BEFORE INVESTING IN THE SHARES OF COMMON STOCK. YOU MUST BE PREPARED TO BEAR THE RISK OF YOUR INVESTMENT FOR AN INDEFINITE PERIOD OF TIME AND BE ABLE TO WITHSTAND A TOTAL LOSS OF YOUR INVESTMENT. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES REGULATORY AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Memorandum is July 31, 2018.

Offeree _____ Memorandum No. _____

RISK DISCLOSURE STATEMENT

THE ATTORNEYS THAT PREPARED THESE OFFERING DOCUMENTS ("ATTORNEYS") HEREBY DISCLAIM ANY OPINION OR ASSURANCE OF ANY NATURE WHATSOEVER REGARDING THE ACCURACY, COMPLETENESS, REASONABLENESS, TIMELINESS OR VERACITY OF ANY OF THE ASSERTIONS, REPRESENTATIONS OR OTHER INFORMATION CONTAINED HEREIN, WHETHER QUALITATIVE OR QUANTITATIVE, OR REGARDING THE INVESTMENT-WORTHINESS OF THE SECURITIES DISCUSSED HEREIN ("SECURITIES"). ANY ASSERTION OR REPRESENTATION MADE HEREIN, AND ALL OTHER INFORMATION DISCLOSED HEREIN, WHETHER QUALITATIVE OR QUANTITATIVE, HAS BEEN MADE OR PROVIDED BY THE PROMOTER. IN CONNECTION WITH THE PREPARATION OF THESE CONFIDENTIAL OFFERING DOCUMENT, THE ATTORNEYS HAVE NOT BEEN ENGAGED TO ATTEST HERETO, OR TO OPINE IN RESPECT HEREOF. ACCORDINGLY, THE ATTORNEYS HAVE NOT PERFORMED ANY ANALYTICAL, CONFIRMATION, VALIDATION, VERIFICATION OR OTHER PROCEDURES IN RESPECT OF THE ASSERTIONS AND REPRESENT ACTIONS CONTAINED HEREIN, NOR IN RESPECT OF ANY OF THE OTHER INFORMATION DISCLOSED HEREIN, INCLUDING ANY SIMILAR TO THOSE PROCEDURES UNDERTAKEN BY AN INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT IN CONNECTION WITH AN AUDIT OF THE FINANCIAL STATEMENTS OF AN ISSUER OF SECURITIES FOR PURPOSES OF RENDERING AN OPINION THEREON. CONSEQUENTLY, POTENTIAL INVESTORS, IN DECIDING WHETHER OR NOT TO INVEST IN THE SECURITIES, ARE CAUTIONED NOT TO ASCRIBE ANY SPECIAL RELIANCE WHATSOEVER ON THESE OFFERING DOCUMENTS BY REASON THAT ATTORNEYS HAVE PREPARED THESE OFFERING DOCUMENTS

THIS BRIEF STATEMENT CANNOT DISCLOSE ALL THE RISKS AND OTHER FACTORS NECESSARY TO EVALUATE YOUR PARTICIPATION IN THIS COMPANY. THEREFORE, BEFORE YOU DECIDE TO PARTICIPATE IN AN EQUITY INVESTMENT IN THIS COMPANY, YOU SHOULD CAREFULLY STUDY THESE OFFERING DOCUMENTS, INCLUDING A DISCUSSION OF THE CERTAIN RISK FACTORS OF THIS INVESTMENT.

CERTAIN NOTICES REGARDING THESE OFFERING DOCUMENTS AND UNDER STATE SECURITIES LAWS

THE COMPANY HAS PREPARED THIS MEMORANDUM FOR INFORMATIONAL PURPOSES ONLY IN ORDER TO ASSIST YOU IN EVALUATING AN INVESTMENT IN THE COMPANY. BY ACCEPTING DELIVERY OF THIS MEMORANDUM OR ANY OTHER MATERIALS IN CONNECTION WITH THIS OFFERING YOU AGREE (I.) TO KEEP THE CONTENTS OF THIS MEMORANDUM AND SUCH OTHER MATERIAL CONFIDENTIAL AND NOT TO DISCLOSE SUCH CONTENTS TO ANY THIRD PARTY OR OTHERWISE USE THE CONTENTS FOR ANY PURPOSE OTHER THAN YOUR EVALUATION OF AN INVESTMENT IN THE SHARES OF COMMON STOCK; (II.) NOT TO COPY THIS MEMORANDUM OR ANY SUCH OTHER MATERIAL; AND (III.) TO RETURN THIS MEMORANDUM AND ALL SUCH OTHER MATERIAL TO PEGASUS CAPITAL INVESTMENTS INC., ATTENTION: C. DEAN HOMAYOUNI, ESQ., 92283 HIGHWAY 70, CHILCOOT-VINTON, CALIFORNIA 96135 IF (A) YOU DO NOT SUBSCRIBE TO PURCHASE ANY SHARES OF COMMON STOCK; (B) THE COMPANY DOES NOT ACCEPT YOUR SUBSCRIPTION; OR (C) THE COMPANY TERMINATES OR WITHDRAWS THIS OFFERING.

THIS MEMORANDUM IS PERSONAL TO YOU. YOU MAY NOT DISTRIBUTE OR DISCLOSE THE CONTENTS OF THIS MEMORANDUM TO ANY PERSON OTHER THAN THOSE PERSONS, IF ANY, THAT YOU HAVE RETAINED TO ADVISE YOU WITH RESPECT TO THE OFFER AND SALE OF THE SHARES OF COMMON STOCK.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL TO OR A SOLICITATION OF AN OFFER TO BUY FROM ANYONE IN ANY STATE OR OTHER JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION.

THE COMPANY RESERVES THE RIGHT, IN ITS SOLE DISCRETION AND FOR ANY REASON WHATSOEVER, TO MODIFY, AMEND AND/OR WITHDRAW ALL OR ANY PORTION OF THIS OFFERING AND ACCEPT OR REJECT IN WHOLE OR IN PART ANY PROSPECTIVE INVESTMENT IN THE SHARES OF COMMON STOCK OR ALLOT TO ANY PROSPECTIVE INVESTOR (INVESTOR IS DEFINED AS ANY INDIVIDUAL OR ENTITY THAT SUBMITS A SUBSCRIPTION AGREEMENT AND FUNDS NECESSARY TO SUBSCRIBE TO THIS OFFERING AND IS ACCEPTED BY THE COMPANY, MAKING THE SUBSCRIBER A SHAREHOLDER IN THE COMPANY) LESS THAN THE AMOUNT OF THE SHARES OF COMMON STOCK SUCH INVESTOR DESIRES TO PURCHASE. THE COMPANY SHALL HAVE NO LIABILITY WHATSOEVER TO ANY INVESTOR OR PROSPECTIVE INVESTOR IN THE EVENT THAT ANY OF THE FOREGOING SHALL OCCUR.

THIS MEMORANDUM INCLUDES FORWARD-LOOKING INFORMATION THAT IS BASED ON ASSUMPTIONS ABOUT FUTURE EVENTS THAT ARE INHERENTLY UNCERTAIN AND SUBJECTIVE. THE COMPANY MAKES NO REPRESENTATION OR WARRANTY ABOUT WHETHER ANY SUCH ASSUMPTIONS WILL PROVE TRUE. PROJECTIONS OF THE COMPANY'S FUTURE PERFORMANCE ARE NECESSARILY SUBJECT TO A HIGH DEGREE OF UNCERTAINTY. YOU SHOULD CONDUCT YOUR OWN INVESTIGATION OF THE COMPANY AND ITS PROSPECTS BEFORE YOU MAKE AN INVESTMENT.

NEITHER THE DELIVERY OF THIS MEMORANDUM NOR ANY SALE OF THE SHARES OF COMMON STOCK SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY AND OTHER INFORMATION CONTAINED HEREIN SINCE THE DATE OF THIS MEMORANDUM.

THE COMPANY HAS SUMMARIZED CERTAIN PROVISIONS OF VARIOUS AGREEMENTS IN THIS MEMORANDUM, BUT YOU SHOULD NOT ASSUME THAT THE SUMMARIES ARE COMPLETE. THESE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE TEXTS OF THE ORIGINAL DOCUMENTS, WHICH WILL BE MADE AVAILABLE TO YOU UPON REQUEST.

YOU SHOULD NOT CONSTRUE THE CONTENTS OF THIS MEMORANDUM OR ANY PRIOR OR SUBSEQUENT COMMUNICATIONS FROM OR WITH THE COMPANY, OR ANY PROFESSIONAL ASSOCIATED WITH THE OFFERING, AS LEGAL OR PROFESSIONAL TAX ADVICE.

YOU SHOULD CONSULT YOUR OWN COUNSEL, ACCOUNTANT OR BUSINESS ADVISOR, RESPECTIVELY, ABOUT LEGAL, TAX, AND OTHER ASPECTS OF ANY INVESTMENT IN THE SHARES OF COMMON STOCK.

THE COMPANY WILL GIVE YOU THE OPPORTUNITY TO ASK QUESTIONS OF AND TO RECEIVE ANSWERS FROM REPRESENTATIVES OF THE COMPANY ABOUT THE COMPANY AND THE TERMS AND CONDITIONS OF THE OFFERING, AND TO OBTAIN ANY ADDITIONAL RELEVANT INFORMATION TO THE EXTENT THE COMPANY POSSESSES SUCH INFORMATION OR CAN OBTAIN IT WITHOUT UNREASONABLE EFFORT OR EXPENSE. EXCEPT FOR SUCH INFORMATION THE COMPANY PROVIDES IN RESPONSE TO REQUESTS FROM YOU OR YOUR ADVISORS, NO PERSON HAS BEEN AUTHORIZED IN CONNECTION WITH THE OFFER OR SALE OF THE SHARES OF COMMON STOCK TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS MEMORANDUM. IF YOU RECEIVE ANY SUCH INFORMATION OR REPRESENTATION, YOU SHOULD NOT RELY UPON IT. YOU SHOULD NOT RELY UPON INFORMATION NOT CONTAINED IN THIS MEMORANDUM UNLESS IT IS PROVIDED BY THE COMPANY AS INDICATED ABOVE.

REGULATION "D" INFORMATIONAL NOTICES

JURISDICTIONAL LEGENDS

THE PRESENCE OF A LEGEND FOR ANY GIVEN STATE REFLECTS ONLY THAT A LEGEND MAY BE REQUIRED BY THAT STATE AND SHOULD NOT BE CONSTRUED TO MEAN AN OFFER OR SALE MAY BE MADE IN A PARTICULAR STATE. IF YOU ARE UNCERTAIN AS TO WHETHER OR NOT OFFERS OR SALES MAY BE LAWFULLY MADE IN ANY GIVEN STATE, YOU ARE HEREBY ADVISED TO CONTACT THE COMPANY. THE SECURITIES DESCRIBED IN THESE OFFERING DOCUMENTS HAVE NOT BEEN REGISTERED UNDER ANY STATE SECURITIES LAWS (COMMONLY CALLED "BLUE SKY" LAWS. THESE SECURITIES MUST BE ACQUIRED FOR INVESTMENT PURPOSES ONLY AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION OF SUCH SECURITIES UNDER SUCH LAWS, OR AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED. THE PRESENCE OF A LEGEND FOR ANY GIVEN STATE REFLECTS ONLY THAT A LEGEND MAY BE REQUIRED BY THE STATE AND SHOULD NOT BE CONSTRUED TO MEAN AN OFFER OF SALE MAY BE MADE IN ANY PARTICULAR STATE.

NOTICE TO NON-U.S. RESIDENTS: IT IS YOUR RESPONSIBILITY TO SATISFY YOURSELF AS TO FULL OBSERVANCE OF THE LAWS OF ANY RELEVANT TERRITORY OUTSIDE THE U.S. IN CONNECTION WITH YOUR PURCHASE OF THE SHARES OF COMMON STOCK, INCLUDING OBTAINING ANY REQUIRED GOVERNMENTAL OR OTHER CONSENTS OR OBSERVING ANY OTHER APPLICABLE FORMALITIES.

NOTICE TO ALABAMA RESIDENTS ONLY: THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE ALABAMA SECURITIES ACT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE ALABAMA SECURITIES COMMISSION. THE COMMISSION DOES NOT RECOMMEND OR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF THESE CONFIDENTIAL OFFERING DOCUMENTS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NOTICE TO ALASKA RESIDENTS ONLY: THE SECURITIES OFFERED HAVE NOT BEEN REGISTERED WITH THE ADMINISTRATOR OF SECURITIES OF THE STATE OF ALASKA UNDER PROVISIONS OF 3 AAC 08.500 - 3 AAC 08.504. THE INVESTOR IS ADVISED THAT THE ADMINISTRATOR HAS MADE ONLY A CURSORY REVIEW OF THE REGISTRATION STATEMENT AND HAS NOT REVIEWED THESE OFFERING DOCUMENTS SINCE THE OFFERING DOCUMENTS ARE NOT REQUIRED TO BE FILED WITH THE ADMINISTRATOR. THE FACT OF REGISTRATION DOES NOT MEAN THAT THE ADMINISTRATOR HAS PASSED IN ANY WAY UPON THE MERITS, RECOMMENDED, OR APPROVED THE SECURITIES. ANY REPRESENTATION TO THE CONTRARY IS A VIOLATION OF 45.55.170. THE INVESTOR MUST RELY ON THE INVESTOR'S OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED IN MAKING AN INVESTMENT DECISION ON THESE SECURITIES.

NOTICE TO ARIZONA RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE ARIZONA SECURITIES ACT IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION PURSUANT TO A.R.S. SECTION 44-1844 (I) AND THEREFORE CANNOT BE RESOLD UNLESS THEY ARE ALSO REGISTERED OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

NOTICE TO ARKANSAS RESIDENTS ONLY: THESE SECURITIES ARE OFFERED IN RELIANCE UPON CLAIMS OF EXEMPTION UNDER THE ARKANSAS SECURITIES ACT AND SECTION 4(2) OF THE SECURITIES ACT OF 1933. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE KANSAS SECURITIES DEPARTMENT OR WITH THE SECURITIES AND EXCHANGE COMMISSION. NEITHER THE DEPARTMENT NOR

THE COMMISSION HAS PASSED UPON THE VALUE OF THESE SECURITIES, MADE ANY RECOMMENDATIONS AS TO THEIR PURCHASE, APPROVED OR DISAPPROVED THIS OFFERING OR PASSED UPON THE ADEQUACY OR ACCURACY OF THESE CONFIDENTIAL OFFERING DOCUMENTS. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NOTICE TO CALIFORNIA RESIDENTS: THESE SECURITIES HAVE NOT BEEN QUALIFIED OR OTHERWISE APPROVED OR DISAPPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS UNDER THE CALIFORNIA CORPORATIONS CODE. THESE SECURITIES ARE OFFERED IN CALIFORNIA IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION PROVIDED BY SECTIONS 25100, 25102 OR 25105 OF THE CALIFORNIA CORPORATIONS CODE. ACCORDINGLY, DISTRIBUTION OF THIS MEMORANDUM AND OFFERS AND SALES OF THE SECURITIES REFERRED TO HEREIN ARE STRICTLY LIMITED TO PERSONS WHO THE COMPANY DETERMINES TO HAVE MET CERTAIN FINANCIAL AND OTHER REQUIREMENTS. THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY WITH RESPECT TO ANY OTHER PERSON. IN ORDER TO RELY ON THE FOREGOING EXEMPTIONS, THE COMPANY WILL RELY IN TURN ON CERTAIN REPRESENTATIONS AND WARRANTIES MADE TO THE COMPANY BY THE INVESTORS IN THIS OFFERING. THOSE REPRESENTATIONS AND WARRANTIES ARE CONTAINED IN THE SUBSCRIPTION AGREEMENT, ATTACHED HERETO AS EXHIBIT A.

FOR COLORADO RESIDENTS ONLY: THE SALE OF THE SECURITIES WHICH ARE THE SUBJECT OF THIS OFFERING HAS NOT BEEN QUALIFIED WITH COMMISSIONER OF CORPORATIONS OF THE STATE OF COLORADO AND THE ISSUANCE OF SUCH SECURITIES OR PAYMENT OR RECEIPT OF ANY PART OF THE CONSIDERATION THEREFOR PRIOR TO SUCH QUALIFICATIONS IS UNLAWFUL, UNLESS THE SALE OF SECURITIES IS EXEMPTED FROM QUALIFICATION BY SECTION 251 00, 25102, OR 25104 OF THE COLORADO CORPORATIONS CODE. THE RIGHTS OF ALL PARTIES TO THIS OFFERING ARE EXPRESSLY CONDITION UPON SUCH QUALIFICATIONS BEING OBTAINED UNLESS THE SALE IS SO EXEMPT. THE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE COLORADO SECURITIES ACT OF 1991 BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE RESOLD, TRANSFERRED OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE COLORADO SECURITIES ACT OF 1991, IF SUCH REGISTRATION IS REQUIRED.

NOTICE TO CONNECTICUT RESIDENTS ONLY: SECURITIES ACQUIRED BY CONNECTICUT RESIDENTS ARE BEING SOLD AS A TRANSACTION EXEMPT UNDER SECTION 36B-31-21B-9B OF THE CONNECTICUT, UNIFORM SECURITIES ACT. THE SECURITIES HAVE NOT BEEN REGISTERED UNDER SAID ACT IN THE STATE OF CONNECTICUT. ALL INVESTORS SHOULD BE AWARE THAT THERE ARE CERTAIN RESTRICTIONS AS TO THE TRANSFERABILITY OF THE SECURITIES.

NOTICE TO DELAWARE RESIDENTS ONLY: IF YOU ARE A DELAWARE RESIDENT, YOU ARE HEREBY ADVISED THAT THESE SECURITIES ARE BEING OFFERED IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE DELAWARE SECURITIES ACT. THE SECURITIES CANNOT BE SOLD OR TRANSFERRED EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER THE ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR IN A TRANSACTION WHICH IS OTHERWISE IN COMPLIANCE WITH THE ACT.

NOTICE TO DISTRICT OF COLUMBIA RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES BUREAU OF THE DISTRICT OF COLUMBIA NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THESE OFFERING DOCUMENTS. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NOTICE TO FLORIDA RESIDENTS ONLY: THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN REGISTERED WITH THE FLORIDA DIVISION OF SECURITIES AND INVESTOR PROTECTION UNDER THE FLORIDA SECURITIES ACT. THE SECURITIES REFERRED TO HEREIN WILL BE SOLD TO, AND ACQUIRED BY THE HOLDER IN A TRANSACTION EXEMPT UNDER SECTION 517.061 OF SAID ACT. THE SECURITIES HAVE NOT BEEN REGISTERED UNDER SAID ACT IN THE STATE OF FLORIDA. IN ADDITION , ALL OFFEREEES WHO ARE FLORIDA RESIDENTS SHOULD BE AWARE THAT SECTION 517.061(1 1)(A)(5) OF THE ACT PROVIDES , IN RELEVANT PART, AS FOLLOWS: "WHEN SALES ARE MADE TO FIVE OR MORE PERSONS IN [FLORIDA], ANY SALE IN [FLORIDA] MADE PURSUANT TO [THIS SECTION] IS VOIDABLE BY THE PURCHASER IN SUCH SALE EITHER WITHIN 3 DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY THE PURCHASER TO THE ISSUER, AN AGENT OF THE ISSUER OR AN ESCROW AGENT OR WITHIN 3 DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO SUCH PURCHASER, WHICHEVER OCCURS LATER." THE AVAILABILITY OF THE PRIVILEGE TO VOID SALES PURSUANT TO SECTION 517.061(1 1) IS HEREBY COMMUNICATED TO EACH FLORIDA OFFEREE. EACH PERSON ENTITLED TO EXERCISE THE PRIVILEGE TO AVOID SALES GRANTED BY SECTION 517.061 (1 1) (A)(5) AND WHO WISHES TO EXERCISE SUCH RIGHT, MUST, WITHIN 3 DAYS AFTER THE TENDER OF ANY AMOUNT TO THE COMPANY OR TO ANY AGENT OF THE COMPANY (INCLUDING THE SELLING AGENT OR ANY OTHER DEALER ACTING ON BEHALF OF THE PARTNERSHIP OR ANY SALESMAN OF SUCH DEALER) OR AN ESCROW AGENT CAUSE A WRITTEN NOTICE OR TELEGRAM TO BE SENT TO THE COMPANY AT THE ADDRESS PROVIDED IN THIS CONFIDENTIAL EXECUTIVE SUMMARY. SUCH LETTER OR TELEGRAM MUST BE SENT AND, IF POSTMARKED, POSTMARKED ON OR PRIOR TO THE END OF THE AFOREMENTIONED THIRD DAY. IF A PERSON IS SENDING A LETTER, IT IS PRUDENT TO SEND SUCH LETTER BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ASSURE THAT IT IS RECEIVED AND ALSO TO EVIDENCE THE TIME IT WAS MAILED. SHOULD A PERSON MAKE THIS REQUEST ORALLY, HE MUST ASK FOR WRITTEN CONFIRMATION THAT HIS REQUEST HAS BEEN RECEIVED.

NOTICE TO GEORGIA RESIDENTS ONLY: THESE SECURITIES ARE OFFERED IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE GEORGIA SECURITIES ACT PURSUANT TO REGULATION 590-4-5-04 AND -01. THE SECURITIES CANNOT BE SOLD OR TRANSFERRED EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER THE ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR IN A TRANSACTION WHICH IS OTHERWISE IN COMPLIANCE WITH THE ACT.

NOTICE TO HAWAII RESIDENTS ONLY: NEITHER THESE CONFIDENTIAL OFFERING DOCUMENTS NOR THE SECURITIES DESCRIBED HEREIN BEEN APPROVED OR DISAPPROVED BY THE COMMISSIONER OF SECURITIES OF THE STATE OF HAWAII NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THESE CONFIDENTIAL OFFERING DOCUMENTS.

NOTICE TO ILLINOIS RESIDENTS: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECRETARY OF THE STATE OF ILLINOIS NOR HAS THE STATE OF ILLINOIS PASSED UPON THE ACCURACY OR ADEQUACY OF THE CONFIDENTIAL OFFERING DOCUMENTS. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NOTICE TO INDIANA RESIDENTS ONLY: THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER SECTION 23-2-1 -2 OF THE INDIANA SECURITIES LAW AND HAVE NOT BEEN REGISTERED UNDER SECTION 23-2-1 -3. THEY CANNOT THEREFORE BE RESOLD UNLESS THEY ARE REGISTERED UNDER SAID LAW OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE. A CLAIM OF EXEMPTION UNDER SAID LAW HAS BEEN FILED, AND IF SUCH EXEMPTION IS NOT DISALLOWED SALES OF THESE SECURITIES MAY BE MADE. HOWEVER, UNTIL SUCH EXEMPTION IS GRANTED, ANY OFFER MADE PURSUANT HERETO IS PRELIMINARY AND SUBJECT TO MATERIAL CHANGE.

NOTICE TO IOWA RESIDENTS ONLY: IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED; THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THESE OFFERING DOCUMENTS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT *TO* REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

NOTICE TO KANSAS RESIDENTS ONLY: IF AN INVESTOR ACCEPTS AN OFFER TO PURCHASE ANY OF THE SECURITIES, THE INVESTOR IS HEREBY ADVISED THE SECURITIES WILL BE SOLD TO AND ACQUIRED BY IT/HIM/HER IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER SECTION 81-5-15 OF THE KANSAS SECURITIES ACT AND HAVE NOT BE RE-OFFERED FOR SALE, TRANSFERRED, OR RESOLD EXCEPT IN COMPLIANCE WITH SUCH ACT AND APPLICABLE RULES PROMULGATED THEREUNDER.

NOTICE TO KENTUCKY RESIDENTS ONLY: IF AN INVESTOR ACCEPTS AN OFFER TO PURCHASE ANY OF THE SECURITIES, THE INVESTOR IS HEREBY ADVISED THE SECURITIES WILL BE SOLD TO AND ACQUIRED BY IT/HIM/HER IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER TITLE 808 KAR 10:210 OF THE KENTUCKY SECURITIES ACT AND MAY NOT BE RE-OFFERED FOR SALE, TRANSFERRED, OR RESOLD EXCEPT IN COMPLIANCE WITH SUCH ACT AND A PPLICABLE RULES PROMULGATED THEREUNDER.

NOTICE TO LOUISIANA RESIDENTS ONLY: IF AN INVESTOR ACCEPTS AN OFFER TO PURCHASE ANY OF THE SECURITIES, THE INVESTOR IS HEREBY ADVISED THE SECURITIES WILL BE SOLD TO AND ACQUIRED BY IT/HIM/HER IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER RULE 1 OF THE LOUISIANA SECURITIES LAW AND MAY NOT BE RE- OFFERED FOR SALE, TRANSFERRED, OR RESOLD EXCEPT IN COMPLIANCE WITH SUCH ACT AND APPLICABLE RULES PROMULGATED THEREUNDER .

NOTICE TO MAINE RESIDENTS ONLY: THE ISSUER IS REQUIRED TO MAKE A REASONABLE FINDING THAT THE SECURITIES OFFERED ARE A SUITABLE INVESTMENT FOR THE PURCHASER AND THAT THE PURCHASER IS FINANCIALLY ABLE TO BEAR THE RISK OF LOSING THE ENTIRE AMOUNT INVESTED. THESE SECURITIES ARE OFFERED PURSUANT TO AN EXEMPTION UNDER §16202(15) OF THE MAINE UNIFORM SECURITIES ACT AND ARE NOT REGISTERED WITH THE SECURITIES ADMINISTRATOR OF THE STATE OF MAINE.THE SECURITIES OFFERED FOR SALE MAY BE RESTRICTED SECURITIES AND THE HOLDER MAY NOT BE ABLE TO RESELL THE SECURITIES UNLESS: (1) THE SECURITIES ARE REGISTERED UNDER STATE AND FEDERAL SECURITIES LAWS, OR (2) AN EXEMPTION IS AVAILABLE UNDER THOSE LAWS.

NOTICE TO MARYLAND RESIDENTS ONLY: IF YOU ARE A MARYLAND RESIDENT AND YOU ACCEPT AN OFFER TO PURCHASE THESE SECURITIES PURSUANT TO THESE CONFIDENTIAL OFFERING DOCUMENTS, YOU ARE HEREBY ADVISED THAT THESE SECURITIES ARE BEING SOLD AS A TRANSACTION EXEMPT UNDER SECTION 11-602(9) OF THE MARYLAND SECURITIES ACT. THE SECURITIES HAVE NOT BEEN REGISTERED UNDER SAID ACT IN THE STATE OF MARYLAND. ALL INVESTORS SHOULD BE AWARE THAT THERE ARE CERTAIN RESTRICTIONS AS TO THE TRANSFERABILITY OF THE SECURITIES.

NOTICE TO MASSACHUSETTS RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN

REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE MASSACHUSETTS UNIFORM SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS, THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THIS OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

NOTICE TO MICHIGAN RESIDENTS ONLY: THESE SECURITIES ARE BEING OFFERED IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE MICHIGAN SECURITIES ACT. THE SECURITIES CANNOT BE SOLD OR TRANSFERRED EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER THE ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR IN A TRANSACTION WHICH IS OTHERWISE IN COMPLIANCE WITH THE ACT.

NOTICE TO MINNESOTA RESIDENTS ONLY: THESE SECURITIES BEING OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER CHAPTER 80A OF THE MINNESOTA SECURITIES LAWS AND MAY NOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO REGISTRATION, OR AN EXEMPTION THEREFROM.

NOTICE TO MISSISSIPPI RESIDENTS ONLY: THE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE MISSISSIPPI SECURITIES ACT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE MISSISSIPPI SECRETARY OF STATE OR WITH THE SECURITIES AND EXCHANGE COMMISSION. NEITHER THE SECRETARY OF STATE NOR THE COMMISSION HAS PASSED UPON THE VALUE OF THESE SECURITIES, OR APPROVED OR DISAPPROVED THIS OFFERING. THE SECRETARY OF STATE DOES NOT RECOMMEND THE PURCHASE OF THESE OR ANY OTHER SECURITIES. EACH PURCHASER OF THE SECURITIES MUST MEET CERTAIN SUITABILITY STANDARDS AND MUST BE ABLE TO BEAR AN ENTIRE LOSS OF THIS INVESTMENT. THE SECURITIES MAY NOT BE TRANSFERRED FOR A PERIOD OF ONE (1) YEAR EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER THE MISSISSIPPI SECURITIES ACT, OR IN A TRANSACTION IN COMPLIANCE WITH THE MISSISSIPPI SECURITIES ACT.

NOTICE TO MISSOURI RESIDENTS ONLY: THE SECURITIES OFFERED HEREIN WILL BE SOLD TO, AND ACQUIRED BY, THE PURCHASER IN A TRANSACTION EXEMPT UNDER SECTION 4.G OF THE MISSOURI SECURITIES LAW OF 1953, AS AMENDED. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER SAID ACT IN THE STATE OF MISSOURI UNLESS THE SECURITIES ARE SO REGISTERED, THEY MAY NOT BE OFFERED FOR SALE OR RESOLD IN THE STATE OF MISSOURI, EXCEPT AS A SECURITY, OR IN A TRANSACTION EXEMPT UNDER SAID ACT.

NOTICE TO MONTANA RESIDENTS ONLY: IN ADDITION TO THE INVESTOR SUITABILITY STANDARDS THAT ARE OTHERWISE APPLICABLE, ANY INVESTOR WHO IS A MONTANA RESIDENT MUST HAVE A NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS AND AUTOMOBILES) IN EXCESS OF FIVE (5) TIMES THE AGGREGATE AMOUNT INVESTED BY SUCH INVESTOR IN THE SECURITIES.

NOTICE TO NEBRASKA RESIDENTS ONLY: IF AN INVESTOR ACCEPTS AN OFFER TO PURCHASE ANY OF THE SECURITIES, THE INVESTOR, IS HEREBY ADVISED THE SECURITIES WILL BE SOLD TO AND ACQUIRED BY IT/HIM/HER IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER CHAPTER 15 OF THE NEBRASKA SECURITIES LAW AND MAY NOT BE RE-OFFERED FOR SALE, TRANSFERRED, OR RESOLD EXCEPT IN COMPLIANCE WITH SUCH ACT AND APPLICABLE RULES PROMULGATED THEREUNDER.

NOTICE TO NEVADA RESIDENTS ONLY: IF ANY INVESTOR ACCEPTS ANY OFFER TO PURCHASE THE SECURITIES, THE INVESTOR IS HEREBY ADVISED THE SECURITIES WILL BE SOLD TO AND ACQUIRED BY IT/HIM/HER IN A TRANSACTION EXEMPT FROM

REGISTRATION UNDER SECTION NRS 90.530 OF THE NEVADA SECURITIES LA W. THE IN VESTOR IS HEREBY ADVISED THAT THE ATTORNEY GENERAL OF THE STATE OF NEVADA HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING AND THE FILING OF THE OFFERING WITH THE BUREAU OF SECURITIES DOES NOT CONSTITUTE APPROVAL OF THE ISSUE, OR SALE THEREOF, BY THE BUREAU OF SECURITIES OR THE DEPARTMENT OF LAW AND PUBLIC SAFETY OF THE STATE OF NEVADA. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. NEVADA ALLOWS THE SALE OF SECURITIES TO 25 OR FEWER PURCHASERS IN THE STATE WITHOUT REGISTRATION. HOWEVER, CERTAIN CONDITIONS APPLY., THERE CAN BE NO GENERAL ADVERTISING OR SOLICITATION AND COMMISSIONS ARE LIMITED TO LICENSED BROKER-DEALERS. THIS EXEMPTION IS GENERALLY USED WHERE THE PROSPECTIVE INVESTOR IS ALREADY KNOWN AND HAS A PRE-EXISTING RELATIONSHIP WITH THE COMPANY. (SEE NRS 90.530.1 1)

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY: NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE UNDER THIS CHAPTER HAS BEEN FILED WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO NEW JERSEY RESIDENTS ONLY: IF YOU ARE A NEW JERSEY RESIDENT AND YOU ACCEPT AN OFFER TO PURCHASE THESE SECURITIES PURSUANT TO THESE CONFIDENTIAL OFFERING DOCUMENTS, YOU ARE HEREBY ADVISED THAT THESE CONFIDENTIAL OFFERING DOCUMENTS HAVE NOT BEEN FILED WITH OR REVIEWED BY THE ATTORNEY GENERAL OF THE STATE OF NEW JERSEY PRIOR TO ITS ISSUANCE AND USE. THE ATTORNEY GENERAL OF THE STATE OF NEW JERSEY HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NOTICE TO NEW MEXICO RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES DIVISION OF THE NEW MEXICO DEPARTMENT OF BANKING NOR HAS THE SECURITIES DIVISION PASSED UPON THE ACCURACY OR ADEQUACY OF THESE CONFIDENTIAL OFFERING DOCUMENTS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NOTICE TO NEW YORK RESIDENTS ONLY: THESE OFFERING DOCUMENTS HAVE NOT BEEN REVIEWED BY THE ATTORNEY GENERAL OF THE STATE OF NEW YORK PRIOR TO ITS ISSUANCE AND USE. THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THLS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE COMPANY HAS TAKEN NO STEPS TO CREATE AN AFTERMARKET FOR THE SECURITIES OFFERED HEREIN AND HAS MADE NO ARRANGEMENTS WITH BROKERS OF OTHERS TO TRADE OR MAKE A MARKET IN THE SECURITIES. AT SOME TIME IN THE FUTURE , THE COMPANY MAY ATTEMPT TO ARRANGE FOR INTERESTED BROKERS TO TRADE OR MAKE A MARKET IN THE SECURITIES AND TO QUOTE THE SAME IN A PUBLISHED QUOTATION MEDIUM, HOWEVER, NO SUCH ARRANGEMENTS HAVE BEEN MADE AND THERE IS NO ASSURANCE THAT ANY BROKERS WILL EVER HAVE SUCH AN INTEREST IN THE SECURITIES OF THE COMPANY OR THAT THERE WLLL EVER BE A MARKET THEREFORE.

NOTICE TO NORTH CAROLINA RESIDENTS ONLY: IN MAKING AN INVESTMENT DECISION,

INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED ACCURACY OR DETERMINED ADEQUACY OF THESE OFFERING DOCUMENTS. REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

NOTICE TO NORTH DAKOTA RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THESE CONFIDENTIAL OFFERING DOCUMENTS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NOTICE TO OHIO RESIDENTS ONLY: IF AN INVESTOR ACCEPTS AN OFFER TO PURCHASE ANY OF THE SECURITIES, THE INVESTOR IS HEREBY ADVISED THE SECURITIES WILL BE SOLD TO AND ACQUIRED BY IT/HIM/HER IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER SECTION 1707.03(X) OF THE OHIO SECURITIES LAW AND MAY NOT BE RE-OFFERED FOR SALE, TRANSFERRED, OR RESOLD EXCEPT IN COMPLIANCE WITH SUCH ACT AND APPLICABLE RULES PROMULGATED THEREUNDER.

NOTICE TO OKLAHOMA RESIDENTS ONLY: THESE SECURITIES ARE OFFERED FOR SALE IN THE STATE OF OKLAHOMA IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION FOR PRIVATE OFFERINGS. ALTHOUGH A PRIOR FILING OF THESE CONFIDENTIAL OFFERING DOCUMENTS AND THE INFORMATION HAS BEEN MADE WITH THE OKLAHOMA SECURITIES COMMISSION, SUCH FILING IS PERMISSIVE ONLY AND DOES NOT CONSTITUTE AN APPROVAL, RECOMMENDATION OR ENDORSEMENT, AND IN NO SENSE IS TO BE REPRESENTED AS AN INDICATION OF THE INVESTMENT MERIT OF SUCH SECURITIES. ANY SUCH REPRESENTATION IS UNLAWFUL.

NOTICE TO OREGON RESIDENTS ONLY: THE SECURITIES OFFERED HAVE BEEN REGISTERED WITH THE CORPORATION COMMISSION OF THE STATE OF OREGON UNDER PROVISIONS OF ORS 59.049. THE INVESTOR IS ADVISED THAT THE COMMISSIONER HAS MADE ONLY A CURSORY REVIEW OF THE REGISTRATION STATEMENT AND HAS NOT REVIEWED THESE OFFERING DOCUMENTS SINCE THESE OFFERING DOCUMENTS ARE NOT REQUIRED TO BE FILED WITH THE COMMISSIONER. THE INVESTOR MUST RELY ON THE INVESTOR'S OWN EXAMINATION OF THE COMPANY CREATING THE SECURITIES, AND THE TERMS OF THE OFFERING INCLUDING THE MERITS AND RISKS INVOLVED IN MAKING AN INVESTMENT DECISION ON THESE SECURITIES.

NOTICE TO PENNSYLVANIA RESIDENTS ONLY : EACH PERSON WHO ACCEPTS AN OFFER TO PURCHASE SECURITIES EXEMPTED FROM REGISTRATION BY SECTION 203(D), DIRECTLY FROM THE ISSUER OR AFFILIATE OF THIS ISSUER, SHALL HAVE THE RIGHT TO WITHDRAW HIS ACCEPTANCE WITHOUT INCURRING ANY LIABILITY TO THE SELLER, UNDERWRITER (IF ANY) OR ANY OTHER PERSON WITHIN TWO (2) BUSINESS DAYS FROM THE DATE OF RECEIPT BY THE ISSUER OF HIS WRITTEN BINDING CONTRACT OF PURCHASE OR, IN THE CASE OF A TRANSACTION IN WHICH THERE IS NO BINDING CONTRACT OF PURCHASE, WITHIN TWO (2) BUSINESS DAYS AFTER HE MAKES THE INITIAL PAYMENT FOR THE SECURITIES BEING OFFERED. IF YOU HAVE ACCEPTED AN OFFER TO PURCHASE THESE SECURITIES MADE PURSUANT TO A PROSPECTUS WHICH

CONTAINS A NOTICE EXPLAINING YOUR RIGHT TO WITHDRAW YOUR ACCEPTANCE PURSUANT TO SECTION 207(M) OF THE PENNSYLVANIA SECURITIES ACT OF 1972 (70 PS § 1-207(M)), YOU MAY ELECT, WITHIN TWO (2) BUSINESS DAYS AFTER THE FIRST TIME YOU HAVE RECEIVED THIS NOTICE AND A PROSPECTUS TO WITHDRAW FROM YOUR PURCHASE AGREEMENT AND RECEIVE A FULL REFUND OF ALL MONEYS PAID BY YOU. YOUR WITHDRAWAL WILL BE WITHOUT ANY FURTHER LIABILITY TO ANY PERSON. TO ACCOMPLISH THIS WITHDRAWAL, YOU NEED ONLY SEND A LETTER OR TELEGRAM TO THE ISSUER (OR UNDERWRITER IF ONE IS LISTED ON THE FRONT PAGE OF THE CONFIDENTIAL OFFERING DOCUMENTS) INDICATING YOUR INTENTION TO WITHDRAW. SUCH LETTER OR TELEGRAM SHOULD BE SENT AND POSTMARKED PRIOR TO THE END OF THE AFOREMENTIONED SECOND BUSINESS DAY. IF YOU ARE SENDING A LETTER IT IS PRUDENT TO SEND IT BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ENSURE THAT IT IS RECEIVED AND ALSO EVIDENCE THE TIME WHEN IT WAS MAILED. SHOULD YOU MAKE THIS REQUEST ORALLY, YOU SHOULD ASK WRITTEN CONFIRMATION THAT YOUR REQUEST HAS BEEN RECEIVED. NO SALE OF THE SECURITIES WILL BE MADE TO RESIDENTS OF THE STATE OF PENNSYLVANIA WHO ARE NON-ACCREDITED INVESTORS. EACH PENNSYLVANIA RESIDENT MUST AGREE NOT TO SELL THESE SECURITIES FOR A PERIOD OF TWELVE (12) MONTHS AFTER THE DATE OF PURCHASE, EXCEPT IN ACCORDANCE WITH WAIVERS ESTABLISHED BY RULE OR ORDER OF THE COMMISSION. THE SECURITIES HAVE BEEN ISSUED PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENT OF THE PENNSYLVANIA SECURITIES ACT OF 1972. NO SUBSEQUENT RESALE OR OTHER DISPOSITION OF THE SECURITIES MAY BE MADE WITHIN 12 MONTHS FOLLOWING THEIR INITIAL SALE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION, EXCEPT IN ACCORDANCE WITH WAIVERS ESTABLISHED BY RULE OR ORDER OF THE COMMISSION, AND THEREAFTER ONLY PURSUANT TO AN EFFECTIVE REGISTRATION OR EXEMPTION.

NOTICE TO RHODE ISLAND RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE DEPARTMENT OF BUSINESS REGULATION OF THE STATE OF RHODE ISLAND NOR HAS THE DIRECTOR PASSED UPON THE ACCURACY OR ADEQUACY OF THESE OFFERING DOCUMENTS. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NOTICE TO SOUTH CAROLINA RESIDENTS ONLY: THESE SECURITIES ARE BEING OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE SOUTH CAROLINA UNIFORM SECURITIES ACT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE SOUTH CAROLINA SECURITIES COMMISSIONER. THE COMMISSIONER DOES NOT RECOMMEND OR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF THESE CONFIDENTIAL OFFERING DOCUMENTS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NOTICE TO SOUTH DAKOTA RESIDENTS ONLY: THESE SECURITIES ARE BEING OFFERED FOR SALE IN THE STATE OF SOUTH DAKOTA PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SOUTH DAKOTA BLUE SKY LAW, CHAPTER 47-31, WITH THE DIRECTOR OF THE DIVISION OF SECURITIES OF THE DEPARTMENT OF COMMERCE AND REGULATION OF THE STATE OF SOUTH DAKOTA. THE EXEMPTION DOES NOT CONSTITUTE A FINDING THAT THESE CONFIDENTIAL OFFERING DOCUMENTS ARE TRUE, COMPLETE, AND NOT MISLEADING, NOR HAS THE DIRECTOR OF THE DIVISION OF SECURITIES PASSED IN ANY WAY UPON THE MERITS OF, RECOMMENDED, OR GIVEN APPROVAL TO THESE SECURITIES. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NOTICE TO TENNESSEE RESIDENT ONLY: IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE

SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THESE OFFERING DOCUMENTS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD, EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISK OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

NOTICE TO TEXAS RESIDENTS ONLY: THE SECURITIES OFFERED HEREUNDER HAVE NOT BEEN REGISTERED UNDER APPLICABLE TEXAS SECURITIES LAWS AND, THEREFORE, ANY PURCHASER THEREOF MUST BEAR THE ECONOMIC RISK OF THE INVESTMENT FOR AN INDEFINITE PERIOD OF TIME BECAUSE THE SECURITIES CANNOT BE RESOLD UNLESS THEY ARE SUBSEQUENTLY REGISTERED UNDER SUCH SECURITIES LAWS OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE. FURTHER, PURSUANT TO §109.13 UNDER THE TEXAS SECURITIES ACT, THE COMPANY IS REQUIRED TO APPRISE PROSPECTIVE INVESTORS OF THE FOLLOWING: A LEGEND SHALL BE PLACED, UPON ISSUANCE, ON CERTIFICATES REPRESENTING SECURITIES PURCHASED HEREUNDER, AND ANY PURCHASER HEREUNDER SHALL BE REQUIRED TO SIGN A WRITTEN AGREEMENT THAT HE WILL NOT SELL THE SUBJECT SECURITIES WITHOUT REGISTRATION UNDER APPLICABLE SECURITIES LAWS, OR EXEMPTIONS THEREFROM.

NOTICE TO UTAH RESIDENTS ONLY: THESE SECURITIES ARE BEING OFFERED IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE UTAH SECURITIES ACT. THE SECURITIES CANNOT BE TRANSFERRED OR SOLD EXCEPT IN TRANSACTIONS WHICH ARE EXEMPT UNDER THE ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR IN A TRANSACTION WHICH IS OTHERWISE IN COMPLIANCE WITH THE ACT.

NOTICE TO VERMONT RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES DIVISION OF THE STATE OF VERMONT NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THESE OFFERING DOCUMENTS. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NOTICE TO VIRGINIA RESIDENTS ONLY: IF AN INVESTOR ACCEPTS AN OFFER TO PURCHASE ANY OF THE SECURITIES, THE INVESTOR IS HEREBY ADVISED THE SECURITIES WILL BE SOLD TO AND ACQUIRED BY IT/HIM/HER IN A TRANSACTION UNDER SECTION 13.1-514 OF THE VIRGINIA SECURITIES ACT AND MAY NOT BE RE-OFFERED FOR SALE, TRANSFERRED, OR RESOLD EXCEPT IN COMPLIANCE WITH SUCH ACT AND APPLICABLE RULES PROMULGATED THEREUNDER.

NOTICE TO WASHINGTON RESIDENTS ONLY: THE ADMINISTRATOR OF SECURITIES HAS NOT REVIEWED THE OFFERING OR CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM AND THE SECURITIES HAVE NOT BEEN REGISTERED IN RELIANCE UPON THE SECURITIES ACT OF WASHINGTON, CHAPTER 21.20 RCW, AND THEREFORE, CANNOT BE RESOLD UNLESS THEY ARE REGISTERED UNDER THE SECURITIES ACT OF WASHINGTON, CHAPTER 21.20 RCW, OR UNLESS AN EXEMPTION FROM REGISTRATION IS MADE AVAILABLE.

NOTICE TO WEST VIRGINIA RESIDENTS ONLY: IF AN INVESTOR ACCEPTS AN OFFER TO PURCHASE ANY OF THE SECURITIES, THE INVESTOR IS HEREBY ADVISED THE SECURITIES WILL BE SOLD TO AND ACQUIRED BY IT/HIM/HER IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER SECTION 15.06(B)(9) OF THE WEST VIRGINIA SECURITIES LAW AND MAY NOT BE REOFFERED FOR SALE, TRANSFERRED, OR RESOLD EXCEPT IN COMPLIANCE

WITH SUCH ACT AND APPLICABLE RULES PROMULGATED THEREUNDER.

NOTICE TO WISCONSIN RESIDENTS ONLY: IN ADDITION TO THE INVESTOR SUITABILITY STANDARDS THAT ARE OTHERWISE APPLICABLE, ANY INVESTOR WHO IS A WISCONSIN RESIDENT MUST HAVE A NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS AND AUTOMOBILES) IN EXCESS OF THREE AND ONE-THIRD (3 1/3) TIMES THE AGGREGATE AMOUNT INVESTED BY SUCH INVESTOR IN THE SECURITIES OFFERED HEREIN.

FOR WYOMING RESIDENTS ONLY: ALL WYOMING RESIDENTS WHO SUBSCRIBE TO PURCHASE SECURITIES OFFERED BY THE COMPANY MUST SATISFY THE FOLLOWING MINIMUM FINANCIAL SUITABILITY REQUIREMENTS IN ORDER TO PURCHASE SECURITIES: (1) A NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS AND AUTOMOBILES) OF TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000); AND (2) THE PURCHASE PRICE OF SECURITIES SUBSCRIBED FOR MAY NOT EXCEED TWENTY PERCENT (20%) OF THE NET WORTH OF THE SUBSCRIBER; AND (3) "TAXABLE INCOME" AS DEFINED IN SECTION 63 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, DURING THE LAST TAX YEAR AND ESTIMATED "TAXABLE INCOME" DURING THE CURRENT TAX YEAR SUBJECT TO A FEDERAL INCOME TAX RATE OF NOT LESS THAN THIRTY-THREE PERCENT (33%) IN ORDER TO VERIFY THE FOREGOING, ALL SUBSCRIBERS WHO ARE WYOMING RESIDENTS WILL BE REQUIRED TO REPRESENT IN THE SUBSCRIPTION AGREEMENT THAT THEY MEET THESE WYOMING SPECIAL INVESTOR SUITABILITY REQUIREMENTS.

NASAA UNIFORM LEGEND (Version 1)

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

NASAA UNIFORM LEGEND (Version 2)

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

NASAA UNIFORM LEGEND (Version 3)

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF

THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

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We have not authorized anyone to provide you with information that is different than that contained in this Offering Memorandum. You should rely only on the information contained in this Offering Memorandum in making an investment decision. You should not rely on any other offering literature or other information in any form that anyone may give you.

The information contained in this Offering Memorandum is accurate only as of the date on the front cover regardless of the time of delivery of this Offering Memorandum or any sale of the shares of common stock. Neither the delivery of this Offering Memorandum nor the sale of the shares of common stock shall create any implication that there has been no change in the information or in our business since the date on the front cover.

References to “we,” “us,” “our,” or the “company” refer to the entity and business of PEGASUS CAPITAL INVESTMENTS INC. This Offering Memorandum contains important information about us that you should read and consider carefully before you decide whether to invest in our shares of common stock. If you have any questions regarding the information in this Offering Memorandum, please contact Mr. C. Dean Homayouni, at: PEGASUS CAPITAL INVESTMENTS INC., 92283 Highway 70, Chilcote-Vinton, California 96135 at (916) 292-9412 or by facsimile at (702) 966-3707.

SUMMARY OF THE OFFERING

The following highlights, of certain important information contained in this Offering Memorandum and exhibits, are intended for quick reference for the convenience of prospective investors and prospective investment advisors, and are not intended to be complete, but should be read in conjunction with the more detailed information set forth in this Offering Memorandum and its exhibits. The Summary, therefore, is qualified in its entirety by reference to the full text of this Memorandum and the supporting documentation and exhibits.

OFFERING DEFINITIONS

For the purposes of this Offering, the following definitions are provided:

Offering – refers to the presentation of information with respect to the Company’s desire to provide common stock ownership in the Company in exchange for capital contributions being made to the Company.

Subscriber – refers to any individual or entity considering a potential investment in the Company or the Shares of common stock.

Subscription Agreement – the document attached to this Offering to be used by Subscribers to qualify for consideration as Investors in the Company and/or the Shares of common stock.

Investor – any individual or entity that submits a Subscription Agreement and funds necessary to subscribe to this Offering and is accepted by the Company, making the Subscriber a shareholder in the Company.

Subscription Price – refers to the price to be paid by a Subscriber for each share of common stock being offered by the Company pursuant to this Offering.

Company – refers to PEGASUS CAPITAL INVESTMENTS INC. the operating company and developer of a (i) proposed vertically integrated seed to sale cannabis cultivation and distribution plan, (ii) implementation of up to thirty-two cannabis mobile delivery service locations to directly sell cannabis products and cannabis accessory products directly to the end consumer, (iii) development of a custom point of sale software referred to as “280E Tax Buster Software” and (iv) development of software to allow non-company owned dispensaries and mobile delivery services to sell non-cannabis products referred to as the “Canna Culture Products”.

Shares of common stock – refers to the type of investment being offered by the Company pursuant to this Offering.

Purchaser Representative – *Purchaser Representative* or *Investor Representative* shall mean any person who satisfies all of the following conditions or who the issuer reasonably believes satisfies all of the following conditions:

Is not an affiliate, director, officer or other employee of the issuer, or beneficial owner of 10 percent or more of any class of the equity securities or 10 percent or more of the equity interest in the issuer, except where the purchaser is:

A relative of the Purchaser Representative by blood, marriage or adoption and not more remote than a first cousin;

A trust or estate in which the Purchaser Representative and any persons related to him as specified in paragraph (h)1(i) or (h)1(iii) of this section collectively have more than 50 percent of the beneficial interest (excluding contingent interest) or of which the Purchaser Representative serves as trustee, executor, or in any similar capacity; or

A corporation or other organization of which the Purchaser Representative and any persons related to him as specified in paragraph (h)1(i) or (h)1(ii) of this section collectively are the beneficial owners of more than 50 percent of the equity securities (excluding directors' qualifying shares) or equity interests;

Has such knowledge and experience in financial and business matters that he is capable of evaluating, alone, or together with other Purchaser Representatives of the purchaser, or together with the purchaser, the merits and risks of the prospective investment;

Is acknowledged by the purchaser in writing, during the course of the transaction, to be his Purchaser Representative in connection with evaluating the merits and risks of the prospective investment; and

Discloses to the purchaser in writing a reasonable time prior to the sale of securities to that purchaser any material relationship between himself or his affiliates and the issuer or its affiliates that then exists, that is mutually understood to be contemplated, or that has existed at any time during the previous two years, and any compensation received or to be received as a result of such relationship.

Note 1: A person acting as a Purchaser Representative should consider the applicability of the registration and antifraud provisions relating to brokers and dealers under the Securities Exchange Act of 1934 (*Exchange Act*) (15 U.S.C. 78a *et seq.*, as amended) and relating to investment advisers under the Investment Advisers Act of 1940.

Note 2: The acknowledgment required by paragraph (h)3 and the disclosure required by paragraph (h)(4) of this section must be made with specific reference to each prospective investment. Advance blanket acknowledgment, such as for *all securities transactions* or *all private placements*, is not sufficient.

Note 3: Disclosure of any material relationships between the Purchaser Representative or his affiliates and the issuer or its affiliates does not relieve the Purchaser Representative of his obligation to act in the interest of the purchaser.

Offering Period – the time period in which the Company will offer the Shares of common stock to Subscribers.

Forecast Period – the period of time (5 years) that the Company is using as a basis for projecting the results of operations and execution of its business plan.

Accredited Investor – *Accredited investor* shall mean any person who comes within any of the following categories, or who the issuer reasonably believes comes within any of the following categories, at the time of the sale of the securities to that person:

Any bank as defined in section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; any insurance company as defined in section 2(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

Any private business development company as defined in section 202(a)22 of the Investment Advisers Act of 1940;

Any organization described in section 501(c)3 of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000;

Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds \$1,000,000;

Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

Any trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) and

Any entity in which all of the equity owners are accredited investors.

Act – refers to the Securities Act of 1933 and its associated amendments.

WARNING REGARDING FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements involving future events, future business and other conditions, our future performance and our expected future operations and actions. In some cases you can identify forward-looking statements by the use of words such as “believe,” “expect,” “anticipate,” “intend,” “plan,” “estimate,” “predict,” “hope,” “should,” “could,” “may,” “future,” “continue,” “potential” or the negatives of these terms or other similar expressions. These statements are based on management’s beliefs and expectations and on information currently available to management. Some of the sections of this Offering Memorandum that contain forward-looking statements include, “Summary,” “Risk Factors,” “Capitalization,” “Management’s Plan of Operation” and “The Industry and our Business.” Forward-looking statements are contained in other sections as well.

Forward-looking statements are only our predictions and involve numerous assumptions, risks, and uncertainties. Important factors that could significantly affect our current plans, anticipated actions and future financial condition and results include, among others, those matters discussed under the heading “Risk Factors” and elsewhere in this Offering Memorandum. Our actual results or actions may differ materially from those set forth in the forward-looking statements for many reasons, including events that are beyond our control or assumptions not proving to be accurate or reasonable. We caution you not to put undue reliance on any forward-looking statements,

which speak only as of the date of this Offering Memorandum. We cannot guarantee our future results, levels of activity, performance or achievements. We are not obligated to update the forward-looking statements contained in this Offering Memorandum for any reason.

THE OFFERING

The Company is offering up to 700,000 shares of common stock for sale to qualified Subscribers at a purchase price of \$14.00 per share. The Company is offering the shares of common stock solely to qualified “Accredited Investors,” as that term is defined in Rule 501(a) under the Securities Act, who intend to purchase the shares of common stock for investment purposes only and who make the representations and warranties contained in the Subscription Agreement (the form of which is attached as Exhibit A hereto).

The Company has not engaged the services of any underwriter or placement agent with respect to the Offering in the State of California, and there is no assurance that any of the shares of common stock will be sold. The shares of common stock will be offered by the officers and directors of the Company, who will not be registered as brokers or dealers under any federal or state securities laws. The Company will not have significant expenses relating to the organization and administration of the Offering, including consulting and other expenses relating to the Offering. Expenses will significantly increase if the Company uses brokers or dealers to sell the securities being offered in states other than California and the Company is required to use brokers or dealers to sell such securities. While directors, officers and Shareholders of the Company will be eligible to subscribe to purchase shares of common stock on the terms set forth in this Memorandum, assuming they meet all other investor criteria, none of such persons has advised the Company of his or her intention to purchase any such shares of common stock.

The Company may accept or reject (at the Company’s sole discretion) a subscription in whole or in part within seven (7) days of its receipt of a properly executed Subscription Agreement and a check representing full payment of the subscription price. A Subscription Agreement will be considered accepted by the Company only after it has been signed by an authorized officer of the Company. If the Company refuses a subscription, it will promptly refund the subscription payment without interest or deduction. If the Company accepts a subscription, the Company will issue to the purchaser, as promptly as feasible, a certificate representing the shares of common stock purchased. Subscriptions may be received by the prospective subscriber by personal hand delivery, delivery service providing a proper receipt to the sender and the Company, certified mail or first-class mail.

Investor Qualifications

The purchase of the shares of common stock involves significant risks and is not a suitable investment for all potential Subscribers. The shares of common stock will be offered and sold only to qualified “accredited investors” as that term is defined in Rule 501 (a) under the Securities Act. Each Investor will be required to represent in writing to the Company that he or she meets at least one of the following standards:

The Subscriber is a natural person whose net worth, either individually or jointly with such person's spouse/domestic partner, at the time of purchase exceeds \$1,000,000; or,

The Subscriber is a natural person who had individual income in excess of \$200,000 in each of the two (2) preceding calendar years, or who had joint income with his or her spouse/domestic partner of \$300,000 in each of those years, and who reasonably expects to reach the same income level in this calendar year; or,

The Subscriber is an entity that falls within one of the categories of institutional accredited investors as set forth in Rule 501 (a) of Regulation D (such as a bank, insurance company, registered investment company, employee benefit plan, or corporation or trust with more than \$5,000,000 in total assets); or

The Subscriber is an entity all of whose equity owners are accredited subscribers under items (1), (2), or (3) above.

Any Subscriber that is a Company, corporation or trust will be asked to represent that it was not formed for the specific purpose of investing in the Company. The Company may make or cause such further inquiry, as it deems appropriate and, in its discretion, determine which prospective Subscribers may be accepted as Investors. In

addition, each Subscriber will be required to represent that he or she is acquiring the shares of common stock for investment purposes only with no intention of reselling or further distributing the shares of common stock, that the shares of common stock will not be transferred or otherwise resold by him or her except in compliance with the Act and any other applicable securities laws, and that the Subscriber is capable of bearing the risk of an investment in the shares of common stock for an indefinite period of time and is able to withstand a total loss of the investment. Through execution of the Subscription Agreement in the form attached hereto in Appendix "A," each Subscriber will represent to the Company that he/she meets these suitability standards and that he/she has been furnished, has carefully read and relies solely on, the information contained in this Memorandum, including all Exhibits, amendments and supplements. The suitability standards stated above represent the Company's minimum suitability standards for prospective Subscribers, and the satisfaction of such standards by a prospective Subscriber does not necessarily mean that the shares of common stock are a suitable investment for such Subscriber.

The Securities offered by the Company in this Offering should be purchased only by those persons and entities that have such knowledge and experience in financial and business matters that they are capable of evaluating the merits and risks of a prospective investment in the Securities. Each investor shall certify in a duly executed Prospective Accredited Investor Profile, and as required in any of the other documents associated with this Offering, that he/she/it is an "Accredited Investor" within the meaning of Regulation D of the Securities Act of 1933. The Company, in its sole discretion, will determine whether to accept any offers to purchase Securities, in whole or in part. Each prospective investor must also represent, warrant and acknowledge in the Subscription Agreement, among other things, that: (1) the investor is acquiring the Securities for the investor's own account, for investment only, and has no intention of resale or distribution thereof; (2) the investor is aware that the sale of the Securities has not been registered under the Securities Act; (3) the investor's transfer rights are restricted by the Securities Act and applicable state securities laws and there is no market for the Securities; (4) the investor is an Accredited Investor as that term is defined by the Securities Act; and (5) the investor, alone or with the investor's purchaser representative, has been solely responsible for conducting his/her/its own due diligence investigation of the Company and its management and business, for the investor's own analysis of the merits and risks of the investment and for the investor's own analysis of the fairness and desirability of the terms of such investment and has such knowledge and experience in financial and business matters that the investor is capable of evaluating the merits and risks of the investor's investment.

Furthermore, recently adopted Rule 506(c) requires that we undertake reasonable methods to independently verify that an investor is "accredited" as defined above. Such methods include, without limitation, (i) review of an investor's income tax returns and filings along with a written representation that the person reasonably expects to reach the level necessary to qualify as an accredited investor during the current year, (ii) review of one or more of the following, dated within three months, together with a written representation that all liabilities necessary to determine net worth have been disclosed. For assets: bank statements, brokerage statements and other statements of securities holdings, certificates of deposit, tax assessments and appraiser reports issued by third parties and for liabilities, credit report from a nationwide agency, (iii) obtaining a written confirmation from a registered broker-dealer, an SEC registered investment advisor, a licensed attorney, or a CPA that such person or entity has taken reasonable steps to verify that the purchaser is an accredited investor within the prior three months.

IF ANY INFORMATION FURNISHED OR REPRESENTATIONS MADE BY OR ON BEHALF OF A PROSPECTIVE SUBSCRIBER MISLEADS THE COMPANY AS TO THE FINANCIAL CONDITION OR OTHER CIRCUMSTANCES OF SUCH PROSPECTIVE SUBSCRIBER, OR IF BECAUSE OF ANY ERROR OR MISUNDERSTANDINGS AS TO SUCH CIRCUMSTANCES, A COPY OF THIS MEMORANDUM IS DELIVERED TO SUCH PROSPECTIVE SUBSCRIBER, THE DELIVERY OF THIS MEMORANDUM TO SUCH PROSPECTIVE SUBSCRIBER SHALL NOT BE DEEMED TO BE AN OFFER, AND THIS MEMORANDUM MUST BE RETURNED TO THE COMPANY IMMEDIATELY.

Subscription Procedures

To subscribe for the shares of common stock, an investor must deliver to the Company or its representative on or prior to the Expiration Date, a check or money order in the amount of the full purchase price of the shares of common stock subscribed for (at a purchase price of \$14.00 per share, payable to the order of PEGASUS CAPITAL INVESTMENTS INC., together with the following and executed documents, if applicable, contained hereto: (i) a

Subscription Agreement, (ii) an Investor Questionnaire, (iii) a Form of Incumbency Document, (iv) an Anti-Money Laundering Certification Form for Funds of Funds of Entities That Invest on Behalf of Third Parties, (v) a Form Letter of Reference, (vi) a Trust Ownership Information, (vii) signed certification that Exhibit 1 has been reviewed and (viii) signed certification that the on-line training class has been reviewed.

Restrictions on Transferability of Securities

The Company has not registered and has no plans to register the common shares issued under this Offering. The Company offering the shares of Common Stock, in reliance upon certain exemptions, including Regulation D, from registration under the Securities Act and certain state securities laws. As a consequence, purchasers may not sell, transfer, pledge or otherwise dispose of the common shares of the Company unless such sale, transfer, pledge or other disposition is subsequently registered under the Securities Act and appropriate state securities laws or exemptions from such registrations are available. The Company is not obligated to register the securities and does not have any intention of registering the securities. Accordingly, any purchaser of shares of Common Stock must bear the economic risk of investment for an indefinite period of time. It is unlikely that investors will be able to liquidate their investment in the common stock in the event of an emergency or for any other reason. No public market for the common stock of the Company exists and it is not assured that one will ever develop. The Company will place certain restrictions on the sale, transfer, pledge or other disposition of the shares being issued. Specifically: (1) a legend will be placed on each of the share certificate representing the common shares, that states that the securities have not been registered under the Securities Act or any applicable state securities laws and that the holder of such Securities cannot sell, transfer, pledge or otherwise dispose of such security in the absence of appropriate registrations or exemption from such registrations; and (2) each purchaser will be required to represent in the Subscription Agreement that such purchaser is acquiring the Securities for such purchaser's own account for investment and not for distribution and to agree that such purchaser will not sell, transfer, pledge or otherwise dispose of the Securities without appropriate registration under the Securities Act and any applicable state securities laws or an exemption from such registrations.

INVESTORS ARE URGED TO SEEK INDEPENDENT LEGAL ADVICE REGARDING THE EFFECT OF THESE RESTRICTIONS AND INVESTMENT REPRESENTATIONS ON THE TRANSFERABILITY OF THE SECURITIES.

Taxation

While an investor in the Company should not acquire the shares of common stock with a view toward receiving any significant tax benefits due to relatively recent tax law changes, particularly the passage of passive activity loss limitations, he/she should be aware that an investment in the Company is subject to significant federal income tax consequences. Investment in the Company is not intended to be a tax shelter or to provide any significant tax benefits.

AN INVESTOR IS URGED TO CONSULT HIS/HER TAX ADVISORS PRIOR TO MAKING AN INVESTMENT IN THE COMPANY.

Sales Literature

NO SALES LITERATURE, OTHER THAN AS SET FORTH IN THIS MEMORANDUM, WILL BE USED IN CONNECTION WITH THIS OFFERING. POTENTIAL SUBSCRIBERS SHOULD CAREFULLY INVESTIGATE ALL OF THE COMPANY'S PROJECTIONS, FORECASTS AND CLAIMS REGARDLESS OF THE INFORMATION PROVIDED BY THE COMPANY.

THE OFFERING AND DISTRIBUTION SUMMARY

Distributing Company PEGASUS CAPITAL INVESTMENTS INC., with a mailing address of 92283 Highway 70, Chilcott-Vinton, California 96135, and its telephone number is (916) 292-9412.

Shares to be Distributed 300,000 shares of Common Stock of the Company. See "The Distribution" and "Description of Securities."

Maximum Offering Amount Up to 300,000 shares for \$4,200,000 in total, are being offered on a "best efforts" basis.

Price Per Share \$14.00 per Share of Common Stock

Voting Rights Each holder of Common Stock of the Company is entitled to one vote for each share of Common Stock held by such stockholder on all matters submitted to a vote of the Company's stockholders. Holders of Common Stock will not have cumulative voting rights.

Minimum Investment \$280,000 per purchaser for 20,000 Shares, provided Pegasus Capital Investments Inc. reserves the right to accept subscriptions for lesser amounts.

No Escrow Account Subscription funds from potential investors, which are payable via check or wire transfer will not be placed in an escrow account but will be readily accessible by the Company following the Company's acceptance of the applicable subscription agreement. If a person subscribes and his, her or its subscription is rejected by the Company, the funds furnished by such person, or the portion thereof represented by a subscription rejected in part, will be promptly returned without deduction and without any interest earned thereon. Upon consummation of a closing, funds will be immediately available to the Company (where the funds will be available for use in the operations of the Company's business in a manner consistent with the "Use of Proceeds" in these Offering Documents) and certificates representing the Shares sold by the Company will be delivered as promptly as practicable to each of the Investors whose subscriptions have been accepted.

Business of The Company The Company was incorporated pursuant to the laws of the State of California on January 2, 2018, to engage in all lawful activities and in particular, the development of an indoor cannabis cultivation facility and implementation of its vertically integrated seed to sale model in tandem with development of custom software.

Fractional Shares of the Company's Common Stock	No certificates or scrip representing fractional shares of the Company's Common Stock will be issued as part of the Distribution. In lieu of receiving fractional shares, each holder of who would otherwise be entitled to receive a fractional share of the Company's Common Stock will receive one whole share if the fraction is equal to or greater than one half. Otherwise, the fractional shares shall be canceled.
Special Factors	Stockholders should consider certain factors discussed under "Risk Factors."
Distribution Date	To be determined. On the Distribution Date, the Distribution Agent will begin distributing the Company's Common Stock certificates to holders of record (as of the Record Date). The Company's stockholders will not be required to make any payment or to take any other action to receive their Common Stock.
Dividend Policy	The Company currently does not intend to declare regular periodic dividends on shares of Company Common Stock.
Number of Shares Outstanding	A total of 300,000 shares of Common Stock are issued and outstanding as the date hereof, currently all held by our founders, officers and directors. A total of 1,400,000 shares of Common Stock will be issued and outstanding after this Offering is completed if/when all the Shares are sold.
Investor Suitability	The Shares shall only be sold to either "qualified institutional buyers" as defined by Rule 144A under the Securities Act or "accredited investors" as defined by Rule 501 of Regulation D under the Securities Act. Pursuant to the provisions of Rule 506(c), independent third-party verification of the accredited investor status of each prospective Investor will be required prior to the acceptance of any subscriptions by us.
Securities Exemption	The offer, offer for sale, and sale of the Shares is intended to be exempt from the registration requirements of the Securities Act pursuant to Rule 144A under the Securities Act for qualified institutional buyers or Rule 506(c) under Regulation D promulgated under the Securities Act for accredited investors and are intended to be exempt from the registration requirements of applicable state securities laws as a federally covered security.
Restrictions on Transfer	The Shares will be restricted as to transferability under state and federal laws regulating securities. The offer of the Shares has not been registered under the Securities Act, or any other similar state statutes, in reliance upon exemptions from the registration requirements contained therein. Accordingly, the Shares will be "restricted securities" as

defined in Rule 144 of the Securities Act. As "restricted securities," an Investor must hold them indefinitely and may not dispose or otherwise sell them without registration under the Securities Act and any applicable state securities laws unless exemptions from registrations are available. Moreover, in the event an Investor desires to sell or otherwise dispose of any of the Shares, the Investor will be required to furnish us with an opinion of counsel acceptable to us that the transfer would not violate the registration requirements of the Securities Act or applicable state securities laws. Any certificate or other document evidencing the Shares will be imprinted with a conspicuous legend stating that the securities have not been registered under the Securities Act and state securities laws and referring to the restrictions on transferability and sale of the securities. In addition, our records concerning the securities will include "stop transfer notations" with respect to such Shares.

Offering Period The Shares will be offered to commence on July 31, 2018, and continue until December 31, 2018, which period may be extended by us in our sole discretion without notice to a date no later than December 31, 2019.

Risk Factors The Shares offered hereby are highly speculative and involve a high degree of risk. Prospective Investors should carefully review the risk factors included in these Offering Documents.

Plan of Distribution The Shares are being offered on a "best efforts" basis by the Company's officers and directors pursuant to an exemption from the registration requirements of the Securities Act provided by Rule 144A to "qualified institutional buyers" or Rule 506(c) to "accredited investors." The officers and directors will not be compensated specifically for these sales efforts.

How to Purchase the Shares Each Accredited Investor who proposes to purchase the Securities should carefully review the information provided in this Memorandum. Each investor will be required to deliver to Pegasus Capital Investments Inc. a completed and executed Subscription Agreement and Confidential Accredited Investor Profile together with a check for the full purchase price of the Securities being purchased. Checks should be made payable to "Pegasus Capital Investments Inc." All investment documents will be reviewed by Pegasus Capital Investments Inc. for compliance with suitability standards. The Company has the right, in its sole and absolute discretion, to reject any proposed investment in the Securities, even though the investor satisfies the described criteria and has signed the

required documents. No investment is deemed accepted by the Company until C. Dean Homayouni, Esq., CPA executes the Subscription Agreement signed by the investor. Upon receipt of an executed Subscription Agreement, the Company shall have the right to immediately accept such Agreement and all proceeds will be immediately available to the Company. Upon the closing of the transactions contemplated hereby, the Company will promptly deliver PDF copies of the Common Stock issued to the investor and will mail the original certificate to the Investor within five (5) working days.

DESCRIPTION OF SECURITIES

The Company's authorized capital stock consists of 2,000,000 shares of Common Stock, par value \$.01 per share, of which 600,000 shares are outstanding to Members of the Board of Directors, Officers and Key Employees. The Board of Directors of the Company is authorized to determine the number and designation of one or more series of Common; and the voting powers, rights, preferences, qualifications, limitations or restrictions and the shares of any such series. The Company has reserved 100,000 shares of Common Stock under the Company's Stock Option Plan. As of June 30, 2018, 20,000 stock options have been issued to our President, Mr. C. Dean Homayouni, Esq., CPA. The Stock Options are exercisable at \$15 per share.

Common Stock

The holders of Common Stock are entitled to one vote for each share held of record on each matter submitted to a vote of stockholders and to vote on all matters on which a vote of stockholders is taken, except as otherwise provided by statute. The shares of Common Stock do not have cumulative voting rights. However, any shareholder and its affiliates Holders of Common Stock are entitled to receive such dividends as may be declared by the Board of Directors out of funds legally available therefor and, in the event of liquidation, dissolution or winding up of the Company, are entitled to share ratably in all assets remaining after payment of liabilities. The Company has no plan at present to pay any cash dividends on the Common Stock in the foreseeable future, and the payment of dividends may be restricted by future debt financing that may be obtained. The shares of Common Stock have no conversion rights, sinking fund privileges or preemptive rights.

The initial Board of Directors must consist of not less than three (3) nor more than seven (7) Member of the Board of Directors, as determined by our initial Board of Member of the Board of Directors. The initial Member of the Board of Directors may be removed for cause by two-thirds of the remaining initial Members of the Board of Directors. Following financial closing, we will be managed by a Board of Directors comprised of elected Board of Directors.

To preserve the continuity of governance and harmonious transition from the initial board to the elected board, the initial board will designate from among themselves the Member of the Board of Directors to serve in the elected seats following financial closing. A designated Member of the Board of Directors may be removed for cause by two-thirds of the remaining designated Members of the Board of Directors. The terms of these designated Members of the Board of Directors to the elected seats will be staggered such that, beginning with the 2018 annual meeting of the shareholders, our shareholders will elect one-third (or as nearly as possible) of the non-appointed members of the Board of Directors annually. Our shareholders will elect these Members of the Board of Directors upon the affirmative vote of holders of a majority of the shares with voting rights present, either in person or by proxy, and entitled to vote at a meeting of the shareholders. Following the election of a Member of the Board of Directors, the Member of the Board of Directors may be removed at any time upon the affirmative vote of holders of a majority of the common shares entitled to vote for elected Member of the Board of Directors. Each elected Member of the Board of Directors serves until his or her successor is duly elected and qualified, or until the Member of the Board of Director's death, resignation or removal. If a vacancy occurs, then the elected Members of the Board of Directors will appoint a new Member of the Board of Directors to fill the vacancy until the next annual or special meeting of the shareholders. At the shareholder meeting, the shareholders will elect a Member of the Board of Directors to serve the remaining term of the vacant seat. The number of Members of the Board of Directors following financial closing is currently set at three (3).

Suitability

AN INVESTMENT IN THE SHARES OF COMMON STOCK IS HIGHLY SPECULATIVE AND INVOLVES SUBSTANTIAL RISKS AND UNCERTAINTIES, INCLUDING THOSE STATED BELOW, WHICH, ARE BY NO MEANS, ALL-INCLUSIVE IN NATURE. This Memorandum contains forward-looking statements which are based on the Company's assumptions, beliefs and intentions, and actual results could differ materially from those contemplated by the forward-looking statements. In addition to the other information included in this Memorandum, you should carefully consider the following risk factors in evaluating the Company, its business, and its prospects before you purchase any shares of common stock. The risks summarized below are not the only risks facing the Company. This Offering is directed only to accredited subscribers who can bear the economic risk of their investment for an indefinite period of time and who can afford to sustain a total loss of their investment in the Company.

Important Notice: Investors deemed the beneficial owners of more than 5% of our common stock may have reporting obligations under Sections 13 and 16 of the federal Securities Exchange Act of 1934, as amended. As of the date of this Offering Memorandum, we have not registered our common stock under the Securities Exchange Act. If we reach financial closing and have 500 or more shareholders at the close of any fiscal year, we will be required to register the shares of common stock under the Securities Exchange Act and holders of our shares of common stock will then become subject to reporting requirements under Sections 13 and 16. If you believe that you may become the beneficial owner of more than 5% of our outstanding shares of common stock, you should consult your own legal counsel to determine what filing and reporting obligations you may have under federal securities laws.

Our Financing Plan

We estimate that we will need a total of approximately \$8,500,000 to prepare for cultivation of cannabis 3.5 acres in Plumas County, California, (ii) complete improvements at our planned post-cultivation processing facility in Vinton, California also located in Plumas County, California, (ii) license and bring operational fourteen (14) cannabis mobile delivery services, (iii) bring operational the Sacramento, CA warehouse with Canna Culture Goods, (iv) complete development of our software programs and (v) required working capital. Actual project costs may vary significantly from this estimate due to a variety of factors, including those described under “Risk Factors.” We intend to use the proceeds from this offering to pay for the capital expenditures and operating costs required to fully implement our business plan.

We intend to finance the estimated \$8.5 million from (i) the proceeds of \$4.2 million from this offering and \$4.5 million in capitalized lease financing from Pengar Capital. We have received a commitment from Pengar Capital to finance a portion of our estimated total planned capital expenditures of \$7.4 million. See Pages 15 to 17 for our estimated planned capital expenditures. Pengar Capital has provided preliminary approval for \$4.5 million in financing subject to the successful completion of this Offering and the submittal or required paperwork for the actual capital expenditures incurred by the Company.

Conflicts of Interest

Conflicts of interest exist and may arise in the future in our proposed structure and operation because we have and will enter into transactions with related parties. We cannot assure you that transactions we enter into with related parties are on terms as favorable to us as those that could have been obtained in an arms-length transaction. Although we will examine all conflicts that may arise from time to time, we cannot assure you that conflicts of interest will not have adverse consequences for us or reduce the value of your shares of common stock. Please See “Certain Relationships and Related Transactions” for more information.

THE COMPANY AND DISCUSSION OF OUR PLANNED OPERATIONS

The purpose of this memorandum (the “Memorandum”), including the cover page and the Appendices hereto, is to set forth information in connection with the proposed development of a vertically integrated company serving the emerging California cannabis industry. The proceeds of this offering will be used for the following purposes:

- Proceed with the design and improvements at a planned post-cultivation facility located in Vinton, Plumas County, California. When the improvements are completed the Vinton, California facility will package the cannabis for sale through the company-owned cannabis mobile delivery services.
- Fund the costs and expenses to prepare for and to cultivate up to two (2) acres of outdoor cannabis and one and a half acres (1.5 acres) of light deprivation medicinal cannabis on a 700-acre ranch located in Greenville, California located in Plumas County. We intend to purchase and have constructed eight (8) 6,000 square foot light deprivation greenhouses. Six of the light deprivation greenhouses will be functional by the end of 2019 and another two will become operational in the Spring of 2020.
- Apply for and develop a network of up to 32 cannabis mobile delivery services in California to sell cannabis and non-cannabis products directly to the end consumer. The network will be implemented in three phases with Phase I in 2018, Phase II in 2019 and Phase III in 2020.
- Complete the development and implement a web storefront-based system to allow non-company owned dispensaries and mobile delivery services to sell cannabis accessories. See discussion concerning our Canna-Culture storefronts and Exhibit E for the 16-page Canna-Culture brochure.
- Finalize the development of a point of sale system compliant with California regulations to process orders and complete sales transactions to the end consumer for cannabis and non-cannabis products that are integrated to our backend SAGE 100 ERP system. It will take three (3) months for Tekoa to complete the development of software to handle unlimited and uniquely branded web storefronts for non-company owned dispensaries and mobile delivery services.
- Implement a distribution warehouse system in Sacramento, California to stock both medicinal cannabis products and non-cannabis products and accessories. The warehouse shall serve as the main distribution and storage center of medicinal cannabis cultivated and packaged at our two planned facilities in Plumas County, California.

The Company has divided up its financing needs into three main periods. Phase I (2018) will require \$1.2 million. Phase II (2019) will require \$7.0 million. We expect to finance additional capital investments of \$3.5 million for Phase III (2020) from expected positive cash flows that we estimate will begin in July 2019. If the expected positive cash flows from Operations do not materialize, the Company will be required to do an additional stock offering or raise working capital through the issuance of debt or defer the Phase III planned capital expenditures. There is no assurance the Company will be able to obtain additional financing for Phase II and Phase III if our expected large positive cash flows do not materialize. On the next page three pages are our estimated capital expenditures for our major operating units.

We believe if we can successfully control our expenses and hit our projected targets, we will create a vertically integrated seed-to-sale cannabis company that will have potentially large profits after taxes and generate large positive cash flows to sustain the company and accelerate growth. The three-year comparison table on the next page presents “Cash Basis” financial statements and our expected cash flows. You will read in this Offering about what are our goals for Phase I, Phase II and Phase III. We will also present additional financial tables and estimated cash basis financial results and cash flow for Phase I, Phase II and Phase III. We believe our Business Model is attainable. This Memorandum illustrates the Company’s potential market feasibility, potential development costs, investment requirements and cash flow potential. Pursuant to this Memorandum, the Company is seeking to offer shares of common stock in the Company in exchange for a capital investment.

ESTIMATED REQUIRED CAPITAL EXPENDITURES

Description	Location	Amount	Mobile Delivery Services	Vinton Post Cultivation Processing	Greenville Cultivation	Machinery Equipment	Computers Software	Building Greenhouses	Furn.	Trucks Delivery Vehicles
PLUMAS COUNTY - 2019										
Six (6) Light Deprivation Greenhouses	Greenville	\$1,200,000			\$1,200,000			\$1,200,000		
Paxiom Packaging Machine	Vinton	\$400,000		\$400,000		\$400,000				
Phase I Concrete	Greenville	\$178,200			\$178,200			\$178,200		
Water and Nutrient Delivery Systems	Greenville	\$90,000			\$90,000			\$90,000		
Plastic Pallets	Greenville	\$81,600			\$81,600	\$81,600				
T2 Twister Machine Trimming Machine	Vinton	\$70,000		\$70,000		\$70,000				
HVAC System	Vinton	\$70,000		\$70,000		\$70,000				
Fencing, Security Shack and Gates	Greenville	\$50,000			\$50,000			\$50,000		
General Contractor	Vinton	\$50,000		\$50,000				\$50,000		
General Contractor	Greenville	\$50,000			\$50,000			\$50,000		
Plastic Growing Pots	Vinton	\$42,000		\$42,000				\$42,000		
Fire Sprinklers (\$4 per square foot)	Vinton	\$40,000		\$40,000				\$40,000		
Charcoal Evac Filter System	Greenville	\$40,000			\$40,000	\$40,000				
Charcoal Evac Filter System	Vinton	\$40,000		\$40,000		\$40,000				
Grow Lights - Cones and Junior Plants	Vinton	\$40,000		\$40,000		\$40,000				
Security System	Greenville	\$40,000			\$40,000	\$40,000				
Electrical Upgrades - Vinton	Vinton	\$40,000		\$40,000				\$40,000		
Insulation	Vinton	\$33,000		\$33,000				\$33,000		
100 KWH Backup Generator	Vinton	\$30,000		\$30,000		\$30,000				
100 KWH Backup Generator	Greenville	\$30,000			\$30,000	\$30,000				
Parking Lot/Gravel Roads	Vinton	\$30,000		\$30,000				\$30,000		
Parking Lot/Gravel Roads	Greenville	\$30,000			\$30,000			\$30,000		
Water Purification System	Greenville	\$30,000			\$30,000	\$30,000				
Bobcat	Greenville	\$27,000			\$27,000					\$27,000
Local Permits	Greenville	\$25,000			\$25,000			\$25,000		
Local Permits	Vinton	\$25,000		\$25,000				\$25,000		
Septic Tank	Greenville	\$25,000			\$25,000			\$25,000		
Dirt Conveyor System	Greenville	\$25,000			\$25,000	\$25,000				
Pagination Carts	Vinton	\$20,000		\$20,000		\$20,000				
Truck (Used)	Vinton	\$30,000		\$30,000						\$30,000
Truck (Used)	Greenville	\$30,000			\$30,000					\$30,000
Forklift	Greenville	\$15,000			\$15,000					\$15,000

ESTIMATED REQUIRED CAPITAL EXPENDITURES

Description	Location	Amount	Mobile Delivery Services	Vinton Post Cultivation Processing	Greenville Cultivation	Machinery Equipment	Computers Software	Building Greenhouses	Furn.	Trucks Delivery Vehicles
PLUMAS COUNTY - 2019										
Construction Trailer	Greenville	\$15,000			\$15,000			\$15,000		
Security System	Vinton	\$20,000		\$20,000		\$20,000				
Cleanup Facility, grounds, paint & signage	Vinton	\$10,000		\$10,000				\$10,000		
Dehumidifiers	Greenville	\$10,000			\$10,000	\$10,000				
Septic Tank	Vinton	\$10,000		\$10,000				\$10,000		
New Security Doors	Vinton	\$10,000		\$10,000				\$10,000		
Sliding Security Gates to Parking Lot	Vinton	\$8,000		\$8,000				\$8,000		
Fans	Greenville	\$6,000			\$6,000	\$6,000				
Computers/IPads	Vinton	\$5,000		\$5,000			\$5,000			
Computers/IPads	Greenville	\$5,000			\$5,000		\$5,000			
Water Purification System	Vinton	\$30,000		\$30,000		\$30,000				
Dirt	Vinton	\$5,000		\$5,000		\$5,000				
Drying Racks	Vinton	\$3,000		\$3,000		\$3,000				
Safe	Vinton	\$3,000		\$3,000		\$3,000				
Well Permits and Upgrades	Vinton	\$3,000		\$3,000				\$3,000		
Furniture	Vinton	\$3,000		\$3,000					\$3,000	
Furniture	Greenville	\$3,000			\$3,000				\$3,000	
500 Gallon Propane Tank with propane	Greenville	\$2,500				\$2,500				
500 Gallon Propane Tank with propane	Vinton	\$2,500		\$2,500		\$2,500				
Fire Alarm System	Vinton	\$2,500		\$2,500				\$2,500		
Fire Extinguishers	Greenville	\$2,500			\$2,500	\$2,500				
Fire Extinguishers	Vinton	\$2,500		\$2,500		\$2,500				
Clone Room Setup	Vinton	\$1,000		\$1,000		\$1,000				
Lighted Exit Signs	Vinton	\$1,000		\$1,000		\$1,000				
Refrigerator	Vinton	\$500		\$500		\$500				
Kitchenware	Vinton	\$500		\$500		\$500				
NexTec ERP System	Sacramento	\$200,000					\$200,000			
Tekoa Web Storefront	Sacramento	\$40,000					\$40,000			
MAS 100	Sacramento	\$15,000					\$15,000			
Mobile Delivery Software Modifications	Sacramento	\$50,000					\$50,000			
Wood Chipper	Greenville	\$5,000				\$5,000				
ESTIMATED TOTAL - 2019		\$3,401,300	\$0	\$1,080,500	\$2,008,300	\$1,011,600	\$315,000	\$1,966,700	\$6,000	\$102,000

ESTIMATED REQUIRED CAPITAL EXPENDITURES

Description	Location	Amount	Mobile Delivery Services	Vinton Post Cultivation Processing	Greenville Cultivation	Machinery Equipment	Computers Software	Building Greenhouses	Furn.	Trucks Delivery Vehicles
PLUMAS COUNTY - 2020										
Vinton Building	Vinton	\$450,000		\$450,000				\$450,000		
Phase II Concrete	Greenville	\$323,000			\$323,000			\$323,000		
Light Deprivation Greenhouse 7	Greenville	\$200,000			\$200,000			\$200,000		
Light Deprivation Greenhouse 8	Greenville	\$200,000			\$200,000			\$200,000		
CAAN Cannabis Drying & Curing Machine	Vinton	\$200,000		\$200,000		\$200,000				
Cultivation Carts	Greenville	\$120,000			\$120,000	\$120,000				
Plastic Growing Pots	Greenville	\$42,000			\$42,000			\$42,000		
JPH Bagger 2	Greenville	\$27,500			\$27,500	\$27,500				
Greenhouse 7 - Water & Nutrient System	Greenville	\$15,000			\$15,000			\$15,000		
Greenhouse 8 - Water and Nutrient System	Greenville	\$15,000			\$15,000			\$15,000		
Construction Trailer	Greenville	\$15,000			\$15,000			\$15,000		
ESTIMATED TOTAL		\$1,607,500	\$0	\$650,000	\$957,500	\$347,500	\$0	\$1,260,000	\$0	\$0
MOBILE DELIVERY SERVICES - 2018										
Automobiles		\$64,000	\$64,000							\$64,000
Fixed Assets		\$102,168	\$102,168			\$102,168				
MOBILE DELIVERY SERVICES - 2019										
Automobiles		\$384,000	\$384,000							\$384,000
Fixed Assets		\$715,176	\$715,176			\$715,176				
MOBILE DELIVERY SERVICES - 2019										
Automobiles		\$384,000	\$384,000							\$384,000
Fixed Assets		\$715,176	\$715,176			\$715,176				
CORPORATE/SAC. WAREHOUSE										
Inventory Racks						\$5,000				
Tekoa Web Storefront							\$40,000			
MAS 100							\$15,000			
SUBTOTAL		\$2,364,520	\$2,364,530	\$0	\$0	\$1,537,520	\$55,000	\$0	\$0	\$832,000
GRAND TOTAL - FIXED ASSETS		\$7,373,320	\$2,364,520	\$1,730,500	\$2,965,800	\$2,896,620	\$370,000	\$3,226,700	\$6,000	\$934,000

These Offering Documents relate to the offering for sale by Pegasus Capital Investments Inc. of up to 800,000 shares (the "Maximum Amount") of Pegasus Capital Investments Inc.'s Common Stock, par value \$0.01 per share (the "Shares"). There is no minimum number of Shares that needs to be sold in order for funds to be released to the Company and for this Offering to close. The Shares will be sold in one or more closings.

The Shares are being offered by Pegasus Capital Investments Inc. through our officers and directors on a "best efforts" basis only to persons who are either "qualified institutional buyers" as defined in Rule 144A under the Securities Act or "accredited investors" as defined in Rule 501(a) of Regulation D promulgated under the Securities Act. The Company may elect to engage one or more FINRA member firms (the "Placement Agents"), as placement agents for this Offering, in which event the Placement Agents will also conduct the Offering on a "best efforts" basis, and the Company would expect in such case to pay estimated total commissions based on 8% of the offering price of the Shares sold to investors.

The Company (and the Placement Agent(s), if applicable) will attempt to sell the Shares during an offering period commencing on July 31, 2018, and expiring on December 31, 2018, unless extended by us for up to December 31, 2018 (such period, as same may be extended, being hereinafter referred to as the "Offering Period"). The purchase price ("Purchase Price") of the Shares is \$14.00 per Share. The Shares may only be purchased by subscribers who represent and demonstrate to us that they qualify as either "qualified institutional buyers" as that term is defined in Rule 144A of the Securities Act or "accredited investors" as that term is defined in Rule 501 of Regulation D of the Securities Act. The minimum investment per each potential investor (each, an "Investor") is \$280,000 for 20,000 Shares, although we reserve the right to accept subscriptions for a lesser number of Shares. We reserve the right to undertake contemporaneous offerings upon different terms and/or separate additional offerings in the future on the same or alternative terms.

Subscription funds from potential investors, which are payable via check or wire transfer, will not be placed in an escrow account, but will instead be readily accessible by the Company following the Company's acceptance of the subscription. During the Offering Period, subscriptions are subject to acceptance by the Company from time to time. Subscriptions need not be accepted by the Company in the order they are received. The Company may close on investments on a "rolling" basis (so not all investors will receive their Shares on the same date). As this Offering is being made pursuant to Rule 506(c) independent verification of each subscriber's accredited investor status will be required.

If a person subscribes and his, her or its subscription is rejected by the Company, the funds furnished by such person, or the portion thereof represented by a subscription rejected in part, will be promptly returned without deduction and without any interest earned thereon. Upon consummation of a closing, funds will be immediately transferred to the Company (where the funds will be available for use in the operations of the Company's business in a manner consistent with the "Use of Proceeds" in these Offering Documents) and certificates representing the Shares sold by the Company will be delivered as promptly as practicable to each of the Investors whose subscriptions have been accepted.

The current Articles of Incorporation of the Company authorizes 2,000,000 shares of Common Stock. In the event that the maximum number of shares are sold in this Offering, approximately 800,000 shares of Common Stock will be available for issuance in the future. Of the 800,000 available shares for issuance in the future, 100,000 shares have been reserved for the Company's Employee Stock Option Program. The Stock Options have an exercise price of \$15 per share and will be utilized to attract and retain the high-quality professionals to implement our plan of operation.

PLANNED COMPANY STRUCTURE

As discussed in the RISK FACTORS, cannabis is currently classified as a Schedule I drug in the Controlled Substance Act (“CSA”). Our entity structure and what entity where profits are recorded is designed to provide asset protection and also mitigate against US Internal Revenue Service audits. We have formed Pegasus Capital Investments Inc. (a California Corporation) and intend to form the corporations listed below upon the successful raising of capital to implement our planned business plan. The list of planned corporations is as follows:

PEGASUS CAPITAL INVESTMENTS INC.: This will serve as the holding company and will be a 100% owner of the shares in the companies to be formed below. Because Pegasus is a 100% owner of the wholly owned subsidiaries, it will be entitled to a 100% Dividends Received Deduction under current US Federal Tax Code and will not have to pay federal income taxes on the dividends received. All excess cash generated by the subsidiaries will be periodically transferred to a bank account held in the name of this corporation. All dividends to be distributed to shareholders will be remitted from a bank account held in the name of Pegasus Capital Investments Inc. This entity will be based in Sacramento, California. Pegasus Capital Investments Inc. was formed in January 2018.

PEGASUS CULTIVATION GROUP INC.: This Corporation will hold assets related to our planned cultivation facility in Greenville, California. We intend to apply for numerous licenses with the State of California related to our planned cannabis operations. The different licenses for (i) cultivation, (ii) distribution, (iii) manufacturing and (iv) retail sales will be held by separate corporations. The segregation of the licenses will provide some protection that if we have a rogue mobile delivery service manager violated California law, we can shut the location down and try to mitigate action against the other corporations that are doing cultivation, distribution and manufacturing. This entity will be licensed by local and the California Department of Food and Agriculture to cultivate cannabis. This entity will be based in Greenville, California.

PEGASUS HARDGOODS DISTRIBUTION GROUP INC.: All sales for non-cannabis goods and for the Canna-Culture web storefronts will be recorded in this entity. We are segregating the sale of hardgoods into a separate corporation that is not subject to the harsh aspects of Internal Revenue Code 280E and the non-deductibility of marketing and general and administrative expenses. This entity will not be required to be licensed by the State of California. This entity will be based in Sacramento, California.

PEGASUS CANNABIS DISTRIBUTION GROUP INC.: This company will distribute cannabis products and will be subject to Internal Revenue Code 280E. The Company will also perform all packaging and labeling of the cannabis flower and cannabis concentrate products. The customers of this entity will be our planned mobile delivery services. This entity will be based in Vinton, California.

PEGASUS MANUFACTURING GROUP INC.: This company will manufacture vape oil from the planned outdoor grown cannabis to be cultivated at the Greenville, California farm. The customer of this entity will be Pegasus Cannabis Distribution Group Inc. The entity will have to be licensed by Plumas County and will also be required to be licensed by the California Department of Public Health. We do not intend to manufacture vape oil in 2019 or 2020; but do plan to invest capital resources to bring operational our own manufacturing facility in 2021.

PEGASUS DISPENSARY GROUP INC.: This entity will be a 100% owner of the individual planned mobile delivery services. Because it is not an operating entity it will not be required to be licensed by the California Bureau of Cannabis Control (“BCC”). Each brick and mortar mobile delivery service location will be a separate and distinct corporation that will be required to be licensed by the BCC.

PEGASUS SERVICES GROUP INC.: This entity will hold the majority of the intellectual property of Company and will oversee legal, accounting, MIS, audit and other functions. We believe the centralization of such functions will reduce overhead and expenses and allow for a consolidated MIS and technology plan and strategy to be implemented and maintained. Because it is not a cannabis company we believe all expenses will be deductible for US Federal income taxes.

PEGASUS LEASING GROUP INC.: We will try to have agreements and title all real estate and fixed assets held in this entity. Because it is not a cannabis company we believe all expenses will be deductible for US Federal income taxes.

MOBILE DELIVERY SERVICES: Each mobile delivery service will be in a separate corporation that will be 100% owned by Pegasus Dispensary Group Inc. We will be applying for licenses at both the local and California State level to operate the mobile delivery services. Because the mobile delivery services will be located in different local jurisdictions; each licensing package will be unique (with some commonality). We are separating the different brick and mortar locations into separate corporations so if legal or licensing issues develop in one location; it will not necessarily result in all of the licenses obtained being terminated. If a location proves to be non-profitable we can more effectively shut down the location that is in a separate corporation. Likewise, if the individual corporation is named in a lawsuit we have some protection for the other entities.

By developing our management policies, human resources intellectual property, and our planned sophisticated management information systems centrally, we can strip out general and administrative expenses from the individual mobile delivery services. Such expenses are not deductible under IRC 280E at the dispensary level.

In the pink boxes on the next page we have listed example locations where we believe we can obtain a local license to have a mobile cannabis mobile delivery service. The law in California is rapidly changing. California has been operating under Emergency Regulations since January 2018 that have been changing. The State of California released proposed final regulations in July 2018. There was very material significant and advantageous wording added for mobile delivery services. Mobile delivery services are the main thrust and basis of our plan to distribute cannabis directly to the end consumer. The Emergency Regulations said cities could not stop marijuana delivery services from using public roads. But that was interpreted by some city attorneys to mean that even though municipalities could not prevent licensed deliveries from passing through their jurisdictions, they could ban them from actually making stops in their towns. The recommended permanent regulations clarifies the law this way: “A delivery employee may deliver to any jurisdiction within the State of California.” This explicit clarification allows cannabis delivery into any jurisdiction in California. More than 400 municipalities or counties had banned medical or recreational cannabis companies or both, according to the industry website CannaRegs, essentially forcing consumers from those areas to drive to a region in California that allows for marijuana commerce. The clarified final regulations will dramatically expand the marketplace and access to consumers for delivery companies. This will allow the Company to get a foot in the door through these delivery-only retail licenses.

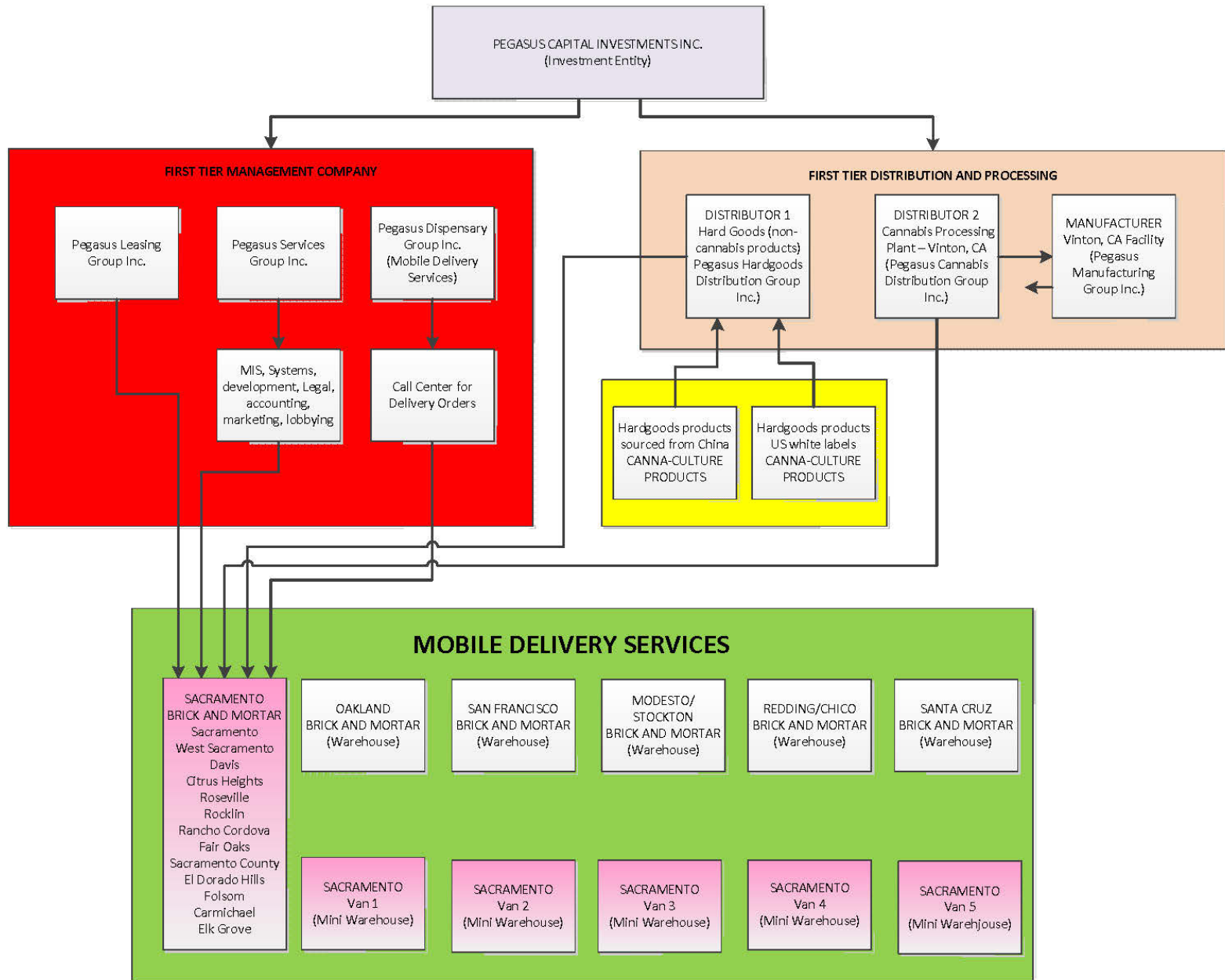
We have provided one example in the larger pink box “SACRAMENTO BRICK AND MORTAR”. We have listed multiple municipalities we believe the Sacramento brick and mortar location (that is licensed) can service under the proposed final regulations. Of the cities listed only Sacramento, West Sacramento and Davis can currently be legally serviced by the brick and mortar location based in Sacramento. But one has to take an even harder look at the proposed final regulations to understand the benefits to mobile delivery services.

§ 5418. Cannabis Goods Carried During Delivery

(a) A retailer’s delivery employee shall not carry cannabis goods in the delivery vehicle **in excess of \$10,000 at any time**. The value of cannabis goods shall be determined using the current retail price of all cannabis goods carried by, or within the delivery vehicle of, the retailer’s delivery employee.

(c) A retailer’s delivery employee shall not leave the licensed premises with cannabis goods **without at least one delivery order that has already been received and processed by the licensed retailer**.

The amount of allowed inventory a vehicle can carry has increased from \$3,000 to \$10,000 and only one order has to be processed before the truck leaves to service an area. Before a mobile delivery vehicle could only carry cannabis for actual orders that had been received prior to the vehicle leaving the licensed brick and mortar location. We intend to use IndicaOnline mobile delivery service application that allows for the transmission of orders electronically to a delivery driver’s iPad or cell phone. We are allowed under the proposed regulations to have a van stocked each night with up to \$10,000 of retail product and have the driver leave to a strategic location once one order has been received and processed. Under the proposed regulations a van can leave the premises and remain in the field for an extended period of time with additional orders received electronically by the driver. We can therefore extend the geographical area we can service by having a van drive to a city in the regional Sacramento metropolitan area and service that area until inventory levels have to be refilled.



PLANNED LOCATION OF OUR CULTIVATION OF POST CULTIVATION PROCESSING FACILITIES

DISCUSSION OF PROPOSED VOTER INITIATIVE AND THE FAVORABLE TAX RATE ON NET INCOME TAX

We intend to locate out cultivation, post cultivation processing facilities and a Distribution company in Plumas County, California. As you will read below, the Plumas County Voter Initiative being voted on in November 2018 contains advantageous license fees and tax rates. We believe the savings will be substantial and provide us a competitive advantage.

APPLICABLE WORDING IN THE VOTER INITIATIVE

Sec. 11-16.101.- The County of Plumas shall enact a General Tax on the net profits (defined as gross sales minus operating costs and other taxes and fees) of all Commercial Cannabis Activity within the unincorporated areas of Plumas County.

Sec. 11-16.102.-The General Tax shall be set at two percent (2%) of net profits. The Board of Supervisors may increase the General Tax by no more than one percent (1%) in any given year, and the Board of Supervisors may increase the General Tax no more than four (4) times

GENERAL DISCUSSION

Most jurisdictions in California have imposed either one or a combination of fees and taxes listed below on cannabis businesses in California.

1. Initial Licensing Fee
2. Annual Licensing Fee
3. Gross Sales Tax
4. Per Square Foot Cultivation Tax
5. Per Pound Cultivation Tax

Numerous jurisdictions have begun to roll back taxes because many cannabis businesses are struggling. Monterey County recently reduced the per square foot cultivation tax from \$15 per square foot to \$5 per square foot and Berkeley also has lowered its tax rate on cannabis businesses. I will discuss some of the advantages and disadvantages of using (i) Gross Sales Tax, (2) Per Square Foot Cultivation Tax and (iii) Per Pound Cultivation Tax.

1. Gross Sales Tax – This tax can be calculated from the Metrc reporting system since all licensed cannabis businesses are required to report Gross Sales. It is an additional sales tax on top of the normal sales tax for other goods. The tax is due whether the business is making a profit. However, for cultivators and manufacturers, the tax becomes punitive because in the end they absorb the tax because there is no consumer they can pass the tax onto. This tax is relatively easy to calculate because the tax payer can submit their sales as reported in the Metrc system and pay Plumas County.
2. Per Square Foot Cultivation Tax – This is where a cultivator is charged a fixed fee per foot for licensed cultivation square footage. The tax ranges from a low of \$1 per square foot in Humboldt County to \$25 per square foot in Desert Hot Springs. The tax is usually paid on a quarterly basis. This can be a very punitive tax because many cannabis businesses are struggling to raise capital or even stay in business. This tax is due whether the business makes or losses money.

3. **Per Pound Cultivation Tax** – This tax can be paid at the time the cultivator reports in the Metrc system that the cannabis cultivator has entered the stream of commerce as defined by California law. This tax is due whether the or not cultivator is making a profit; but has some fairness in that if revenue is not generated the tax is not paid. The cultivator should have the cash flow to pay the tax since if the cannabis has entered the stream of commerce then it has been sold and the cultivator should have the proceeds from the sale of the cannabis.

The Plumas County Voter Initiative has a 2% of Net Income Tax. This has an equity portion where the cannabis business only pays a tax if the business makes money. The annual licensing fees for each of our five initial licenses is \$5,000 each, or \$25,000 in total.

ANALYSIS OF PLUMAS COUNTY CANNABIS TAX IN THE VOTER INITIATIVE AS COMPARED TO OTHER JURISDICITONS.

The Company has analyzed multiple jurisdictions in California to determine the most advantageous location to make a potential large investment. Based in our projections we estimate Plumas County will collect \$141,208 in Net Income Tax in 2019 and \$569,679 in 2020. The analysis below calculates the advantages of having the cultivation, post cultivation processing procedures and a distribution facility in Plumas County. This comparisons below are intended to demonstrate the advantages of being located in Plumas County versus Monterey County/City of Salinas (where large scale cultivation operations have been established).

Our Planned Vertically Integrated Operations Are Expected to Generate Large Profits: The table below provides two comparisons. A comparison between the columns “Plumas County” and “Typical Grower \$1,000 Per Pound” reflects that we estimate our Plumas County Cultivation Facilities will generate \$19,876,000 in Net Income After Tax in 2020. A non-vertically integrated cultivator selling their cannabis at \$1,000 per and running the same facility (with the same overhead) will make \$6,517,000 after tax. By delivering the cultivated cannabis into the company owned mobile delivery services at \$2,200 per pound, increases Net Income After Tax from \$6.5 million to \$19.9 million. It is advantageous to have profits recorded in the cultivation and processing entities since they have a very low IRS audit rate of 1.3%.

Lower License Fees and No Gross Revenue Tax Rate – In the third column “Typical Grower In Salinas” are the estimated expenses for the Company to run similar operations in the City of Salinas in Monterey County. The Salaries and Benefits have been increased due to expected higher labor costs of 33%. There is also a massive increase in “Taxes, Licenses and Permits” from \$2.6 million to \$8.3 million as a result of the Monterey County square foot cultivation tax (paid on a quarterly basis) and the 10% of Gross Sales Tax for the distribution Company (paid whether you make money or not). There is no corresponding “Gross Sales Tax” for Plumas County. The Gross Income Sales is Payable to Monterey County whether or not the entity is making money. The Plumas County Tax is 2% of Net Income and therefore decreases if the Company makes less money. The tax is paid after net income is reported (i.e. deferred taxes). Monterey County has a \$15 per square foot cultivation rate that can be increased to \$25 per foot (approved by the voters).¹

¹ The Monterey County Supervisors lowered to Cultivation Tax to \$5 per square foot of cultivation area in July 2018 because cultivators are under financial stress. Many jurisdictions imposed high tax rates and many companies have blown a lot of investor funds setting up operations in jurisdictions that imposed high fee, excise taxes and gross income tax rates on cannabis businesses. It is the old proverb of “Do not kill the golden goose that lays the golden egg”.

	Our Model	Typical Grower \$1,000 Per Pound	Typical Grower Salinas
Description	12/31/2020	12/31/2020	12/31/2020
TOTAL ESTIMATED REVENUE	\$ 36,780,359	\$ 17,184,896	\$ 17,184,896
COST OF PRODUCTION			
Packaging - Outdoor	\$ 305,480	\$ 305,480	\$ 305,480
Packaging - Indoor	347,702	347,702	347,702
Landowner Commission - Outdoor	152,740	152,740	152,740
Landowner Commission - Greenhouse	173,851	173,851	173,851
Lab Testing Cost - Outdoor	91,644	91,644	91,644
Lab Testing Cost - Greenhouse	104,311	104,311	104,311
Fertilizers	24,000	24,000	24,000
Pesticides	12,000	12,000	12,000
Clones/Seedlings	223,300	223,300	223,300
Dirt and Outdoor Grow Bags	295,595	295,595	295,595
Salaries and Benefits - Production and Cultivation	1,936,700	1,936,700	2,934,394
Employee Benefits	162,420	162,420	162,420
IT Costs	162,758	162,758	162,758
Outside Services	100,000	100,000	100,000
Other Employee Related Expenses	52,967	52,967	52,967
General Overhead	324,570	324,570	324,570
Taxes, License and Permits	2,600,094	2,600,094	6,347,784
Miscellaneous Expense	0	0	0
Facility Costs	405,185	405,185	405,185
Depreciation & Amortization - Cultivation and Production	632,849	632,849	632,849
Other Expense	-	-	-
TOTAL COSTS OF PRODUCTION	\$ 8,108,165	\$ 8,108,165	\$ 12,853,549
GROSS PROFIT	\$ 28,672,194	\$ 9,076,731	\$ 4,331,348
MARKETING AND DISPENSARY EXPENSES			
Salaries and Benefits - Marketing & Dispensaries	\$ -	\$ -	\$ -
Sales Commissions - Sales Reps	367,804	171,849	367,804
Marketing and Advertising	7,000	7,000	7,000
TOTAL MARKETING EXPENSES	\$ 374,804	\$ 178,849	\$ 178,291
OTHER EXPENSES			
Interest Expense (Income)	269,159	269,159	269,159
TOTAL OTHER EXPENSES	\$ 269,159	\$ 269,159	\$ 269,159
NET INCOME BEFORE TAXES	\$ 28,028,231	\$ 8,628,723	\$ 3,883,898
Add Back Non-Deductible Marketing Expenses - IRC 280E	\$ 374,804	\$ 178,849	\$ 178,291
FEDERAL TAXABLE INCOME	\$ 28,403,034	\$ 8,807,572	\$ 4,062,188
Federal Income Tax	5,964,637	1,849,590	853,060
California State Income Tax	2,378,195	726,689	349,348
Plumas County Net Revenue Income Tax	560,565	172,574	-
NET INCOME AFTER TAXES	\$ 19,124,834	\$ 5,879,869	\$ 2,859,781

1. Cultivation tax is 3.5 acres X 43,630 square feet per acre X \$15 = \$2,291,000. Tax is due whether you make a profit or not. It is not based on Net Income. The tax is paid in Quarterly installments.
2. But the real kicker is the Gross receipts tax on commercial cannabis businesses (non-cultivation) which is 5% of **GROSS RECEIPTS** in 2019 and then increases to 10% in 2020. 2
3. We must have a **Distributor license** to sell the cannabis to the mobile delivery services (separate corporations). Per our model the Distribution Company will have \$37 million in revenue in 2020. Based on the Monterey Gross Receipts tax it will therefore be another \$3.7 million in Gross Receipts taxes due.
4. Estimated Labor costs will be 33% higher in Monterey County as compared to Plumas County which equates to additional Labor expenses of \$998,000 per year. (Projected Labor Costs in 2020 of \$1,936,700 divided by .66 = \$2,934,393).
5. Total estimated additional costs = \$2,291,000 + \$3,700,000 + \$998,000 = \$6,989,000 – (Plumas County Tax of \$575,000) = \$6,414,000 per year or **\$32,070,000** over five (5) years.
6. As part of our analysis and modeling we are purposely manipulating where and when sales take place. All sales of cannabis products takes place in Plumas County and title is “Free On-Board Shipping Location”. This ensures the sales is recorded as taking place in Plumas County. 3

2 For comparison purposes, if Plumas County charged a tax of \$40 per pound of flower cultivated the estimated tax for 2020 will be \$738,000 (18,465 pounds of flower X \$40 per pound of flower cultivated = \$738,600). This number can be easily calculated and determined since the information is required to be reported to California via the Metrc reporting system and therefore Plumas County has a way to verify the information and the tax calculations. This analysis assumes the tax is due when the cannabis enters the “stream of commerce” as defined by the regulations. There will be litigation or refinement concerning what is the definition of “stream of commerce”, but that is a fight for the State of California to do (which has the resources) and not Plumas County. Plumas County can ride the coattails of the State of California and the Department of Food and Agriculture.

3 As an example, having the sale legally take place in Plumas County results in an end around the 4% Gross Receipts Tax for the City of Sacramento. If the sale took place in Sacramento, the cultivation operation located in Plumas County will pay the City of Sacramento \$1,466,301 in cannabis excise taxes in 2020 (\$36,657,525 in estimated revenue X 4% = \$1,466,301). This equates to \$7,331,505 over five years. We accomplish this goal by obtaining a Distributor – Transport Only license to deliver the cannabis to the planned Sacramento warehouse or obtain a Distributor License in Plumas County that purchases the cannabis from the licensed cultivation entity. The Plumas County Licensed Distributor then transfers the cannabis to its warehouse in Sacramento. Because no sale has taken place between the Plumas County Licensed Distributor and the second warehouse it has in the City of Sacramento, no 4% will be due the City of Sacramento.

ESTIMATED FINANCIAL RESULTS FOR FISCAL YEARS 2018, 2019 AND 2020

We estimate we will turn cash flow positive in the 3rd quarter of 2019 after the first harvest of cannabis in June 2019. The anticipated large negative cash flows during the first six months of 2019 will turn positive once we begin to distribute and sell our low-cost company cultivated cannabis directly to the end consumer through our company-owned mobile delivery service network. Estimated financial results for 2019 reflect that large revenue and positive cash flows begin during the third quarter of 2019. We have spent a lot of time and held discussions with cultivators, mobile delivery owners, systems experts and other professionals in the industry to understand what is realistic costs and capital expenditures to create and implement a successful cannabis company in the emerging California cannabis industry.

CONDENSED ESTIMATED FINANCIAL STATEMENTS FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2018 TO 2020 - CASH BASIS

<u>Description</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
ESTIMATED REVENUE	\$718,848	\$28,425,072	\$71,364,679
COST OF GOODS SOLD	370,865	6,607,445	8,711,413
GROSS PROFIT	<u>347,983</u>	<u>21,817,627</u>	<u>62,653,266</u>
MARKETING, DISPENSARY, CORPORATE AND LEGAL	622,621	8,548,053	18,526,576
INTEREST EXPENSE	-	382,445	269,159
NET INCOME BEFORE TAXES	<u>(274,638)</u>	<u>12,887,129</u>	<u>43,857,530</u>
FEDERAL TAXABLE INCOME: 280E ADD BACK:	198,278	18,990,369	57,079,262
Federal Income Tax	41,638	3,987,977	11,986,645
California State Income Tax	(23,619)	1,108,293	3,771,748
Plumas County Net Revenue Income Tax	-	135,849	560,565
NET INCOME AFTER TAXES	<u>(292,657)</u>	<u>7,655,010</u>	<u>27,538,573</u>
CASH FLOW ANALYSIS			
NET INCOME AFTER TAX	(292,657)	7,655,010	27,538,573
Add Back: Depreciation	4,207	497,187	541,384
Add Back: Sales of Common Stock	4,200,000	-	-
Add Back: Lease Proceeds	-	4,500,000	-
Less: Fixed Asset Purchases and Inventory	(733,536)	(5,302,908)	(3,504,508)
Less: Lease Principal Paydown	-	(762,480)	(825,766)
NET CASH FLOW	<u>\$3,178,013</u>	<u>\$6,586,808</u>	<u>\$23,749,683</u>
Estimated Number of Shares Outstanding	900,000	900,000	900,000
Estimated Earnings Per Share After Tax	(\$0.33)	\$8.51	\$30.60

We have spent months accumulating regulations and analyzing the cannabis ordinances for the top 100 population centers in California to understand what is allowed and not allowed. Our plan requires capital investments in the farming operation and cultivation, software and ERP systems, packaging and post-cultivation processing equipment and large investments to build a mobile delivery network. All of these pieces are expensive. Our management team has evaluated many business proposals from outside groups seeking funding. All were non-vertically integrated plans and all understated the costs and expenses to implement the business proposals. Per our financial projections, the Company will begin to generate large positive cash flows in the third quarter of 2019 and have explosive growth in 2020

We have broken out financing needs into three main periods, referred to as (i) Phase I, (ii) Phase II and (iii) Phase III. We have estimated we will expend:

- \$1.2 million during Phase I in capital expenditures for fixed assets, inventory and operating expense for the six months ended December 31, 2018 (“Phase I”). This includes \$632,000 for capital expenditures for the first six mobile delivery service locations at a rate of one location per month and \$100,000 for non-cannabis inventory to be sold through the Canna-Culture web storefronts.
- \$7.5 million during Phase II in capital expenditures for fixed assets, inventory and operating expenses at (i) the Plumas County Facilities (Greenville Farm and Vinton post cultivation processing facility) and (ii) for an additional twelve (12) mobile delivery services for the 12 months ended December 31, 2019 (Phase II) before we turn cash flow positive in the 3rd quarter of 2019. We believe we will generate large positive cash flows starting in July 2019 after the first greenhouse cannabis harvest from the Greenville Farm has been processed and begins to flow through our mobile delivery service network. During the first six (6) months of 2019 we will incur \$3.4 of capital expenditures and \$1.7 million in operating expense at the Plumas County Facilities. We have estimated our cannabis mobile delivery service locations will be generating positive cash flows to assist with the funding of twelve (12) additional mobile delivery service locations to be established in 2019 that will require \$1.9 million in estimated required capital investments to expand the mobile delivery service network.
- \$1.9 million during Phase III in capital expenditures for fixed assets and inventory for the 12 months ended December 31, 2020 (Phase III) to continue to build our mobile delivery service network. We also intend to incur and additional \$1.6 million in capital expenditures at our planned Plumas County, CA cultivation and post-cultivation processing facilities. Phase III will be solely funded from expected positive cash flows from our operating entities brought operational in Phase I and Phase II. We expect to bring operational another twelve (12) mobile delivery service locations during Phase III.

We discuss Phase I (2018), Phase II (2019) and Phase III (2020) in detail starting on the next page, including our expected results of operation and capital expenditures for each major business division. The capital investments will be funded by a combination of proceeds received from this Offering and anticipated cash flows from operations as the major business components come on-line. As part of this Offering, the Company will be integrating the IndicaOnline point of sale and cannabis mobile delivery service application to NexTecGroup cannabis system built on top of SAGE X3, which is an industrial strength accounting and ERP system.

**PHASE I - CONDENSED ESTIMATED FINANCIAL STATEMENTS BY MAJOR BUSINESS COMPONENT
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018 - CASH BASIS**

<u>Description</u>	<u>Mobile Delivery</u>	<u>Corporate</u>	<u>Sacramento Warehouse</u>	<u>Plumas County Facilities</u>	<u>Intercompany Elimination Entries</u>	<u>Total 2018</u>
ESTIMATED REVENUE	\$718,848	\$0		\$ -	\$ -	\$ 718,848
COST OF GOODS SOLD	256,147		45,700	69,018	-	370,865
GROSS PROFIT	462,701	-	(45,700)	(69,018)	-	347,983
MARKETING, DISPENSARY, CORPORATE AND LEGAL	598,821	23,800	-	-	-	622,621
INTEREST EXPENSE	-	-	-	-	-	-
NET INCOME BEFORE TAXES	(136,120)	(23,800)	(45,700)	(69,018)	-	(274,638)
FEDERAL TAXABLE INCOME: 280E ADD BACK:	312,996	-	(45,700)	(69,018)	-	198,278
Federal Income Tax	65,729	-	(9,597)	(14,494)	-	41,638
California State Income Tax	(11,706)	(2,047)	(3,930)	(5,936)	-	(23,619)
Plumas County Net Revenue Income Tax	-	-	-	-	-	-
NET INCOME AFTER TAXES	(190,143)	(21,753)	(32,173)	(48,589)	-	(292,657)
CASH FLOW ANALYSIS						
NET INCOME AFTER TAX	(190,143)	(21,753)	(32,173)	(48,589)	-	(292,657)
Add Back: Depreciation	4,207	-	-	-	-	4,207
Add Back: Sales of Common Stock	-	4,200,000	-	-	-	4,200,000
Add Back: Lease Proceeds	-	-	-	-	-	-
Less: Fixed Asset Purchases and Inventory	(632,336)	(1,200)	(100,000)	-	-	(733,536)
Less: Lease Principal Paydown	-	-	-	-	-	-
NET CASH FLOW	(\$818,272)	\$4,177,047	(\$132,173)	(\$48,589)	\$0	\$3,178,013

PHASE I OF IMPLEMENTING OUR BUSINESS PLAN – FISCAL YEAR 2018

Phase I Expenditures requires approximately \$1.2 million and lasts for a period of 6 months ending on December 31, 2018. This is going to be a dense and potentially confusing discussion and therefore you may have to read this section more than once. In Phase I the Company intends to use \$818,272 to bring operational six (6) mobile delivery services, of which two will be located in Sacramento, California metropolitan area.

CANNABIS MOBILE DELIVERY SERVICES: We have estimated each mobile delivery service will require an investment of \$227,055 to (i) acquire equipment, (ii) two (2) cars, (iii) \$75,000 of inventory and (iv) expected losses for the first four (4) months. We believe it will take four (4) months from the point the license application is filed to begin operations in Month 5. We believe it will take four months to obtain an operating license from a local jurisdiction after the application has been submitted.

<u>Category</u>	<u>Month 1</u>	<u>Month 2</u>	<u>Month 3</u>	<u>Month 4</u>
COSTS TO GET STARTED				
Fixed Asset Purchases	\$0	\$0	\$0	\$51,084
Automobiles	\$0	\$0	\$0	\$32,000
Inventory	\$0	\$0	\$0	\$75,000
Loss - First Four Months	\$39,310	\$9,260	\$9,710	\$10,690
TOTAL ACCUMULATED REQUIRED CASH BY MONTH	\$39,310	\$9,260	\$9,710	\$168,774
TOTAL ACCUMULATED REQUIRED CASH	\$39,310	\$48,570	\$58,280	\$227,055
TOTAL REQUIRED CASH IF FINANCE CARS	\$39,310	\$9,260	\$9,710	\$136,774
TOTAL ACCUMULATED REQUIRED CASH IF FINANCE CARS	\$39,310	\$48,570	\$58,280	\$195,055

On the next two pages, we provide a two-page analysis and estimate of the financial results of a single cannabis mobile delivery service starting in Month 5 when the mobile delivery service becomes operational. We have estimated a single mobile delivery service location will become cash flow positive in Month 5 and by Month 12 will have generated accumulated positive cash flows of \$358,000 after tax, including recovering the entire initial \$227,055 to bring the mobile delivery service operational by Month 5.

The estimated positive cash flows starting in Month 5 then go back into the funds available to bring operational the initial twelve (12) mobile delivery services as part of Phase I. As a result of positive cash flows starting in Month 5 of a mobile delivery service life cycle, we believe it will require \$900,000 in net cash to bring the 12 mobile delivery services operational at a rate of two (1) per month and all twelve (12) Phase I mobile delivery services will be fully operational by May 2019. We have budgeted for \$853,608 to begin the implementation twelve (12) initial cannabis mobile delivery services with the first two (2) in Sacramento.

Our goal is to bring operational the mobile delivery services, perfect our operating procedures and field test our accounting and delivery software. By December 31, 2018, we expect to have six mobile delivery services in progress and two up and running. As per the financial table on next two pages, we believe it will take four months from the point of payment of the initial licensing fee to a local jurisdiction to begin operations in each mobile delivery service location. Assuming we begin implementing Phase I in July 2018, we will have six mobile delivery services in process (at a rate of one per month). The mobile delivery services will ratably become operational at a rate of one per month starting in November 2018. We previously discussed our goal regarding the twelve (12) mobile delivery services as part of Phase I at the beginning of this section. Our Business Plan intends to bring operational thirty-two (32) cannabis mobile delivery services by December 31, 2020, to have a completely integrated seed-to-sale company that is distributing its company cultivated cannabis products directly to the end consumer.

MOBILE DELIVERY SERVICE - ESTIMATED CASH FLOWS BY MONTHS 5 TO 12 FOR A SINGLE MOBILE DELIVERY SERVICE LOCATION

<u>Description</u>	<u>Month 5</u>	<u>Month 6</u>	<u>Month 7</u>	<u>Month 8</u>	<u>Month 9</u>	<u>Month 10</u>	<u>Month 11</u>	<u>Month 12</u>	<u>Total for all 12 Months</u>
ESTIMATED REVENUE									
Cannabis Product Sales - In-Store	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cannabis Product Sales - Mobile Delivery	230,400	230,400	230,400	230,400	230,400	230,400	230,400	230,400	1,843,200
Delivery Charge Income	9,216	9,216	9,216	9,216	9,216	9,216	9,216	9,216	73,728
Non-Cannabis Product Sales	-	-	5,000	5,000	5,000	5,000	5,000	5,000	40,000
Other	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Bad Debts	-	-	-	-	-	-	-	-	-
TOTAL ESTIMATED REVENUE	\$239,616	\$239,616	\$244,616	\$244,616	\$244,616	\$244,616	\$244,616	\$244,616	\$1,956,928
COST OF PRODUCTION									
Sales Commissions	-	-	-	-	-	-	-	-	-
Gross Sales Marketing Fee	-	-	-	-	-	-	-	-	-
Cost of Goods Sold - Cannabis Products	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	672,000
Cost of Goods Sold - Non-Cannabis Products	-	-	1,250	1,250	1,250	1,250	1,250	1,250	10,000
Leafy and NUG Commission	1,382	1,382	1,382	1,382	1,382	1,382	1,382	1,382	11,059
TOTAL COSTS OF PRODUCTION	\$85,382	\$85,382	\$86,632	\$86,632	\$86,632	\$86,632	\$86,632	\$86,632	\$693,059
GROSS PROFIT	\$154,234	\$154,234	\$157,984	\$157,984	\$157,984	\$157,984	\$157,984	\$157,984	\$1,263,869
OPERATING EXPENSES									
Salaries and Benefits	\$38,449	\$38,449	\$38,449	\$38,449	\$38,449	\$38,449	\$38,449	\$38,449	\$324,789
Employee Benefits	4,548	4,548	5,048	4,548	4,548	4,548	4,548	6,048	39,681
Marketing and Advertising	250	250	250	250	250	250	2,250	250	6,000
IT Costs	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	9,570
Outside Services	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	8,000
Other Employee Related Expenses	683	683	683	683	683	683	683	683	5,467
General Overhead Expense	4,125	1,125	1,125	1,125	1,125	1,125	4,125	1,125	18,300
Taxes and License	10,000	-	-	-	-	-	-	-	40,000
Miscellaneous Expenses	-	-	-	-	-	-	-	-	-
Facility Expense	4,712	4,712	4,712	4,712	4,712	4,712	4,712	4,712	51,941
Depreciation & Amortization Expense	1,402	1,402	1,402	1,402	1,402	1,402	1,402	1,402	11,219
Other Expense (Income)	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES	\$66,249	\$53,249	\$53,749	\$53,249	\$53,249	\$53,249	\$58,249	\$54,749	\$514,966

MOBILE DELIVERY SERVICE - ESTIMATED CASH FLOWS BY MONTHS 5 TO 12 FOR A SINGLE MOBILE DELIVERY SERVICE LOCATION

<u>Description</u>	<u>Month 5</u>	<u>Month 6</u>	<u>Month 7</u>	<u>Month 8</u>	<u>Month 9</u>	<u>Month 10</u>	<u>Month 11</u>	<u>Month 12</u>	<u>Total for all 12 Months</u>
NET INCOME BEFORE INCOME TAXES	\$87,984	\$100,984	\$104,234	\$104,734	\$104,734	\$104,734	\$99,734	\$103,234	\$748,903
Add Back Non-Deductible Marketing Expenses - IRC 280E									
100% of Sales Commissions	-	-	-	-	-	-	-	-	-
50% of Gross Sales Marketing Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Add Back 75% of Operating Expenses	\$49,687	\$39,937	\$40,312	\$39,937	\$39,937	\$39,937	\$43,687	\$41,062	\$386,225
FEDERAL TAXABLE INCOME	\$137,671	\$140,921	\$144,546	\$144,671	\$144,671	\$144,671	\$143,421	\$144,296	\$1,135,127
Federal Income Tax	19,264	21,994	21,889	21,994	21,994	21,994	20,944	21,679	171,753
California State Income Tax	8,109	9,258	9,214	9,258	9,258	9,258	8,816	9,126	72,300
NET INCOME AFTER TAXES	\$60,611	\$69,731	\$73,131	\$73,481	\$73,481	\$73,481	\$69,973	\$72,429	\$504,849
CASH FLOW ANALYSIS									
NET INCOME AFTER TAX	\$60,611	\$69,731	\$73,131	\$73,481	\$73,481	\$73,481	\$69,973	\$72,429	\$504,849
Add Back: Depreciation	1,402	1,402	1,402	1,402	1,402	1,402	1,402	1,402	11,219
Less: Fixed Asset Purchases and Inventory	-	-	-	-	-	-	-	-	(158,084)
NET CASH FLOW	\$62,013	\$71,134	\$74,533	\$74,884	\$74,884	\$74,884	\$71,376	\$73,831	\$357,984
ACCUMULATED CASH FLOW	(\$165,042)	(\$93,908)	(\$19,375)	\$55,509	\$130,393	\$205,277	\$276,652	\$350,484	

DISCUSSION OF THE ESTIMATED FINANCIAL RESULTS OF COMPANY OWNED MOBILE DELIVERY SERVICES

IRC §280E and Cost of Goods Sold Overview:

Many cannabis-related businesses would like to take deductions for the costs related to their business activities. However, the tax code, Internal Revenue Code (“IRC”), has some very specific provisions regarding the businesses that are permitted to take the cost of goods sold (COGS) deductions and which expenses may be included. COGS is at the core of all cannabis-related businesses as its one of the key factors to reducing your taxable income. Cannabis is still listed as a Schedule I controlled substance under the Controlled Substance Act (CSA), and therefore its possession, use, and distribution remain a crime under federal law. Further, the U.S. Supreme Court has ruled that the federal government has a right to regulate and criminalize the sale and use of cannabis, even when a state’s laws permit cannabis to be used for medical purposes. This conflict between state and federal law presents those who engage in the business of selling cannabis, as well as their customers, with a difficult question: Should they continue operating because it is legal in their state or shut down for fear of federal criminal prosecution? As if the threat of criminal prosecution for drug trafficking was not enough, federal authorities have used various other weapons to quash the growing cannabis industry. One such weapon is IRC § 280E, which provides as follows:

The “War on Drugs” and Federal Government's use of the tax law

The Tax Equity and Fiscal Responsibility Act, P.L. 97-248, added Sec. 280E to the Code. It provides:

"No deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of schedule I and II of the Controlled Substances Act) which is prohibited by Federal law or the law of any State in which such trade or business is conducted."

So, while cannabis businesses are disallowed ordinary and necessary business expenses deductions, they are allowed a deduction for the costs incurred for the purchase, conversion, materials, labor and allocated overhead incurred in bringing the cannabis inventories to their present location and condition. Therefore, cannabis businesses have an incentive to capitalize as inventory all costs associated with the purchase of cannabis and then in future years successfully deduct these costs as costs of goods sold. In 1982 a Cocaine dealer was busted by the DEA. The IRS subsequently performed an audit and denied all expense deductions related to his business of selling and distributing cocaine, that is a Schedule I drug. Edmondson appealed the denial of expenses to the United States Tax Court. See Edmondson v. Commissioner. In 1982 during the War on Drugs under President Reagan, Congress responded to the Tax Court decision and passed IRC 280E. This became a death kill for dispensaries and resulted in an average effective tax rate approaching 75%.

When IRC §280E was enacted in 1982 to overturn the result in the Tax Court case *Jeffrey Edmondson v. Commissioner*, it held that the taxpayer, who was engaged in an illegal drug dealing business, was entitled to deductions for “telephone, auto, and rental expenses” that he incurred in his business. The Senate report makes clear that IRC §280E was intended to overturn the decision in Edmondson and deny deductions to illegal drug dealing businesses. However, for Constitutional reasons, Congress did not attempt to prevent taxpayers from using cost of goods sold (COGS) to compute gross income. IRC §280E denies all deductions from gross income in computing taxable income, but illegal drug dealing businesses are permitted to take COGS into account in computing gross income. preclude possible challenges on constitutional grounds, the adjustment to gross receipts with respect to effective costs of goods sold is not affected by this provision of the bill” (S. Rep’t 97-494 (Vol. 1), 97th Cong., 2d Sess., at 309 (1982)). The rationale for this statement is that the U.S. income tax structure requires gross receipts to be reduced by the cost of sales to derive gross income (also see Regs. Sec. 1.61-3(a)). The effects of § 280E can be drastic on dispensaries. According to a 2013 CNNMoney report, the inability of dispensaries to take business deductions has resulted in dispensaries paying an effective tax rate as high as 75 percent. The practical effect of this massive tax burden makes business operations difficult, if not impossible. IRC § 280E was enacted for public policy reasons at a time when the idea of legalizing cannabis, even for medical purposes, was unheard of.

As part of our strategy, the entity selling and distributing the cannabis to our mobile delivery services, will provide cannabis on credit terms. We have estimated we can charge our mobile delivery services \$2,200 to \$2,500 per pound of flower and still have the mobile delivery services “break-even” after the payment of State, Federal and Local income taxes.⁴ We, therefore, generate our net income in the cultivation group that typically will have a lower local income tax rate than a dispensary or mobile delivery service.⁵

Secondly, the audit rate of cultivation entities is much lower than dispensaries and mobile delivery services. More than 6% of operational cannabis companies surveyed by Cannabis Business Daily said they have been audited by the Internal Revenue Service, which suggests that the industry faces more scrutiny on the tax front than other sectors. Testing labs reported the highest rate, with roughly 13% saying they have been audited, followed by dispensaries/recreational cannabis stores (nearly 8%) and ancillary companies (6%). Wholesale growers reported the lowest rate, with just 2.9% of those who responded to the survey saying they have been audited. The IRS reports that it audited about 1.4% of all U.S. businesses in 2014, which is actually down from previous years due to budget constraints.

We are therefore shifting where profits are recorded to the cultivation group where IRC § 280E is less of a burden and more expenses can be deducted such as drivers, security systems, security personnel, all production costs and even delivery service cost to deliver cannabis to our mobile delivery services. All of entities to be formed will also be regular corporations, and not limited liability companies (LLC), S corporations or Partnerships. With the C Corporation Tax Rate set to decrease to 21% in 2019, and the current tax advantages afforded C Corporations under California Law; we believe a C Corporation provides the best protection from a IRS Levies against stockholder personal assets. Under California tax law a C Corporation is not restricted as to its ability to deduct expenses under IRC 280E; but pass-through entities such as LLC, S Corporations and Partnerships can only deduct expenses as allowed under IRC 280E.

Each mobile delivery service will be a separate entity that is 100% owned by Pegasus Dispensary Group Inc. (an entity to be formed upon the successful completion of this offering). Pegasus Dispensary Group Inc. will be a 100% owned by Pegasus Capital Investments Inc. We have this structure partially for the following reasons.

1. If a mobile delivery service loses its license by action taken by a local jurisdiction or the State of California, there is protection that the entire Company will not have its licenses terminated.
2. If the single location is audited by the IRS and a massive tax levy is issued, we can terminate the entity and have it declare bankruptcy.
3. If a mobile delivery service is sued, we can bankrupt the entity and not have the assets of our other entities attached.
4. The closure of the one location will not force the closure of all of our mobile delivery service.

⁴ An example of local income taxes is the City of Sacramento that charges a 4% tax on gross sales of cannabis products within its borders.

⁵ As example, the proposed County Income tax for Plumas County in the regulations proposed by a Voter Initiative is 2% of Net Income, which is much lower than the 4% of gross sales of cannabis products of the City of Sacramento.

**CONDENSED ESTIMATED FINANCIAL STATEMENTS 2018 – CASH BASIS
MOBILE DELIVERY SERVICES
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018**

<u>Description</u>	July to September 2018	October to December 2018	For the Twelve Months Ended December 31, 2018
ESTIMATED REVENUE			
Cannabis Product Sales - Mobile Delivery	\$0	\$691,200	\$691,200
Delivery Charge Income	-	27,648	27,648
Non-Cannabis Product Sales	-	-	-
TOTAL ESTIMATED REVENUE	\$0	\$718,848	\$718,848
COST OF PRODUCTION			
Cost of Goods Sold - Cannabis Products	-	252,000	252,000
Cost of Good Sold - Non-Cannabis Products	-	-	-
Leafy and NUG Commissions	-	4,147	4,147
TOTAL COSTS OF PRODUCTION	\$0	\$256,147	\$256,147
GROSS PROFIT	\$0	\$462,701	\$462,701
OPERATING EXPENSES			
Salaries and Benefits	\$25,800	\$166,946	192,746
Employee Benefits	1,940	17,526	19,466
Marketing and Advertising	3,000	6,750	9,750
IT Costs	150	6,030	6,180
Outside Services	-	3,000	3,000
Other Employee Related Expenses	-	2,050	2,050
General Overhead Expense	4,500	19,275	23,775
Taxes and License	90,000	110,000	200,000
Miscellaneous Expenses	-	-	-
Facility Expense	20,770	56,876	77,646
Depreciation & Amortization Expense	-	4,207	4,207
General Reserve	30,000	30,000	60,000
TOTAL OPERATING EXPENSES	\$176,161	\$422,660	\$598,821
NET INCOME BEFORE TAXES	(\$176,161)	\$40,041	(\$136,120)
Add Back IRC 280E Expenses			
Add Back 75% of Operating Expenses	132,121	316,995	449,116
FEDERAL TAXABLE INCOME	(\$44,040)	\$357,036	\$312,996
Federal Income Tax	-	79,123	79,123
California State Income Tax	-	10,235	10,235
NET INCOME AFTER TAXES	(\$176,161)	(\$49,318)	(\$225,478)

Phase I capital investments and expenses also include general operating expenses, corporate and legal overhead and costs to obtain a warehouse in Sacramento that can house cannabis and non-cannabis products. The financial table starting on the next page, “Condensed Estimated Financial Statements 2018”, breaks down our estimated costs and expenses through December 31, 2018, to partially implement Phase I of our Business Plan. This will result in multiple facets of the plan being implemented and allow time for our systems and operating procedures for our cannabis mobile delivery services to be tested. Phase I implementation will take us past the date elections are held in California at the beginning of November 2018. We anticipate some voter initiatives will pass in various counties in California and result in an expansion of commercial cannabis activity in California and hopefully our ability to cultivate cannabis at our Greenville, California facility (outdoor) and perform post cultivation procedures and packaging at our Vinton, California facility. The Greenville and Vinton facilities are both located in unincorporated areas of Plumas County, California.

- \$23,800 is for Corporate and Legal. Mr. Homayouni, our CEO and Mr. Boyd Cook have agreed to waive all salary and compensation through December 31, 2018.
- \$100,000 for non-cannabis hardgoods inventory at the Sacramento warehouse. This \$100,000 is the amount of initial inventory of non-cannabis products we will stock for the web-based storefronts. We have developed a relationship with a large importer that is a franchisor of smoke and vape shops to provide a wide range of items for sale on the web storefronts. This large importer is also located in Sacramento.
- \$45,700 to (i) obtain a commercially zoned building in Sacramento to serve as the warehouse, (ii) costs to bring the facility functional and overhead expenses, including payroll. Our plan is to try and obtain locations where our mobile delivery services are also connected to additional space that can be utilized as a smoke and vape shop. We are anticipating that jurisdictions will allow more brick and mortar dispensaries in the future. If we are able to obtain a dispensary license we can then connect the mobile delivery service to the smoke and vape shop and have an integrated operation.
- Costs and investments of \$853,608 incurred to begin the implementation of six (6) initial cannabis mobile delivery services with the first two (2) in Sacramento. Our goal is to bring operational the mobile delivery services, perfect our operating procedures and field test our accounting and delivery software to ensure our systems work. By December 31, 2018, we expect to have six mobile delivery services in progress and two up and running. As per the financial table on Page 30 and Page 31, we believe it will take four months from the point of payment of the initial licensing fee to actually begin operations in each mobile delivery service location. Assuming we begin implementing Phase I in July 2018, we will have six mobile delivery services in process (at a rate of one per month). The mobile delivery services will ratably become operational at a rate of one per month starting in November 2018. We previously discussed our goal regarding the six (6) mobile delivery services as part of Phase I at the beginning of this section. Our Business Plan intends to bring operational thirty (32) cannabis mobile delivery services by December 31, 2020, to have a completely integrated seed-to-sale company that is distributing its company cultivated cannabis products directly to the end consumer.

CANNA-CULTURE WEB STOREFRONTS: We intend to spend \$70,000 for the implementation of computer systems and custom coded application during Phase I to have a world-class technology ERP solution for our tracking of financial data and to also offer Canna Culture web-based E-Storefronts to non-company owned dispensaries and mobile delivery services. We believe our unique solution will provide an additional revenue stream for independent dispensaries and mobile delivery services and will enhance our ability to form long-term relationships with retail locations and provide a sales channel if we decide to further expand our operations and become a Distributor of cannabis products to non-company owned retail locations. See Exhibit E for our 16-page Canna-Culture web storefront brochure.

Our Hardgoods Warehouse creates an additional revenue stream – Independently branded storefronts can be a marketable product to 15,000 dispensaries and mobile delivery services across the United States and provides another revenue stream. The rollout will be slower than anticipated and start in California. We can have the required research completed in three months for the 481 Incorporated cities and the 58 counties of California. Once California is completed we will move onto the other seven (7) remaining states that allow Adult Use. Our mobile delivery services can also sell and deliver the hardgoods, paraphernalia and cannabis-related accessories. Margins are massive. You have to think of it as the Amazon of smoking accessories. The key is how to get market penetration at a very low cost of customer acquisition. Here is how it will work.

- The custom web storefront we are having coded has the ability to link unlimited web-based storefronts to the backend accounting system. Most dispensaries are small and setup like a physician’s office. Mobile delivery services have no storefront. They do not have the time, expertise or space to carry over 1,000 items. They can get a branded store and email blasts. There are 11,000 potential dispensaries in the Cannabiz.Media database and thousands of mobile delivery services.
- The owner gets 20% of the sales price and they have to turn over the contact information of their client database. Our G-Lock Mail 7 system allows for their customer contact information to be loaded into a separate folder. We do an email blast campaign and change the name of the dispensary or mobile delivery service as part of the email and text campaign. We, therefore, avoid US Anti-Spam rules. The mail server system is setup and ready to go.
- We believe the average dispensary and mobile delivery service has 3,500 to 5,000 contacts and therefore 300 companies will provide 1,000,000 to 1,500,000 email addresses and phone numbers (for the text campaign).
- Our margins on the hardgoods is massive.
- The custom coded POS and hardgoods distribution company makes us a high-tech company, a non-cannabis product distribution, a tax planning company, a cannabis cultivation company and a direct to consumer distribution company.

As part of our business model we have decided to implement web based branded storefronts selling cannabis related accessories such as vape pipes, glassware, clothing, hats, tee shirts, products made out of hemp and other products. The potential margins on the products range from 200% to over 1,000%. We also intend to roll out a branded product line called “Cali’s Closet” that are higher end items. You can see our 16-page brochure of the planned web storefront in Exhibit E. As part of our analysis of the feasibility of having a web based storefront offering cannabis accessories and paraphernalia (which is illegal under Federal Law) we reviewed case law and regulations to understand the legality of selling such items utilizing a web-based storefront. The remaining pages in this Section 3 discuss the case law and how our custom coded system will be programmed to allow us to legally sell such items. We also intend offer branded storefronts to non-company owned dispensaries in mobile delivery services.⁶ We

⁶ Per the Cannabiz.Media database there are over 10,000 state licensed dispensaries and mobile delivery services in the United States.

believe our Canna Culture web storefronts and our planned Cali's Closet branded products have the potential to experience explosive growth.⁷

A key factor in choosing SAGE 100 is the tight integration of the accounting application to a web storefront designed by Tekoa Software specifically for SAGE 100. Tekoa Software's web storefront only works with SAGE 100. That is all they do. Unlike other storefronts that try to be everything to every accounting application, Tekoa focuses on and programs solely for SAGE 100 integration. The end-result is a world class application at a reasonable price. We will be paying approximately \$50,000 to have Tekoa Software perform modifications to our specifications to allow us to bring up in-house custom branded storefronts for non-Company owned dispensaries and mobile delivery services. As an example, Mary's Dispensary can have a storefront in their name and not in the name of Pegasus. All web storefronts are linked to and integrated to the same back end SAGE 100 database. We can therefore ship items for unlimited storefronts from our planned Sacramento warehouse. We believe such storefronts will have the benefits of allowing us to form relationships with non-Company owned dispensaries and mobile delivery services and position us to become a direct distributor of cannabis products, if, and when, the same protections for Medicinal cannabis are extended to adult use cannabis. There are numerous internet-based web stores offering cannabis paraphernalia and cannabis accessories. Almost all such companies are operating illegally and in violation of Federal Law. The most famous case involving Federal prosecution for selling cannabis-related paraphernalia is Tommy Chong. A reprint of the news story is below.

Actor Tommy Chong gets nine months for selling pot pipes. Friday, September 12, 2003. After describing himself as a former cannabis user who beat drugs by learning to dance to salsa, 65-year-old actor Tommy Chong told a federal judge yesterday that he's now a role model for young people in Los Angeles and wants to help them stay off drugs. He and his lawyers were hoping for a community service sentence as punishment for distributing thousands of bongs and cannabis pipes online through his California company, Nice Dreams Enterprises. But Chong, famous for such movies as "Up in Smoke" with longtime partner Cheech Marin, is going to prison instead. U.S. District Judge Arthur J. Schwab yesterday gave him nine months in a federal lockup and fined him \$20,000. As part of the sentence, Chong forfeited his Internet domain name, Chongglass.com, along with \$103,514 in cash and all of the drug paraphernalia seized by federal agents during a raid Feb. 24. He'll be allowed to self-report to prison, probably to a facility nearest his Pacific Palisades, Calif., home. The case against him was part of "Operation Pipe Dreams," a national investigation of drug paraphernalia distributors that began in Pittsburgh during the prosecution of Akhil Kumar Mishra and his wife, Rajeshwari, who ran two head shops Downtown in the 1990s. In February some 55 people were arrested and head shops and distributors across the country were shut down. Chong wasn't arrested at the time, but his business, which employed several glass blowers, was among those raided. U.S. Attorney Mary Beth Buchanan, who appeared in court for the hearing yesterday, said the sentence was significant because it tells the public that "there are consequences for violating the law, even if the violator is a well-known entertainer like Thomas Chong." Chong pleaded guilty in May. After his plea, he joked with the news media about putting the criminal case in his next movie with Cheech Marin. The U.S. attorney's office pointed to those comments to show that Chong, far from being apologetic, was making light of the case and might exploit it for money. When reporters asked him for comment this time, he said only "not a word." In court, he said plenty. Chong, whose full name is Thomas B. Kin Chong, apologized for his conduct and said he had tried to make amends by instructing young people in inner-city L.A. to dance and learn about the movie industry, saying he has a "natural ability to teach." He also said anti-drug commercials don't work on young people and he asked for the chance to "make a difference" by using his celebrity to help them stay sober. "I play a loser for laughs," he said. "My movie, 'Up in Smoke,' was made 30 years ago. I couldn't make that movie today. I'm not that person anymore." Federal prosecutors indicated they weren't entirely convinced. Assistant U.S. Attorney Mary McKeen Houghton pointed out, for example, that when agents raided his home they found close to a pound of cannabis.

⁷ We have not included estimated sales or profits from the Canna Culture storefronts or our planned branded product line of Cali's Closet. We will be able to project such results once our initial mobile delivery services become operational to ascertain how much we are selling through our mobile delivery services. Such financial results can then be used to promote individually branded storefronts to non-Company owned dispensaries and mobile delivery services.

She also said Chong had made a career of glamorizing pot-smoking and capitalized on his status in making personal appearances at head shops across the United States, where he promoted his line of bongs and pipes with his picture on them. In addition, he advertised the paraphernalia on his company's Web site and on his personal Web site, tommychong.com. Houghton said Chong "used his public image to promote this crime" and marketed his products to children. Chong and his lawyers had previously asked Schwab to postpone sentencing, so they could explore alternatives like community service, but the judge said "no." They asked again yesterday and again the judge said "no." Schwab actually gave Chong a bit of a break. Under sentencing guidelines, he could have sentenced him to a year in prison and a \$250,000 fine. But he also could have let Chong serve part of his term in a halfway house or on home detention. He refused to do either, saying the prison term was "appropriate." Chong admitted to distributing 7,500 bongs and cannabis pipes on the Internet through Nice Dreams, a family company that was named for one of his movies. He also entered a guilty plea for the company, which did business as Chong Glass in Gardena, Calif. The corporation is now defunct.”

If Chong Got Busted, Then How Can Smoke Shops Sell Cannabis Paraphernalia?

To understand how smoke and vaporizer shops are able to sell cannabis paraphernalia, you must understand the statutes and regulations, at a Federal, State and Local level to perform the evaluation. Below is a dense discussion of the law.

Rohrabacher-Blumenauer [Rohrabacher-Farr] and 21 U.S. Code 863 – Drug Paraphernalia

1. Rohrabacher-Blumenauer Scope of Protections

Since 2014, Rohrabacher-Blumenauer is an amendment to the federal budget plans passed by Congress and must, therefore, be renewed each fiscal year to be considered the law. Rohrabacher-Farr states:

None of the funds made available in this Act [Appropriations] to the Department of Justice may be used, with respect to any of the States of Alabama, Alaska, Arkansas, Arizona, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Iowa, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming, or with respect to the District of Columbia, Guam, or Puerto Rico, to prevent any of them from implementing their own laws that authorize the use, distribution, possession, or cultivation of medical cannabis.⁸

What Rohrabacher-Farr provides is that none of the funds made available to the Department of Justice (DOJ) in the Appropriations Act may be used to prevent states from implementing their own laws that authorize the use, distribution, possession, or cultivation of medical cannabis. As a result, the DOJ is funded by the Appropriations Act, but may not use the funds to enforce the Controlled Substance Act (CSA) against medical cannabis businesses complying with state law.

2. Rohrabacher-Blumenauer and the CSA

While the DOJ cannot use its funds via the Appropriations Act to enforce the CSA against medical cannabis businesses complying with state law may the DOJ yet pursue a business for selling instrumentalities of medical cannabis (paraphernalia)? The DOJ probably cannot pursue the medical cannabis businesses for selling the instrumentalities (paraphernalia) under Rohrabacher-Blumenauer and the CSA. Under the CSA, “[i]t is unlawful for any person — (1) to sell or offer for sale drug paraphernalia...”⁹ Drug paraphernalia includes:

⁸ Consolidated Appropriations Act, 2017, PL 115-31, Division B §537.

⁹ 21 USC §863 – Drug Paraphernalia.

*[A]ny equipment, product, or material of any kind which is primarily intended or designed for use in manufacturing, compounding, converting, concealing, producing, processing, preparing, injecting, ingesting, inhaling, or otherwise introducing into the human body a controlled substance, possession of which is unlawful under this subchapter.*¹⁰

The important language contained in the CSA is “a controlled substance, possession of which is unlawful under this subchapter.” That language indicates that if an exception applies in the subchapter then the instrumentalities will not be considered paraphernalia under the CSA. Such an exception exists in the CSA:

(f) Exemptions This section shall not apply to—(1) any person authorized by local, State, or Federal law to manufacture, possess, or distribute such items; or (2) any item that, in the normal lawful course of business, is imported, exported, transported, or sold through the mail or by any other means, and traditionally intended use with tobacco products, including any pipe, paper, or accessory.¹¹

Under this exemption, any state or local law that allows someone to “manufacture, possess, or distribute such items [paraphernalia],” is exempted from the classification as drug paraphernalia. Further, Part (G) of the CSA specifically addresses the issue concerning instrumentalities (paraphernalia) related to cannabis stating:

Notwithstanding any other provision of law, the provisions of this subchapter related to marijuana shall not apply to any person acting in compliance with State laws relating to the production, possession, distribution, dispensation, administration, or delivery of cannabis.¹²

Neither of the exemptions makes a distinction between medicinal or recreational cannabis, and appear to leave the decision of what is paraphernalia to the states, specifically when it concerns cannabis.

3. Rohrabacher-Blumenauer, CSA Exemptions, and California Law

Does California allow a business to sell the instrumentalities (paraphernalia) of cannabis? Yes, in California under the Health & Safety Code “it shall be lawful under state and local law, and shall not be a violation of state or local law, for persons 21 years of age or older to . . . possess, transport, purchase, obtain, use, manufacture, or give away cannabis *accessories* to persons 21 years of age or older without any compensation whatsoever.”¹³ California has made it clear that the above language is “intended to meet the requirements of subsection (f) of Section 863 of Title 21 of the United States Code . . . by authorizing, under state law, any person in compliance with this section to manufacture, possess, or distribute cannabis *accessories*.”¹⁴ Further, the Health & Safety code reiterates that “[c]annabis and cannabis products involved in any way with conduct deemed lawful by this section are not contraband nor subject to seizure, and no conduct deem lawful by this section shall constitute the basis for detention, search, or arrest.”¹⁵ The above means California considers the instrumentalities (paraphernalia) when persons 21 years or older are licenses to manufacture, possess, or distribute cannabis as *accessories* and not paraphernalia. Since Rohrabacher-Blumenauer in conjunction with the CSA turns the question of “what paraphernalia is?” to the state, and California does not consider instrumentalities of cannabis paraphernalia it is a legal activity for a properly licensed business to sell cannabis accessories under both Federal and State law.

¹⁰ *Id.* at §863(d), emphasis added.

¹¹ *Id.* at §863(d).

¹² *Id.* at §710(G).

¹³ Cal. Health & Safety Code §11362.1.

¹⁴ *Id.* at §11362.1(b-c).

¹⁵ *Id.*

4. Can a Business that Imports Cannabis Accessories Sell and Distribute the Products by Traditional Means?

Yes, as the CSA is written to include an exemption for importation the U.S. Post Office Domestic Mail Manual (“USPS Guidelines”) is written to include the same exemption. Further, third-party services (e.g. UPS and FedEx) only prohibit the shipping of actual cannabis while the shipment of cannabis accessories is controlled by whether or not it is legal to ship those items.

As above, the CSA includes an exemption to the importation of drug paraphernalia when “any person authorized by local, State, or Federal law to manufacture, possess, or distribute such items [paraphernalia],” and therefore importation is allowed when a person has those licenses.¹⁶ Because Federal law considers the cannabis a Schedule I drug there is no person with a federal license; however, according to the California Health & Safety Code, “it shall be lawful under state and local law . . . [to] [p]ossess, transport, purchase, obtain, use, manufacture, or give away cannabis accessories to persons 21 years of age or older,” and this statute “is intended to meet the requirements of subsection (f) of [21 USC 863].”¹⁷ Once imported the cannabis accessories may be shipped because the USPS Guidelines includes the same federal exemption included in the CSA, “[t]he standards in 12.1 and 12.2 [paraphernalia sections] apply neither to any person authorized by local, state, or federal law to manufacture, possess, or distribute items described in 12.1 or 12.2.”¹⁸ Therefore, a business that seeks to distribute cannabis accessories can import and ship the cannabis accessories wherever the business is licensed under California law. The exemption will only apply to where a business is licensed because California State law does not “amend, repeal, affect, restrict, or preempt . . . [l]aws prohibiting the sale, administering, furnishing, giving away of cannabis, cannabis products, or cannabis accessories,” and therefore in local jurisdictions that prohibit the sale . . . etc. of cannabis may still prohibit those activities.¹⁹ Third-party shipping companies prohibit the shipment of items prohibited by law; however, as explained above cannabis accessories fall within the federal exemption under both the CSA and USPS Guidelines because California law licenses such behavior.

A California business that wishes to conduct sales of cannabis accessories has several logistics concerns to ensure it is not violating the law; the business must:

- (1) Ensure that it is licensed both by the state and local jurisdictions of California it wishes to operate in,
- (2) Ensure that the items it gets imported or buys from distributors are put into a warehouse or storage entity, and then transferred to the mobile delivery to be shipped or to a different company (also licensed by California State and local) to ship the cannabis accessories, and
- (3) Ensure that the customers shipping address is within the area that its business license covers (by using a POS that prevents shipment out of the allowed area by zip code).
- (4) Ensure that the business begins shipping with UPS or FedEx (or another third-party) so that if the company chooses to not allow the shipments to fall back on the USPS which allows the shipment under the exemptions under federal law.

Analysis and Conclusion and What Does It Mean in Plain English

In conclusion, a business seeking to engage in the sale and distribution of cannabis accessories may do so as the law stands today. The CSA and USPS Guidelines include the same paraphernalia exemption that allows the cannabis accessory to be imported and sold, respectively when the business is authorized to do so under local, state, or federal law. California authorizes such behavior and notes it intends it licensing of such behavior to be compliant with the federal exemptions. Therefore, a business may seek to sell and distribute cannabis accessories. There are several

¹⁶ 21 U.S.C. 863

¹⁷ Cal. Health & Safety Code §11362.1

¹⁸ See Post Office Domestic Mail Manual §12.0-12.3

¹⁹ Cal. Health & Safety Code §11362.45(b).

notable distinctions in the California licensing schemes. All of these considerations should be considered before a business should engage in the sale and distribution of cannabis accessories and seek out business planning services to further ensure the protection of assets.

In order to be protected by law, any cannabis accessories being sold can only be shipped to a zip code in California and other States that allow for the sale and possession of cannabis accessories.²⁰ There are 2,655 zip codes in California. It is not as problematic as it may seem. The distinction between Incorporated Cities (where the City Council makes the regulations) and Unincorporated areas of California that has regulations determined by the applicable County Board of Supervisors. There are 461 Incorporated cities in California and 58 counties. In order to complete the analysis, we will have to review the regulations of 519 jurisdictions. We have analyzed the regulations for 50 of the top 100 cities in California as part of the analysis to determine what cities allow for mobile deliveries. The project for the rest of the jurisdictions can be completed in three months by three law clerks. It is a massive project. The programming then checks and authorizes a sale of a product based on the (i) Age of the purchaser and (ii) Zip Code of where the product is to be delivered. Frankly, this will be a ground-breaking system. No customer is allowed to purchase a product unless they are over the age of 21 and also a zip code that allows the product to be delivered.

Many cannabis related sites only require a visitor to click that they are over the age of 21. Frankly, this is not good enough. As part of the model, we will be providing a branded storefront to dispensaries and mobile delivery services. As part of the agreement, the dispensary or mobile delivery service must turn over the email addresses, names and birth dates of the customers in their database. The potential customers are then uploaded to the accounting system.

1. Only customers that are provided by the dispensary or mobile delivery services can purchase products from the branded storefront.
2. Since the programming involves a unique branded storefront for each dispensary or mobile delivery service, they are selling the product and not us.
3. As part of the program, the customer database including email address, name, address, and birthdate has to be provided by the dispensary or the mobile delivery service.
4. The email blasts are performed in the name of the dispensary or mobile delivery service and therefore our customer is sending out the email blasts and we avoid the Anti-Spam rules.
5. All cannabis accessories are shipped from a central warehouse in Sacramento. As part of the first round, only California addresses will be delivered to. As stated previously we will only offer the service initially in California, and if successful then expand to Washington, Oregon, and Colorado. The same legal research will have to be performed for those States as is to be performed in California.
6. What we all need to consider is that the average mobile delivery service is doing 100 deliveries per day. That amounts to approximately 3,000 deliveries per month. Each bag containing the cannabis will have a "postcard" sized flyer with the URL of the cannabis accessory storefront inside the bag. This is massive marketing for minimal dollars.
7. We will use the G-Lock Mail Server to email blast out the weekly specials as has been discussed in previous communications and the emails are sent in the name of the dispensary or mobile delivery service.
8. The sophisticated programming to take place for the storefronts will allow a change to the Master Storefront to be immediately reflected in all of the branded storefronts. We have discussed the storefronts to be implemented will have many of the same concepts of Frys.com where weekly specials are promoted,

²⁰ Current States that allow for Adult Use of Cannabis are Washington, Oregon, Alaska, California, Nevada, Colorado, Massachusetts and Maine.

and a new set of specials is reflected each week. I have stressed many times that the cannabis industry and the accessory products are consumer products. We do not have to recreate the wheel but can apply concepts of other successful businesses. It is not a hard concept to understand. The same pop-up ads can be displayed on all of the storefronts and individual replication will not be required. The system and business model will not work if changes have to be made to each storefront one at a time.

9. We could argue that we are not selling or advertising the cannabis accessories, but for maximum protection, cannabis accessory products should only be sold in jurisdictions that allow “adult use” consumption and the right of person over the age of 21 to possess cannabis and therefore possess cannabis accessories (subject to local regulations).

We can look at the glass as being half empty or half full. The accumulation of the data allows for products to be sold and delivered to locations where they are allowed by law and protected from Federal prosecution. Previously, we decided that if we enter the mobile delivery business that the Plumas County facility will only be licensed for “Medicinal” cultivation and that the mobile delivery services will only sell “Medicinal” cannabis in order to have the protection provided by Rohrabacher-Blumenauer [aka Rohrabacher-Farr]. Having a properly coded system that is determining what can be sold where based on protection from Federal prosecution will allow the company to implement its business model and also be able to attract future investors.

Obviously, the “quirks” in the law have thrown a monkey wrench into our business model of rolling storefronts out nationwide, and we now understand the same procedures and legal research for California will also have to be applied to other states. The Intellectual Property of what is allowed and where has to be tightly kept under wraps and will be extremely valuable. The information will not be given to the programmers. We are now taking the same view towards cannabis accessories where only Zip Codes that allow for the possession of cannabis accessories will be locations that we will or can deliver products from the central warehouse in Sacramento and promoted and sold on the individually branded storefronts and not conflict with local regulations. Our overly conservative position is meant to ensure the greatest protection against potential prosecution and also demonstrate the internal controls and steps taken to ensure we are following Federal, State, and Local regulations to sustain such protections afforded our business model based on current law.



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OUR PLANNED ACCOUNTING AND ERP SYSTEMS

We have spent a lot of time and effort to think about and find the software and vendors to provide our accounting and ERP systems that will allow us to grow the company and not have a data meltdown. We looked at many solutions including SAP, Microsoft Navision and Sage. We had to analyze how to integrate our planned systems to the California Metrc cannabis reporting system. We also had to determine how we are going to control and account for 28 mobile delivery service locations and implement a system that will allow for additional growth. It took months of analysis and review of many systems and web storefronts to find a solution. Our planned computers systems are broken into the following components:

1. Cultivation tracking and reporting;
2. Post Cultivation processing and inventory control;
3. Web storefront integration for our Canna Culture storefronts;
4. Ability to bring up web storefronts for non-company owned dispensaries and mobile delivery services;
5. Point of sale and reporting to the California Metrc cannabis system;
6. Financial Reporting and Cash Control.

Our system needs and review of our requirements with software providers was conducted by our President, In-house legal counsel and Chief Financial Officer, Mr. C. Dean Homayouni, Esq., CPA. Mr. Homayouni has been a practicing CPA for over 30 years and prior to attending law school (he began attending law school at night at age 38) he had been a practicing CPA for 15 years. Mr. Homayouni, as part of his accounting practice, was a certified Value-Added Reseller for Great Plains Dynamics accounting system that was purchased by Microsoft for \$1 billion. Mr. Homayouni has installed accounting and ERP systems at many companies and has trained literally hundreds of users in the use of accounting applications. The sections below discuss the products we will be installing and how we arrived at our final decisions. Mr. Homayouni started his accounting career as a manufacturing auditor for the international accounting firms of Arthur Andersen and Price Waterhouse.

CULTIVATION TRACKING AND REPORTING:

There are numerous vendors that supply cultivation and tracking software that is integrated to the California Metrc reporting system. The standard cannabis cultivation programs are designed to track quantities and not costs. That is where the problem arises.

We previously discussed IRC §280E and Cost of Goods Sold. The IRS determined that cannabis-related businesses could claim certain COGS deductions. On Jan. 23, 2015, the IRS Office of Chief Counsel issued Chief Counsel Advice (CCA) 201504011 to clarify that although deductions may not be claimed for trafficking cannabis, the CCA allows a cost-of-sales deduction for indirect production-related business expenses. The memo concluded that although cannabis-related businesses are permitted to determine COGS, they must do so using the § 280E as it was enacted in 1982 and § 471, which makes the provision for the use of inventories to determine business income. When §280E was enacted in 1982, an ‘inventoriable cost’ referred to any costs that could be capitalized to inventories under §471. Capitalization simply means delaying the recognition of an expense by treating the item as a fixed asset rather than recognizing the cost in the period that it was incurred. Capitalization is generally only used by companies that operate on the accrual basis of accounting. In addition, the IRS concluded that these businesses are not permitted to calculate COGS using the more recent IRS regulations which can be found in § 263A, which permitted the inclusion of additional expenses, namely purchasing, handling and storage expenses, and service costs. In order to claim any of the permitted deductions, the items must be “ordinary and necessary” within the meaning of § 162. The IRC requires different elements to claim an item as a business expense in order to claim a deduction.

For cannabis-production businesses, there are significantly more opportunities to claim items as COGS. Production-related wages, rents, and repair can be considered as COGS upon the sale of the inventory for accrual-basis

taxpayers and immediately for cash-basis taxpayers that are cannabis-production businesses. However, marketing and general business expenses remain nondeductible. Indirect production costs that may be considered as COGS include:

- Repair expenses;
- Maintenance;
- Utilities;
- Rent;
- Indirect labor & production supervisory wages, basic compensation, overtime pay, vacation and sick leave,
- Indirect materials and supplies;
- Tools and equipment not capitalized; and
- Costs of quality control and inspection.

The IRS has also permitted producers to claim some additional COGS deductions, as long as the company makes sure to produce financial statements that are in accordance with Generally Accepted Accounting Principles (GAAP). These expenses include:

- Taxes deductible under IRC § 164, other than state, local, and foreign income taxes;
- Depreciation and depletion;
- Deductible employee benefits;
- Costs pertaining to strikes, rework labor, scrap, and spoilage;
- Administrative expenses related to production;
- Officers' salaries related to production; and
- Insurance costs related to production.

Until Congress passes legislation to no longer make IRC 280E applicable to cannabis products, it is important for all cannabis businesses to establish proper record keeping in order to meet IRS requirements. In simple laymen's terms if you want to deduct the expenses related to cultivating cannabis you have to comply with IRC 471 and the detailed Treasury Regulations of 1.471. You have to use "full absorption accounting" and capitalize all expenses into inventory. Imagine building a widget. You have raw materials, labor, operating supplies, depreciation of your factory and machinery, overhead and other costs that are part of the production process that determine the cost per widget. Likewise, we will have similar expenses such as fertilizer, clones, electrical costs, grow lights, cultivation labor, depreciation of our post cultivation machines and storage and inventory costs. We have to track these expenses and have to do it by strain being grown. The capturing of the costs by strain and determining the cost per gram of cannabis cultivated is referred to as "full absorption accounting". None of the pure cannabis software packages on the market today handle full absorption accounting. Almost every software vendor we have spoken with has made false statements regarding the capability of their cannabis cultivation software to comply with IRC 471 and Treasury Regulation 1.471.

We intend to use NeXTec as our cultivation package, manufacturing, distribution, ERP system and IndicaOnline for our mobile delivery services. We have chosen the high-end NexTec ERP system because the complexity of our inventory tracking and control systems. We must track inventory processed at the cultivation facility, our main distribution warehouse in Sacramento and ultimately 32 mobile delivery service locations. We require an industrial strength accounting and ERP system to accomplish this goal with integrated add-on such as multiple warehousing, just in time inventory fulfillment, bar code scanners, integrated weighing and shipping systems and other requirements a company with upwards of \$100 million in annual revenue and geographically diverse operating locations requires. NexTec has modified the SAGE Enterprise ERP system. We encourage all of the readers of this offering to visit www.SAGE.com and www.Nextecgroup.com to understand this feature rich system.

Finance and operations management

- One system to manage finance AND operations
- Multi-operations/company/legislation/currency and intercompany
- Tracks key data/metrics (strain, costs, human resources and processes)
- Provides dashboards, issue alerts and audit reports

Seed-to-sale and traceability

- Manage grow activities and maximize field resources
- Track plants (forward and backward)
- Schedule production for continuous grow operations
- RFID/barcoding reduces manual entry

Governance and compliance

- Supports US State/Health Canada compliance reporting
- Compliant with ACMPR and global regulations
- Scalable/comprehensive materials tracking

Patient and client management

- Integrated system manages medical and recreational clients
- B2B & B2C eCommerce
- Customer Relationship Management with support for social listening

Supply chain management

- Manage the supply chain, including global warehousing and logistics
- Materials Requirements Planning (MRP) for inventory
- Forecast demand based on current sales and conduct future modeling
- Integrate with leading Dispensary POS systems

Quality control / recall management

- Ensure quality controls are in place and monitored
- Conduct real or mock product recalls in minutes
- Automate Corrective and Preventative Action (CAPA)
- Track actuals vs expected production (strain profile)

Welcome to the next generation of cannabis business management software

CannaBusiness ERP is designed to run your Cannabis business as a business should be run. It tracks production, inventory, sales, finances, staff, compliance and customers (medical and recreational). You can't get that from a basic entry-level system that exists only for compliance reporting.

CannaBusiness ERP is THE system that can scale with you as your business grows and the industry matures. Contact us for a demo.

Simplify your operations with NexTec

NexTec Group is an award-winning business software consulting firm

- ERP, CRM, BI, Cloud and on-premise solutions to small and mid-sized businesses
- Specialist in cannabis, growing, food manufacturing and distribution industries
- Consultants nationwide with 25 years of experience on average
- 95% client retention rate

To learn more, please contact
info@nextecgroup.com

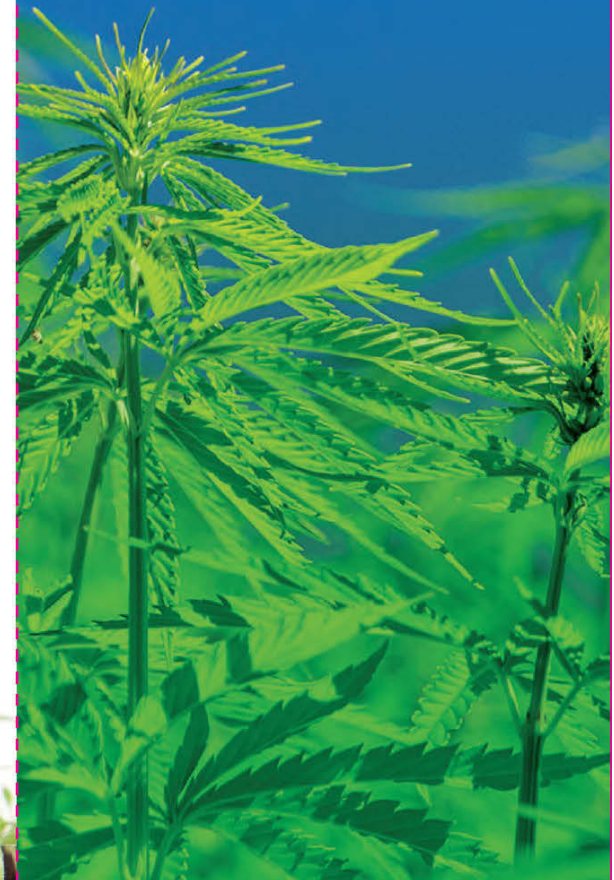


www.nextecgroup.com/cannabis

sage | Authorized Partner

nextec | Embrace Technology
Transform Your Business

Technology that runs your CannaBusiness



Capitalize on the rapidly evolving cannabis market

With cloud business management solutions that go beyond compliance

Streamline your operations

- Avoid production delays due to material shortages
- Handle complicated legal mandates with comprehensive tracking
- Optimize production scheduling
- Save time and money with automated business processes
- Improve cost management to mitigate 280-E regulations
- Maximize efficiency of your clone room

Fast track your business

- Scales with startups AND mature business enterprises
- No complicated IT infrastructure, servers, or additional staff

Grow with confidence & Insight

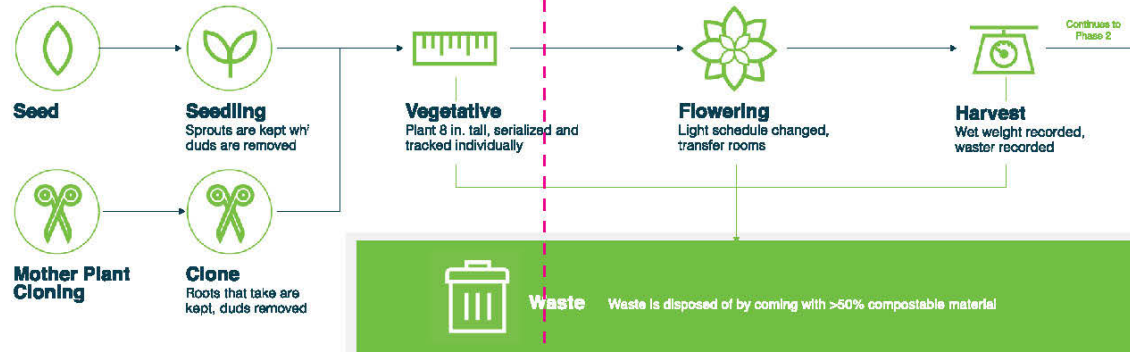
- Supports government compliance reporting
- Link sales forecast to production and raw material acquisition
- Give investors financial visibility
- Manage expenses & inventory

To learn more please contact info@nextecgroup.com

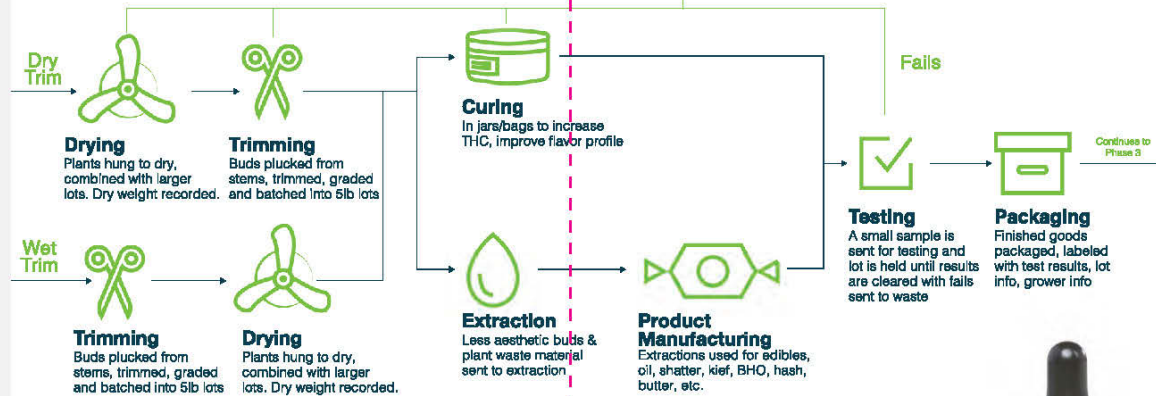


Typical recreational indoor producer / processor workflow

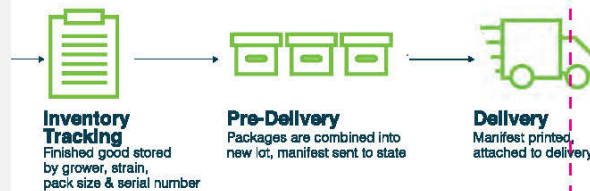
Phase 1 - Plant Production



Phase 2 - Plant Processing



Phase 3 - Tracking & Delivery



POINT OF SALE REPORTING TO THE CALIFORNIA METRC CANNABIS SYSTEM

There are various point of sale systems available on the market and many of the cultivation software vendors also offer point of sale and mobile delivery service applications. Generally, the available off the shelf systems lack functionality and again are not integrated to a world class accounting and ERP system. The current available systems may work for a stand-alone dispensary; but are not designed and do not have the features or reporting capabilities to handle the processing requirements of a large company. Further, none of the systems have the capability to implement our IRC 280E Tax Crusher features we require to significantly reduce our federal income tax rate. We intend to use IndicaOnline as our POS and Mobile Delivery Service software in our planned mobile delivery services.

FINANCIAL REPORTING, CASH CONTROL, AND MARKETING

By now the reader of this Offering should comprehend the issues are many and the solutions complicated. A large and sophisticated vertically integrated cannabis operation is complicated and requires a lot of capital. It also requires an industrial strength accounting and ERP system. Quickbooks is not going to cut it. Our plan is not simple or easy. It is hard and complicated and requires a management team with years of experience. We believe the complexity of the plan is our strength. It means every hustler and con-artist cannot replicate what we want to accomplish.

SAGE ENTERPRISE AND NEXTEC – Our accounting systems will allow us to reconcile cash balances, have inventory dashboards and just in time inventory fulfillment and allow for efficient processing and delivery of both cannabis and non-cannabis products from our planned Sacramento, California warehouse. As part of our systems plan, we also had to determine our marketing strategy to non-Company owned dispensaries and mobile delivery services. Marketing is hard work. It requires a dedicated design team and consistent email blasts. We have already implemented our plan and fully tested our marketing systems. We utilize three main packages to accomplish our goal. Our President and In-House Legal Counsel has over 30 years of experience helping a wide range of companies solve their information technology and financial reporting issues. Mr. Homayouni has held very high-level accounting positions at very large companies and his expertise has been sought multiple times to solve large company processing requirements.

CANNABIZ.MEDIA – We have paid for access to the Cannabiz.Media database that has 5,000 cannabis manufacturers, 10,000 cultivators, and over 11,000 cannabis retailers. The database grows every day as more applications are received. We acquired access to the Cannabiz.Media database for multiple reasons. The California Department of Food and Agriculture that licenses cultivators only provide the company name. The California Department of Public Health licenses manufacturers and only provides the company name, the city and the type of licenses. The California Cannabis Control Board provides all contact information including the name, address, phone number and email address. We, therefore, needed the Cannabiz.Media database to get required contact information for cultivators and manufacturers.

ACT CRM SYSTEM - Acquired and implemented the multi-user ACT CRM system and have cleaned and loaded over 9,000 cannabis contact files. We added over 15 custom fields of information we want to track. We completed an analysis of the mobile delivery services in California and accumulated the contact information for over 3,000 mobile delivery services in California and loaded that information to our ACT CRM System.

G-LOCK EMAIL SYSTEM – We acquired, installed and configured the G-Lock Mail 7 email program. The G-Lock Email Analytics tells us who opened the emails and creates “Hot Lists”. Hotlists provide the name and contact information of persons that open the emails and move to the top of first potential customers to be marketed to. We will use the ACT CRM to track the marketing phone calls we are making and determine how successful the campaign is. We intend to load the 10,000 retainers contained in the Cannabiz.Media database into both the ACT CRM and the G-Lock Email system database to allow use to effectively manage a telemarketing team for efficiency and to conduct consistent email campaigns.

AMAZON WEB SERVICES - Obtained permission from Amazon Web Services to send up to 50,000 emails per day and completed the technical integration of the G-Lock email system to Amazon Web Services.



Navigation icons: Back, Forward, New, Call, Meeting, To-Do, Note, History, E-mail, Help

Search Go

Companies

Lookup

Company Field:

Company

Contains:

Detail View List View Edit Mode Include Divisions Options

Company	ID/Status	Email	Contact	Phone	Type	Canopy Size	Address 1	Address 2
\$100 oz OGI	Open Email	budtender@760weed.com		760-957-0140	Delivery Service			
\$100.00 Oz - Chula Vista	Open Email	greensparadise@yahoo.com		619-654-6843	Delivery Service			
\$100.00 Oz - Oceanside	Open Email	greensolutions760@gmail.com		442-325-4153	Delivery Service			
\$15 Shatter R Us	Cold Lead			714-457-2398	Dispensary		12072 Brookhurst Street	
\$15 Shatter Wholesale	Cold Lead	patientmedaidcollective@gmail.com		951-665-2413	Dispensary		155 W Hospitality Ln, Suite 140	
\$15 Shatter Wholesale	Cold Lead			909-294-1722	Dispensary		735 North D Street	
1 LOVE SERVICES	Cold Lead	ccgontario@gmail.com		909-809-1342	Delivery Service			
1 Stop GG	Cold Lead			714-589-7444	Dispensary		14136 Brookhurst Street	
1 Stop OC - Anaheim Hills	Cold Lead	stonezonecollective@gmail.com		714-696-8718	Delivery Service			
1 Stop OC - Buena Park	Cold Lead	support@goodtreedelivery.com		562-315-8955	Delivery Service			
1 Stop OC - Garden Grove	Cold Lead	ddcwholesellers@gmail.com		714-592-8962	Delivery Service			
1 Stop South OC	Cold Lead	organixcenter@gmail.com		714-631-0425	Delivery Service			
10 Collective - Hayward	Cold Lead	Premiummeds707@gmail.com		707-534-1660	Delivery Service			
10 Collective - Redwood City	Cold Lead	info@familytreedelivery.com		650-771-5609	Delivery Service			
10 Collective - San Leandro	Cold Lead	platinumreserve@yahoo.com		510-990-5898	Delivery Service			
10 Collective - Santa Clara	Cold Lead	delivery@elementalwellnesscenter.com		408-433-3344	Delivery Service			
10 Collective - Sunnyvale	Cold Lead	delivery@elementalwellnesscenter.com		408-433-3344	Delivery Service			
10 Spot Collective	Cold Lead	santaanapc@gmail.com		714-760-4948	Delivery Service			
10 Spot Collective	Cold Lead			800-836-7768	Dispensary		3242 S Halladay St	
100% Delivery	Cold Lead	Service@superfastog.com		760-684-4201	Delivery Service			
101 Connection	Cold Lead	santamariasfinest805medcan@gmail.com		805-268-8250	Delivery Service			
1035 Collective	Cold Lead			714-719-2713	Dispensary		9757 Garden Grove Blvd #5	
110 Cooperative 30 Cap	Cold Lead	420quickstopd@gmail.com		310-999-5864	Dispensary		15407 Crenshaw Blvd	
1105 Cooperative	Cold Lead	modernmedicinedelivers@gmail.com		760-575-4020	Delivery Service			
1105 Cooperative	Cold Lead	info@cannaexinc.com		707-564-7850	Delivery Service			
112 Farm	Cold Lead			916-663-8776	Cultivation	10000	6251 SKY CREEK DR	
113 Farm	Cold Lead			916-743-0789	Cultivation	10000	6251 SKY CREEK DR	
11TH HOUR WELLNESS	Cold Lead	higherclasshealing@gmail.com		951-501-9009	Delivery Service			
11th St. Well-Health	Cold Lead			209-281-7130	Dispensary		7650 W 11th St.	
12/12 Management (LLC)	Cold Lead	garrett@1212distro.com	Garrett Gervais	760-330-7608	Distributor		2832 Old State AVE	
123 Broadway	Cold Lead	leftcoastcollectivesd@gmail.com For Hiring; Hiring		858-682-2348	Delivery Service			
132 West 4th Street LLC	Cold Lead		Natalie Giacomini	415-488-1357	Cultivation		132 W 4th St.	
1500 Frenza	Cold Lead				Cultivation	5000	1500 FRIENZA AVE	
1804 Management, LLC	Cold Lead		Todd Kaplan	805-660-7479	Manufacturer		29800 Agoura Rd.	Ste 100
1841 El Camino	Cold Lead	admin@wedrop.co		209-395-7231	Delivery Service			
1-866-DELIVERY - Anaheim 1	Cold Lead	oc420eval@gmail.com		855-665-3825	Delivery Service			
1-866-DELIVERY - Buena Park 1	Cold Lead	topiertreesoc@gmail.com		714-749-0668	Delivery Service			
1-866-DELIVERY - Buena Park 2	Cold Lead	sweetleafmmd@yahoo.com		714-699-0054	Delivery Service			
1-866-DELIVERY - Buena Park 3	Cold Lead	paradiseexpress@gmail.com		714-650-3338	Delivery Service			
1-866-DELIVERY - Buena Park 4	Cold Lead	20min@live.com		626-272-8242	Delivery Service			
1-866-DELIVERY - Costa Mesa	Cold Lead	herbacultureinc@gmail.com		949-514-1616	Delivery Service			
1-866-DELIVERY - Huntington Beach 1	Cold Lead	Donations@kushagram.com		949-750-2003	Delivery Service			
1-866-DELIVERY - Huntington Beach 2	Cold Lead	organixCenter@gmail.com		714-631-0425	Delivery Service			
1-866-DELIVERY - Huntington Beach 3	Cold Lead	gascar420@gmail.com		714-450-5401	Delivery Service			
1-866-DELIVERY - Huntington Beach 4	Cold Lead	ouikbuds@gmail.com		714-697-7003	Delivery Service			

Lookup: All Companies

Dean Homayouni

Settings Home Help

Message Template Template Folder Refresh Template Store

Messages Templates

Messages Search for a message Sort by: Template Name Descending

- Templates
 - @System Templates
 - Consolidated
 - Cultivators
 - Dispensaries
 - Distributors
 - Manufacturers
 - Microbusiness
 - Mobile Delivery Service
 - Newsletter
 - Political
 - Templates - Downloads
 - Testing Labs
 - Deleted Items
- Drafts
- Outbox
 - Sending
 - Spam Test
 - Sent
 - Deleted Items

Chair 3/7/2018 5:28:05 PM

Chair

Edit Send Duplicate Delete

3,000 Part Web Storefront in Less Than a Week. All Profit and No Hassels

★★★ Get You Web Storefront ★★★

%%Current_Date%%



Ready in Less Than a Week

- Over 3,000 Items
- Ready in 7 days
- No Cash Outlays
- No Stocking
- Happy Customers
- More Diversified

Over 3,000 Items You Can Start Selling Now!!!!

Diversify you business and product offerings with no hassels. We supply the web storefront connected to yor website or bring one up for you if you do not have a website. No inventory, no carrying costs, no outlays. **PURE PROFIT!!!!!!**

- Messages
- Contacts
- Forms
- Autoresponder
- Scheduler
- Bounce Handler

Settings | **Contacts** | Help

Message | Group | Connect to Database | Edit | Import | Export | New Segment | Edit Segment | Clear | Add | Edit | Duplicate | Delete | Paste | Replace | Bulk Actions | Refresh

- Contacts
- @Global Exclusion List
 - Database Connections
 - My Groups
 - California - Consolidated
 - California Politicians
 - Cultivation
 - Delivery Service
 - Dispensary
 - Mary Jane's Dispensary
 - Test - Dean Homayouni
 - Test - Thomas.Candlish@pegasus...

Search by: **Email** Search in all groups (shows top 100 items)

Use % to represent any series of characters Use _ to represent any single character

Email	First_Name	Last_Name	Recipient_N...	Subscribed	Subscribe_...	Birthday	Indoor_Outd...	License_Type	Licensing_A...	State	Type
100percentdelivery@gmail.com			TNF Flower Shop	Subscribed	2/18/2018 3:55:2...			Type 10	CBCC	CA	Deliver
101connect805@gmail.com			Central Coast O...	Subscribed	2/18/2018 3:55:2...			Type 10	CBCC	CA	Deliver
101kush@gmail.com			420GreenBudda	Subscribed	2/18/2018 3:55:2...			Type 10	CBCC	CA	Dispen
1060THF@gmail.com			Grasshoppers!	Subscribed	2/18/2018 3:55:2...			Type 10	CBCC	CA	Dispen
10collectivellc@gmail.com			Silicon Valley M...	Subscribed	2/18/2018 3:55:2...			Type 10	CBCC	CA	Deliver
10spotcollective@gmail.com			4th Street Medic...	Subscribed	2/18/2018 3:55:2...			Type 10	CBCC	CA	Deliver
1105coop@gmail.com			Cess - Escondido	Subscribed	2/18/2018 3:55:2...			Type 10	CBCC	CA	Deliver
110cooperative@gmail.com			KUSHAGRAM	Subscribed	2/18/2018 3:55:2...			Type 10	CBCC	CA	Dispen
11thHourWellness@gmail.com			Peoples Grower	Subscribed	2/18/2018 3:55:2...			Type 10	CBCC	CA	Deliver
125jr80@gmail.com			Bud & Company	Subscribed	2/18/2018 3:55:2...			Type 10	CBCC	CA	Deliver
1loveservices@gmail.com			Newman's Grown	Subscribed	2/18/2018 3:55:2...			Type 10	CBCC	CA	Deliver
1PeacefulAlternative@gmail.com			IV Tree House	Subscribed	2/18/2018 3:55:2...			Type 10	CBCC	CA	Deliver
1topflight420@gmail.com			A-1 Wellness Ph...	Subscribed	2/18/2018 3:55:2...			Type 10	CBCC	CA	Dispen
1upriverside@gmail.com			420Recs.com	Subscribed	2/18/2018 3:55:2...			Type 10	CBCC	CA	Deliver
1winchestercollective@gmail.co...			Temecula Meds	Subscribed	2/18/2018 3:55:2...			Type 10	CBCC	CA	Dispen
20capexpress@gmail.com			LALA LAND LOS...	Subscribed	2/18/2018 3:55:2...			Type 10	CBCC	CA	Dispen
215caregivers.ca@gmail.com			Norcal Healthcare	Subscribed	2/18/2018 3:55:2...			Type 10	CBCC	CA	Dispen
215lacollective@gmail.com			UNITED HEALT...	Subscribed	2/18/2018 3:55:2...			Type 10	CBCC	CA	Dispen
215solutions408@gmail.com			Silicon Valley M...	Subscribed	2/18/2018 3:55:2...			Type 10	CBCC	CA	Deliver
2370waterdownwellness@gmail.co			Titan 420	Subscribed	2/18/2018 3:55:2...			Type 10	CBCC	CA	Deliver

Show 500 per page 1 Total: 1602

Load Exclusion List | Export Exclusion List | Clear Exclusion List | Copy Exclusion List to

Exclusion Email List | Date_Added

There are no emails on the Exclusion List.

Show 20 per page 1 Total: 0

- Messages
- Contacts**
- Forms
- Autoresponder
- Scheduler
- Bounce Handler

**PHASE 2 - CONDENSED ESTIMATED FINANCIAL STATEMENTS BY MAJOR BUSINESS COMPONENT
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2019 - CASH BASIS**

<u>Description</u>	<u>Mobile Delivery</u>	<u>Corporate</u>	<u>Sacramento Warehouse</u>	<u>Plumas County Facilities</u>	<u>Intercompany Elimination Entries</u>	<u>Total 2019</u>
ESTIMATED REVENUE	\$28,425,072	\$0	\$0	\$9,828,680	(\$9,828,680)	\$28,425,072
COST OF GOODS SOLD	11,815,241	-	286,200	4,334,684	(9,828,680)	6,607,445
GROSS PROFIT	16,609,831	-	(286,200)	5,493,996	\$0	21,817,627
MARKETING, DISPENSARY, CORPORATE AND LEGAL	7,925,453	615,600	-	7,000	-	8,548,053
INTEREST EXPENSE	-	-	-	382,445	-	382,445
NET INCOME BEFORE TAXES	8,684,378	(615,600)	(286,200)	5,104,551	-	12,887,129
FEDERAL TAXABLE INCOME: 280E ADD BACK:	14,628,468	(461,700)	(286,200)	5,109,801	-	18,990,369
Federal Income Tax	3,071,978	(96,957)	(60,102)	1,073,058	-	3,987,977
California State Income Tax	746,857	(52,942)	(24,613)	438,991	-	1,108,293
Plumas County Net Revenue Income Tax	-	-	-	135,849	-	135,849
NET INCOME AFTER TAXES	4,865,543	(465,701)	(201,485)	3,456,653	-	7,655,010
CASH FLOW ANALYSIS						
NET INCOME AFTER TAX	4,865,543	(465,701)	(201,485)	3,456,653	-	7,655,010
Add Back: Depreciation	164,071	-	-	333,116	-	497,187
Add Back: Sales of Common Stock	-	-	-	-	-	-
Add Back: Lease Proceeds	-	-	-	4,500,000	-	4,500,000
Less: Fixed Asset Purchases and Inventory	(1,897,008)	-	-	(3,405,900)	-	(5,302,908)
Less: Lease Principal Paydown	-	-	-	(762,480)	-	(762,480)
NET CASH FLOW	\$3,132,607	(\$465,701)	(\$201,485)	\$4,121,388	\$0	\$6,586,808

PHASE II OF IMPLEMENTING OUR BUSINESS PLAN – FISCAL YEAR 2019

Phase II requires \$5.0 million in capital expenditures and will begin in January 2019 after elections are held in California at the beginning of November 2018. We are expecting commercial cannabis regulations to pass in multiple counties that will allow for expanded commercial cannabis activities in California. If acceptable commercial cannabis regulations pass in Plumas County, California we intend to move forward with the major projects discussed below.

CASH FLOW ANALYSIS FOR 2019

Type of Investment	Largest Negative Cash Flows from Operations During 2019	2019 Net Income After Tax	Capital Expenditures and Inventory 2019	Lease Principal	Sale of Common Stock	Add Back Depreciation	Net Cash Flows for 2019
Mobile Delivery	(\$68,340)	\$4,865,543	(\$1,897,008)			\$164,071	\$3,132,607
Corporate & MIS	(615,600)	(465,701)	-			-	(\$465,701)
Sacramento Warehouse	(286,200)	(201,485)	-				(\$201,485)
Plumas County Facilities	(1,687,889)	2,957,274	(3,400,900)			333,116	(\$110,511)
Lease Proceeds				4,500,000			\$4,500,000
Paydown of Lease Principal				(762,480)			(\$762,480)
Sale of Shares of Common Stock							\$0
TOTAL	(\$2,658,029)	\$7,155,631	(\$5,297,908)	\$3,737,520	\$0	\$497,187	\$6,092,429

PLUMAS COUNTY FACILITIES: We intend to enhance a 12,000 square foot facility in Vinton, California facility to serve as a post-cultivation processing center for (i) drying and curing the harvested cannabis, (ii) de-bucking procedures, (iii) machine trimming and hand trimming procedures, and (iv) packaging and storage prior to distribution to our mobile delivery network we intend to implement. The estimated capital expenditures for the Vinton, California facility in 2019 will be \$1,080,000. See Pages 55 and 56 where we break out the capital expenditures in 2019 by location and the type of capital expenditure being made. We anticipate we will incur capital expenditures of \$2,008,500 at the Greenville, CA cultivation facility. The majority of the \$2,008,500 is \$1,200,000 for 36,000 square feet of light deprivation greenhouses.

We have estimated the capital expenditures to the Plumas County Facilities during 2019 will be approximately \$3,091,000. Major capital purchases are:

- \$1,200,000 for 36,000 square feet of light deprivation greenhouses at the Greenville Farm;
- \$400,000 to acquire a high-speed cannabis packaging system from Paxiom Inc.;
- \$178,000 Phase I concrete;

- \$90,000 for automated water and nutrient delivery systems;
- \$81,000 for plastic pallets to effectively transport the 2,040 outdoor cannabis plants we intend to cultivate on two (2) acres;
- \$70,000 for a mechanical trimming T2 Twister cannabis flower trimming machine;
- \$70,000 for HVAC for the Vinton, CA facility;
- \$50,000 for fencing a 10-acre parcel at the 700-acre Greenville, CA farm;
- \$100,000 for general contractor and design professional fees;
- 80,000 of odor reduction equipment;
- \$40,000 for fire sprinklers at the Vinton, CA post cultivation plant; and
- \$100,000 for grow lights and electrical upgrades to grow clones and junior plants for two months before they are transplanted into the light deprivation greenhouses.

We intend to purchase eight (8) 6,000 square foot light deprivation greenhouses; with six being purchased and operational in 2019 and two becoming operational in 2020. We intend to grow eight (8) different stains of top shelf cannabis in the eight (8) greenhouse structures; which equates to one (1) greenhouse being used to grow one strain of cannabis. We believe the six operational greenhouses in 2019 will produce 5,449 pounds of high grade cannabis flower in 2019 and the planned eight greenhouses will produce 10,898 pounds in 2020 of top quality flower cannabis that will be sold through our planned mobile delivery service network. We intend to purchase the greenhouses from Bluecommerce Solutions Inc. dba FullBloom Light Deprivation Greenhouses. Their website is at www.fullbloomlightdep.com. Bluecommerce Solutions Inc. is based in Oregon and is approximately a 5-hour drive from Greenville, CA. The relatively close proximity to the Greenville Farm will ensure the greenhouses are operational and properly maintained. We will be dependent on the vendor supplying the greenhouse structures and having the manufacturing plant within a five-hour drive of the cultivation facility means we can replace broken or malfunctioning parts in a timely manner.

We intend to grow two acres of pure outdoor cannabis at the 700-acre Greenville, CA Farm and expect to be able to harvest 7,637 pounds in 2019 and 7,637 pounds in 2020. We intend to use one-half of the outdoor production to make a cannabis concentrate products to be sold directly to the end consumer through our planned mobile delivery service network we intend to build in 2018, 2019 and 2020.

ESTIMATED REQUIRED CAPITAL EXPENDITURES – PLUMAS COUNTY FACILITIES 2019

Description	Location	Amount	Mobile Delivery Services	Vinton Post Cultivation Processing	Greenville Cultivation	Machinery Equipment	Computers Software	Building Greenhouses	Furn.	Trucks Delivery Vehicles
PLUMAS COUNTY - 2019										
Six (6) Light Deprivation Greenhouses	Greenville	\$1,200,000			\$1,200,000			\$1,200,000		
Paxiom Packaging Machine	Vinton	\$400,000		\$400,000		\$400,000				
Phase I Concrete	Greenville	\$178,200			\$178,200			\$178,200		
Water and Nutrient Delivery Systems	Greenville	\$90,000			\$90,000			\$90,000		
Plastic Pallets	Greenville	\$81,600			\$81,600	\$81,600				
T2 Twister Machine Trimming Machine	Vinton	\$70,000		\$70,000		\$70,000				
HVAC System	Vinton	\$70,000		\$70,000		\$70,000				
Fencing, Security Shack and Gates	Greenville	\$50,000			\$50,000			\$50,000		
General Contractor	Vinton	\$50,000		\$50,000				\$50,000		
General Contractor	Greenville	\$50,000			\$50,000			\$50,000		
Plastic Growing Pots	Vinton	\$42,000		\$42,000				\$42,000		
Fire Sprinklers (\$4 per square foot)	Vinton	\$40,000		\$40,000				\$40,000		
Charcoal Evac Filter System	Greenville	\$40,000			\$40,000	\$40,000				
Charcoal Evac Filter System	Vinton	\$40,000		\$40,000		\$40,000				
Grow Lights - Cones and Junior Plants	Vinton	\$40,000		\$40,000		\$40,000				
Security System	Greenville	\$40,000			\$40,000	\$40,000				
Electrical Upgrades - Vinton	Vinton	\$40,000		\$40,000				\$40,000		
Insulation	Vinton	\$33,000		\$33,000				\$33,000		
100 KWH Backup Generator	Vinton	\$30,000		\$30,000		\$30,000				
100 KWH Backup Generator	Greenville	\$30,000			\$30,000	\$30,000				
Parking Lot/Gravel Roads	Vinton	\$30,000		\$30,000				\$30,000		
Parking Lot/Gravel Roads	Greenville	\$30,000			\$30,000			\$30,000		
Water Purification System	Greenville	\$30,000			\$30,000	\$30,000				
Bobcat	Greenville	\$27,000			\$27,000					\$27,000
Local Permits	Greenville	\$25,000			\$25,000			\$25,000		
Local Permits	Vinton	\$25,000		\$25,000				\$25,000		
Septic Tank	Greenville	\$25,000			\$25,000			\$25,000		
Dirt Conveyor System	Greenville	\$25,000			\$25,000	\$25,000				
Pagination Carts	Vinton	\$20,000		\$20,000		\$20,000				
Truck (Used)	Vinton	\$30,000		\$30,000						\$30,000
Truck (Used)	Greenville	\$30,000			\$30,000					\$30,000
Forklift	Greenville	\$15,000			\$15,000					\$15,000

ESTIMATED REQUIRED CAPITAL EXPENDITURES PLUMAS COUNTY FACILITIES 2019

Description	Location	Amount	Mobile Delivery Services	Vinton Post Cultivation Processing	Greenville Cultivation	Machinery Equipment	Computers Software	Building Greenhouses	Furn.	Trucks Delivery Vehicles
PLUMAS COUNTY - 2019										
Construction Trailer	Greenville	\$15,000			\$15,000			\$15,000		
Security System	Vinton	\$20,000		\$20,000		\$20,000				
Cleanup Facility, grounds, paint & signage	Vinton	\$10,000		\$10,000				\$10,000		
Dehumidifiers	Greenville	\$10,000			\$10,000	\$10,000				
Septic Tank	Vinton	\$10,000		\$10,000				\$10,000		
New Security Doors	Vinton	\$10,000		\$10,000				\$10,000		
Sliding Security Gates to Parking Lot	Vinton	\$8,000		\$8,000				\$8,000		
Fans	Greenville	\$6,000			\$6,000	\$6,000				
Computers/IPads	Vinton	\$5,000		\$5,000			\$5,000			
Computers/IPads	Greenville	\$5,000			\$5,000		\$5,000			
Water Purification System	Vinton	\$30,000		\$30,000		\$30,000				
Dirt	Vinton	\$5,000		\$5,000		\$5,000				
Drying Racks	Vinton	\$3,000		\$3,000		\$3,000				
Safe	Vinton	\$3,000		\$3,000		\$3,000				
Well Permits and Upgrades	Vinton	\$3,000		\$3,000				\$3,000		
Furniture	Vinton	\$3,000		\$3,000					\$3,000	
Furniture	Greenville	\$3,000			\$3,000				\$3,000	
500 Gallon Propane Tank with propane	Greenville	\$2,500				\$2,500				
500 Gallon Propane Tank with propane	Vinton	\$2,500		\$2,500		\$2,500				
Fire Alarm System	Vinton	\$2,500		\$2,500				\$2,500		
Fire Extinguishers	Greenville	\$2,500			\$2,500	\$2,500				
Fire Extinguishers	Vinton	\$2,500		\$2,500		\$2,500				
Clone Room Setup	Vinton	\$1,000		\$1,000		\$1,000				
Lighted Exit Signs	Vinton	\$1,000		\$1,000		\$1,000				
Refrigerator	Vinton	\$500		\$500		\$500				
Kitchenware	Vinton	\$500		\$500		\$500				
NexTec ERP System	Sacramento	\$200,000					\$200,000			
Tekoa Web Storefront	Sacramento	\$40,000					\$40,000			
MAS 100	Sacramento	\$15,000					\$15,000			
Mobile Delivery Software Modifications	Sacramento	\$50,000					\$50,000			
Wood Chipper	Greenville	\$5,000				\$5,000				
ESTIMATED TOTAL - 2019		\$3,401,300	\$0	\$1,080,500	\$2,008,300	\$1,011,600	\$315,000	\$1,966,700	\$6,000	\$102,000

GREENVILLE, CALIFORNIA CULTIVATION FACILITY: We will be utilizing 10 acres of an approximately 700-acre farm owned by Harry Rogers, our Senior Vice President of Cultivation and Post Production Procedures, to cultivate up to four (4) acres of cannabis. We believe the results will be explosive. We anticipate the Greenville cultivation site, when fully operational, in 2020 can produce up to 17,000 pounds of high grade outdoor and light deprivation greenhouse grown cannabis per year and our estimated cost of cultivation, post cultivation processing and packaging will be \$408 per pound or \$0.90 per gram (including the \$148 per pound California Cultivation Tax). We expect to flow the cultivated cannabis to our wholly owned cannabis mobile delivery services which may result in revenues to the Plumas County Facilities of approximately \$37 million and profits of \$19 million after tax per annum once the Plumas County facilities are fully operational and all of our anticipated mobile delivery services are opened and functional in 2020. We expect to harvest our first large crop of cannabis flower in July 2019.

It is critical to our Business Plan that we obtained access to a large and flat potential cultivation area in order to comply with local regulations that can fluctuate and change. As examples, Lake County, California requires 20 acres of land for every one acre of cannabis cultivated. Trinity County, California (part of the infamous Emerald Triangle of Humboldt, Mendocino and Trinity Counties) requires 50 acres of land for every one acre cultivated. Plumas County is expected to allow for a maximum of 1/10th of the land area owned or leased for cannabis cultivation. We also decided a large ranch was required in case local jurisdictions change their regulations. Calaveras County, California changed its cannabis regulations at the end of 2018 and increased the required acreage to 50 acres of land for every acre of cannabis cultivation. Mr. Rogers large ranch of agriculturally zoned land will ensure far into the future we can comply with evolving and changing land use requirements a County's Board of Supervisors may implement.

We expect to incur a Cash Basis Loss Before Taxes at the Vinton and Greenville, California facilities (both located in Plumas County, California) during 2018 of (\$69,000) as the farm will not be used to cultivate cannabis until the Plumas County Regulations to allow commercial cannabis activity are voted on during the November 2018 general election. The majority of the expenses for 2018 are (i) \$20,000 to Plumas County in November 2018 for the right to cultivate cannabis at the Greenville Farm and to utilize the Vinton facility for post cultivation processing and packaging, (ii) \$20,500 in salary and employment benefits to Mr. Rogers starting in November 15, 2018 21, (iii) \$15,000 in rent for the Vinton, California facility.

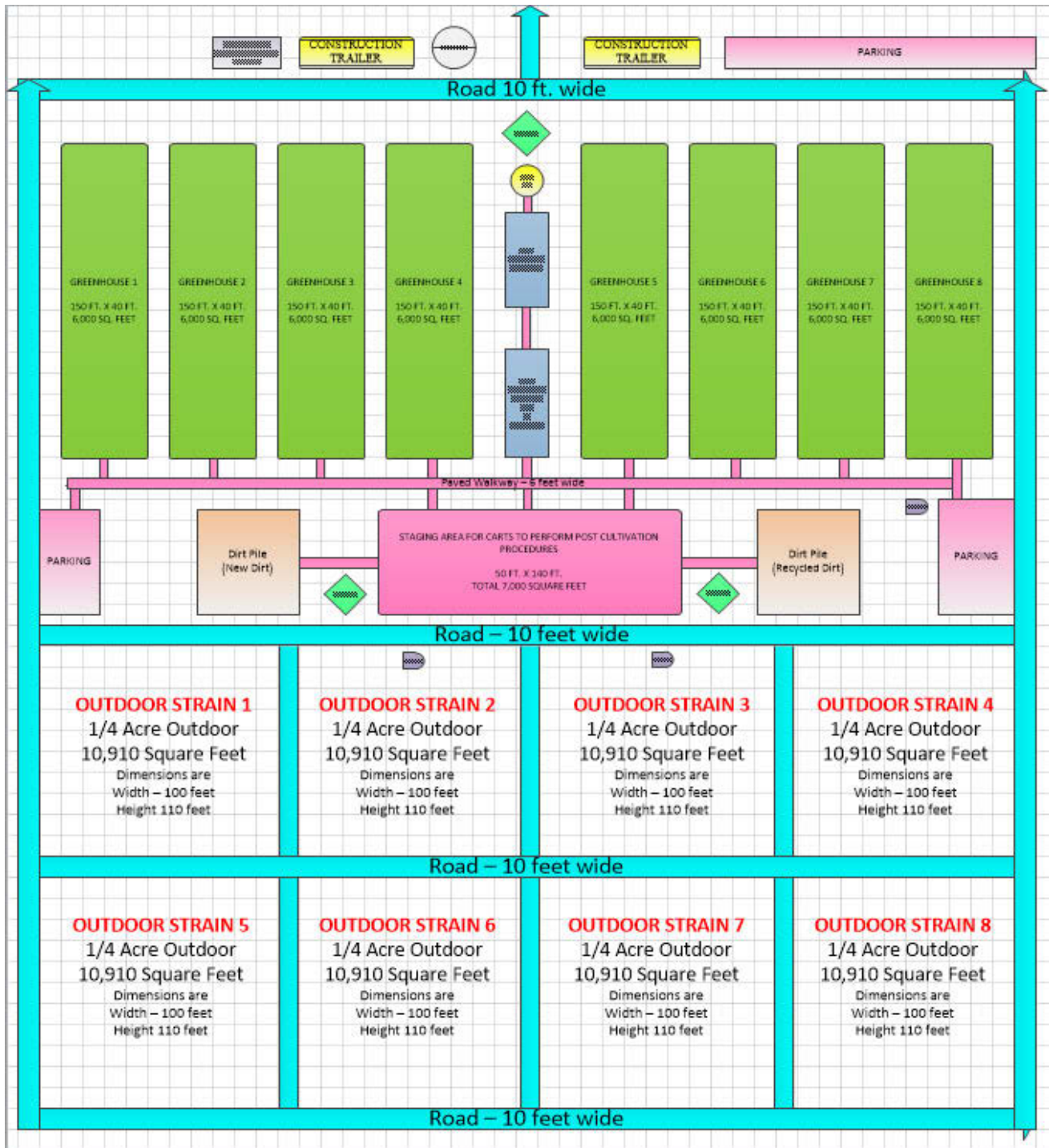
We expect to incur negative cash flow from operations of (\$1,688,000) at the Plumas County Facilities for the period January 2019 to June 2019 while the improvements are completed at the Vinton post cultivation processing and packaging facility and operating expenses at the Greenville Farm until our first crop of greenhouse cannabis is harvested in June 2019. As stated above, our business plan also includes anticipated capital expenditures of \$3,401,000 during 2019 at the Plumas County Facilities. In total, we expect to experience total negative cash flows of (\$4,972,000) until the Greenville and Vinton facilities ("Plumas County Facilities") turn cash flow positive in July 2019. We expect the Plumas County Facilities to generate large positive cash flows from operations starting in the 3rd quarter of 2019 and will generate net income before taxes during the 3rd and 4th quarter of 2019 of \$6.7 million (Cash Basis).

We have preliminary designed the Greenville cultivation facility to consist of eight (8) light deprivation greenhouses of approximately 6,000 square feet of canopy space each (for a total of 48,000 square feet of canopy space) and an additional two (2) acres of outdoor cultivation that will be divided into eight (8) one-quarter acre parcels. See the layout of the planned facility on the next page.

We will use the eight ¼ parcels to grow up to eight strains to offer a variety of low priced outdoor cannabis through the Company owned mobile delivery service network. We believe we can get one crop yield from the 2 acres of outdoor space and three turns in the greenhouses. We will only cultivate in the greenhouses from March 1 to November 30 as weather permits. The greenhouses will not be functional during December to February of each year as a result of the cold weather during the harshest Winter months. We intend to cultivate up to eight (8) different strains in the greenhouses (one

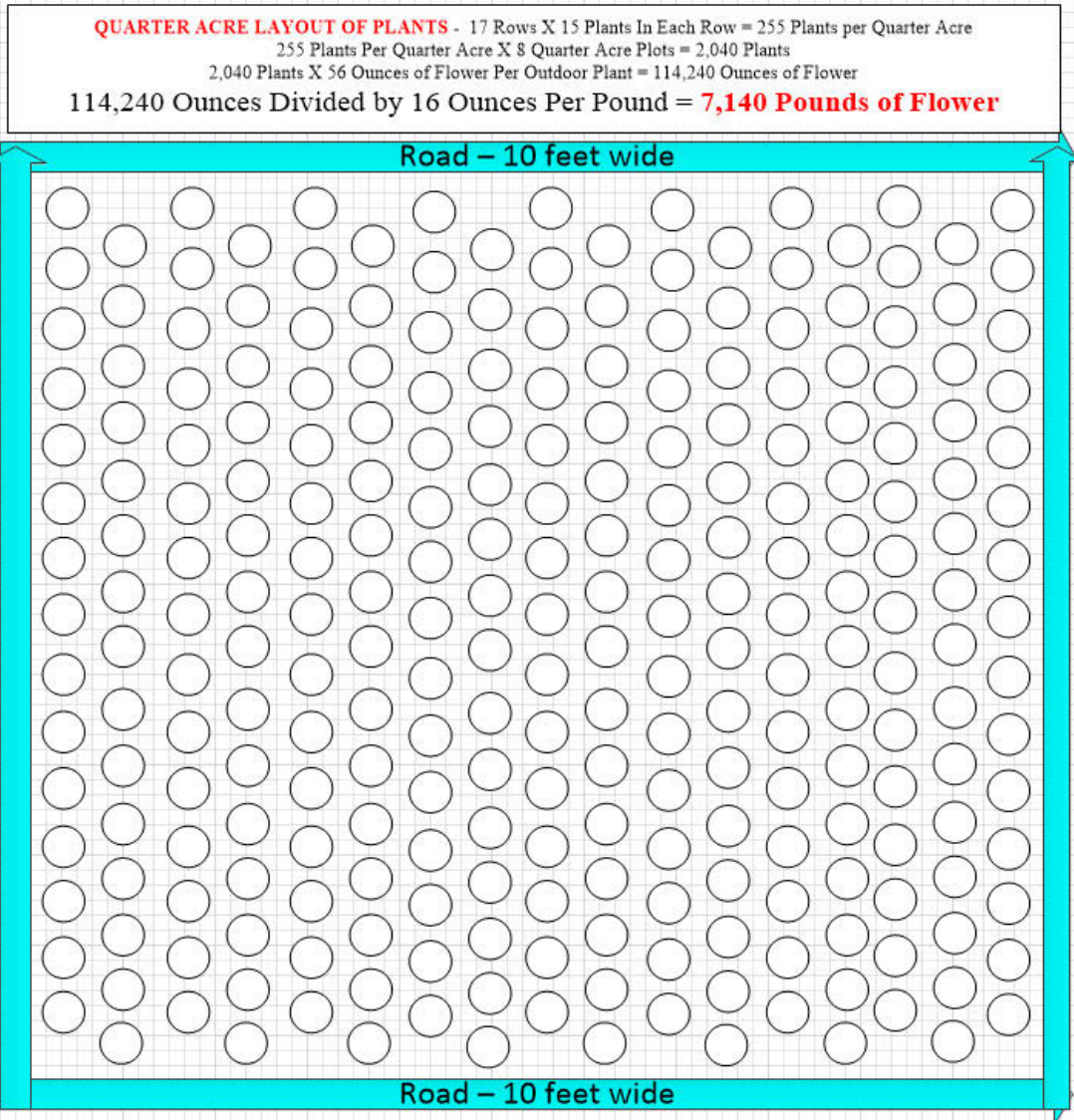
21 Mr. Rogers has agreed to lease adequate land to the Company to cultivate up to four (4) acres of cannabis on his property at a rate of \$50,000 per year. The lease agreement is for ten (10) years. We have recorded the \$500,000 of rent due as Equity since no cash payments are required to be issued to Mr. Rogers. Mr. Rogers is our Senior Vice President of Cultivation and Post Production Procedures and will received an annual salary of \$150,000 per year and \$20 per pound of cannabis flower grown on his farm. Mr. Rogers has over a decade of experience cultivating outdoor grown cannabis.

strain per greenhouses). This will allow us to offer a variety of high-end indoor quality strains through our company owner mobile delivery services. The greenhouses are represented by the eight (8) green rectangles in the diagram below.



The above diagram will require approximately seven acres. We intend to fence in ten (10) acres of farmland. The additional acres will allow us to expand in the future, if and when, additional cultivation licenses become available in Plumas County, CA. Our ability to cultivate in Plumas County is dependent on the Voter Initiative passing in November 2018. The Plumas County Supervisors approved the Voter Initiative on May 31, 2018. There is no assurance the Voter

Initiative will pass. If the Initiative does not pass we will have to locate an alternative location for the cultivation operation. As stated previously we intend to cultivate eight (8) distinct quarter acres of cannabis. We believe the layout below will allow for an efficient and effective way to cultivate cannabis outdoors. Each circle represents a 5-foot X 5-foot area for each cannabis plant to be grown outdoors. We believe we can place 255 cannabis plants in each quarter acre and therefor cultivate up to 2,040 outdoor cannabis plants in the eight (8) quarter acre parcels.



On the next page is pictures of the Full Bloom Light Deprivation Greenhouses that we intend to purchase using proceeds from this Offering. The greenhouses are the “Titan Series” that have a high wind rating and can withstand larger roof loads. All of the greenhouses have internally operated light deprivation systems. We believe internally contained and operated light deprivation systems are superior to external light deprivation systems because the light shields and mechanical parts are not exposed to weather elements. The Titan Series has a much stronger wind resistance rating of up to 120 mph. and has a much higher load rating for the roofing. We believe the greenhouses will have a ten-year lifespan that matches the ten (10) year lease we have to utilize land owned by Mr. Rogers, a Member of our Board of Directors and our Senior VP of Cultivation and Post Production Processing.



**CONDENSED ESTIMATED FINANCIAL STATEMENTS FOR 2019
PLUMAS COUNTY FACILITIES – CASH BASIS**

<u>Description</u>	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>	<u>Total 2019</u>
ESTIMATED REVENUE					
Flower Sales - Outdoor	-	-	-	2,871,512	2,871,512
Flower Sales - Greenhouse	-	-	3,425,125	3,425,125	6,850,250
Kief/Hash	-	-	-	106,918	106,918
Bad Debts	-	-	-	-	-
TOTAL ESTIMATED REVENUE	\$ -	\$ -	\$ 3,425,125	\$ 6,403,555	\$ 9,828,680
COST OF PRODUCTION					
Packaging - Outdoor	\$ -	\$ -	\$ -	\$ 76,370	\$ 76,370
Packaging - Greenhouse	-	-	62,275	62,275	124,550
Landowner Commission - Outdoor	-	-	-	38,185	38,185
Landowner Commission - Greenhouse	-	-	31,138	31,138	62,275
Lab Testing Costs - Outdoor	-	-	-	22,911	22,911
Lab Testing Costs - Greenhouse	-	-	18,683	18,683	37,365
Fertilizers	2,000	6,000	6,000	6,000	20,000
Pesticides	1,000	3,000	3,000	3,000	10,000
Clones	84,700	69,300	69,300	0	223,300
Dirt and Outdoor Grow Bags	291,095	1,500	1,500	1,500	295,595
Salaries and Benefits - Production and Cultivation	108,338	238,521	331,878	415,804	1,094,541
Employee Benefits	6,761	18,581	30,417	40,547	96,306
IT Costs	19,832	31,573	35,864	39,855	127,124
Outside Services	17,500	52,500	52,500	30,000	152,500
Other Employee Related Expenses	12,467	13,500	13,500	13,500	52,967
General Overhead	82,755	80,055	79,605	82,905	324,570
Taxes, License and Permits	152,600	873	230,418	600,373	984,263
Facility Costs	26,360	62,635	70,799	98,952	258,746
Depreciation & Amortization - Cultivation and Production	3,750	76,123	122,941	130,302	333,116
TOTAL COSTS OF PRODUCTION	\$ 809,157	\$ 654,161	\$ 1,159,816	\$ 1,712,300	\$ 4,334,684
GROSS PROFIT	\$(809,157)	\$(654,161)	\$ 2,265,309	\$ 4,691,255	\$ 5,493,996
TOTAL MARKETING EXPENSES	\$ 750	\$ 750	\$ 750	\$ 4,750	\$ 7,000
OTHER EXPENSES					
Interest Expense (Income)	-	382,445	269,159	-	382,445
TOTAL OTHER EXPENSES	\$ -	\$ 382,445	\$ 269,159	\$ -	\$ 382,445
NET INCOME BEFORE TAXES	\$ (809,907)	\$ (1,037,356)	\$ 1,995,399	\$ 4,686,505	\$ 5,104,551
Federal Income Tax	0	0	419,152	984,914	1,404,066
California State Income Tax	0	0	171,604	403,039	574,644
Plumas County Net Revenue Income Tax	0	0	43,666	92,183	135,849
NET INCOME AFTER TAXES	\$(809,907)	(1,037,356)	\$ 1,360,977	\$ 3,206,369	\$ 2,989,992

We believe it is important to expand upon our philosophy regarding post-cultivation processing and how we intend to automate the process to significantly eliminate manual labor and save on employee expenses. Our analysis of the Paxiom cannabis packaging machine is below. Starting on July 1, 2018, California regulations require that all cannabis sold to the end consumer has to be “prepackaged”. In California dispensaries now reach into a jar and weigh out the quantity of cannabis the consumer is purchasing. An analogy is a person walking into a 7-Eleven and purchasing two Tylenol pills and the store clerk reaches inside of a jar containing 1,000 Tylenol pills. After July 1, 2018, all cannabis must be pre-packaged and labeled before it arrives at a dispensary or mobile delivery service. Because we plan to implement a large company owned cannabis mobile delivery service network, we are working very hard to automate the process and eliminate headcount. As per the analysis below the “Savings Per Day” from the Paxiom machine alone are enormous.

ANALYSIS OF PAXIOM PROCESING MACHINE

Number of Mobile Delivery Services	12	24	36
Number of Pounds Per Day	24	48	72
Ounces Per Pound	16	16	16
Eighths Per Ounce	8	8	8
Number of Eighths Per Day	3,072	6,144	9,216
Estimated Minutes to Manually Sort, Pack, Box, Seal and Wrap	3.00	3.00	3.00
Number of Required Man Minutes	9,216	18,432	27,648
Number of Required Man Hours	154	307	461
Number of Required Man Days	19	38	58
Man days Required with Machine	6	6	12
Days Savings in Hours	106	259	365
Fully Loaded Cost Per Hour	\$20	\$20	\$20
Savings Per Day	\$2,112	\$5,184	\$7,296
COST OF MACHINE	\$400,000	\$400,000	\$400,000
Number of Machines Required	1	1	2
TOTAL COST OF MACHINES RERQUIRED	\$400,000	\$400,000	\$800,000
PAYBACK PERIOD IN DAYS	189	77	110
EMPLOYEES REQUIRED PER SHIFT	1 Shift	1 Shift	2 Shifts
Unit Production Manager	1	1	2
Floater/Loader/Retrieve Containers/Caps	1	1	2
Packers	2	2	4
Boxing Machine (Making of Box and Taping)	2	2	4
TOTAL EMPLOYEE MAN DAYS REQUIRED	6	6	12
ESTIMATED YEARLY PAYROLL SAVINGS	\$770,880	\$1,892,160	\$2,663,040

We did not stop there. Currently, the vast majority of cannabis is “hand trimmed”. The typical cost of hand trimming per pound of cannabis flower ranges from \$130 to \$150. The economics worked when high-grade California cannabis fetched \$3,000 per pound and you were a small grower. Secondly, a trimmer can process only 1-2 pounds per day by pure hand trimming. With the rapid decrease in wholesale cannabis prices on the spot market, a process had to be developed to reduce trimming costs. We have estimated when the Greenville and Vinton facilities are fully functional, the company will be cultivating up to 16,000 pounds of cannabis per year. The Table below estimates the Company will reduce costs by \$1.3 million per year and \$6.6 million over five (5) years by making the capital expenditures upfront to automate our post-cultivation processing and packaging procedures.

<u>Description</u>	<u>Manual Trimming</u>	<u>Using T2 Twister</u>
Number of Cannabis Pounds to be Processed	16,000	16,000
Pounds Per Month to be Processed	1,333	1,333
Number of Pounds Per Day Per Person by Manual versus Machine Trimming	2	8
Pounds of Cannabis a Full Time Employee Can Process Per Month	40	160
Number of Full Time Employees Required for Trimming Operation	33	8
Monthly Cost per Full Time Trimmer - Fully Loaded, Employment Taxes, Health Insurance and Overheads	\$3,275	\$3,275
Cost Per Month for Trimmers	\$109,167	\$27,292
Cost Per Year	\$1,310,000	\$327,500
Estimated Saving Per Year of Machine Trimming Versus Hand Trimming		\$982,500
Estimated Savings Over a 5-Year Period		\$4,912,500

As an analogy, the California cannabis industry is like how automobiles were built prior to Henry Ford automating the production of cars. Most of the cannabis is grown by small groups that manually care for their plants and almost make the cultivation of cannabis a religion. We intend to automate the process, as Henry Ford automated the production of automobiles, and change the profitability and economic dynamics of how cannabis is processed and distributed. It took us many months to find the right vendors with the right machinery to accomplish these goals. We believe our “Armageddon scenario breakeven point” is \$10 per eight sold through our planned company owned cannabis mobile delivery services. This low breakeven point will allow us to withstand the consolidation of the California cannabis industry and allow us to aggressively compete in the “direct to consumer market”.

The above two discussions of how we will eliminate large overhead expenses is only part of the overall cost reduction strategy. The strategy has five major components.

- Acquisition and access to cheap facilities as compared to locating the facilities in large population centers.
- Acquiring access to adequate land to cultivate cannabis without incurring millions to acquire the land.
- Automation of the post-cultivation processing procedures.
- Use of Ford C-Max Energi vehicles (purchased used) to serve as the delivery vehicles. This car can get up to 800 miles per 10-gallon tank and will result in a large reduction in gasoline expense.
- Standard computer systems and economy of scale to reduce the startup cost per mobile delivery service.

ADDITION OF TWELVE (12) ADDITIONAL MOBILE DELIVERY SERVICES: In Phase II we intend to bring operational an additional twelve (12) mobile delivery services for a total of twenty-four (24) operational mobile delivery services by May 2020 as part of Phase I and Phase II.

The Company intends to use \$1.9 million to bring operational twelve (12) additional cannabis mobile delivery service. We have estimated each mobile delivery service will require an investment of \$227,055 to (i) acquire equipment, (ii) two (2) cars, (iii) \$75,000 of inventory and (iv) expected losses for the first four (4) months. We believe it will take four (4) months from the point the license application is filed to begin operations in Month 5. We believe it will take four months to obtain an operating license from a local jurisdiction after the application has been submitted. We have estimated a single mobile delivery service location will become cash flow positive in Month 5 and by Month 12 will have generated positive accumulated positive cash flows of \$358,000 after tax, including recovering the entire initial \$227,055 to bring the mobile delivery service operational by Month 5. The estimated positive cash flows starting in Month 5 then go back into the funds available to bring up the 24 mobile delivery services as part of Phase 2. We are using the same assumptions we utilized in Phase 1 to estimate the net required cash to bring operational the additional mobile delivery services. We have systematically planned to build our distribution channel in a controlled manner over a period to be able to distribute directly to the consumer our company grown cannabis. 22 23

On the next page is our estimated cash basis financial results for our planned mobile delivery services for fiscal year 2019. We believe our operational mobile delivery services will be generating significant net positive cash flows of \$3.2 million during 2019 (net of the \$1.9 million to bring operational twelve (12) mobile delivery services during 2019) as we build our mobile delivery service locations at a rate of one (1) new location per month. We intend to utilize the anticipated positive cash flows to fund the \$1.9 of required capital expenditures in 2019 for our mobile delivery service network.

SUMMARY OF PHASE II: In summary, Phase II will be a very expensive period for the Company. We anticipate incurring large capital expenditures as previously discussed and cover operating expenses as we are fully implementing our manufacturing procedures to process the cultivated cannabis. The capital expenditures are required to expand the planned mobile delivery services and purchase the equipment to package the cultivated cannabis in a cost-effective manner. The mobile delivery services must be applied for 4-6 months before our cannabis is harvested and therefore significant costs are incurred prior to the October 2019 harvest to bring up a mobile delivery service network

Per Generally Accepted Accounting Principles and Treasury Regulation 1.471, the clear majority of the expenditures during Quarter 1, Quarter 2 and Quarter 3 of 2019 will be capitalized as Inventory (capitalized costs of cultivating the cannabis that will be harvested in October 2019). To put it into perspective, we are building a factory with a production line and processes, with a production process taking nine months from start to finish. Unlike a typical factory of building a product such as widgets, that are manufactured daily and can be sold upon completed production, our inventory (cannabis flower) takes nine months to produce. We are incurring these expenses to produce the product to be sold to the end consumer directly via our mobile delivery services. Our Cash Basis financial statements do not reflect the Capitalization of Costs as required by GAAP, IRC 263A, IRC 471 and Treasury Regulation 1.471. Accrual-based financial statements will reflect a much higher net income. We decided to present Cash Basis financial statements to allow the reader to have a better grasp of our cash expenditures and our planned capital improvement expenditures.

22 The Company intends to continue to expand the number of cannabis mobile delivery services in 2020 by an additional twelve (12) locations. Our three-year Business Plan to ratably bring on-line approximately 32 mobile cannabis mobile delivery service locations over a three-year period and will allow us to systematically expand the company owned network and hire and train the employees required to operate the locations. We have estimated each cannabis mobile delivery service requires thirteen (13) full-time employees. We therefore require 156 new employees 2019 for the Phase II mobile delivery service locations to become operational.

23 We estimated our planned network of 36 cannabis mobile delivery services will require 416 full time employees by the end of 2020. Adding to the complexity, the turnover rate of cannabis businesses has historically been high. Dispensaries in Colorado are experiencing an employee turnover rate of 30% to 40% per year. Using an average of 35% we will have to hire and train over 145 new employees each year. This presents a significant risk to our operations.

**CONDENSED ESTIMATED FINANCIAL STATEMENTS 2019 – CASH BASIS
MOBILE DELIVERY SERVICES**

<u>Description</u>	January to March 2019	April to June 2019	July to September 2019	October to December 2019	Total
ESTIMATED REVENUE					
Cannabis Product Sales - Mobile Delivery	\$2,764,800	\$5,529,600	\$8,294,400	\$10,368,000	\$26,956,800
Delivery Charge Income	110,592	221,184	331,776	414,720	1,078,272
Non-Cannabis Product Sales	30,000	75,000	120,000	165,000	390,000
TOTAL ESTIMATED REVENUE	\$2,905,392	\$5,825,784	\$8,746,176	\$10,947,720	\$28,425,072
COST OF PRODUCTION					
Cost of Goods Sold - Cannabis Products	1,008,000	2,160,000	3,600,000	4,788,000	11,556,000
Cost of Good Sold - Non-Cannabis Products	7,500	18,750	30,000	41,250	97,500
Leafy and NUG Commissions	16,589	33,178	49,766	62,208	161,741
TOTAL COSTS OF PRODUCTION	\$1,032,089	\$2,211,928	\$3,679,766	\$4,891,458	\$11,815,241
GROSS PROFIT	\$1,873,303	\$3,613,856	\$5,066,410	\$6,056,262	\$16,609,831
OPERATING EXPENSES					
Salaries and Benefits	\$538,784	\$1,025,968	\$1,487,352	\$1,833,390	\$4,885,494
Employee Benefits	61,902	119,923	179,004	221,440	582,269
Marketing and Advertising	12,000	22,000	27,000	33,250	94,250
IT Costs	15,900	31,500	44,460	54,180	146,040
Outside Services	12,000	24,000	36,000	45,000	117,000
Other Employee Related Expenses	8,200	16,400	24,600	30,750	79,950
General Overhead Expense	36,900	67,800	87,300	103,425	295,425
Taxes and License	150,000	130,000	120,000	120,000	520,000
Miscellaneous Expenses	-	-	-	-	-
Facility Expense	119,262	196,587	251,943	293,163	860,954
Depreciation & Amortization Expense	16,828	33,656	50,483	63,104	164,071
General Reserve	45,000	45,000	45,000	45,000	180,000
TOTAL OPERATING EXPENSES	\$1,016,775	\$1,712,834	\$2,353,142	\$2,842,701	\$7,925,453
NET INCOME BEFORE TAXES	\$856,528	\$1,901,022	\$2,713,268	\$3,213,561	\$8,684,378
Add Back IRC 280E Expenses					
Add Back 75% of Operating Expenses	762,582	1,284,626	1,764,856	2,132,026	5,944,090
FEDERAL TAXABLE INCOME	\$1,619,109	\$3,185,648	\$4,478,124	\$5,345,587	\$14,628,468
Federal Income Tax	340,013	668,986	940,406	1,122,573	3,071,978
California State Income Tax	73,661	163,488	233,341	276,366	746,857
NET INCOME AFTER TAXES	\$442,853	\$1,068,548	\$1,539,521	\$1,814,621	\$4,865,543

**PHASE III - CONDENSED ESTIMATED FINANCIAL STATEMENTS BY MAJOR BUSINESS COMPONENT
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2020 - CASH BASIS**

<u>Description</u>	<u>Mobile Delivery</u>	<u>Corporate</u>	<u>Sacramento Warehouse</u>	<u>Plumas County Facilities</u>	<u>Intercompany Elimination Entries</u>	<u>Total 2020</u>
ESTIMATED REVENUE	\$65,616,320	\$0	\$0	\$36,780,359	(31,032,000)	\$71,364,679
COST OF GOODS SOLD	31,635,248	-	-	8,108,165	(31,032,000)	8,711,413
GROSS PROFIT	33,981,072	-	-	28,672,194	-	62,653,266
MARKETING, DISPENSARY, CORPORATE AND LEGAL	16,951,772	907,200	292,800	374,804	-	18,526,576
INTEREST EXPENSE	-	-	-	269,159	-	269,159
NET INCOME BEFORE TAXES	17,029,300	(907,200)	(292,800)	28,028,231	-	43,857,530
FEDERAL TAXABLE INCOME: 280E ADD BACK:	29,743,129	(680,400)	(292,800)	28,309,333	-	57,079,262
Federal Income Tax	6,246,057	(142,884)	(61,488)	5,944,960	-	11,986,645
California State Income Tax	1,464,520	(78,019)	(25,181)	2,410,428	-	3,771,748
Plumas County Net Revenue Income Tax	-	-	-	560,565	-	560,565
NET INCOME AFTER TAXES	9,318,723	(686,297)	(206,131)	19,112,278	-	27,538,573
CASH FLOW ANALYSIS						
NET INCOME AFTER TAX	9,318,723	(686,297)	(206,131)	19,112,278	-	27,538,573
Add Back: Depreciation	378,626	-	-	162,758	-	541,384
Add Back: Sales of Common Stock	-	-	-	-	-	-
Add Back: Lease Proceeds	-	-	-	-	-	-
Less: Fixed Asset Purchases and Inventory	(1,897,008)	-	-	(1,607,500)	-	(3,504,508)
Less: Lease Principal Paydown	-	-	-	(825,766)	-	(825,766)
NET CASH FLOW	\$7,800,341	(\$686,297)	(\$206,131)	\$16,841,770	\$0	\$23,749,683

PHASE III OF IMPLEMENTING OUR BUSINESS PLAN – FISCAL YEAR 2020

Key data for the Greenville Facilities is included in the following table. Revenue increases rapidly as all eight (8) light deprivation greenhouse are fully functional. Canopy square footage under cultivation in the greenhouses increases from 28,000 square feet in 2019 to 48,000 square feet in 2020. The greenhouses become functional over a four-month period in the Spring and Summer of 2019. We anticipate the we will have fully operational six (6) greenhouses or 36,000 square feet by the end of Summer 2019. However, the average square footage actually under cultivation is less because not all six greenhouses will be operational for three complete cultivation cycles during 2019.

We expect all eight (8) greenhouses to be fully operational during 2020 and therefore estimated pounds of greenhouse cultivated cannabis flower increase from 5,449 pounds in 2019 to 10,898 pounds in 2020. The number of plants cultivated in the greenhouses will increase from 16,450 in 2019 to 32,900 in 2020.

Net Income and revenue rapidly increase from 2019 to 2020 because we do not begin to sell greenhouse grown cannabis through our planed mobile delivery services until July 2019 (expected date the first crop of greenhouse cannabis is ready for sale) and do not record any sales from the two acres of Outdoor cultivated cannabis until the fourth quarter of 2019 (after the harvest of our first crop of outdoor cannabis). During 2020, both greenhouse and outdoor cultivated cannabis from the Plumas County Facilities is sold through the planned Company owned mobile delivery services.

We estimate we can cultivate 2,182 outdoor plants in 2019 and 2020 and that the number of pounds of cultivated outdoor cannabis flower will be 7,637. Depreciation increases as the large capital expenditures in 2019 and 2020 are depreciated for a 12-month period. Our California Growers Tax for the Plumas County facilities will increase as a result of increased Estimated Revenue from \$9.8 million in 2019 to \$36.8 million in 2020 and the corresponding increase in the number of pounds of cannabis sold through our planned mobile delivery service network. We have estimated our cost of production per gram in 2020 will be \$0.97 per gram or \$3.05 per eight of an ounce. We believe we will be a low-cost producer of cannabis flower and concentrates and will have the benefit of selling our products directly to the consumer through our mobile delivery service network.

<u>Description</u>	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>
KEY DATA POINTS			
NET INCOME BEFORE TAX	\$ (85,818)	\$ 5,104,551	\$ 28,028,231
NET INCOME AFTER TAXES	\$ (48,589)	\$ 3,456,887	\$ 19,124,834
Landowner Commission	n/a	\$38,185	\$152,740
Number of Plants - Outdoor	n/a	2,182	2,182
Number of Plants - Greenhouse	n/a	16,450	32,900
Canopy Square Footage - Outdoor	n/a	87,280	87,280
Canopy Square Footage - Greenhouse	n/a	28,000	48,000
Utilities - Electricity	n/a	\$122,825	\$183,007
Depreciation	n/a	\$333,116	\$632,849
California Growers Tax	n/a	\$799,918	\$2,416,774
Number of Pounds of Flower Cultivated - Outdoor	n/a	7,637	7,637
Number of Pounds of Flower Cultivated - Greenhouses	n/a	5,449	10,898
Price Per Pound of Flower Sold Wholesale	n/a	\$2,200	\$2,200
Average Cost of Production Cost Per Pound of Flower	n/a	\$331	\$437
California Growers Tax Per Pound of Flower	n/a	\$148	\$148
Estimated Cost of Production Per Gram	n/s	\$0.73	\$0.97
TOTAL ESTIMATED REVENUE	\$ -	\$ 9,828,680	\$ 36,780,359

We intend to spend \$1.6 million on additional capital expenditures at the Plumas County Facilities during the twelve months end December 31, 2020 in Phase III. Below is a table of the anticipated capital expenditures.

ESTIMATED REQUIRED CAPITAL EXPENDITURES FOR FISCAL YEAR 2020 – PLUMAS COUNTY FACILITIES

<u>Description</u>	<u>Location</u>	<u>Category</u>	<u>Amount</u>	<u>Vinton Post Cultivation Processing</u>	<u>Greenville Cultivation</u>	<u>Mach.</u>	<u>Building</u>
Vinton Building	Vinton	Building	\$450,000	\$450,000			\$450,000
Phase II Concrete	Greenville	Building	\$323,000		\$323,000		\$323,000
Light Deprivation Greenhouse 7	Greenville	Building	\$200,000		\$200,000		\$200,000
Light Deprivation Greenhouse 8	Greenville	Building	\$200,000		\$200,000		\$200,000
CAAN Cannabis Drying & Curing Machine	Vinton	Machinery	\$200,000	\$200,000		\$200,000	
Cultivation Carts	Greenville	Machinery	\$120,000		\$120,000	\$120,000	
Plastic Growing Pots	Greenville	Building	\$42,000		\$42,000		\$42,000
JPH Bagger 2	Greenville	Machinery	\$27,500		\$27,500	\$27,500	
Greenhouse 7 - Water & Nutrient System	Greenville	Building	\$15,000		\$15,000		\$15,000
Greenhouse 8 - Water and Nutrient System	Greenville	Building	\$15,000		\$15,000		\$15,000
Construction Trailer	Greenville	Building	\$15,000		\$15,000		\$15,000
ESTIMATED TOTAL			\$1,607,500	\$650,000	\$957,500	\$347,500	\$1,260,000

- We currently rent the Vinton, CA facility for \$2,500 per month with an option to purchase at \$450,000. We intend to exercise the option to purchase and complete the acquisition of the Vinton, CA facility in the 3rd quarter of 2020.
- \$323,000 will be spent of concrete at the Greenville, CA farm during Phase III. \$288,000 will be used for concrete pads in the eight (8) light deprivation greenhouses. The footings to the greenhouses will be poured at the time the greenhouses are constructed. A level of pea gravel will be laid inside of the greenhouses and serve as a base for the concrete to be poured in 2020. Most greenhouses do not have formal concrete pads that the cannabis plants sit on. We believe we can reduce labor and the time to turn a greenhouse for the next cultivation cycle if all of the 10-gallon buckets that hold the plants are on moveable carts. To be able to move the carts will require a hard surface.
- We intend to purchase drying and curing machines and technology from CAAN Systems that is based in Colorado. We believe their technology will reduce the drying and curing period by 50% and also result in a more consistent product.
- \$42,000 for an additional 6,000 ten-gallon plastic growing pots. Because two additional greenhouses will be coming online in 2020; we are increasing the required supply to ensure we can effectively manage the time it takes to replant a greenhouse. Because the containers are made out of plastic we are capitalizing such costs and depreciation the containers over a 10-year period.
- The JPH Bagger 2 system will allow us to effectively fill a 10-gallon plastic container with dirt. The anticipated cost of the system is \$27,500. When all eight greenhouses are operational we are expecting a total of 31,500 cannabis plants will be cultivated each year inside of the greenhouses. We need an efficient and effective way to fill the 10-gallon containers with dirt. We also need to be able to move the plants in an effective manner. That is why we are spending large capital in 2020 to lay down a concrete pad inside of the greenhouses and are also spending \$120,000 on moveable carts that can each hold eight 10-gallon buckets.

CONDENSED ESTIMATED FINANCIAL STATEMENTS FOR 2020

<u>Description</u>	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>	<u>Total 2020</u>
ESTIMATED REVENUE					
Flower Sales - Outdoor	4,307,268	4,307,268	4,307,268	4,307,268	17,229,072
Flower Sales - Greenhouse	3,853,266	3,282,411	5,993,969	5,993,969	19,123,615
Kief/Hash	106,918	106,918	106,918	106,918	427,672
Bad Debts	-	-	-	-	-
TOTAL ESTIMATED REVENUE	\$ 8,267,452	\$ 7,696,597	\$ 10,408,155	\$ 10,408,155	\$36,780,359
COST OF PRODUCTION					
Packaging - Outdoor	\$ 76,370	\$ 76,370	\$ 76,370	\$ 76,370	\$ 305,480
Packaging - Greenhouse	70,059	59,680	108,981	108,981	347,702
Landowner Commission - Outdoor	38,185	38,185	38,185	38,185	152,740
Landowner Commission - Greenhouse	35,030	29,840	54,491	54,491	173,851
Lab Testing Costs - Outdoor	22,911	22,911	22,911	22,911	91,644
Lab Testing Costs - Greenhouse	21,018	17,904	32,694	32,694	104,311
Fertilizers	6,000	6,000	6,000	6,000	24,000
Pesticides	3,000	3,000	3,000	3,000	12,000
Clones	84,700	69,300	69,300	0	223,300
Dirt and Outdoor Grow Bags	291,095	1,500	1,500	1,500	295,595
Salaries and Benefits - Production and Cultivation	484,175	484,175	484,175	484,175	1,936,700
Employee Benefits	40,605	40,605	40,605	40,605	162,420
IT Costs	40,802	40,752	40,752	40,452	162,758
Outside Services	-	-	-	100,000	100,000
Other Employee Related Expenses	12,467	13,500	13,500	13,500	52,967
General Overhead	82,755	80,055	79,605	82,905	324,570
Taxes, License and Permits	693,364	504,259	685,800	716,672	2,600,094
Facility Costs	126,347	78,953	79,914	119,971	405,185
Depreciation & Amortization - Cultivation and Production	130,760	154,985	167,927	179,177	632,849
TOTAL COSTS OF PRODUCTION	\$ 2,259,642	\$ 1,721,974	\$ 2,005,709	\$ 2,121,589	\$ 8,108,165
GROSS PROFIT	\$ 6,007,810	\$ 5,974,623	\$ 8,402,445	\$ 8,286,565	\$28,672,194
Sales Commissions - Sales Reps	82,675	76,966	104,082	104,082	367,804
Marketing and Advertising	750	750	750	4,750	7,000
TOTAL MARKETING EXPENSES	\$ 83,425	\$ 77,716	\$ 104,832	\$ 108,832	\$ 374,804
OTHER EXPENSES					
Interest Expense (Income)	-	269,159	269,159	-	269,159
TOTAL OTHER EXPENSES	\$ -	\$ 269,159	\$ 269,159	\$ -	\$ 269,159
NET INCOME BEFORE TAXES	\$ 5,924,385	\$ 5,627,748	\$ 8,028,454	\$ 8,177,734	\$28,028,231
Federal Income Tax	1,244,120.9	1,181,827.1	1,685,975.4	1,717,324.1	5,885,928.4
California State Income Tax	509,497.1	483,986.3	690,447.1	703,285.1	2,410,427.8
Plumas County Net Revenue Income Tax	118,488	112,555	160,569	163,555	560,565
NET INCOME AFTER TAXES	\$ 4,052,279	\$ 3,849,380	\$ 5,491,463	\$ 5,593,570	\$19,171,310

EXPANSION OF MOBILE DELIVERY SERVICES: Just as we discussed in Phase I and Phase II, the Company intends to use \$1.9 million to bring operational an additional twelve (12) mobile delivery services during 2020. Revenue rapidly accelerates for the cannabis mobile delivery service division as the economy of scale becomes a major factor. By the end of December 2019, we will have 16 operational mobile delivery services and by December 31, 2020, we will have 28 operational mobile delivery services.

Our Cost of Sales increases as a percentage of Estimated Revenue to 48% as a result of where we record the profits and why. Previously, we stated that the cultivation facilities will sell cannabis to our wholly owned mobile delivery services for \$2,200 per pound for Greenville “outdoor” cultivated cannabis. The higher priced cannabis the mobile delivery services will receive from our company-owned cultivation facilities will begin at the end of the 3rd Quarter in 2019. We have budgeted that our company-owned mobile delivery services will purchase cannabis flower for \$1,400 on the open market during 2018. We are charging a higher price to the mobile delivery services in order to flow profits to the cultivation divisions that have a 1.3% IRS audit rate versus the mobile delivery services that can have an 11% IRS audit tax rate. Further, almost all of the expenses at the cultivation facilities are not subject to the deductibility restrictions of IRC 280E and are fully deductible for purposes of computing Federal Income Taxes. We move from our wholly-owned cannabis mobile delivery services purchasing cannabis on the open market with an estimated Cost of Goods Sold of 36% in 2018; to a mixture of cannabis purchased on the open market to directly receiving cannabis products from our cultivation facilities starting in the 3rd Quarter of 2019. As a result, our estimated Cost of Goods Sold as a percentage Estimated Revenue of our mobile delivery services increases from 36% in 2018 to 50% in 2020.

COST OF GOODS SOLD AS A PERCENTAGE OF GROSS REVENUE

<u>Month</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
January	n/a	36%	46%
February	n/a	36%	47%
March	n/a	36%	47%
April	n/a	37%	48%
May	n/a	38%	48%
June	n/a	49%	48%
July	n/a	41%	49%
August	n/a	42%	49%
September	n/a	43%	49%
October	n/a	44%	48%
November	36%	45%	50%
December	36%	45%	48%

CONDENSED ESTIMATED FINANCIAL STATEMENTS 2020 MOBILE DELIVERY SERVICES

<u>Description</u>	January to March 2020	April to June 2020	July to September 2020	October to December 2020	Total
-					
ESTIMATED REVENUE					
Cannabis Product Sales - Mobile Delivery	\$12,441,600	\$14,515,200	\$16,588,800	\$18,662,400	\$62,208,000
Delivery Charge Income	497,664	580,608	663,552	746,496	2,488,320
Non-Cannabis Product Sales	185,000	210,000	240,000	285,000	920,000
TOTAL ESTIMATED REVENUE	\$13,124,264	\$15,305,808	\$17,492,352	\$19,693,896	\$65,616,320
-					
COST OF PRODUCTION					
Cost of Goods Sold - Cannabis Products	5,976,000	7,164,000	8,352,000	9,540,000	31,032,000
Cost of Good Sold - Non-Cannabis Products	46,250	52,500	60,000	71,250	230,000
Leafy and NUG Commissions	74,650	87,091	99,533	111,974	373,248
TOTAL COSTS OF PRODUCTION	\$6,096,900	\$7,303,591	\$8,511,533	\$9,723,224	\$31,635,248
GROSS PROFIT	\$7,027,364	\$8,002,217	\$8,980,819	\$9,970,672	\$33,981,072
-					
OPERATING EXPENSES					
Salaries and Benefits	\$2,231,028	\$2,611,466	\$2,974,704	\$3,320,742	\$11,137,940
Employee Benefits	269,756	314,279	358,008	400,444	1,342,486
Marketing and Advertising	43,500	49,750	54,000	60,250	207,500
IT Costs	66,690	78,270	88,920	98,640	332,520
Outside Services	54,000	63,000	72,000	81,000	270,000
Other Employee Related Expenses	36,900	43,050	49,200	55,350	184,500
General Overhead Expense	135,450	158,175	174,600	190,725	658,950
Taxes and License	150,000	130,000	120,000	120,000	520,000
Miscellaneous Expenses	-	-	-	-	-
Facility Expense	375,543	444,203	499,143	540,363	1,859,250
Depreciation & Amortization Expense	75,725	88,346	100,967	113,588	378,626
General Reserve	15,000	15,000	15,000	15,000	60,000
TOTAL OPERATING EXPENSES	\$3,453,592	\$3,995,538	\$4,506,541	\$4,996,101	\$16,951,772
NET INCOME BEFORE TAXES	\$3,573,773	\$4,006,678	\$4,474,278	\$4,974,571	\$17,029,300
-					
Add Back IRC 280E Expenses					
Add Back 75% of Operating Expenses	2,590,194	2,996,654	3,379,906	3,747,076	12,713,829
FEDERAL TAXABLE INCOME	\$6,163,966	\$7,003,332	\$7,854,184	\$8,721,646	\$29,743,129
Federal Income Tax	1,294,433	1,470,700	1,649,379	1,831,546	6,246,057
California State Income Tax	307,344	344,574	384,788	427,813	1,464,520
NET INCOME AFTER TAXES	\$1,971,995	\$2,191,404	\$2,440,111	\$2,715,212	\$9,318,723
-					
CASH FLOW ANALYSIS					
NET INCOME AFTER TAX	1,971,995	2,191,404	2,440,111	2,715,212	9,318,723
Add Back: Depreciation	75,725	88,346	100,967	113,588	378,626
Less: Fixed Asset Purchases and Inventory	(474,252)	(474,252)	(474,252)	(474,252)	(1,897,008)
-					
NET CASH FLOW - MOBILE DELIVERY	\$1,573,468	\$1,805,498	\$2,066,826	\$2,354,548	\$7,800,341
-					
ACCUM. CASH FLOWS - MOBILE DELIVERY	\$1,573,468	\$3,378,967	\$5,445,793	\$7,800,341	

THE CALIFORNIA CANNABIS INDUSTRY AND OUR BUSINESS

Overview

Californian Cannabis Market

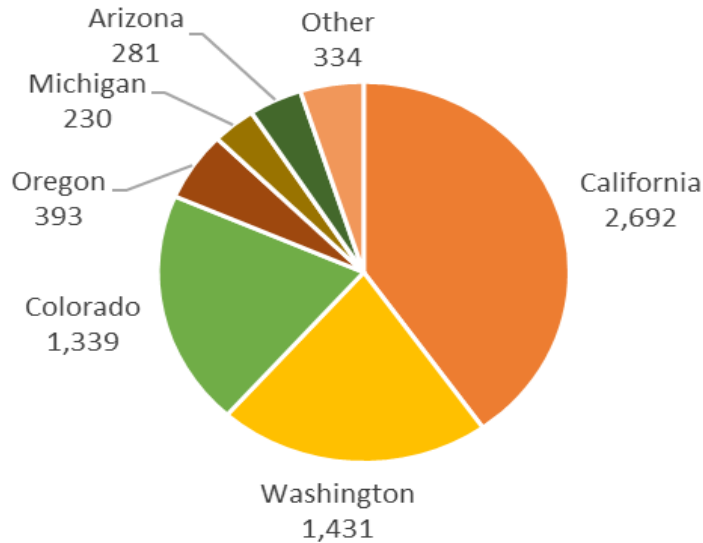


Figure 1. Medical and recreational cannabis sales in

In 1996, California became the first state to allow for medical cannabis use. State voters approved Proposition 215, the law that made it legal for doctors to recommend cannabis to patients. California has 482 cities and 58 counties, all with the power to govern their own medical cannabis industries. The methods they choose vary throughout the state. Some local governments have rules limiting the number of dispensaries and where they can open. Others passed ordinances banning all cannabis cultivation.

In California, the weather conditions in Northern are ideal for cultivating cannabis outside, while a lot of cannabis is also grown indoors in massive warehouses. The state's marketplace is also known for its decades-long experience developing cannabis strains. Third-generation growers and breeders have some unparalleled knowledge of the plant and of the related regulatory environment compared to other states.

In the years since medical legalization, consumers have become more educated and sophisticated about products, and the state's medical market is relatively saturated. Consumers have high expectations for quality, according to ArcView research. In 2015 Gov. Jerry Brown signed three bills that toughened regulations for medical cannabis businesses and sought standards for documentation and testing. The bills are known as the Medical Cannabis Regulation and Safety Act, or MCRSA for short. Collectively, the legislation also paved the way for medical cannabis businesses to turn a profit. The legislation is impacting cannabis business models in other ways. The laws have eliminated the idea of home-based dispensaries.

8 November 2016 California voters have approved cannabis for recreational use. The vote means that cannabis will become legal for use from December 15, and cannabis shops can open in 2018. California's cannabis industry reported \$2,692 million in retail sales via nearly 2,800 dispensaries in 2016, that is 10% more than all other MMJ states combined as of 2016 according to ArcView Market Research. The analysis estimates during the same period, sales in the illegal market were about \$5.7 billion (68 percent) and total cannabis sales were about \$8.4 billion.

On June 27, 2017, Governor Brown signed the Medical and Adult Use Cannabis Regulation and Safety Act and – with a quick stroke of the pen – fundamentally changed the business of cannabis in California. This law will be the foundation of regulated cannabis in California. Cal Growers was honored to be included in the process and provide this report as a starting point for understanding this new law.

The Act requires licenses for the cultivation, manufacture, distribution, transportation, laboratory testing, and sale of medical cannabis. The Department of Food and Agriculture is responsible for issuing cultivation licenses; the Department of Public Health is responsible for issuing manufacturing licenses; and the Bureau of Medical Cannabis Regulation within the Department of Consumer Affairs is responsible for issuing distribution, transportation, laboratory testing, and dispensary (sale) licenses.

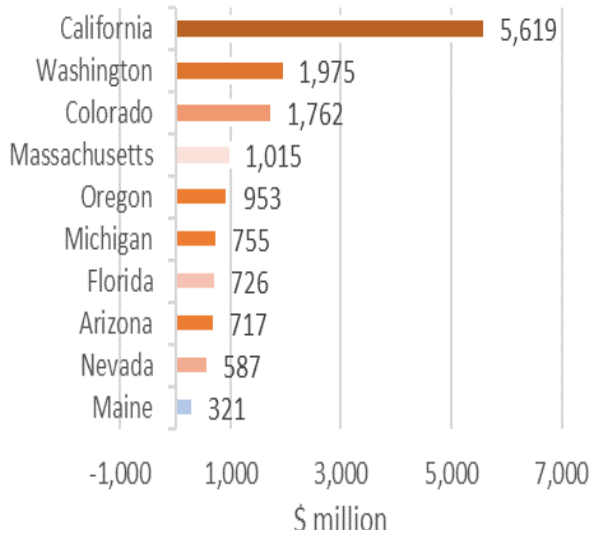


Figure 2. Medical and recreational cannabis sales in

overall market, the analysis estimated. According to an ArcView report, over the next five years, they project the total California market to grow at a compounded annual rate of 18.5% to \$5.6 billion by 2020.

However, raw numbers do not tell the entire story. A closer analysis of the market and best locations to locate our first proposed testing facility and subsequent testing facilities requires an in-depth analysis of where cannabis is cultivated in California and why. Figure 3-1. Map of Estimated California Production (Pounds) by Region on Page 75 is a map from the California Food and Agriculture’s Environmental Impact Report released in 2017. 75% of the cannabis cultivated in California is grown in three regions, all located in Northern California (North Coast Region, Intermountain Region, and Sacramento Valley Region). Most of the cannabis grown in the three previously mentioned regions are grown outdoors or in “hoop houses” that result in a price competitive product that will crush the indoor grown cannabis being cultivated in the southern regions of California.

Over the next few years, Northern California cultivated cannabis will dominate the market for both flower products and cannabis used for manufactured products. The cost per pound of outdoor-grown cannabis is under \$200 per pound whereas indoor grown cannabis can approach \$600 to \$800 per pound of finished product. Our initial laboratory is located in Davis, California that is in the middle of the Sacramento Region and 10 miles from the State Capital of California. Our close access to the Interstate 95 freeway will allow us to service areas in the Intermountain Region that cultivates almost as much cannabis as the world famous Emerald Triangle (Humboldt, Mendocino, and Trinity counties). The North Coast cultivated 4.1 million pounds of cannabis and the Intermountain Region cultivated 3.9 million pounds.

Why is Vast Majority of Cannabis Grown in Northern California?

The climate and weather conditions in Northern California along the Northern Coast and along the Sierra foothills of the Intermountain region is prime country for the cultivation of Cannabis. Cannabis grows best and returns the greatest THC level between 72 degrees and 80 degrees Fahrenheit. Cannabis also requires a lot of water. Southern California is a desert and lacks naturally occurring rivers for a consistent water supply. Cannabis cultivation in the Southern regions of California is a desert climate and hot in the summer. Cannabis is cultivated along the Sierra foothills to be out of the bowl of the San Joaquin Valley where temperatures can soar in the Summer months. The vast majority of cannabis grown in Northern California is grown outdoors and thus uses the natural sunlight to power the plant’s growth. Outdoor cultivation requires no artificial lights, buildings or expensive climate control systems and expenditures. Lastly, there is plenty of suitable lands available in Northern California to cultivate cannabis. Such suitable land is lacking in Southern California. With cultivators becoming licensed there will be a

According to a study by the University of California Agricultural Issues Center, California’s recreational cannabis market could be worth more than \$5 billion; however, the benchmark will only be achieved once cannabis consumers fully embrace the state’s legal market. According to the study, about 29 percent of cannabis consumers may, at first, stay in the illicit market to avoid the costs of new regulations, which will add 15 percent to retail values. While recreational cannabis market is expected to grow, medical cannabis sales are expected to decline down to \$600 million as people migrate toward the adult-use market to avoid medical cannabis ID fees. After the state adopts regulations, legal recreational use will make up 61.5 percent of the overall market, illegally purchased cannabis will make up about 29.5 percent of the market and legal medical cannabis use will be about 9 percent of the

massive oversupply of cannabis in California and the low-cost providers will be the winners. The low-cost providers are the experienced cultivators located in three main cultivation zones located in Northern California.

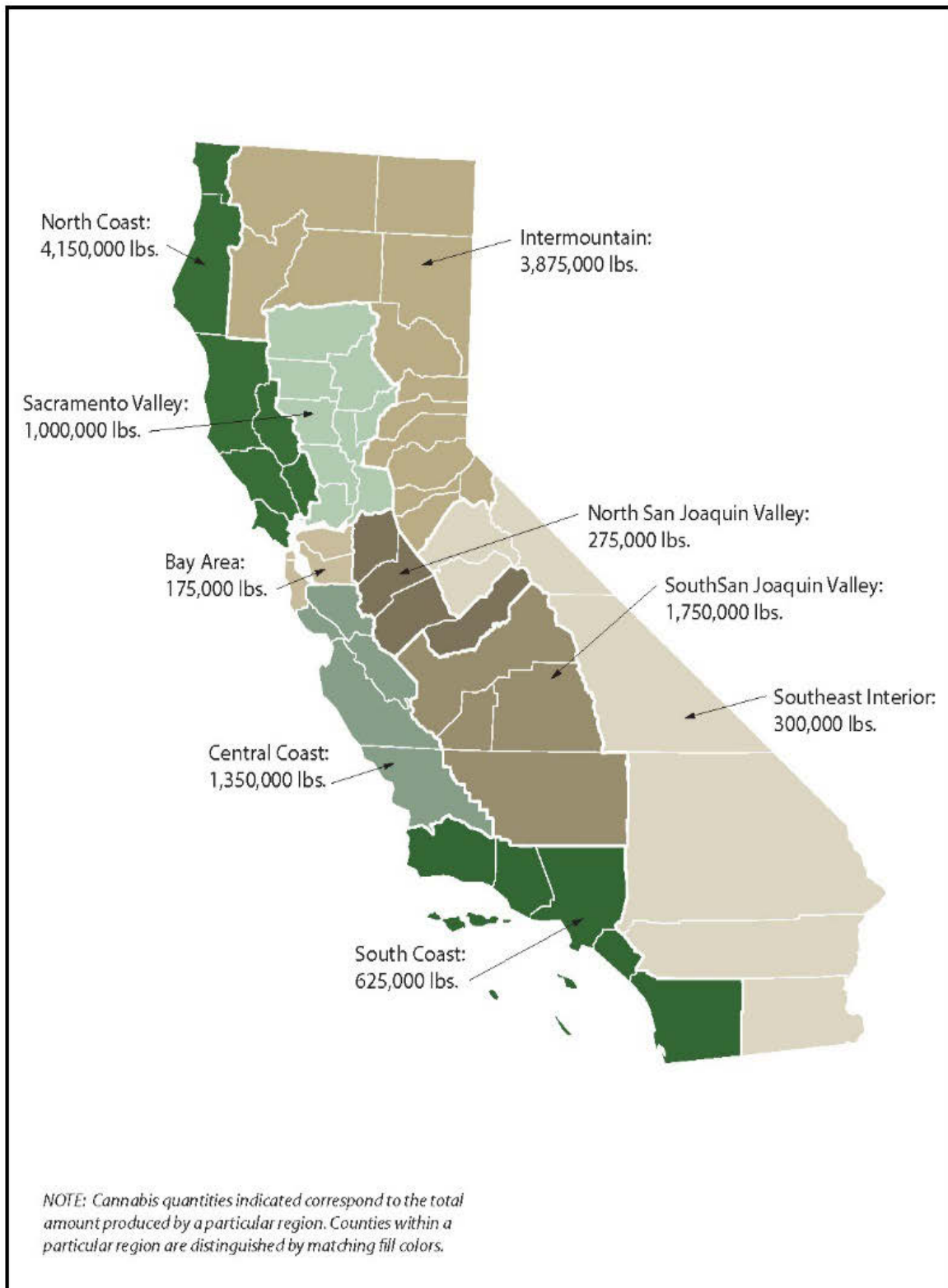
Commerical Cannabis Activity is Still Restricted – The map on the next page is from the California Department of Food and Agriculture Environmental Impact Report. It breaks California into the Following Major Regions.

Region	Number of Pounds	Commerical Activity
North Coast	4.1 million	Yes
Intermountain Region	3.9 million	No
Sacramento Valley	1.0 milliion	Restricted
Bay Area	175,000	Yes
North San Joaquin Valley	275,000	No
South San Joaquin Valley	1.75 million	Yes
Central Coast	1.35 million	Restricted
South Coast	675,000	Yes
Southeast Interior	300,000	No

Many funding sources are under a mistaken impression that with the passage of SB 94 in California in November 2016 legalized adult use cannabis statewide. The bill left it to local jurisdictions to determine their regulations and what is to be allowed. As can be seen in the following “blot maps” commercial cannabis activity is concentrated along to the coastal areas of California and restricted in the San Joaquin Valley and the eastern side of California along the Sierra Nevada range.

Dorado County (part of the Intermountain Regions). The counties in the Intermountain Region are Caucasian, mostly Republican, have high unemployment rates and have strong anti-cannabis coalitions. Legal cannabis commercial activity is restricted and for the most part non-existent. This is very surprising since the Intermountain Region is estimated to have cultivated 3.9 million pounds and almost the same quantity as the North Coast where the infamous Emerald Triangle (Humboldt, Mendocino, and Trinty Counties) is located. Even Humbolt and Mendocino counties have extensive licensing processes and a lot of paperwork that has to be completed.

As part of our due diligence, we attended multiple sessions of the Plumas County cannabis working group that was drafting regulations for commercial cannabis activity. There is a very vocal and vibrant anti-cannabis coalition and the Board of Supervisors are generally anti-cannabis. The reaction of the local population and County Supervisors was surprising and opened a lot of eyes. They frankly do not care about the high unemployment rates in their counties and do not embrace the development of a legal cannabis industry. The anti-cannabis coalitions and the Board of Supervisors for the counties in the Intermountain Region have effectively halted licensed commercial cannabis activity in their counties. We expect the movement to a an allowed licensed and legal cannabis industry in these counties over the next 1-2 years. There are many pro-cannabis coalitions working on Voter Initiatives to the voted on in the November 2018 elections. It is a coin flip whether any of the initiatives will pass.



Source: SRIA 2017



Figure 3-1. Map of Estimated California Production (Pounds) by Region

Understanding It is Not a Free For All is the First Wake Up Call

In order to understand the California cannabis industry, you have to understand it is not a free for all. The story below was posted in March 15, 2018.

NEVADA CITY, Calif. (KCRA) - More than 1,200 pounds of cannabis worth about \$1 million was seized during a bust at an illegal Nevada City pot grow, the Nevada County Sheriff's Office said. The drug raid happened around 8 a.m. Tuesday at a home in the 15000 block of Lola's Echo Road with sheriff's deputies and Drug Enforcement Administration agents. About 1,285 pounds of pot were found in black totes and 576 cannabis plants were found growing indoors, underneath a granny unit on the property, the sheriff's office said. DEA agents also arrested 34-year-old Jose Gregorio Luna. He was booked into Nevada County Jail on federal drug charges. Agents also seized a 2014 BMW 750LI during the bust.

In order to understand what is allowed and where you have to understand who passes the cannabis regulations. In California, you have incorporated cities and unincorporated areas of counties. Incorporated cities have city councils and mayors that debate and pass regulations. Areas within each county that are not an incorporated city have regulations debated and voted on by the applicable county Board of Supervisors. There are typically five (5) Board of Supervisors that are elected. In California, there are 461 Incorporated cities and 58 counties. You can have commercial activity not allowed in the unincorporated areas of a County but allowed in an incorporated city.

The City of Sacramento and Sacramento County is a good example. The Sacramento Metropolitan area is comprised of the City of Sacramento and additional suburbs that are part of the metropolitan region. From the table below the vast majority of the areas that comprise the Sacramento metropolitan area (population 2.1 million) do not allow legal commercial cannabis activity or businesses.

City	Commercial Activity Allowed
City of Sacramento	Yes
Sacramento County	No
City of Carmichael	No
City of Fair Oaks	No
City of Roseville	No
City of West Sacramento	Yes
City of Rancho Cordova	No
City of Folsom	No
City of Citrus Heights	No

The patchwork of current regulations and conflicting regulations at the Federal, State and Local levels all create a complicated patchwork of determining what can be allowed and where. In order to understand what is allowed and not allowed I have law a law clerk putting together the regulations and a summary top sheet for the top 100 cities in California in order to understand where mobile delivery services can be implemented in California. An example of a summary sheet (City of Davis, California) is on the next page.

Understanding what is allowed where is critical to ensuring what commercial activity a company intends to enter into in California is legal under both State and Local regulations to ensure there is protection from prosecution from Federal authorities and the Drug Enforcement Administration. An example of how convoluted the law is can be shown by a discussion of whether cannabis accessories can be sold in the County of Santa Barbara.

JURISDICTION NAME: Davis, California

Key Area	Yes	No	Tab	Comment	Document Name	Page #
Medical Allowed	✓		1		General Information on Adult Use	1-2
Adult Use Allowed	✓		1	Adult Use of Cannabis Act became effective 11-09-2016.	General Information on Adult Use.	1-2
Dispensary		✓	2	City only accepted applications from 09-27-17 to 10-13-17.	Permit Application Process	1
Mobile Dispensary	✓		14	Will accept applications.	Ordinance 2515	4
Laboratory						
Distributor	✓		12	Will accept applications.	Ordinance 2509	9-15
Cultivation						
Minimum Acreage						
LICENSE FEES						
Laboratory	\$20,805		5	Research and Development Testing.	Cannabis Regulatory Fees	07A-1
Distributor						
Cultivation						
Manufacturer (1)	\$42,359		5	Volatile Manufacturing.	Cannabis Regulatory Fees	07A-1
Manufacturer (2)	\$40,818		5	Non-Volatile Manufacturing.	Cannabis Regulatory Fees	07A-1
Dispensary	\$60,630		5		Cannabis Regulatory Fees	07A-1
Mobile Delivery Service	\$28,805		5	Davis-Based Delivery.	Cannabis Regulatory Fees	07A-1
Non-Davis-based Delivery	\$8,330		5		Cannabis Regulatory Fees	07A-1
Application Fee	\$4,968		3	Planning Application Fee.	Planning Application	1
Zoning						
Dispensary			13	Prohibited: R-1, R-2, R2-CD, R-R, R-2-MH, R-3, R-HD.	Ordinance 2514	3
Mobile			13	Prohibited: C-C, C-R.	Ordinance 2514	3
Manufacturing: Non-Volatile			11	Permitted: C-S, I-R, I.	Ordinance 2503	6
Manufacturing: Volatile			11	Permitted: I-R, I.	Ordinance 2503	7
Laboratory			11	Permitted: C-S, I-R, I.	Ordinance 2503	7
Distribution Facilities			11	Permitted: I-R, I.	Ordinance 2503	7
Moratorium						

EXAMPLE OF COUNTY OF SANTA BARBARA

We are using Santa Barbara County as an example because we are investigating the ability to sell cannabis accessories over the internet and shipping the items to customers. Here are some very high-level basics.

FEDERAL LAW – Paraphernalia and cannabis accessories are illegal under federal law and the Controlled Substance Act, 21 U.S. Code 863. However, subsection G contains an exemption for a person acting in compliance with State Law.

CALIFORNIA STATE LAW – California law allows for the possession of paraphernalia and cannabis accessories by persons over the age of 21, but does not amend, repeal, affect, restrict, or preempt local regulations.

SANTA BARBARA COUNTY – illegal to own or possess drug paraphernalia and cannabis accessories.

ANALYSIS – It is illegal under Federal Law to sell or possess paraphernalia and cannabis accessories unless allowed by State law. The State of California allows the possession of paraphernalia and cannabis accessories by persons over the age of 21. California also allows up to six plants to be grown by an adult. On the surface, it, therefore, appears a company can sell paraphernalia and cannabis accessories in Santa Barbara County. However, Santa Barbara County does not allow for the possession or sale of paraphernalia and cannabis accessories and therefore it is illegal under Federal Law to sell paraphernalia and cannabis accessories. Because it is illegal to sell paraphernalia and cannabis accessories under the CSA, it is, therefore, illegal to use the US Postal Service to mail the item. Because it is illegal to use the US Postal Service to deliver the item, both FedEx and UPS policy is to not allow their companies to be used to deliver the illegal item under Federal Law for a zip code in an unincorporated area of Santa Barbara County. As a result, no paraphernalia and cannabis accessories can be sold from a planned web storefront and delivered in Santa Barbara County.

With 461 Incorporated cities and 58 counties, it is a massive task to analyze and comply with State and Local laws, rules, and regulations in California.

CONFIDENTIALITY AND RELATED MATTERS

Each recipient hereof agrees by accepting these Offering Documents that the information contained herein is of a confidential nature and that such recipient will treat such information in a strictly confidential manner and that such recipient will not, directly or indirectly, disclose or permit its affiliates or representatives to disclose, any information to any other person or entity, or reproduce such information, in whole or in part, without the prior written consent of the Company.

Each recipient of these Offering Documents further agrees to use the information solely for the purpose of analyzing the desirability of an investment in the Company to such recipient and for no other purpose whatsoever.

ANY REPRODUCTION OR DISTRIBUTION OF THESE OFFERING DOCUMENTS AND EXHIBITS, IN WHOLE OR IN PART, OR THE DIVULGENCE OF ANY OF ITS CONTENTS WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMPANY IS PROHIBITED. NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION NOT CONTAINED IN THESE OFFERING DOCUMENTS OR AN AUTHORIZED SUMMARY HEREOF, OR IN ANY AGREEMENT CONTEMPLATED HEREBY, AND ANY INFORMATION OR REPRESENTATION NOT CONTAINED HEREIN OR IN SUCH AUTHORIZED SUMMARY OR AGREEMENT MUST NOT BE RELIED UPON.

RESTRICTIONS ON TRANSFERABILITY

SINCE THE SECURITIES OFFERED HEREBY ARE NOT BEING REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, THE SECURITIES CANNOT BE SOLD BY AN INVESTOR UNLESS THEY ARE SUBSEQUENTLY REGISTERED UNDER SUCH ACT, OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE AT THE TIME OF THE DESIRED SALE. THEREFORE, A PURCHASER MUST BE ABLE TO BEAR THE ECONOMIC RISK OF THE INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

TAXES

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THESE OFFERING DOCUMENTS AS LEGAL OR TAX ADVICE. THE TAX ASPECTS OF AN INVESTMENT IN THE SHARES REQUIRE CAREFUL AND INFORMED STUDY WITH RESPECT TO AN INVESTOR'S PERSONAL TAX AND FINANCIAL POSITION. ACCORDINGLY, NO PERSON SHOULD INVEST IN THE SHARES WITHOUT PRIOR INDEPENDENT EXPERT ADVICE AS TO THE TAX IMPACT OF AN INVESTMENT IN THE SECURITIES. EACH PROSPECTIVE INVESTOR SHOULD CONSULT HIS OR HER OWN COUNSEL, ACCOUNTANT AND OTHER ADVISORS AS TO LEGAL, TAX AND RELATED MATTERS PRIOR TO PURCHASING ANY SHARES. NOTHING IN THESE OFFERING DOCUMENTS SHOULD BE CONSTRUED AS LEGAL OR TAX ADVICE TO POTENTIAL INVESTORS.

A COPY OF THESE OFFERING DOCUMENTS AND THE SUBSCRIPTION AGREEMENT SHALL BE DELIVERED TO EVERY PERSON SOLICITED TO BUY ANY OF THE SECURITIES HEREBY OFFERED, AT THE TIME OF THE INITIAL OFFER TO SELL.

WHERE YOU CAN OBTAIN MORE INFORMATION

The Offering Documents contain limited information on the Company. While we believe the information contained in the Offering Documents is accurate, such documents are not meant to contain an exhaustive discussion regarding the Company. We cannot guarantee a prospective investor that the abbreviated nature of the Offering Documents will not omit to state a material fact, which a prospective Investor may believe to be an important factor in determining if an investment in the Shares offered hereby is appropriate for such Investor. As a result, prospective Investors are required to undertake their own due diligence of Pegasus Capital Investments Inc., our current and proposed business and operations, our management and our financial condition to verify the accuracy and completeness of the information we are providing in the Offering Documents. An investment in the Shares is

suitable only for Investors who have the knowledge and experience to independently evaluate Pegasus Capital Investments Inc., our business and prospects.

Prospective Investors may make an independent examination of our books, records and other documents to the extent an Investor deems it necessary and should not rely on us or any of our employees or agents with respect to judgments relating to an investment in the Company.

EACH PROSPECTIVE INVESTOR WILL BE GIVEN AN OPPORTUNITY TO ASK QUESTIONS OF, AND RECEIVE ANSWERS FROM, MANAGEMENT OF THE COMPANY CONCERNING THE TERMS AND CONDITIONS OF THIS OFFERING AND TO OBTAIN ANY ADDITIONAL INFORMATION, TO THE EXTENT THE COMPANY POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORTS OR EXPENSE, AS NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION CONTAINED IN THESE OFFERING DOCUMENTS.

Each offeree may, if he, she or it so desires, make inquiries of appropriate members of our management with respect to our business or any other matters set forth herein, and may obtain any additional information which such person deems to be necessary in order to verify the accuracy of the information contained in the Offering Documents (to the extent that we possess such information or can acquire it without unreasonable effort or expense) upon the execution and delivery of an agreement to maintain the confidentiality of such information for the benefit of Pegasus Capital Investments Inc.

Any such inquiries or requests for additional information or documents should be made in writing to us, addressed as follows:

PEGASUS CAPITAL INVESTMENTS INC.
Attention: C. Dean Homayouni, ESQ., CPA, our In-House Legal Counsel and President
92283 Highway 70
Chilcote-Vinton, California 96135

(916) 292-9412

Email: dean.homayouni@PegasusCII.com

RISK FACTORS

INVESTMENT IN THE SHARES OF COMMON STOCK IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. NO ASSURANCE CAN BE GIVEN THAT PURCHASER OF SHARES OF COMMON STOCK WILL REALIZE ANY RETURN ON HIS INVESTMENT. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER THE FOLLOWING FACTORS, AS WELL AS DETAILED INFORMATION APPEARING ELSEWHERE IN THIS MEMORANDUM, BEFORE MAKING AN INVESTMENT IN THE SHARES OF COMMON STOCK.

Information contained in this Memorandum contains “forward-looking statements” which can be identified by the use of forward-looking terminology such as “believes,” “anticipates,” “estimates,” “projects,” “expects,” “may,” “will,” or “should,” or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy. Such statements are subject to certain risks, uncertainties, and assumptions. No assurances can be given that the future results covered by the forward-looking statements will be achieved. The following matters constitute cautionary statements identifying important factors with respect to such forward-looking statements, including certain risks and uncertainties that could cause actual results to vary materially from the future results covered in such forward-looking statements. Among the key factors that have a direct bearing on the Company's results of operations are the effects of various governmental regulations, the fluctuation of the company's direct costs and the costs and effectiveness of the Company's expansion strategy. Other factors could also cause actual results to vary materially from the future results covered in such forward-looking statements.

You should carefully consider the risks described below before making an investment decision. For the reasons set forth below, and elsewhere in this Offering Memorandum, investing in our shares of common stock involves a high degree of risk and therefore is not appropriate for you if you cannot hold the shares of common stock for an indefinite period of time or afford to lose your entire investment. If any of the following risks occur, our business, financial condition or results of operation could be harmed, which could cause the value of your shares of common stock to decline and you to lose all or part of your investment.

An investment in the shares of common stocks should be considered a highly speculative investment that involves significant risk. A prospective purchaser of shares of common stock should carefully consider all of the information disclosed in this Offering and the documents incorporated herein by reference including, in particular, but not limited to, the factors set out below. In addition to the other information presented in this Prospectus and the documents incorporated herein by reference, the following risk factors should be given special consideration when evaluating an investment in the Company.

As the Company operates in a rapidly changing industry, these risks and uncertainties are not the only ones that could affect the Company, or its securities and additional risks and uncertainties not currently known to the Company, or that it currently deems immaterial, may also impair the business, financial condition and results of operations of the Company and/or the value of its securities. If any of the following risks or other risks occur, they could have a material adverse effect on the Company's business, financial condition and results of operations and/or the value of the Company's securities. There is no assurance that any risk management steps taken by the Company will avoid future loss due to the occurrence of the risks described or incorporated by reference in this Offering, or other unforeseen risks.

Whether actual results and developments will conform to our expectations and predictions is subject to a number of risks and uncertainties, including, among others, the following:

- The actual amount of capital and other costs required to complete the Company's Business Plan;
- Changes in existing laws and regulations, the possibility of repeal of the Constitution of all states and/or any other state with an approved Medical Cannabis Code, introduction of new laws or regulations heavily restricting or affecting the legality of possessing, growing, producing, manufacturing, packaging, sales and medical or personal use of cannabis and cannabis-containing products;
- Conflicts between any state law and federal laws and regulations as well as the laws of any other state;
- Potential enforcement of federal law by federal government authorities;
- The rate at which customers purchase cannabis products;

- The prices customers are willing to pay for cannabis products in general;
- Cannabis growing conditions, both indoor and outdoor;
- Environmental conditions;
- City and municipal ordinances and zoning regulations restricting or limiting the cultivation or sale of cannabis and cannabis-based products;
- Price competition by competitors of the Licensed Entities and the business entities they lease property to;
- Economic conditions specific to the cannabis industry;
- Economic conditions specific to any state legalizing medical cannabis;
- General economic conditions;
- The availability and adequacy of cash flow to meet its requirements;
- Staffing availability and concerns;
- Economic, competitive, demographic, business and other conditions in our local, regional and national markets;
- Public opinion regarding the legal cultivation and sale of cannabis for personal consumption;
- Actions taken or omitted to be taken by third parties including suppliers, competitors and contractors, as well as legislative, regulatory, judicial and other governmental authorities;
- Litigation against any state legalizing medical cannabis and/or its governing bodies impacting the legality of the licensing Entities' business;
- Changes in Company's or any of the Licensed Entities' business strategy or development plans;
- The availability of additional capital to support business operations;
- The ability to deploy the funds raised in this Offering; and
- Other factors discussed under "Risk Factors" or elsewhere in this Memorandum.

RISKS RELATED TO THE COMPANY'S BUSINESS – CANNABIS PRODUCT LINES

Investors risk criminal liability and the cannabis business's assets are subject to forfeiture.

Because cannabis is federally illegal, investing in cannabis businesses could be found to violate the federal Controlled Substances Act. Not only can investors and company directors or management be indicted under federal law, all of the assets they contribute to a cannabis business (and even to an ancillary cannabis business), including real property, cash, equipment and other goods, could be subject to asset forfeiture because cannabis is still federally illegal.

We are a development stage company with a no operating history on which to evaluate our business or base an investment decision.

Our business prospects are difficult to predict because of our lack of operating history and early stage of development. At this time, we are a development stage company that has generated no revenues and has limited current business operations. In particular, we have not proven that we can execute on our proposed business plan in a manner that enables us to be profitable and meet customer requirements, develop intellectual property to enhance our operations, develop and maintain relationships with key manufacturers, producers and/or suppliers and strategic partners to extract value from our operations, raise sufficient capital in the public and/or private markets, or respond effectively to competitive pressures. If we are unable to accomplish these goals, our business is unlikely to succeed, and you should consider our prospects in light of these risks, challenges, and uncertainties.

Federal regulation and enforcement may adversely affect the implementation of medical Cannabis and/or Cannabis adult use laws and regulations may negatively impact our revenues and profits.

Currently, there are no less than 29 states plus the District of Columbia that have laws and/or regulations that recognize in one form or another legitimate medical uses for cannabis and consumer use of cannabis in connection with medical treatment. An additional eight states have laws and/or regulations that allow cannabis use by adults for non-medical purposes. Around the world, there are countries who are enacting medical and/or adult use cannabis regulations almost weekly. The Company is working to develop strategies to enter into these other markets when the opportunity allows. Many other states are considering similar legislation to those states already involved.

Conversely, under the Controlled Substance Act (the "CSA"), the policy and regulations of the Federal government and its agencies are that cannabis has no medical benefit and a range of activities including cultivation and use of cannabis for personal use is prohibited. Until Congress amends the CSA with respect to medical cannabis or there is an outcome of the current lawsuit against the unconstitutional application of cannabis in the CSA, there is a risk that federal authorities may enforce current federal law, and we may be deemed to be facilitating the selling or distribution of drug paraphernalia in violation of federal law. Active enforcement of the current federal regulatory position on cannabis may thus indirectly and adversely affect revenues and profits of the Company. The risk of strict enforcement of the CSA in light of congressional activity, judicial holdings and stated federal policy remains uncertain.

The DOJ has not historically devoted resources to prosecuting individuals whose conduct is limited to possession of small amounts of cannabis for use on private property but relied on state and local law enforcement to address cannabis activity. In the event the DOJ reverses stated policy and begins strict enforcement of the CSA in states that have laws legalizing medical cannabis and recreational cannabis in small amounts, there may be a direct and adverse impact to our revenue and profits.

There are conflicts in Federal and State regulations related to cannabis.

Federal regulation and enforcement may adversely affect the implementation of adult use/medical Cannabis laws and regulations may negatively impact our revenues and profits. As of the date of this PPM, 29 states and the District of Columbia allow its citizens to use medical cannabis. Additionally, voters in Alaska, Nevada, Oregon, Washington D.C. Colorado, Washington State, Massachusetts, California, and Maine have approved ballot measures to legalize cannabis for adult recreational use. The state laws conflict with the federal Controlled Substances Act, which makes cannabis use and possession illegal on a national level. While the Obama administration had effectively stated that it is not an efficient use of resources to direct law federal law enforcement agencies to prosecute those lawfully abiding by state- designated laws allowing the use and distribution of medical cannabis, the Trump Administration, specifically, current Attorney General Jeff Sessions has commented that he would prefer otherwise. However, in March 2019, Congress unveiled their new budget bill and as such, lawmakers included a provision, known as the Rohrabacher-Farr amendment, that allows states to carry on with crafting their own medical cannabis policies without fear of federal intervention. This bill was passed and as a result, no federal monies have been approved or appropriated to be used to enforce federal law as solely related to medicinal cannabis in these cannabis program participating states. Investors should understand that there is no guarantee that the Trump administration will not attempt to change this again in the future. Additionally, any new administration that follows could change this policy and decide to enforce the federal laws strongly. Any such change in the federal government's enforcement of current federal laws could cause significant financial damage to Pegasus Capital Investments Inc. and its shareholders.

Again, Cannabis remains illegal under federal law. It is a schedule I controlled substance. Even in those jurisdictions in which the use of medical cannabis has been legalized at the state level, its prescription is a violation of federal law. The United States Supreme Court has ruled in United States v. Oakland Cannabis Buyers' Coop. and Gonzales v. Raich that the federal government that has the right to regulate and criminalize cannabis, even for medical purposes. Therefore, Federal law criminalizing the use of cannabis trumps state laws that legalize its use for medicinal purposes. At present, the states are standing tall against the federal government, maintaining existing laws and passing new ones in this area. A change in the federal attitude towards enforcement could have a negative effect on the industry, potentially ending it entirely. Laws and regulations affecting the Cannabis industry are constantly changing, which could detrimentally affect our proposed operations. Local, state, and federal Cannabis laws and regulations are broad in scope and subject to evolving interpretations, which could require us to incur substantial costs associated with compliance or alter our business plan. In addition, violations of these laws, or allegations of such violations, could disrupt our business and result in a material adverse effect on our operations. In addition, it is possible that regulations may be enacted in the future that will be directly applicable to our business. We cannot predict the nature of any future laws, regulations, interpretations, or applications, nor can we determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on our business.

Variations in state and local regulation and enforcement in states that have legalized medical/adult use cannabis that may restrict cannabis-related activities, including activities related to adult use/medical cannabis, may negatively impact our revenues and profits.

Individual state laws do not always conform to the federal standard or to other states laws. Several states have decriminalized cannabis to varying degrees, other states have created exemptions specifically for cannabis, and several have both decriminalization adult use and medical cannabis laws. Eight states have legalized the adult use of cannabis. Variations exist among states that have legalized, decriminalized or created cannabis exemptions. States have placed limits on the number of homegrown cannabis plants that can be grown. In most states, the cultivation of cannabis for personal use continues to be prohibited except for those states that allow small-scale cultivation by the individual or collective. Active enforcement of state laws that prohibit personal cultivation of cannabis may indirectly and adversely affect revenue and profits of the Company.

Prospective customers may be deterred from doing business with a company with significant nationwide online presence because of fears of federal or state enforcement of laws prohibiting possession and sale of medical or adult use cannabis.

Our website is visible in jurisdictions where medicinal and/or adult use of cannabis is not permitted and as a result we may be found to be violating the laws of those jurisdictions. We could lose potential customers as they could fear federal prosecution for any of these risks.

We rely on strategic partners.

We rely on strategic partners to aid in the development and marketing of our technology and processes. Should our strategic partners not regard us as significant to their own businesses, they could reduce their commitment to us or terminate their relationship with us, pursue competing relationships or attempt to develop or acquire processes that compete with ours. Any such action could materially adversely affect our business.

Industry adoption of the Company's tools and resources is uncertain.

The success of our new and existing services is uncertain and may not be adopted by the cannabis industry. We expect to commit significant resources and capital to develop and market a relatively new service in the nascent and developing cannabis industry. While these services are untested, and we cannot assure you that we will achieve market acceptance for these services or other new services that we may offer in the future. Moreover, these and other new services may be subject to significant competition with offerings by new and existing competitors. In addition, new services and enhancements may pose a variety of technical challenges and require us to attract additional qualified employees. The failure to successfully develop and market these new services or enhancements could seriously harm our business, financial condition, and results of operations.

We may fail to implement our business plan.

Shareholders may lose their entire investment if we fail to implement our business plan. We have no demonstrable operations record on which you can evaluate our business and prospects. Our prospects must be considered in-light of the risks, uncertainties, expenses, and difficulties frequently encountered by companies in their early stages of development. These risks include, without limitation, competition, the absence of ongoing revenue streams, somewhat inexperienced management (in the cannabis field) and lack of brand recognition. We cannot guarantee that we will be successful in executing our business. If we fail to implement and create a base of operations for our proposed business, we may be forced to cease operations, in which case Shareholders may lose their entire investment.

There may be unanticipated obstacles to execution of our business plan.

Our proposed plan of operation and prospects will depend largely upon our ability to successfully establish the Company's presence in a timely fashion, retain and continue to hire skilled management, technical, marketing, and other personnel, and attract and retain significant numbers of quality business partners and corporate clients. There

can be no assurance that we will be able to successfully implement our business plan or develop or maintain future business relationships, or that unanticipated expenses, problems or technical difficulties which would result in material delays in implementation will not occur.

A prolonged economic downturn could materially affect us in the future.

The cannabis industry is dependent upon consumer discretionary spending. Although the use of cannabis as a therapeutic and medicinal source product is growing by leaps and bounds which provides us a priceless opportunity. There has not been a product that has impacted so many markets before as cannabis is doing now around the globe. The recession from late 2007 to mid-2009 reduced consumer confidence to historic lows, impacting the public's ability and desire to spend discretionary dollars because of job losses, home foreclosures, significantly reduced home values, investment losses, bankruptcies and reduced access to credit, resulting in lower levels of customer traffic. If the economy experiences another significant decline, our business and results of operations could be materially adversely affected.

Information technology system failures or breaches of our network security could interrupt our operations and adversely affect our business.

We rely on our computer systems and network infrastructure across our operations. Our operations depend upon our ability to protect our computer equipment and systems against damage from physical theft, fire, power loss, telecommunications failure or other catastrophic events, as well as from internal and external security breaches, viruses and other disruptive problems. Any damage or failure of our computer systems or network infrastructure that causes an interruption in our operations could have a material adverse effect on our business and subject us to investigation or to actions by regulatory authorities. We are continuing to develop our information technology capabilities, if we are unable to successfully upgrade or expand our technological capabilities, we may not have the ability to take advantage of market opportunities, manage our costs and transactional data effectively, satisfy customer requirements, execute our business plan or respond to competitive pressures.

Members of our Board and our executive officers will have other business interests and obligations to other entities.

None of our directors or our executive officers will be required to manage the Company as their sole and exclusive function and they may have other business interests and may engage in other activities in addition to those relating to the Company, provided that such activities do not compete with the business of the Company or otherwise breach their agreements with the Company. We are dependent on our directors and executive officers to successfully operate our Company. Their other business interests and activities could divert time and attention from operating our business.

Our planned business is inherently expensive, risky and may not be understood by or accepted in the marketplace, which could adversely affect our future value.

The business being proposed by the Company is at an early stage and is financially speculative. To date, very few companies have been successful in their efforts to commercialize such a business. Furthermore, the number of people who may use our services is difficult to forecast with accuracy. Our future success is dependent on the establishment of the market for our services and our ability to capture a share of this market with the services and offerings we plan to develop. Due to the groundwork laid by the founders, our costs have been kept at a minimum. This allows us to become profitable quickly with a very minute amount of the potential market using our tools and resources.

If we are unable to recruit additional executives and personnel, we may not be able to execute our forecasted business strategy and our growth may be hindered; limited time availability.

Our success largely depends on the performance of our management team and other key personnel and our ability to continue to recruit qualified senior executives and other key personnel. Competition for senior management personnel is intense and there can be no assurance that we will be able to retain our personnel or attract additional

qualified personnel. The loss of a member of senior management may require *the remaining executive officers* to divert immediate and substantial attention to fulfilling his or her duties and to seeking a replacement. We may not be able to continue to attract or retain such personnel in the future. Any inability to fill vacancies in our senior executive positions on a timely basis could impair our ability to implement our business strategy, which would harm our business and results of operations.

Negative publicity could adversely affect our business and operating results.

Negative publicity about our industry or our Company, including the utility of our services and offerings, even if inaccurate, could adversely affect our reputation and the confidence in, and the use of, our marketplace, which could harm our business and operating results. Harm to our reputation can arise from many sources, including employee misconduct, misconduct by our partners, outsourced service providers or other counter-parties, failure by us or our partners to meet minimum standards of service and quality and compliance failures and claims.

Rapid growth may strain our resources.

We expect to experience significant and rapid growth in the scope and complexity of our business, which may place a significant strain on our senior management team and our financial and other resources. Such growth, if experienced, may expose us to greater costs and other risks associated with growth and expansion. We may be required to hire a broad range of additional employees, including other support personnel, among others, to successfully advance our operations. We may be unsuccessful in these efforts or we may be unable to project accurately the rate or timing of these increases. Our ability to manage our growth effectively will require us to continue to improve our operations, to improve our financial and management information systems, and to train, motivate, and manage our future employees. This growth may place a strain on our management and operational resources. The failure to develop and implement effective systems, or to hire and retain sufficient personnel for the performance of all the functions necessary to effectively service and manage our business, or the failure to manage growth effectively, could have a materially adverse effect on our business, financial condition, and results of operations. In addition, difficulties in effectively managing the budgeting, forecasting, and other process control issues presented by such a rapid expansion could harm our business, financial condition, and results of operations.

Our risk management efforts may not be effective which could result in unforeseen losses.

We could incur substantial losses and our business operations could be disrupted if we are unable to effectively identify, manage, monitor, and mitigate financial risks, such as credit risk, interest rate risk, prepayment risk, liquidity risk, and other market-related risks, as well as operational risks related to our business, assets, and liabilities. Our risk management policies, procedures may not be sufficient to identify all of the risks we are exposed to, mitigate the risks we have identified or identify additional risks to which we may become subject in the future. We plan to mitigate this risk by executing our business plan and creating cashflow to stem the need for debt acquisition to survive.

Cannabis is an inherently risky product to market and sell.

Cannabis contains Tetrahydrocannabinol (“THC”), a chemical contained in the cannabis plant known to alter the senses. While numerous medical studies have shown that THC may alleviate pain and other symptoms associated with chronic disease, the long-term health risks of THC use are not clear. THC may have addictive properties. As with any mood-altering substance, users may experience changes in behavior and decision-making skills. Selling cannabis to consumers is inherently risky. It is not known how cannabis will affect each consumer and the seller of cannabis and cannabis-based products have no control over the consumer’s use, misuse, and handling of the product. There is a substantial risk that the customers of the Licensed Entities, could injure themselves or others while under the influence of the Licensed Entities products. Further, the likelihood of additional and very high costs associated with compliance with the ever-changing and increasingly complex regulatory schemes associated with this industry could make the business of the Licensed Entities and the Company unprofitable.

The Company (i) currently leases three acres with a 12,000 square foot commercial building in Vinton, California, (ii) currently leases a corporate office in Citrus Heights, California, (iii) intends to lease a warehouse in Sacramento, California and (iv) intends to lease up to 20 locations in Northern California to serve cannabis mobile delivery services. The values of such properties may fluctuate and adversely affect the financial position of the Company.

Fluctuations in market values of commercial real estate and other factors, including but not limited to zoning and other municipal ordinances restricting commercial property uses, can adversely affect the operating results or property values. No assurance can be given that certain assumptions as to market values will be accurate since such matters will depend on events and factors beyond the control of the Company and its management. Such factors include adverse changes in local population trends, market conditions, neighborhood values, local economic and social conditions, supply and demand for residential rental property, competition from similar properties, interest rates and real estate tax rates, governmental rules, regulations and fiscal policies, the enactment of unfavorable real estate, rent control environmental or zoning laws, hazardous material laws, uninsured losses, effects of inflation and other risks. The properties owned by the Licensed Entities may have been acquired with limited representations and warranties from the sellers regarding the condition of such properties, the presence of hazardous substances, the status of governmental approvals and entitlements and other significant matters affecting the use, ownership, and enjoyment of the property. Insurance, if any, may not adequately cover all potential losses on the properties and the absence thereof may impair the Licensed Entities' security and harm the value of their assets. While the Licensed Entities may have obtained comprehensive insurance covering the properties, there are certain types of catastrophic losses that may be impossible to completely cover and allow for the complete restoration of the properties. Zoning and other municipal laws and regulations could be enacted at any time that could adversely affect the Licensed Entities' ability to engage in the cultivation and sale of cannabis products or require any of the Licensed Entities to relocate.

It may be difficult for the Company to evaluate its business and prospects as mature competitors or new businesses enter our marketplace.

We may be unable to recognize and respond to trends, changing preferences or competitive factors within the cannabis industry, which may result in a material adverse effect on its business and operations, including those of the Licensed Entities. The Company cannot assure you that it will be able to successfully use new business strategies effectively or adapt the Licensed Entities' business models to a changing market. The Company's inability to respond effectively to changing customer requirements or market conditions would have a material adverse effect on its business, results of operations and financial condition.

We face intense competition which could prohibit us from developing a customer base and generating revenue.

The industries within which we plan to compete are highly competitive with companies that have greater capital resources, facilities, and diversity of product lines. Additionally, if demand for our services continues to grow, we expect many new competitors to enter the market as there are no significant barriers to entry. More established companies with much greater financial resources which do not currently compete with us may be able to easily adapt their existing operations to our lines of business. Due to this competition, there is no assurance that we will not encounter difficulties in obtaining revenues and market share or in the positioning of our services or that competition in the industry will not lead to reduced prices for our services.

While cannabis products currently appear to be in high demand in approved medical cannabis states, the market is nevertheless competitive and characterized by entrants who sell virtually the same products. In addition, there are relatively low barriers to entry in the businesses of the Company. Moreover, due to the relatively low cost of entering this market, competition may intensify and increase in the future. The competition may limit our ability to become profitable or result in the inability to attain or the eventual loss of market share if we fail to compete successfully against current or future competitors. Our business, financial condition and operating results could be seriously harmed. We expect competition to persist and intensify in the future. We cannot be certain that we will be able to compete successfully with existing or new competitors.

Most of the Licensed Entities' current competitors have longer operating histories, larger client bases, larger professional staffs, greater brand recognition and greater financial, technical, marketing and other resources than we possess. This will place us at a disadvantage in responding to competitors' pricing strategies, technological advances, advertising campaigns, strategic partnerships and other aggressive or competitive initiatives. In addition, many of the competitors have well-established relationships with the market segment that will constitute its potential customers and have extensive knowledge of the marketplace. As a result, competitors may be able to respond more quickly to new or emerging strategies, customer preferences and product enhancements, and they may also be able to devote more resources to the development, promotion, and sale of their products than the Company. Current and potential competitors also have established or may establish cooperative relationships among themselves or with third parties to increase their ability to address customer needs. Accordingly, it is possible that new competitors or alliances among competitors may emerge and rapidly acquire significant market share. In addition, some of the Company's competitors may develop products that are superior to or have greater market acceptance than the products the Company intends to offer.

The Company will rely heavily on its Intellectual Property rights that offer only limited protection against potential infringers.

Our success will be dependent in part upon developing out brand names and proprietary business strategies (hereinafter "Intellectual Property"). We cannot be sure that the measures we undertake will be adequate to protect our Intellectual Property, or that our Intellectual Property would preclude competitors from independently developing products, services, and methods like that of the Company. We cannot be sure that the precautions we take will prevent misappropriation or infringement of our Intellectual Property. It is possible that litigation will be necessary in the future to enforce rights to any or all the Intellectual Property, to protect trade secrets or to determine the validity and scope of the proprietary rights of others. Litigation could result in substantial costs and diversion of our resources away from the development, marketing or maintenance of the Company's products.

The Company may be liable for infringing the intellectual property rights of others.

We may receive in the future notice of claims of infringement of other parties' proprietary rights. Infringement or other claims could be asserted or prosecuted against the Company and it is possible that future assertions or prosecutions could harm any or all the Company's businesses. Any such claims, with or without merit, could be time-consuming, resulting in costly litigation and diversion of management personnel, cause delays in the development and release of new products or services, or require the Company to develop non-infringing products or services or enter into royalty or licensing arrangements. Such royalty or licensing arrangements, if required, may not be available on terms acceptable to us, or at all. For these reasons, infringement claims could harm our business.

Concentration of Ownership

Our President will 31% of the outstanding Common Stock (assuming all the interests to be sold pursuant this Offering are sold) that gives him potential voting control of the Company. As a result, our President will be able to exercise significant influence over all matters requiring Shareholder approval, including the election of the Board of Directors and approval of significant corporate transactions. Such concentration of ownership may have the effect of delaying or preventing a change in control of the Company.

We may need to raise additional financing.

Our ability to implement our business plan may depend on our ability to obtain additional financing in the future. We cannot assure you that additional financing will be available on terms favorable to us. If adequate funds are not available on acceptable terms, our ability to grow our business would be dependent on the cash from your investment and the cash flow, if any, from our operations, which may not be sufficient.

We may dilute your ownership interest.

Although the Company may permit you to participate in future equity financings, you do not have any right to participate. If we raise additional funds through the issuance of additional shares of Common Stock, and if you do not participate in the equity financing, then your percentage ownership interest in the Company will be reduced.

Our failure to manage growth effectively could impair our business.

Our business strategy envisions a period of rapid growth that may put a strain on our administrative, operational resources and funding requirements. Our ability to effectively manage growth will require us to continue to expand the capabilities of our operational and management systems and to attract, train, manage and retain qualified personnel. There can be no assurance that we will be able to do so, particularly if losses continue and we are unable to obtain sufficient financing. If we are unable to successfully manage growth, our business, prospects, financial condition, and results of operations could be adversely affected.

Our plans are dependent upon key individuals and the ability to attract qualified personnel.

In-order to execute our business plan, we will be dependent on upon our executive officers and directors, as well as other key personnel. The loss of any of the foregoing individuals could have a material adverse effect upon our business prospects. Moreover, our success continues to depend to a significant extent on our ability to identify, attract, hire, train and retain qualified professional, creative, technical and managerial personnel. Competition for such personnel is intense, and there can be no assurance that we will be successful in identifying, attracting, hiring, training, and retaining such personnel in the future. If we are unable to hire, assimilate and retain such qualified personnel in the future, our business, operating results, and financial condition could be materially adversely affected. We may also depend on third-party contractors and other partners, to assist with the execution of our business plan. There can be no assurance that we will be successful in either attracting and retaining qualified personnel or creating arrangements with such third parties.

Banking Difficulties

The cultivation, sale, and use of cannabis are illegal under federal law. Therefore, there is a compelling argument that banks cannot accept for deposit funds from the drug trade and therefore would not be able to do business with the Company. As such, the Company and its wholly owned entities may have trouble finding a bank willing to accept their business. There can be no assurance that banks in California currently or in the future will decide to do business with medical cannabis growers or retailers, or that in the absence of legislation state and federal banking regulators will not strictly enforce current prohibitions on banks handling funds generated from an activity that is illegal under federal law. This may make it difficult for the Company to open accounts, use the service of banks and otherwise transact business, which in turn may negatively affect the Company.

Increased Risk of Crime Due to Banking Difficulties

As discussed above, banks may be reluctant to open depository accounts for medical cannabis growers and dispensaries because of their illegal nature under federal law. Therefore, transactions between our vendors and customers may need to be affected in cash. The prospect of significant amounts of cash on hand at the Company's facilities or in transit to its vendors may be enticing to criminals and criminal enterprises. Recent reports from other states where cannabis sales are legal (per the state's laws) have indicated that there have been a significant number of thefts and attempted thefts of at cannabis dispensaries and cannabis delivery services. If such a theft were to occur, the Company, might experience short-term cash flow problems and may need to seek additional financing. The Company may not hire security personnel for the Company's sites, and, even if the Company does hire security personnel, there can be no guaranty that such measures will prevent or reduce the amount of crime that may occur related to the Company's operations.

The Project's Product Itself may be a Target of Theft

The illicit drug trade deals heavily in the sale of cannabis for recreational users. Accordingly, the Company's product may be the target of theft. There can be no guarantees that theft will be entirely prevented. Theft may include a large-scale theft in the form of a break-in, as well small-scale theft by employees. The Company may also

experience product theft while transporting products to its customers. Theft of a significant amount of its product, whether internally or externally, could have a serious impact on the Company's ability to supply product which would, in turn, materially and adversely affect the Company's, business, margins, and results of operations.

Agricultural Risks

Like all crops, cannabis plants are subject to the risks. Those risks include pest infestation, molds, and fungi, inadequate artificial sunlight conditions, poor soil conditions, water shortages, building problems (such as roof collapses), etc. There is no guaranty that the Company will be successful in eliminating all, or any, risks cannabis plants are subject to. If the Company cannot regularly and effectively grow mature, adult cannabis plants, its business will materially suffer.

Due to our involvement in the cannabis industry, we may have a difficult time obtaining the various insurances that are desired to operate our business, which may expose us to additional risk and financial liabilities.

Insurance that is otherwise readily available, such as workers' compensation, general liability, and directors and officers' insurance, is more difficult for us to find, and more expensive, because we are service providers to companies in the cannabis industry. There are no guarantees that we will be able to find such insurances in the future, or that the cost will be affordable to us. If we are forced to go without such insurances, it may prevent us from entering into certain business sectors, may inhibit our growth, and may expose us to additional risk and financial liabilities.

Participants in the cannabis industry have difficulty accessing the service of banks, which makes it difficult for us to operate.

Despite rules issued by the United States Department of the Treasury mitigating the risk to banks that do business with cannabis companies permitted under state law, as well as guidance from the United States Department of Justice, banks remain wary to accept funds from businesses in the cannabis industry. In fact, we were previously notified by our bank that our deposit accounts would be closed, and we are currently looking for a replacement banking institution. Since the use of cannabis remains illegal under Federal law, there remains a compelling argument that banks may be in violation of Federal law when accepting for deposit, funds derived from the sale or distribution of cannabis. Consequently, businesses involved in the cannabis industry, including us, continue to have trouble establishing and maintain banking relationships. An inability to open and maintain bank accounts may make it difficult for us and our customers to do business. In addition, our inability to maintain a bank account has resulted in our holding large sums of cash. Although we store our cash in a secure safe, we are exposed to a greater risk of theft.

Our performance may be impacted by general economic conditions and an economic downturn.

Recessionary pressures from an overall decline in U.S. economic activity could adversely impact our results of operations. Economic uncertainty may reduce consumer spending and could result in increased pressure from competitors or customers to reduce the prices of our products and/or limit our ability to increase or maintain prices, which could lower revenues and profitability. Instability in the financial markets may impact our ability or increase the cost to enter into new credit agreements in the future. Additionally, it may weaken the ability of customers, suppliers, distributors, banks, insurance companies and other business partners to perform in the normal course of business, which could expose us to losses or disrupt supply of inputs used to conduct our business. If one or more key business partners fail to perform as expected or contracted, our operating results could be negatively impacted.

Risks of Real Property Ownership

The Company intends to exercise the option to purchase the Vinton, California facility for \$400,000 after the facility is up and running and the Company is successfully implementing its business model. As such, the Company will carry with it the risks incident to the ownership of a real property. Risks incident to the ownership of real property includes many events and factors that are outside the control of the Company. Such factors include, without limitation, general conditions in the real estate industry; market conditions; local and national economic and social

conditions; the cost and availability of borrowed capital; availability of financing; unexpected expenditures for repair and maintenance; laws and legislation; governmental rules and regulations; fiscal policies and local and federal tax laws; supply and demand for real estate; competition from similar properties; interest rates; taxes; unfavorable easement adjustments; environmental factors; fires and natural disasters; hazardous material laws and occurrences; uninsured losses; effects of inflation; the physical condition of the cultivation facility; and other risks.

No Assurances of Protection for Proprietary Rights; Reliance on Trade Secrets

In certain cases, the Company may rely on trade secrets to protect intellectual property, proprietary technology and processes, which the Company has acquired, developed or may develop in the future. There is a risk that secrecy obligations may not be honored or that others will not independently develop similar or superior products or technology. The protection of intellectual property and/or proprietary technology through claims of trade secret status has been the subject of increasing claims and litigation by various companies both to protect proprietary rights as well as for competitive reasons even where proprietary claims are unsubstantiated. The prosecution of proprietary claims or the defense of such claims is costly and uncertain given the uncertainty and rapid development of the principles of law pertaining to this area. The Company, in common with other firms, may also be subject to claims by other parties with regard to the use of intellectual property, technology information and data, which may be deemed proprietary to others.

Risks related to Construction of the cannabis cultivation facility

The cultivation facility has not been built out and is basically a shell. The Company expects that the cultivation facility will be completed approximately six months following the November 2018 elections. Any construction process includes several risk factors wholly or largely outside of the control of the Company. These include but are not limited to severe disruption in the financial industry, unavoidable cost overruns, the availability of qualified contractors, subcontractors or suppliers, insolvency of such companies during the construction process, other legal disputes with contractors, the availability of construction materials, local or national strikes in the construction trades or supply industries and the availability of fuel or other forms of energy. Additionally, there is no guarantee that construction of the cultivation facility will be completed within the expected time frame or budget. Any significant delays or increases in cost could have a material adverse impact on the status of buildout and the Company.

We may not generate sufficient cash flow to make distributions to you.

There is no assurance that we will ever have income sufficient to cover our expenses and have sufficient cash flow to make distributions to you. Even if we make distributions, there can be no guaranty concerning the timing or amounts of the distributions.

RISKS RELATED TO OUR BUSINESS – CANNA CULTURE GOODS

Any significant disruption in our computer systems or those of third-parties that we utilize in our operations could result in a loss or degradation of service and could adversely impact our business.

Customers and potential customers shall access the Canna Culture Goods through our Web site, computers or mobile devices. Branded storefronts for non-company owned dispensaries and cannabis mobile delivery services will also utilize such technology and services. Our reputation and ability to attract, retain and serve potential customers is dependent upon the reliable performance of our computer systems and those of third-parties that we will utilize in our operations. Interruptions in these systems, or with the Internet in general, including discriminatory network management practices, could make our service unavailable or degraded or otherwise hinder our ability to effectively process orders and fulfill shipments. From time to time, we will experience service interruptions. Service interruptions, errors in our software or the unavailability of computer systems used in our operations could diminish the overall attractiveness of our systems.

Our servers and those of third-parties we plan to use in our operations are vulnerable to computer viruses, physical or electronic break-ins and similar disruptions, which could lead to interruptions and delays in our service and

operations as well as loss, misuse or theft of data. Our Web site will periodically experience directed attacks intended to cause a disruption in service. Any attempts by hackers to disrupt our service or our internal systems, if successful, could harm our business, be expensive to remedy and damage our reputation. Our insurance will not cover expenses related to attacks on our Web site or internal systems. Efforts to prevent hackers from entering our computer systems are expensive to implement and may limit the functionality of our services. Any significant disruption to our service or internal computer systems could result in a loss of subscribers and adversely affect our business and results of operations.

We plan to utilize our own communications and computer hardware systems located either in our facilities or in that of a third-party Web hosting provider. In addition, we will utilize third-party Internet-based or “cloud” computing services in connection with our business operations. Problems faced by our third-party Web hosting, cloud computing, or content delivery network providers, including technological or business-related disruptions, could adversely impact the experience of our customers. In addition, fires, floods, earthquakes, power losses, telecommunications failures, break-ins and similar events could damage these systems and hardware or cause them to fail completely. As we do not maintain entirely redundant systems, a disrupting event could result in prolonged downtime of our operations and could adversely affect our business.

If government regulations relating to the Internet or other areas of our business change, we may need to alter the way we conduct our business or incur greater operating expenses.

The adoption or modification of laws or regulations relating to the Internet or other areas of our business could limit or otherwise adversely affect the way we currently conduct our business. In addition, the growth and development of the market for online commerce may lead to more stringent consumer protection laws, which may impose additional burdens on us. If we are required to comply with new regulations or legislation or new interpretations of existing regulations or legislation, this compliance could cause us to incur additional expenses or alter our business model. The adoption of any laws or regulations that adversely affect the growth, popularity or use of the Internet, including laws limiting Internet neutrality, could increase our cost of doing business.

Privacy concerns could limit our ability to leverage our customer data and our disclosure of or unauthorized access to customer data could adversely impact our business and reputation.

In the ordinary course of business and in connection with merchandising our service to our Customers, we collect and utilize data supplied by our Customers. We currently face certain legal obligations regarding the way we treat such information. Other businesses have been criticized by privacy groups and governmental bodies for attempts to link personal identities and other information to data collected on the Internet regarding users’ browsing and other habits. Increased regulation of data utilization practices, including self-regulation or findings under existing laws, that limit our ability to use collected data, could have an adverse effect on our business. In addition, if unauthorized access to our Customer data were to occur or if we were to disclose data about our Customers in a manner that was objectionable to them, our business reputation could be adversely affected, and we could face potential legal claims that could impact our operating results.

Our reputation and relationships with Customers would be harmed if our Customer data, particularly billing data, were to be accessed by unauthorized persons.

We maintain personal data regarding our Customers, including names and, in many cases, mailing addresses. With respect to billing data, such as credit card numbers, we rely on licensed encryption and Authentication technology to secure such information. We take measures to protect against unauthorized intrusion into our Customers’ data. If, despite these measures, we, or our payment processing services, experience any unauthorized intrusion into our Customers’ data, current and potential Customers may become unwilling to provide the information to us necessary for them to become Customers, we could face legal claims, and our business could be adversely affected. Similarly, if a well-publicized breach of the consumer data security of any other major consumer Web site were to occur, there could be a general public loss of confidence in the use of the Internet for commerce transactions which could adversely affect our business.

In addition, we do not obtain signatures from Customers in connection with the use of credit cards by them. Under current credit card practices, to the extent we do not obtain cardholders' signatures, we are liable for fraudulent credit card transactions, even when the associated financial institution approves payment of the orders. From time to time, fraudulent credit cards will be used on our Website to obtain service and access our streaming. Typically, these credit cards will have not been registered as stolen and are therefore not rejected by our automatic authorization safeguards. While we do plan to have a number of other safeguards in place, we nonetheless experience some loss from these fraudulent transactions. We do not currently plan to carry insurance against the risk of fraudulent credit card transactions. A failure to adequately control fraudulent credit card transactions would harm our business and results of operations.

Increases in payment processing fees or changes to operating rules would increase our operating expenses and adversely affect our business and results of operations.

Our Customers will pay for our products predominately using credit cards and debit cards. Our acceptance of these payment methods requires our payment of certain fees. From time to time, these fees may increase, either because of rate changes by the payment processing companies or as a result in a change in our business practices which increase the fees on a cost-per-transaction basis. Such increases may adversely affect our results of operations. We are subject to rules, regulations, and practices governing our accepted payment methods, which are predominately credit cards and debit cards. These rules, regulations, and practices could change or be reinterpreted to make it difficult or impossible for us to comply. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and lose our ability to accept these payment methods, and our business and results of operations would be adversely affected.

If we are unable to protect our domain names, our reputation and brand could be adversely affected.

We currently hold various domain names relating to our brand. Failure to protect our domain names could adversely affect our reputation and brand and make it more difficult for users to find our Web site and our service. The acquisition and maintenance of domain names generally are regulated by governmental agencies and their designees. The regulation of domain names in the United States may change in the near future. Governing bodies may establish additional top-level domains, appoint additional domain name registrars or modify the requirements for holding domain names. As a result, we may be unable to acquire or maintain relevant domain names. Furthermore, the relationship between regulations governing domain names and laws protecting trademarks and similar proprietary rights is unclear. We may be unable, without significant cost or at all, to prevent third-parties from acquiring domain names that are similar to, infringe upon or otherwise decrease the value of our trademarks and other proprietary rights.

In the event of an earthquake or other natural or man-made disaster, our operations could be adversely affected.

Our executive offices are located in the Sacramento, California area. Our business and operations could be adversely affected in the event of a natural disaster as well as from electrical blackouts, fires, floods, power losses, telecommunications failures, break-ins or similar events. We may not be able to effectively shift our delivery operations to handle disruptions in service arising from these events. We are not insured against any losses or expenses that arise from a disruption to our business due to earthquakes and may not have adequate insurance to cover losses and expenses from other natural disasters.

REGULATORY AND LEGAL RISKS

Cannabis laws are unsettled, and Cannabis remains illegal under Federal law.

Despite the adoption of certain laws in certain States that permit the use, possession, cultivation, and distribution of cannabis, subject to significant restrictions and limitations, such laws are unsettled and subject to differing interpretations. Laws legalizing medicinal and recreational cannabis use are in conflict with the Federal Controlled Substances Act (the “CSA”), which classifies cannabis as a schedule I controlled substance and makes cannabis use and possession illegal on a national level. The United States Supreme Court has ruled that the Federal government has the right to regulate and criminalize cannabis, even for medical purposes, and thus Federal law criminalizing the use of cannabis preempts state laws that legalize its use (U.S. v. Oakland Cannabis Buyers’ Coop., and Gonzales v. Raich). Although the Obama Administration stated that it is not an efficient use of resources to direct Federal law enforcement agencies to prosecute those lawfully abiding by state-designated laws allowing the use and distribution of medical and recreational cannabis and congress passed the Consolidated and Further Continuing Appropriations Act, 2015, eliminating any application of the federal budget toward the prosecution of individuals or entities operating in compliance with state cannabis laws, there is no guarantee that the new Trump administration will not change the current stated policy regarding the low priority enforcement of Federal laws in states where cannabis has been legalized. Several members of Donald Trump’s cabinet have made statements indicating they are opposed to legalization efforts. In addition, Congress has adopted provisions limiting the use of federal funds for the prosecution of participants in the medical cannabis industry in states that permit medical cannabis, but such funding limits expired in April 2017 and may not be renewed. Any change in the Federal government’s enforcement of Federal laws could cause significant damage to the company and its growth prospects. As the possession, cultivation, use, and distribution of cannabis is illegal under the CSA, any person engaged in such activities may be deemed to be conducting or aiding and abetting illegal activities. As a result, our company and possibly certain of our investors may be subject to enforcement actions and/or prosecution by law enforcement authorities.

Our business is dependent on state laws pertaining to the cannabis industry.

As of December 22, 2017, twenty-nine states and the District of Columbia allow its citizens to use medical cannabis. Additionally, Alaska, California, Colorado, Maine, Massachusetts, Nevada, Oregon, and Washington, and the District of Columbia have legalized cannabis for adult recreational use, and additional recreational measures are expected to be pursued by other states in the future. Continued development of the cannabis industry is dependent upon continued legislative authorization of cannabis at the state level. Any number of factors could slow or halt progress in this area. Further, progress in the cannabis industry, while encouraging, is not assured. While there may be ample public support for legislative action, numerous factors impact the legislative process. Any one of these factors could slow or halt use of cannabis, which would negatively impact our business.

Under Federal law, specifically the CSA, the possession, use, cultivation, and transfer of cannabis is illegal.

Law enforcement authorities, in their attempt to regulate the illegal use of cannabis, may seek to bring an action or actions against our company, our management and/or possibly our investors claiming that our company and/or such individuals are guilty of engaging in, or aiding and abetting another’s, criminal activities. The Federal aiding and abetting statute provides that anyone who “commits an offense against the United States or aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal.” 18 U.S.C. §2(a). As a result of such an action, our company may be forced to cease operations and our passive investors could lose their entire investment. In any such action, our assets may be subject to forfeiture and our investors could additionally face fines, penalties or the possibility of criminal prosecution. Under Federal law, and more specifically the Federal Controlled Substances Act, the possession, use, cultivation, and transfer of cannabis is illegal. Our business provides services to customers that are engaged in the business of possession, use, cultivation, and/or transfer of cannabis. As a result, law enforcement authorities, in their attempt to regulate the illegal use of cannabis, may seek to bring an action or actions against us, including, but not limited, to a claim of aiding and abetting another’s criminal activities. The Federal aiding and abetting statute provides that anyone who “commits an offense against the United States or aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal.” 18 U.S.C. §2(a). As a

result of such an action, we may be forced to cease operations and our investors could lose their entire investment. Such an action would have a material negative effect on our business and operations.

Laws and regulations affecting the cannabis and cannabis industries are constantly changing, which could detrimentally affect our business, and we cannot predict the impact that future regulations may have on us.

Local, state and federal cannabis laws and regulations are constantly changing, and they are subject to evolving interpretations, which could require us to incur substantial costs associated with compliance or to alter one or more of our service offerings. In addition, violations of these laws, or allegations of such violations, could disrupt our business and result in a material adverse effect on our revenues, profitability, and financial condition. We cannot predict the nature of any future laws, regulations, interpretations or applications, nor can we determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on our business. Any change in law or interpretation could have a material adverse effect on our business, financial condition, and results of operations.

Federal enforcement practices could change with respect to services providers to participants in the cannabis industry, which could adversely impact us.

If the federal government were to change its practices or were to expand its resources attacking providers in the cannabis industry, such action could have a materially adverse effect on our operations, our customers, or the sales of our products. It is possible that additional Federal or state legislation could be enacted in the future that would prohibit our customers from selling cannabis, and if such legislation were enacted, such customers may discontinue the use of our services. We cannot predict the nature of any future laws, regulations, interpretations or applications, nor can we determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on our business.

Cannabis businesses operate in a highly regulated industry, but many of the laws are untested and rules change constantly.

Many state and local cannabis laws are relatively new and there is a relatively small body of interpretive guidance and case law available to understand how certain laws, rules, and regulations will be interpreted or applied by enforcement agencies or the courts. Accordingly, businesses we may invest in or do business with often operate in a grey area, which subject us to the risk that we will unintentionally violate laws, rules or regulations. Any such violations could have significant adverse consequences for our business, including the loss of our ability to conduct operations. In addition, regulations are changing rapidly, and any change could significantly undermine our business or the business of other industry participants on which our business depends.

Laws and Regulations Affecting the Medical Cannabis Industry are Constantly Changing

Local, state and federal medical cannabis laws and regulations are broad in scope and they are subject to evolving interpretations, which could require us to incur substantial costs associated with compliance or to alter one or more of our sales or marketing practices. In addition, violations of these laws, or allegations of such violations, could disrupt the business of the Company and result in a material adverse effect on our revenues, profitability, and financial condition. In addition, it is possible that regulations may be enacted in the future that will be directly applicable to the Company, its products and, in turn, the ability for us to obtain our business plan goals. The Company cannot predict the nature of any future laws, regulations, interpretations or applications, nor can we determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on the Company. These potential effects could include, however, requirements for the revisions to our products to meet new standards, the recall or discontinuance of certain products, or additional recordkeeping and reporting requirements. Any or all of these requirements could have a material adverse effect on the Company's business, financial condition, and results of operations.

The Alternative Medicine Industry Faces Strong Opposition

Many believe that well-funded, significant businesses may have a strong economic opposition to the medical cannabis industry as currently formed. For example, the medical cannabis industry could face a material threat from the pharmaceutical industry should cannabis displace other drugs or simply encroach upon the pharmaceutical industry's market share for compounds such as cannabis and its component parts. The pharmaceutical industry is well funded with a strong and experienced lobby that eclipses the funding of the medical cannabis movement. Any inroads the pharmaceutical industry makes in halting or rolling back the medical cannabis movement could have a detrimental impact on the market for the Project's products and thus on the Company's business, operations and financial condition.

No Guarantee of Licensing Renewals

Cultivation and mobile delivery service licenses are subject to annual renewal under the California law. Additionally, almost every local jurisdiction also requires annual renewal of the issued license. Renewal of a license is not guaranteed. There may be many reasons why a license is not renewed by the State or California or a local jurisdiction. There can be no guaranty that the Company will be (i) successful in getting a cultivation license on behalf of the Vinton, California cultivation facility or (ii) an alternative location and/or (iii) will be able to obtain up to twelve licenses for cannabis mobile delivery services in multiple California cities and (iv) will be successful in getting the acquired licenses renewed every year (or in any year). If the cultivation facility is not issued a license or if it is not renewed at some point in the future, the Company's cost to acquire cannabis will significantly increase. If that were to happen, there can be no guarantee that the Company will be able to issue any dividends.

No Guarantee that the Vinton, California location will Receive Authority to Cultivate

The Company is currently not authorized to cultivate at any location in California. Plumas County Board of Supervisors intends to have multiple cannabis commercial initiatives on the November 2018 ballot. Three initiatives have been proposed to allow for commercial cannabis activity in Plumas County and at least two initiatives have been submitted to not allow any commercial cannabis activity in Plumas County. The Vinton, California facility has been rented at very favorable terms for \$2,500 per month with a \$450,000 option to purchase. The same facility in the Sacramento metropolitan area will cost \$50,000 to \$75,000 per month. It further takes nine months to get local licensing for an indoor cultivation facility in Sacramento, California. The cost savings in the pre-buildout stage approach \$1 million. If a pro-commercial cannabis initiative does not pass in Plumas County in November 2018 the cost for an alternative facility will significantly increase.

After completing the buildout of the Cultivation Facility, the Company intends to have local authorities of Plumas County and the California Bureau of Cannabis Control conduct an inspection. If the inspection is successful, Plumas County will likely authorize the Company to begin cultivation. There is no guarantee, however, that the inspection will be successful, and if it is unsuccessful, the Company will not be able to cultivate medical cannabis at the cultivation facility until required corrections and modifications are completed. This would not only result in a loss of revenue from the sale of medical cannabis cultivated at the cultivation facility, but it would also limit the Company's ability to recoup any costs expended in constructing the cultivation facility. Additionally, the Company will have to procure medical cannabis for its cannabis mobile delivery services from other sources, which will likely be costlier than if the Company was able to procure such products from the cultivation facility. All of the foregoing would likely have a negative effect on the Company's profitability, cash flows, and financial results.

Any Litigation related to our multiple product lines may have an Adverse Impact on the Company

The Project may be subject to litigation from dispensary customers or from patients. Risks associated with legal liability are difficult to assess and quantify, and their existence and magnitude can remain unknown for significant periods of time. The amounts the Company, pursuant to the terms and conditions of the Company's By-Laws, may have to pay to indemnify the management should they be subject to legal action could have a material adverse effect on the Company's financial condition, results of operations and liquidity.

Application of Internal Revenue Code Section 280E.

Except for “cost of goods sold,” Section 280E of the Internal Revenue Code prohibits cannabis businesses from taking tax deductions for ordinary business expenses that are available to similar businesses in other industries. The Company and Members’ allocations of profit and losses and distributions from the Company may be subject to Section 280E of the Code limiting the ability of the Company and/or the Members from deducting usual business expenses from the income of the company and creating a higher effective tax rate. Investors are urged to consult their own tax advisors regarding the possible federal, state, local and foreign tax consequences of an investment in the Company. Given the nature of the Company’s business and the fact that cannabis remains illegal under federal law, there will be limitations on certain deductible expenses of the Company. Any trade or business which is trafficking in a controlled substance under Schedule I or Schedule II of the Controlled Substances Act is prohibited from claiming any deductions or credits against such business’s income for the year. Pursuant to Section 280E of the Code, the only available “deduction” for businesses in the medical cannabis industry is a deduction for cost of goods sold.

As a practical matter, Section 280E has a very significant impact on businesses that are involved in retailing of a controlled substance, primarily because of the inventory tax accounting rules. The largest component of cost of goods sold for a retailer is the direct cost of the item that is being sold. There are limited opportunities to include other indirect costs; however, the significance of such opportunities is relatively small. On the cultivation and processing spectrum of the medical cannabis industry, there are greater opportunities to include expenditures into cost of goods sold. For example, all of the direct and indirect expenses that are incurred in producing and processing medical cannabis will ultimately be included in cost of goods sold for the cultivation operations of the Project. The only costs that will not be included are general and administrative expenses, delivery expenses, marketing and advertising expenses and other similar costs and expenses that are not directly or indirectly incurred in producing and processing medical cannabis. Any limitations on the Company’s ability to claim deductions will likely have a negative impact on the Company and its shareholders.

THE FOREGOING IS NOT MEANT TO BE A FULL REVIEW OF ALL TAX CONSEQUENCES ASSOCIATED WITH TRAFFICKING IN A CONTROLLED SUBSTANCE OR AN INVESTMENT IN THE COMPANY. YOU SHOULD CONSULT WITH YOUR INDEPENDENT TAX AND LEGAL ADVISORS BEFORE INVESTING IN THE COMPANY.

Closing of bank accounts could have a material adverse effect on our business, financial condition and/or results of operations.

As a result of the regulatory environment, many businesses in the cannabis industry have experienced the closing of bank accounts. Therefore, we may experience such a closure of our bank accounts. These factors impact management and could have a material adverse effect on our business, financial condition and/or results of operations.

The state legislatures may require the owners of cannabis businesses to be residents of the state in which a company holds a license.

Many state laws require that some or all of the individuals who directly or indirectly own cannabis businesses be state residents. Such residency requirements may limit our ability to invest in other businesses in the legal cannabis industry or otherwise impede our growth.

Laws will continue to change rapidly for the foreseeable future.

State and federal laws and enforcement policies concerning cannabis-related conduct are changing rapidly and will continue to do so for the foreseeable future. Changes in applicable law could have a material adverse effect on our business.

Compliance and continued monitoring in connection with changing regulation of corporate governance and public disclosure may result in additional expenses.

Changing laws, regulations, and standards relating to corporate governance and public disclosure may create uncertainty regarding compliance matters. New or changed laws, regulations, and standards are subject to varying interpretations in many cases. As a result, their application in practice may evolve over time. We are committed to maintaining high standards of corporate governance and public disclosure. Complying with evolving interpretations of new or changed legal requirements may cause us to incur higher costs as we revise current practices, policies, and procedures, and may divert management time and attention from the achievement of revenue-generating activities to compliance activities. If our efforts to comply with new or changed laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to uncertainties related to practice, our reputation might be harmed which can have a significant impact on our business. In addition, the ongoing maintenance of these procedures to be in compliance with these laws, regulations and standards could result in significant increase in costs.

Our by-laws provide for indemnification of our officers and directors at our expense and limit their liability which may result in a major cost to us and hurt the interests of our shareholders because corporate resources may be expended for the benefit of officers and/or directors.

Our bylaws require that we indemnify and hold harmless our officers and directors, to the fullest extent permitted by law, from certain claims, liabilities and expenses under certain circumstances and subject to certain limitations and the provisions of Colorado law. Under Colorado law a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, against expenses, attorneys' fees, judgments, fines and amounts paid in settlement, actually and reasonably incurred by him in connection with an action, suit or proceeding if the person acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation.

Our internal controls may be inadequate, which could cause our financial reporting to be unreliable and lead to misinformation being disseminated to the public.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. As defined in Exchange Act Rule 13a-15(f), internal control over financial reporting is a process designed by, or under the supervision of, the principal executive and principal financial officer and effected by the board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and/or directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements. Our internal controls may be inadequate or ineffective, which could cause our financial reporting to be unreliable and lead to misinformation being disseminated to the public. Investors relying upon this misinformation may make an uninformed investment decision. Management identified the following control deficiencies that represent material weaknesses as of July 31, 2018:

- (1) Lack of an independent audit committee. The Company does not have an audit committee. We may establish an audit committee comprised solely of independent directors when we have sufficient capital resources and working capital to attract qualified independent directors and to maintain such a committee.
- (2) Inadequate staffing and supervision within our bookkeeping operations. The relatively small number of people who are responsible for bookkeeping functions prevents us from segregating duties within our

internal control system. The inadequate segregation of duties is a weakness because it could lead to the ultimate identification and resolution of accounting and disclosure matters or could lead to a failure to perform timely and effective reviews which may result in a failure to detect errors in spreadsheets, calculations, or assumptions used to compile the financial statements and related disclosures as filed with the Securities and Exchange Commission.

- (3) Insufficient number of independent directors. At the present time, our Board of Directors does not consist of a majority of independent directors, a factor that is counter to corporate governance practices as set forth by the rules of various stock exchanges.

Our management determined that these deficiencies constituted material weaknesses. Due to a lack of financial and personnel resources, we are not able to, and do not intend to, immediately take any action to remediate these material weaknesses. We will not be able to do so until we acquire sufficient financing and staff to do so.

Economic conditions, regulatory changes, and other factors beyond our control could cause a decline in demand for our products.

Our primary business relates to providing services to cannabis-related companies, including cannabis test labs. Therefore, business is highly dependent on state laws pertaining to the cannabis industry. As of October 1, 2015, more than twenty states allow its citizens to use legal cannabis for medical purposes. Four states allow its adult citizens to use legal cannabis for any purpose. Our business depends on the continued regulation and legalization of medical and recreational cannabis. Further progress in the cannabis industry, while encouraging, is not assured.

Despite the development of a cannabis industry legal under state laws, state laws legalizing medicinal and adult cannabis use are in conflict with the Federal Controlled Substances Act, which classifies cannabis as a Schedule I controlled substance and makes cannabis use and possession illegal on a national level.

The United States Supreme Court has ruled that it is the Federal government that has the right to regulate and criminalize cannabis, even for medical purposes, and thus Federal law criminalizing the use of cannabis preempts state laws that legalize its use. However, the Obama Administration has effectively stated that it is not an efficient use of resources to direct Federal law enforcement agencies to prosecute those lawfully abiding by state-designated laws allowing the use and distribution of medical and recreational cannabis. Yet, there is no guarantee that the Obama Administration will not change its stated policy regarding the low-priority enforcement of Federal laws in states where cannabis has been legalized. Additionally, we face another presidential election cycle in 2016, and a new administration could introduce a less favorable policy or decide to enforce the Federal laws strongly. Any such change in the Federal government's enforcement of Federal laws could cause significant financial damage to us and our shareholders.

Local, state and federal cannabis laws and regulations are constantly changing, and they are subject to evolving interpretations.

This may be very beneficial for our business, which in part involves us providing services to businesses to help them come into compliance with the laws and regulations. However, it could also require us to incur substantial costs associated with compliance or to alter one or more of our service offerings. In addition, violations of these laws, or allegations of such violations, could disrupt our business and result in a material adverse effect on our revenues, profitability, and financial condition. It is possible that additional Federal or state legislation could be enacted in the future that would prohibit our customers from selling cannabis, and if such legislation were enacted, such customers may discontinue the use of our services, our potential source of customers would be reduced, causing revenues to decline. We cannot predict the nature of any future laws, regulations, interpretations or applications, nor can we determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on our business.

RISKS RELATED TO THE OFFERING

If we do not raise sufficient equity in this offering, we may need to secure additional capital from other sources, which may be expensive or not available at all.

We need to raise equity capital in this offering or any subsequent offerings to begin to implement our business plan. This means that if we do not raise sufficient equity in this offering, we may need to secure additional equity capital from other sources in order to complete our projects. Additional equity capital may be difficult to secure and may be expensive or not available.

The offering price was arbitrarily determined, and you may not be able to sell your shares of common stock at the offering price or at any price.

The offering price for the shares of common stock was arbitrarily determined by our management and does not have any direct relationship to our assets, earnings, book value, or other measurable criteria of value. We make no representations, whether express or implied, as to the value of the shares of common stock offered hereby. There can be no assurance that the shares of common stock can be sold at either the offering price or any other price in the future.

Determination of the Offering Price has been Arbitrarily Determined.

The Offering Price for the shares of Common Stock has been arbitrarily determined by the Company and does not and will not bear any relationship to assets acquired or to be acquired or the book value of the Company or any other established criteria or quantifiable indicia for valuing a business. No representation is being made by the Company that the shares of Common Stock have or will have a market value equal to their Offering Price or could be resold (if at all) at their original Offering Price. The Offering Price for the shares of Common Stock should not be considered an indication of the actual value of the shares of Common Stock or the business of the Company or the price at which the shares of Common Stock may be transferred following the consummation of this Offering. The purchase price of the shares of Common Stock has been determined by us without independent valuation of the Securities. We established the purchase price based on our estimate of capital and expense requirements, not based on perceived market value, book value, or other established criteria. We did not obtain an independent appraisal opinion on the valuation of the shares of Common Stock. The shares of Common Stock may have a value significantly less than the Offering's prices and there is no guarantee that the shares of Common Stock will ever obtain a value equal to or greater than the Offering's price.

No Independent Counsel

We have not retained any independent professionals to review or comment on this Offering, this Memorandum or otherwise represent the interests of the investors. Any statement contained herein is that of the Company and no independent counsel has been engaged on behalf of any prospective investor.

There will be significant restrictions on your ability to transfer the shares of Common Stock.

No market exists for the shares of Common Stock. The Offering and our By-Laws contain contractual restrictions on your ability to transfer the shares of Common Stock. Finally, federal and state securities laws may place additional restrictions on your ability to transfer the shares of Common Stock. Because of these restrictions, you may be unable to liquidate your investment in the event of an emergency or for any other reason. As a result, you should only purchase the shares of Common Stock if you are prepared to hold the shares of Common Stock for an indefinite period of time.

Broker-Dealer Sales of Securities

The Company's Securities are not presently included for trading on any exchange, and there can be no assurances that the Company will ultimately be registered on any exchange. The NASDAQ Stock Market, Inc. has recently

enacted certain changes to the entry and maintenance criteria for listing eligibility on the NASDAQ Small Cap Market. The entry standards require at least \$4 million in net tangible assets or \$750,000 net income in two of the last three years. The proposed entry standards would also require a public float of at least \$1 million shares, \$5 million value of public float, a minimum bid price of \$2.00 per share, at least three market makers, and at least 300 shareholders. The maintenance standards (as opposed to entry standards) require at least \$2 million in net tangible assets or \$500,000 in net income in two of the last three years, a public float of at least 500,000 shares, a \$1 million market value of public float, a minimum bid price of \$1.00 per share, at least two market makers, and at least 300 shareholders. The Company may never qualify for inclusion on the NASDAQ System or any other trading market until such time as the Principal holders of Common Stock deem it necessary. As a result, the Company's Common Stock are covered by a Securities and Exchange Commission rule that opposes additional sales practice requirements on broker-dealers who sell such Securities to persons other than established customers and accredited investors. For transactions covered by the rule, the broker-dealer must make a special suitability determination for the purchaser and receive the purchaser's written agreement to the transaction prior to the sale. Consequently, the rule may affect the ability of broker-dealers to sell the Company's Securities and will also affect the ability of holders of the Securities to sell their Securities in the secondary market.

Best Efforts Offering

The shares of Common Stock are offered on a "best efforts" basis. There is no assurance that all or any specified number of the shares of Common Stock will be sold and the desired capital raised through this Offering. The Offering has no minimum amount, and the Company will use the proceeds as they are received. The Company has not entered into any agreement with a broker-dealer to be a placement agent for the sale of the shares of Common Stock.

Lack of Firm Underwriter

The Securities are offered on a "best efforts" basis by the Company without compensation. The Company may, in the future, engage the services of certain FINRA registered broker-dealers to market the Securities on a "best efforts" basis which enter into Participating Broker-Dealer Agreements with the Company; however, the Company has not entered into any agreement with any FINRA registered broker-dealer. Accordingly, there is no assurance that the Company, or any FINRA broker-dealer, will sell the maximum Securities offered or any lesser amount.

In the event that our shares are traded, they may trade under \$5.00 per share, and thus will be considered a penny stock.

Trading penny stocks has many restrictions and these restrictions could severely affect the price and liquidity of our shares. In the event that our shares are traded, and our stock trades below \$5.00 per share, our stock would be known as a "penny stock", which is subject to various regulations involving disclosures to be given to you prior to the purchase of any penny stock. The U.S. Securities and Exchange Commission (the "SEC") has adopted regulations which generally define a "penny stock" to be any equity security that has a market price of less than \$5.00 per share, subject to certain exceptions. Depending on market fluctuations, our Common Stock could be considered to be a "penny stock". A penny stock is subject to rules that impose additional sales practice requirements on broker/dealers who sell these Securities to persons other than established customers and accredited investors. For transactions covered by these rules, the broker/dealer must make a special suitability determination for the purchase of these Securities. In addition, he must receive the purchaser's written consent to the transaction prior to the purchase. He must also provide certain written disclosures to the purchaser. Consequently, the "penny stock" rules may restrict the ability of broker/dealers to sell our Securities and may negatively affect the ability of holders of shares of our Common Stock to resell them. These disclosures require you to acknowledge that you understand the risks associated with buying penny stocks and that you can absorb the loss of your entire investment. Penny stocks are low priced Securities that do not have a very high trading volume. Consequently, the price of the stock is often volatile, and you may not be able to buy or sell the stock when you want to.

Financial Industry Regulatory Authority (“FINRA”) sales practice requirements may also limit your ability to buy and sell our Common Stock, which could depress the price of our shares.

FINRA rules require broker-dealers to have reasonable grounds for believing that an investment is suitable for a customer before recommending that investment to the customer. Prior to recommending speculative low-priced Securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer’s financial status, tax status and investment objectives, among other things. Under interpretations of these rules, FINRA believes that there is a high probability such speculative low-priced Securities will not be suitable for at least some customers. Thus, FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our Common Stock, which may limit your ability to buy and sell our shares, have an adverse effect on the market for our shares, and thereby depress our share price.

We have no firm commitments to purchase any Shares.

We have no firm commitment for the purchase of any Shares. The Company has not yet engaged a placement agent or broker for the sale of the Shares, although we may do so in the future. The Company may be unable to identify Investors to purchase the Shares and as a result, may have inadequate capital to support its ongoing business obligations.

You may face significant restriction on the resale of your shares due to state “Blue Sky” laws.

Each state has its own Securities laws, often called “blue sky” laws, which (1) limit sales of Securities to a state’s residents unless the Securities are registered in that state or qualify for an exemption from registration, and (2) govern the reporting requirements for broker-dealers doing business directly or indirectly in the state. Before a security is sold in a state, there must be a registration in place to cover the transaction, or it must be exempt from registration. The applicable broker-dealer must also be registered in that state.

If investors successfully seek rescission, we would face severe financial demands that we may not be able to meet.

Our Shares have not been registered under the Securities Act and are being offered in reliance upon the exemptions provided by Rule 144A under the Securities Act for qualified institutional buyers and Rule 506(c) of Regulation D under the Securities Act as to accredited investors. We represent that these Offering Documents do not contain any untrue statements of material fact or omit to state any material fact necessary to make the statements made, in-light of all the circumstances under which they are made, not misleading. However, if this representation is inaccurate with respect to a material fact, if this offering fails to qualify for exemption from registration under the federal securities laws, or if we fail to register the Shares or find an exemption under the securities laws of each state in which we offer the Shares, each investor may have the right to rescind his, her or its purchase of the Shares and to receive back from the Company his, her or its purchase price. Such investors, however, may be unable to collect on any judgment, and the cost of obtaining such judgment may outweigh the benefits. If investors successfully seek rescission, we would face severe financial demands we may not be able to meet, and it may adversely affect any non-rescinding investors.

Fiduciaries investing the assets of a trust or pension or profit-sharing plan must carefully assess an investment in our Company to ensure compliance with ERISA.

In considering an investment in the Company of a portion of the assets of a trust or a pension or profit-sharing plan qualified under Section 401 (a) of the Code and exempt from tax under Section 501 (a), a fiduciary should consider (i) whether the investment satisfies the diversification requirements of Section 404 of ERISA; (ii) whether the investment is prudent, since the Shares are not freely transferable and there may not be a market created in which the Shares may be sold or otherwise disposed, and (iii) whether interests in the Company or the underlying assets owned by the Company constitute "Plan Assets" under ERISA.

We may invest or spend the proceeds of this offering in ways with which you may not agree or in ways which may not yield a return.

While we have provided guidance on our priorities for the use of proceeds, the timing and amount of sales will impact our actual use of proceeds within the uses identified. Our management will have broad discretion in determining how the proceeds of the offering will be used in each of the identified use categories. We currently intend to use the proceeds we receive from this offering after deducting estimated fees and expenses associated with this private placement, including legal, accounting, transfer agent, financial, acquisitions, and other professional fees, primarily for the purposes as described above. Our management will have considerable discretion in the application of the net proceeds, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. Investors in this offering will need to rely upon the judgment of our management with respect to the use of proceeds. If we do not use the net proceeds that we receive in this offering effectively, our business, financial condition, results of operations and prospects could be harmed.

We will be substantially reliant upon the net offering proceeds we receive from the sale of our shares to meet our liquidity needs.

Our operations alone will not produce a sufficient return on investment to fund our capital needs in the short term (i.e., 2018 and 2019). We intend to use the net proceeds for general corporate purposes, which are likely to include the payment of general and administrative expenses. We may not be able to attract new investors or have sufficient borrowing capacity when we need additional funds to operate.

Suitability Requirements.

Shares are being offered hereby only to persons who meet certain suitability requirements set forth herein. The fact that a prospective Investor meets the suitability requirements established by us for this Offering does not necessarily mean that an investment in us is a suitable investment for that Investor. Each prospective Investor should consult with his own professional advisers before investing in us. Investors are not to construe these Offering Documents as constituting legal or tax advice. Before making any decision to invest in us, Investors should read all of these Offering Documents, including all of its exhibits, and consult with their own investment, legal, tax, and other professional advisors. An Investor should be aware that we will assert that the Investor consented to the risks and the conflicts of interest described or inherent in these Offering Documents if the Investor brings a claim against us or any of our directors, officers, managers, employees, advisors, agents, or representatives.

The shares of common stock have no public market and consequently, it may be difficult for you to sell your shares of common stock.

There is no public market for any of the Company's securities and the Company does not expect that any such market will develop following this Offering. None of the Company's securities are registered under U.S. or state securities laws. The Company's securities may not be resold or otherwise transferred unless such securities are registered under the Securities Act and applicable state securities laws or an exemption from registration is available. The Company is under no obligation to register the shares of common stock to permit re-sales and does not intend to do so. You may, therefore, be unable to liquidate an investment in the Company and should be prepared to bear the economic risk of your investment in the Company for an indefinite period and to withstand a total loss of your investment. Thus, the Securities are suitable only for purchase as a long-term investment, and the purchasers should be prepared to bear the economic risk of their investment for an indefinite period of time. All certificates to be issued by us representing ownership of the Securities or the common shares of the Company will bear a legend stating that the Securities represented thereby have not been registered under the Securities Act or any state laws.

Discretion of Management as to Use of Proceeds:

The anticipated use of the net proceeds of the Offering stated in this Memorandum represents the Company's best estimate based upon the current state of its business, operations, and plans. Changes in circumstances, including conditions in the housing, retail or theme park industries generally, could result in significant changes in the use of

the proceeds of the Offering. Management of the Company will have significant discretion as to the use of the proceeds of the Offering and there is no assurance that such proceeds will be allocated in any specific manner or devoted to any specific uses.

RISKS RELATED TO POSSIBLE DEBT FINANCING

Our debt financing agreements will contain restrictive covenants that will limit distributions and impose restrictions on the use of working capital, and these restrictions could have a material adverse effect upon our business and reduce the value of your investment.

We may need to obtain debt financing to complete our projects. We estimate that we will need a total of approximately \$4,200,000 to finance our projects. We intend to use the proceeds from this offering to pay for the implementation of our business plan and start-up costs of the proposed cannabis cultivation facility. We will not have sufficient capital to pay for Phase III and Phase IV of our financing plans and expected capital expenditures. Our ability to complete the proposed financing is contingent upon than current market conditions that can be subject to change and our ability to effectively implement our business plan and begin to generate large positive cash flows from Operations starting in October 2019. There is no guarantee that we will be successful in completing the proposed financing or generate positive cash flows from Operations starting in October 2019. If such proposed financing is not completed we will be required to raise significant additional equity in-order to obtain funding from alternative sources, including but not limited to, traditional bank financing. Even if we obtain the debt financing that we need, lenders may require that we first spend the proceeds we raise in the offering before they release any loan proceeds to us. This puts your money at risk first. The use of debt financing may make it more difficult for us to operate because we must make principal and interest payments on the indebtedness and abide by covenants contained in our debt financing agreements. Our debt may have important implications on our operations, including, among other things:

- Limiting our ability to obtain additional debt or equity financing;
- Making us vulnerable to increases in prevailing interest rates;
- Placing us at a competitive disadvantage because we may be substantially more leveraged than some of our competitors;
- Subjecting all or substantially all of our assets to liens, which means that there may be virtually no assets left for shareholders in the event of a liquidation;
- Limiting our ability to adjust to changing market conditions, which could make us more vulnerable to a downturn in the general economic conditions of our business; and
- Limiting our ability to make business and operational decisions regarding our business and our subsidiaries, including, among other things, limiting our ability to pay dividends to our shareholders, make capital improvements, sell or purchase assets or engage in transactions we deem to be appropriate and in our best interest.

Our debt arrangements may also include subordinated debt, which may contain even more restrictions and be on less favorable terms than our senior debt. To secure subordinated debt, we may have to give the lender warrants, put rights, conversion rights, the right to take control of our business in the event of a default or other rights and benefits as the lender may require. This could further dilute your ownership interest in us. The terms of any debt financing agreement we enter into will contain financial, maintenance, organizational, operational and other restrictive covenants. If we are unable to comply with these covenants and service our debt, we may lose control of our business and be forced to reduce or delay planned capital expenditures, sell assets, restructure our indebtedness or submit to foreclosure proceedings, all of which would result in a material adverse effect upon our business and reduce the value of your investment.

Our failure to comply with a single debt financing covenant or agreement could have a material adverse impact on our business as a whole.

If we obtain multiple debt financing arrangements (such as senior and subordinated debt), these arrangements will contain various covenants and agreements and may contain cross-acceleration and cross-default provisions. Under these provisions, a default or acceleration of one debt agreement will result in the default and acceleration of our other debt agreements (regardless of whether we were in compliance with the terms of such other debt agreements). Accordingly, a default on one debt agreement could result in all of our outstanding debt becoming immediately due and payable. The application of cross-acceleration or cross-default provisions means that our compliance with applicable debt covenants and agreements will be interdependent and one default may materially harm our business as a whole.

RISKS RELATED TO THE DEVELOPMENT OF THE PLUMAS COUNTY, CALIFORNIA FACILITIES

Significant increases in the cost of the project may require us to obtain additional capital, which may be difficult and expensive to obtain or may not be available at all.

We have based our capital needs on an estimated total project cost of approximately \$7,000,000. There is no assurance that the final cost of the project will not be higher. Certain events and conditions, including among others, delays, change orders we may submit and site conditions that may differ from what we expect could lead to significant increases in our project costs. Delays and changes in cannabis regulations and the ability to be licensed are not uncommon in projects such as the one we intend to engage in. We may modify or change the location of the planned cannabis cultivation facility if we do not move forward with the proposed site, if we find another site that better suits our needs or if we cannot obtain the necessary permits and approvals or utilities and other services at our proposed site or cannot obtain them at a reasonable cost. Changing the location of the proposed cannabis cultivation facility from the proposed site will increase the cost of the project and delay start-up operation of the cannabis cultivation facility. Increases in the cost of the cannabis cultivation facility will require us to procure additional equity and/or debt financing, which may be difficult and expensive to obtain, or may not be available at all. The terms of any additional financing may hinder our ability to generate revenue and service our debt.

Delays may hinder our ability to timely commence operations and service our debt.

Delays could occur because of, among other things, acts of God, defects in material or workmanship, labor or material shortages, permitting or zoning delays, our assumptions not materializing, our changing the location of the cannabis cultivation facility from the proposed site, or the need to obtain additional capital. We have developed what we believe to be a reasonable timetable for completing the project. Our schedule depends upon the accuracy of the assumptions underlying our plan of operations. Our assumptions are based in part upon agreements and plans that we have not begun to negotiate or are not yet final or executed. These include, among others, our construction schedule, our going forward with the proposed site, our ability to obtain necessary permits, and our ability to secure licenses and permits to operate cannabis mobile delivery services to sell the cannabis produces by the cultivation facility directly to the end consumer. The definitive versions of such agreements and plans may not materialize or if they do materialize, may not prove to be reasonable. This could delay completion of the cannabis cultivation facility. Delays will hinder our ability to timely commence operations, generate revenue and service our debt.

We may encounter defects in material, workmanship or design, which may hinder our ability to efficiently operate the cannabis cultivation facility.

Defects in material, workmanship or design are not uncommon in construction projects such as ours. If the cannabis cultivation facility is built and does not operate to the level anticipated by us in our business plan, we will rely on outside consultants to address operating deficiencies. There is no assurance we will be able to correct such deficiency in an acceptable manner or otherwise will have the financial resources to correct or pay for such deficiency as may be required. Any performance guarantees we receive from the consultants and technology providers will be unsecured and we may not be able to recover any losses we sustain arising from such deficiencies.

Failure to do so could cause us to halt or discontinue operation of the cannabis cultivation facility, which could damage our ability to generate revenues.

RISKS RELATED TO OUR OPERATIONS AND MARKETS

Because we are recently formed and have virtually no operating history or experience operating a cannabis cultivation facility and cannabis mobile delivery services, we may have difficulties successfully completing and operating the multiple business lines of the Company.

We are a start-up business venture with no operating history and limited resources. We expect to continue incurring significant losses until we construct and commence operation of our proposed cannabis cultivation facility and ten to twelve cannabis mobile delivery services. We are dependent on our officers and Member of the Board of Directors to manage our business and development. Our officers and Member of the Board of Directors have no experience managing a large scale vertically integrated cannabis cultivation facility and cannabis mobile delivery service. Our lack of an operating history and inexperience may make it difficult for us to successfully complete, operate and manage our business plan. If we do not successfully complete and operate the cannabis cultivation facility and the cannabis mobile delivery services, the value of your shares of common stock will decline. We cannot assure you that we will be able to successfully operate our entire business model. We have not been profitable since our inception and we may never achieve profitability. We can give you no assurance that we will ever generate revenue or that any revenue we do generate will be sufficient for us to continue our operations.

If legal cannabis cultivation in California continues to increase without offsetting increases in demand, the price of our cannabis products may decrease.

Legal cannabis production in California is expected to significantly increase. We expect that the number of licensed cannabis cultivators to rapidly rise and cannabis cultivation will likely continue to increase. We cannot assure you that the demand for legal cannabis products will similarly continue to increase. An increase in the supply of legal cannabis production, without offsetting increases in demand, could lead to lower consumer prices. Decreases in the price of will result in us generating lower revenue and lower profit margins, if any.

Raw Material prices and electrical costs may fluctuate and could increase significantly in the future, which will increase our operating costs and adversely affect our operating results because we may not be able to pass any of the increased costs on to our customers.

We will require significant amounts of raw materials and utilities such as soil, plant nutrients and electricity to produce top shelf indoor cultivated cannabis. A significant reduction in the supply of these raw materials because of weather or disease or increases in the demand of such raw materials because of increased cannabis production or other factors, could result in higher prices for raw materials. There is little correlation between the price of these raw materials and the price of cultivated cannabis. Thus, increases in raw material prices and electrical cost per watt will generally produce lower profit margins because the price we can obtain for the cultivated cannabis may not increase. The price of cannabis flower has fluctuated significantly in the past and may fluctuate significantly in the future. If the costs of raw materials and electrical utility prices increase, our production costs will increase, and our profit margins will decrease because we may not be able to pass any of the increased costs on to our customers.

We will face intense competition from competing cannabis suppliers, and we may not have sufficient resources to compete with these entities.

Competition in the emerging California cannabis industry will be intense. We will face formidable competition in every aspect of our business, and particularly from other companies that are seeking to develop large-scale cannabis cultivation facilities. We will face competitive challenges from larger facilities and organizations that produce a wider range and larger quantity of products than we can, and from other cultivation facilities similar to our proposed cultivation facility. Our cultivation facility will be in direct competition with other cannabis producers, many of which have more experience and greater resources than we do. Some of these producers are, among other things,

capable of producing a significantly greater amount of cannabis and will compete with us for raw materials and product markets.

Technological advances could significantly decrease the cost of producing cannabis or result in the production of higher quality cannabis, and if we are unable to adopt or incorporate technological advances into our operations, our proposed cannabis cultivation facility could become uncompetitive or obsolete.

We expect that technological advances in the processes and procedures for producing indoor grown cannabis will continue to occur. It is possible that those advances could decrease the cost of producing cannabis or result in the production of higher quality cannabis. If we are unable to adopt or incorporate technological advances, our cannabis production methods and processes could be less efficient than our competitors, which could cause our cannabis cultivation facility to become uncompetitive.

Any interruption in our heating gas and electricity supply may force us to halt operations and a significant increase in the price of electricity will increase our cost of operation.

We will require large amounts of electricity and heating gas (during the winter months) to operate our indoor cannabis cultivation facility that is part of our Phase IV financing plan. The price of heating gas and electricity, like other commodities, fluctuate significantly. Any significant increase in the price of gas or electricity will result in increased operating costs. These increased operating costs will likely lead to lower profit margins. Further, heating oil will be the only thermal heating source for our cannabis cultivation facility and electricity will be our only source of power, and if there were any interruptions in supply, we would have to halt operations. An interruption in supply or problems with delivery could have a material adverse effect on our business.

Our operating costs could be higher than we expect, and this could reduce any distributions we may make.

In addition to general market fluctuations and economic conditions, we could experience significant operating cost increases from numerous factors, many of which are beyond our control. These increases could arise from, among other things:

- Higher heating oil costs and electricity prices;
- Higher labor costs, particularly if there is any labor shortage; and
- Higher transportation costs because of greater demands on truck and rail transportation services.

In addition, operating the cannabis cultivation facility subjects us to ongoing compliance with applicable governmental regulations, such as those governing pollution control, occupational safety, and other matters. We may have difficulty complying with these regulations and our compliance costs could increase significantly. Any increases in operating costs will result in lower profit margins because we may be unable to pass any of these costs on to our customers.

Because we will be primarily dependent upon the cannabis products produced by our cannabis cultivation facility, our business will not be diversified, and we may not be able to adapt to changing market conditions or endure any decline in the legal California cannabis market.

Our success depends on our ability to timely construct the cannabis cultivation facility and efficiently produce cannabis flower. Our cannabis cultivation facility will not have the ability to produce any other products. Our lack of diversification means that we may not be able to adapt to changing market conditions or to weather any significant decline in the legal cannabis industry.

Competition for qualified personnel in the cannabis industry is intense and we may not be able to hire and retain qualified master growers, biologists, and operators to efficiently operate the cannabis cultivation facility.

When construction and configuration of the proposed outdoor cannabis cultivation facility nears completion, we will need a significant number of employees to operate cannabis cultivation facility and up to twenty-eight cannabis mobile delivery services to sell the cultivated cannabis through company-owned mobile delivery services. Our success depends in part on our ability to attract and retain competent personnel to a rural community. We must hire qualified managers, engineers, and accounting, human resources, operations and other personnel. We cannot assure you that we will be able to attract and maintain qualified personnel. If we are unable to hire and maintain productive and competent personnel, the amount of cannabis we produce may decrease and we may not be able to efficiently operate the cannabis cultivation facility.

RISKS RELATED TO OUR CORPORATE STRUCTURE AND RELATIONSHIPS WITH AFFILIATES

We may issue additional shares of common stock in the future, and this could dilute your ownership interest in us, which could reduce your share of any distribution that we may make and reduce your voting power.

Under the Company's By-Laws Agreement, we may issue up to 2,000,000 shares of common stock. As of the date of this Offering Memorandum, we have 600,000 shares of common stock outstanding and 100,000 shares reserved for the Company's Stock Option Plan. Consequently, even if we sell the 300,000 shares of common stock offered by this Offering Memorandum, we could still offer and sell an additional 1,000,000 of common stock after the offering. The sale of additional shares of common stock or rights to purchase additional shares of common stock could lower the value of your shares of common stock by diluting your ownership interest in us, reducing your voting power and reducing the amount of any distribution that we may make to you.

Under our By-Laws, it may be difficult for you to enforce claims against an officer or a Member of the Board of Directors, which means that you may not be able to recover any losses you may suffer through your ownership of the shares of common stock arising from acts of our officers and members of the Board of Directors that harm our business.

Our officers and Members of the Board of Directors must discharge their duties with reasonable care, in good faith, and in our best interest. Despite this obligation, our By-Laws limits an officer's and a Member of the Board of Director liability to us and our shareholders. Officers are generally not liable to us or our shareholders for monetary damages for breaches of fiduciary duty, unless it involves (a) a breach of the officer's or Member of the Board of Director's duty of loyalty to us or our shareholders, (b) acts or omissions that are not in good faith or involve intentional misconduct or a knowing violation of law or, with respect to officers, for acts of gross negligence, (c) a knowing violation of the securities laws of or for illegal distributions, or (d) a transaction from which the Officer or Member of the Board of Directors derived an improper personal benefit. These limitations could limit your rights to enforce claims against our officers or Member of the Board of Directors.

There are conflicts of interest in our business, because we have relationships with and may enter into additional transactions with our officers and Members of the Board of Directors which could impair an interested Officer's or Member of the Board of Director's ability to act in our best interest.

Conflicts of interest exist in our proposed structure and operation because we have and may in the future enter into transactions with officers and members of the Board of Directors. Although we will examine these conflicts from time to time, conflicts of interest could have adverse consequences for our business or you because our Members of the Board of Directors and officers may place their personal interests (including the interests of the other businesses with which they are affiliated) ahead of our interests. For more information on certain of our existing and prospective relationships and conflicts, please see "Certain Relationships and Related Party Transactions."

USE OF PROCEEDS

We are offering up to \$4,200,000 of shares of Common Stock in this offering. We estimate that offering expenses will be approximately \$0. The following table shows our estimated net proceeds from the offering, after deducting estimated offering expenses, both assuming the minimum amount required to reach financial closing is sold and assuming the maximum amount offered is sold.

	Equity for Financial Closing
Gross offering proceeds	\$ 4,200,000
Offering expenses	(-)
Net proceeds	\$ 4,200,000

The net proceeds to be received by us from this Offering, after deducting estimated offering expenses, will be approximately eight million four hundred thousand dollars (\$4,200,000) in the event that all Securities in this Offering are sold. We intend that ninety-five percent (95%) of the proceeds of the Offering will be used to carry out our Business Plan. The remaining five percent (5%) of the net proceeds from the sale of the Securities in this Offering will be used for general working capital. The use of Offering proceeds reflected herein represents our best estimate of how the proceeds of this Offering will be allocated based upon the current state of our business operation, our Business Plan and projected capital requirements. These estimates are subject to change based upon factors such as market developments, the availability of actual proceeds from this Offering, and changes in our business planning and operations. We believe the net offering proceeds will satisfy our projected cash requirements for the purchase of equity interests in the Licensed Entities. We may need to raise additional money separate from this Offering. The precise amount and timing of future funding needs cannot be determined at this time and will depend upon a number of factors, including:

- (1) the market demand for our products;
- (2) the progress of our efforts to implement the business plan; and
- (3) the success of our ability in the management of cash.

There is no assurance that funds required by us in the future will be available on terms satisfactory to us, if at all.

CAPITALIZATION

The following table presents our capitalization as of July 31, 2018, on an actual and pro forma basis, both assuming we raise \$4,200,000 in equity capital in this and any subsequent equity offerings of shares of common stock.

	Actual	Post Offering
Long term liabilities, less current portion	\$	\$ 4,500,000
Stockholders' equity:		
Stockholders' contributions for cash or assets	1,675,000	5,875,000
Stock issued for services	500,000	500,000
Accumulated Earnings	(675,000)	(675,000)
Total Stockholders' Equity	1,500,000	5,700,000
Total capitalization	\$ 1,500,000	\$ 10,200,000

DILUTION

At July 31, 2018, we had 600,000 shares of common stock outstanding, having a net tangible book value of \$1,500,000, or \$2.50 per share of common stock. Net tangible book value represents the total amount of our tangible assets less liabilities. The standard offering price of \$14.00 per share of common stock substantially exceeds the net tangible book value per share of common stock of our outstanding common stock as of July 31, 2018. After giving effect to the assumed sale of \$4,200,000 of equity, our pro forma net tangible book value as of July 31, 2018 would have been approximately \$5,700,000, respectively or \$6.33 per share. This represents an immediate increase in net tangible book value of \$3.83 per share of common stock to existing shareholders. As illustrated by the following table, a new investor in this offering may expect to experience an immediate dilution of \$7.67 if \$4,200,000 in capital is raised.

	<u>Minimum</u>
Price paid per share of common stock	\$ 14.00
Net tangible book value per share of common stock pre-offering	2.50
Increase in net tangible book value per share of common stock	3.83
Net tangible book value per unit, as adjusted for the sale of common stock	6.33
Dilution per share of common stock to new investors	\$ 6.67

DIVIDEND POLICY

We will not declare any dividends until we begin generating revenue. We do not expect to generate any revenue until we begin operating our proposed cannabis cultivation facility and have fully implemented the ten to twelve required cannabis mobile delivery services. After we begin generating revenue, we may distribute a portion of the net cash flow to our shareholders of common stock ratably in proportion to their shares of common stock held, subject to California law, our By-Laws and applicable loan covenants and restrictions. By net cash flow, we mean our gross cash proceeds received less any portion, as determined by our Board of Directors in their sole discretion, used to pay or establish reserves for our expenses, debt payments, capital improvements, replacements, and contingencies. Cash dividend distributions are not assured, however, and we may never be in a position to make cash dividend distributions. Whether we will be able to generate sufficient cash flow from our business to make cash dividend distributions depends upon numerous factors, including:

- Successful and timely completion of our proposed cannabis cultivation facility and bringing to an operational status up to 32 cannabis mobile delivery service locations;
- Required principal and interest payments on outstanding debt and compliance with applicable loan covenants;
- Our ability to operate our cultivation and cannabis mobile delivery services efficiently and generate profits;
- Our ability to control operating costs;
- Adjustments and the amount of cash set aside for reserves, capital expenditures and unforeseen expenses;
- General demand for our product.

Under California law, we cannot make cash dividend distributions to shareholders if, after the distribution, we would not be able to pay our debts as they become due or our liabilities would exceed our assets.

MANAGEMENT

Directors and Executive Officers

The members of the Board of Directors serve until the next annual meeting of stockholders or until their successors have been elected. The officers serve at the pleasure of the Board of Directors. The directors, executive officers and significant consultants of the Company are set forth below.

<u>Name</u>	<u>Age</u>	<u>Position</u>
L. Boyd Cook	42	Chief Financial Officer
C. Dean Homayouni, Esq., CPA.	60	President of Pegasus Capital Investments, Inc. and our In-House Legal Counsel. Member of the Board of Directors
Harry Rogers	60	Senior Vice President of Cultivation and Post Production Processing and a Member of our Board of Directors.
Katherine Suter	57	Senior Vice President of Post Cultivation Processing and Packaging.

L. Boyd Cook Boyd has worked in the super exciting world of accounting and finance for almost two decades. Driven, analytical, astute and more than experienced at the executive business and financial level, with over ten years of experience in venture capital management and placement, net worth management, financial operations, financial analytics, business organization and structure, as well as client relations and great people and consulting skills. Mr. Cook is adept in managing new and existing business opportunities while building new markets from the ground up. He has worked on complex financial projects in areas such as international business, business management, corporate finance, and auditing. He implemented financial analytics and best in practice management for companies in a variety of industries. He has learned how to best serve the customer and fellow employees, while building wealth for companies, including empowering and motivating employees and clients to increase asset growth and income generation. He has coached, educated, trained or otherwise taught over 1,000 individuals in a variety of platforms ranging from one-on-one coaching, class instruction, and all the way to over 3,500 people conferences. He co-authored *The Economics of Soul Purpose* with a New York Times Best Selling Author. He was a key player in the merger, acquisition, funding, and turn-around plan for over five companies with a total net worth of over \$142,000,000 and has managed the funding, finance, and capital accounts for six different real estate private equity funds totaling over \$250 million in assets.

C. Dean Homayouni, Esq. CPA is the founder and the current President of Pegasus Capital Investments Inc. (“Pegasus”) has been an executive officer of Pegasus since January 2018. He is a licensed attorney in the States of Nevada and California and has his law proactive in Sacramento, California (see www.CannabisAttorneyCPA.com). Mr. Homayouni is a partner in his own law practice, has held high-level accounting positions for large publicly traded corporations, and wrote a product distribution agreement in accordance with the Petroleum Marketing Practices Act for a large gas distributor in the State of Nevada. Mr. Homayouni started his career as a Certified Public Accountant and auditor for the international accounting firms of Arthur Anderson & Co. and Price Waterhouse & Co. where he was a manufacturing and distribution company auditor. He has held high-level executive positions for various companies including Controller for Computer People, Inc., Controller for Delphi Information Systems, Director of Finance for the International House of Pancakes, Director of Finance for Bowne Business Solutions and the Vice President of Finance of Las Vegas Entertainment Network, Inc. He attended the University of Pittsburgh from which he graduated in 1983 with a B.A. in Business Administration, Cum Laude and graduated from Loyola Law School, Los Angeles in 2002 with high honors. Mr. Homayouni has over 30-years’ experience as a CPA and attorney. Mr. Homayouni has recovered over \$20 million for his clients in litigation and currently concentrates his practice in emerging industries. He is considered an expert in cannabis processing systems, laws and regulations and federal taxation issues for the cannabis industry. Mr. Homayouni was the author of a series of electronic scuba diving guides (the entire series is over 10,000 pages and can be seen at www.3DActionVideoInc.com) and has filmed underwater for many years. He is the author of the book, “Filming Underwater in 3D and 2D and Post Production Processing” and the movie *3D Coral Reef Aquarium* was a finalist at the prestigious Blue Ocean Film Festival.

Harry Rogers has a degree in Horticulture and has been cultivating outdoor cannabis for over a decade on his family-owned farm in Plumas County, California. He has extensive farming and agriculture experience of both cannabis and non-cannabis crops and will provide the guidance and expertise to ensure we will be successful in cultivating high-end outdoor grown cannabis. Mr. Rogers Home Ranch consists of approximately 633 acres. Mr. Rogers own a second property located in Plumas County, California that consists of 127 acres. Mr. Rogers has extensive contacts in the Plumas County cannabis cultivation community and has express confidence he can adequately staff the cultivation and post-cultivation production processing operations. All 127 acres are farmable. Mr. Rogers has extensive political contacts and is the President of the Plumas County Cannabis Alliance. He has a degree in Horticulture and Agriculture and attended law school for three years. He has been cultivating cannabis for over 10 years and has extensive experience in the outdoor cultivation of cannabis.

Katherine Suter has over 15 years of experience as a master cannabis cultivator and has been the lead grower for large outdoor and indoor cultivation sites. Ms. Suter managed our test indoor cultivation facility during the Summer of 2017. She will lead a team for the final design of the cannabis cultivation facility. She attended multiple cannabis working group drafting sessions with Mr. Homayouni in Plumas County, California and has actively been involved with the configuration of the Vinton, California cultivation facility. Ms. Suter is the Treasurer of the El Dorado County Growers Alliance and currently is advocating for commercial activity to be allowed in El Dorado County, California. Ms. Suter utilizes “Total Living Organics” cultivation techniques. Mr. Suter is the former owner and operator of a cannabis medical cooperative in Monterey, California and is sought as a consultant to setup and run both dispensaries and mobile delivery services.

PRINCIPAL STOCKHOLDERS

The following table sets forth, as of the date of this information statement and giving effect to the Distribution, information as to the beneficial ownership of shares of Common Stock by all persons known by the Company to own beneficially five percent or more of the outstanding shares of Common Stock and all directors and officers of the Company, individually and as a group.

<u>Names and Addresses</u>	<u>Number of Shares of Common Stock Beneficially Owned</u>	<u>Percent of Outstanding Common Stock</u>	<u>Post Offering Percent of Outstanding Common Stock</u>
L. Boyd Cook P.O. Box 708745 Sandy, Utah 84070	90,000	15.00%	10.00%
C. Dean Homayouni, Esq., CPA (1) 92283 Highway 70 Chilcoot-Vinton, California 96135	405,000	67.50%	45.00%
Harry Rogers (2) 4059 North Valley Rd, Plumas County, California	90,000	15.00%	10.00%
Katherine Suter (3) P.O. Box 525 Grizzle Flats, California 95636	15,000	2.50%	1.67%
All Directors and Officers and Proposed Directors and Officers as a Group (4 persons)	600,000	100.00%	66.67%

- (1) Mr. Homayouni has been issued stock option to purchase an additional 20,000 shares at \$15 per share for additional cash or services provided by his law firm at the Firm's normally billable hourly rate.
- (2) Mr. Rogers has executed an agreement with the Company to utilize is farmland to cultivate up to four-acres of cannabis on his farmland in Plumas County for a ten-year period and to serve as the Senior Vice President of Cultivation in exchange for the 90,000 shares he received. Mr. Rogers is actively participating in the development of the Company's business plan. The Company has assigned a value to this lease agreement of \$500,000 and it has been recorded as Equity.
- (3) The ownership of shares of Katherine Suter vests over a two-year period. If Ms. Suter resigns for cause or without cause or is terminated for cause than any unvested shares revert to Mr. Homayouni and are fully vested upon reversion.

Board Compensation and Compensation for Services as Officers

Members of our Board of Member of the Board of Directors receive a per diem of \$400 per half day and \$800 per full day for attending meetings and carrying out duties on our behalf. They have not received, and will not receive, any compensation for their services in connection with any offering of securities or any commissions based, directly or indirectly, upon the sale of the shares of common stock. Board members such as Mr. Homayouni who are compensated for providing day-to-day services do not receive per diem payments for serving on the Board. Members of our Board are also reimbursed for reasonable expenses incurred in carrying out their duties as Member of the Board of Directors, including mileage reimbursement for travel to duly held meetings.

EMPLOYEES

ESTIMATED NUMBER OF EMPLOYEES BY YEAR PER BUSINESS COMPONENT

<u>Business Component</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Cannabis Mobile Delivery Services	30	212	368	416
Corporate, Legal and Accounting	5	6	6	6
Sacramento Warehouse	5	5	5	5
Plumas County Facilities (Greenville Farm and Vinton processing plant)	2	38	45	45
TOTAL ESTIMATED EMPLOYEES BY YEAR	42	261	424	472
Turnover at 10%	4	26	42	47
Turnover at 20%	8	52	85	94
Turnover at 30%	13	78	127	142

We expect to have a rapid increase in employees as our planned operations come online and become fully operational. We have estimated each cannabis mobile delivery service will require 13 employees, assuming there are two operational delivery vehicles per location. It takes three employees to operate one vehicle, seven days a week. If the number of vehicles increase (because our business is exceeding our projections), then for each additional vehicle added the headcount will increase by three (3) employees.

The only employees at the Plumas County Facilities on December 31, 2018, are Mr. Harry Rogers, our Senior Vice President of Outdoor Cultivation and Katherine Suter, our Vice President of Post Production Processing for Plumas County. Mr. Rogers' and Ms. Suter's employment and compensation begins on November 15, 2018, if commercial cannabis regulations acceptable to us pass in November 2018. The Plumas County Facilities will cultivate up to four (4) acres of outdoor and hoop house cannabis and are expected to be in full operation in 2019.

We estimated our planned network of 32 cannabis mobile delivery services will require 416 full-time employees by the end of 2021. Adding to the complexity, the turnover rate of cannabis businesses has historically been high. Dispensaries in Colorado are experiencing an employee turnover rate of 20% to 40% per year. Using an average of 30% we will have to hire and train large numbers of new employees per year. This presents a significant risk to our operations. As part of our Business Plan, we have budgeted for three (3) professional Human Resource Managers. Our expenditures may increase in this area since we will have geographically diverse operations based in:

- Plumas County, California
- Sacramento, California
- San Francisco Bay Area, California
- San Joaquin Valley, California
- Los Angeles, California

If we have to ramp up our Human Resource function and personnel we do not perceive such additional costs will have a material effect on our financial projections. The Vinton, California facility is 25 minutes from Reno that has a large population base and therefore we do not perceive staffing issues to be a problem. The Greenville, California facility is more isolated. Greenville has a population of approximately 1,200. Plumas County has a

population of approximately 20,000. Mr. Harry Rogers has an extensive network of cultivators located in Plumas County and is the President of the Plumas County Growers Alliance. He does not perceive a major issue in keeping the Greenville production facility staffed. Plumas County historically has a high unemployment rate, that is seasonal and spikes to 15% during the Winter months. We believe the full-time positions with benefits will be very competitive in Plumas County and will be highly sought after by the local population.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

We have engaged in transactions with related parties. Although we believe that these transactions were in our best interests, we cannot assure you that these transactions were entered into on terms as favorable to us as those that could have been obtained in an arms-length transaction. We may also engage in transactions with related parties in the future. Conflicts of interests arise when we transact business with related parties.

Conflicts of Interest

Conflicts of interest exist and may arise in the future because of the relationships between and among our officers, Member of the Board of Directors, affiliates and us, and the fact that we may from time to time enter into transactions with our officers, Member of the Board of Directors and affiliates. Conflicts of interest could cause our officers and Member of the Board of Directors to put their own personal interests ahead of ours. We cannot assure you that transactions we enter into with related parties will be on terms as favorable to us as those that could have been obtained in an arms-length transaction. Disputes may arise concerning transactions we enter into with related parties, and it is possible that our officers, Member of the Board of Directors and their affiliates may receive a more favorable resolution than an unaffiliated third party would receive. However, the Board of Member of the Board of Directors may not receive any rebates or kickbacks by causing us to transact business with a particular supplier, vendor or customer, nor may the Board cause us to enter into reciprocal business arrangements to circumvent the conflicts of interest and investment restrictions guidelines of the North American Securities Administrators Association.

Although we intend to examine all conflicts that may arise from time to time, we cannot assure you that conflicts of interest will not harm our business or reduce the value of your shares of common stock. We currently have not established any formal procedures to evaluate or resolve any conflicts of interest. Our By-Laws and California law provides certain specific approval mechanisms regarding transactions with a Member of the Board of Directors and their affiliates. Conflicts of interest could arise, among others, in the situations described below:

- Members of the Board of Directors and executive officers hold shares of common stock. Their decisions regarding the operation of our business will affect the amount of cash available for distribution to themselves and our other shareholders. They also receive equity and other compensation for their services and will continue to make decisions regarding their own compensation in the future.
- Any stockholders or affiliate, including stockholders who are also Member of the Board of Directors or officers, may, with the consent of the Board of Member of the Board of Directors, lend or advance money to us, for which we may pay interest up to a rate of prime plus 2%. We currently have no outstanding loans or advances from any member, Member of the Board of Directors or officer.
- Our Members of the Board of Directors that are also officers must devote sufficient time to our business and affairs, but are free to serve, in any capacity the Member of the Board of Directors deems appropriate, any other person or entity, including another cannabis business. Our Member of the Board of Directors and our officers may experience conflicts of interest in allocating their time and attention between us and other businesses. Our Member of the Board of Directors may also acquire financial or other incentives in other businesses.

Management

The Board of Directors will manage our business and affairs. The officers appointed by the Board of Member of the Board of Directors will manage our day-to-day operations.

Board of Directors

The initial Board of Directors must consist of not less than three (3) nor more than seven (7) Member of the Board of Directors, as determined by our initial Board of Member of the Board of Directors. The initial Member of the Board of Directors may be removed for cause by two-thirds of the remaining initial Members of the Board of Directors. Following financial closing, we will be managed by a Board of Directors comprised of elected Board of Directors. In order to preserve the continuity of governance and harmonious transition from the initial board to the elected board, the initial board will designate from among themselves the Member of the Board of Directors to serve in the elected seats following financial closing. A designated Member of the Board of Directors may be removed for cause by two-thirds of the remaining designated Members of the Board of Directors. The terms of these designated Members of the Board of Directors to the elected seats will be staggered such that, beginning with the 2018 annual meeting of the shareholders, our shareholders will elect one-third (or as nearly as possible) of the non-appointed members of the Board of Directors annually. Our shareholders will elect these Members of the Board of Directors upon the affirmative vote of holders of a majority of the shares with voting rights present, either in person or by proxy, and entitled to vote at a meeting of the shareholders. Following the election of a Member of the Board of Directors, the Member of the Board of Directors may be removed at any time upon the affirmative vote of holders of a majority of the common shares entitled to vote for elected Member of the Board of Directors. Each elected Member of the Board of Directors serves until his or her successor is duly elected and qualified, or until the Member of the Board of Director's death, resignation or removal. If a vacancy occurs, then the elected Members of the Board of Directors will appoint a new Member of the Board of Directors to fill the vacancy until the next annual or special meeting of the shareholders. At the shareholder meeting, the shareholders will elect a Member of the Board of Directors to serve the remaining term of the vacant seat. The number of Members of the Board of Directors following financial closing is currently set at three (3).

Meetings and Acts of the Board of Member of the Board of Directors

The Board of Directors must hold regular meetings from time to time, as it determines to be appropriate. The President or three or more Members of the Board of Directors may call a special meeting at any time. Written notice of a meeting must be given to all Members of the Board of Directors at least three days before the date of the meeting. Any Member of the Board of Directors who attends a meeting is deemed to have waived any right to notice, unless the Member of the Board of Directors attends the meeting for the express purpose of objecting to the meeting. Member of the Board of Directors can participate in a meeting in person, by phone, video conference or any other means of communication if all the persons participating can simultaneously hear one another. To transact business, a majority of the voting power of the Members of the Board of Directors in office must be present at a meeting.

Each Member of the Board of Directors generally has one vote. However, to the extent, a shareholder holds the right to appoint more than one Members of the Board of Directors pursuant to the procedures described above, the board voting power represented by such appointment right may be exercised by any one or more of the appointed Member of the Board of Directors present at such a meeting. Generally, to constitute an act of the Board of Member of the Board of Directors, the affirmative vote of a majority of the voting power of the Members of the Board of Directors present at a meeting is required. However, there are certain items that require the consent of two-thirds of the voting power of the Members of the Board of Directors present at a meeting. These include, among other things, (i) approval of the plans and specifications of the cannabis cultivation facility, (ii) approval of buildings and locations for the cannabis mobile delivery services, (iii) debt financing matters relating to the construction and start-up of our operations, (iv) our annual operating and capital budget, (v) investments or transaction not in the ordinary course of business that exceeds \$25,000, (vi) the acceptance of additional capital contributions and (vii) the issuance of additional shares of common and preferred stock, stock options option and warrants.

Except for matters that require the approval of our shareholders, the Board of Directors has the authority to engage in all acts and transactions permitted by law that are necessary or incidental to accomplishing our purpose. Our Board of Directors are not our agents and cannot individually act on our behalf. Our Board of Directors only has authority when they act as a group. The Board of Directors may act collectively through meetings, committees it establishes or officers to whom it has delegated authority. The Board of Directors may delegate its duties and

powers to any committee consisting of one or more persons that may, but need not be a Member of the Board of Directors, provided that a majority of the members of each committee must be a Member of the Board of Directors.

Each Member of the Board of Directors must devote enough time to us to manage our affairs and operations but is free to serve any other person or entity in any capacity and may engage in activities that compete with our business. Each Member of the Board of Directors must discharge his or her duties with reasonable care, in good faith, and in a manner, he or she believes to be in our best interest.

Contracts with Members of the Board of Directors or their Affiliates

Our By-Laws provide that contracts or transactions we enter into with our Members of the Board of Directors or their affiliates are not void or voidable solely because the Member of the Board of Directors or affiliate has a material financial interest in the contract or transaction, or solely because the interested Member of the Board of Directors is present at or participates in the meeting of our Board of Directors at which the contract or transaction is approved, if the material facts as to the contract or transaction and as to the Member of the Board of Directors' or Members of the Board of Directors' material financial interest are fully disclosed or known to the Board of Members of the Board of Directors, and the Board determines that the terms of the contract or transaction are commercially reasonable and no less favorable to us than could be obtained from an unaffiliated third party and authorizes, approves or ratifies the contract or transaction in good faith by a majority vote, but the interested Member of the Board of Directors or Members of the Board of Directors are not counted in determining the presence of a quorum and must not vote. With respect to contracts or transactions we enter into with our Members of the Board of Directors or their affiliates involving the sale or delivery of raw materials, the contract or transaction is not void or voidable solely for this reason, or solely because the interested Member of the Board of Directors is present at or participates in the meeting at which the contract or transaction is approved, if the terms of the contract or transaction are or were commercially reasonable and no less favorable to us than could be or could have been obtained from an unaffiliated third party, even though contract or transaction is not approved or ratified by the disinterested Members of the Board of Directors.

Officers

Our officers consist of the officers of the Board of Directors and such other officers appointed by the Board of Directors. When we near completion of the proposed cannabis cultivation facility, we will also select and employ, if one has not been employed, a General Manager and other officers who will be responsible for the day-to-day administrative and operational aspects of the cannabis cultivation facility and the ten to twelve cannabis mobile delivery services. This General Manager shall have the powers and authorities designated by the Board of Directors.

Limitation of Liability and Indemnification

Under California law and our By-Laws, no Member of the Board of Directors or officer is liable for any of our debts, obligations or liabilities merely because he or she is a member, Member of the Board of Directors or officer. Our By-Laws provide that no Member of the Board of Directors or officer is liable to us or our shareholders for monetary damages for breaches of fiduciary duties unless they involve (a) a breach of the Member of the Board of Directors' duty of loyalty to us or our shareholders; (b) acts or omissions that are not in good faith or involve intentional misconduct or a knowing violation of law or, with respect to officers, for acts of gross negligence; (c) a knowing violations of the securities laws of California or for illegal distributions; or (d) a transaction from which the Member of the Board of Directors derived an improper personal benefit. This could limit our and our shareholders' ability to bring an action against a Member of the Board of Directors or officer for monetary damages arising out of a breach of that Member of the Board of Director's or officer's fiduciary duties.

In addition, our By-Laws generally requires us to indemnify each present and former Members of the Board of Directors or officer relating to any liability or damage or reasonable expenses incurred with respect to a proceeding if the Member of the Board of Directors or officer was a party to the proceeding in the capacity of a Member of the Board of Directors or officer, unless the proceedings arise out of or are related to matters for which a Member of the Board of Directors or officer is personally liable under the prior paragraph. With regards to indemnification for

liabilities arising under the Securities Act of 1933, as amended, we have been informed that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy and is unenforceable.

LEGAL PROCEEDINGS

From time to time and in the ordinary course of its business, we may be named as a defendant in legal proceedings related to various issues, including worker's compensation claims, tort claims, and contractual disputes. We are currently involved in no such legal proceedings and are not aware of any potential claims that could result in the commencement of legal proceedings. We intend to carry insurance that will provide protection against certain types of claims.

SUMMARY OF PROMOTIONAL AND SALES MATERIAL

In addition to and apart from this Offering Memorandum, we will use various sales materials in connection with this offering. The materials may include a brochure, question-and-answer booklet, a speech for public seminars, invitations to seminars, news articles, public advertisements and audio-visual materials. In certain jurisdictions, these sales materials may not be available. Other than as described herein, we have not authorized the use of any other sales material. This offering is made only by means of this Offering Memorandum. Although the information contained in these sales materials does not conflict with any of the information contained in this Offering Memorandum, such material does not purport to be complete and should not be considered as a part of this Offering Memorandum or of the registration statement of which this Offering Memorandum is a part, or as incorporated in this Offering Memorandum or the registration statement by reference.

WHERE YOU CAN OBTAIN MORE INFORMATION

The description and summaries of the documents in this Memorandum do not purport to be complete, and reference is made to the actual documents contained in the Appendix attached hereto for a complete statement an understanding of what they contain.

All requests for documents must be sent in writing and delivered to PEGASUS CAPITAL INVESTMENTS INC., c/o C. Dean Homayouni, Esq., CPA, 92283 Highway 70, Chilcoot-Vinton, California 96135; or such other address as is provided to Company.

In addition to the documents contained in the Appendix, each investor shall be entitled to obtain from the Company such additional information as may be reasonably requested to verify or clarify any information contained herein to the extent it is available or may be obtained without unreasonable difficulty or expense. All requests for additional information provided must be in writing and identified by C. Dean Homayouni, Esq., CPA our In-House Legal Counsel and Chief Financial Officer; otherwise, it shall not be deemed to be authorized by the Company. Except as aforesaid, no person is authorized to give any information or to make any statement not contained in this Memorandum, and any information or statement not contained herein cannot be relied upon as having been authorized by the Company.

EXHIBIT A

PEGASUS CAPITAL INVESTMENTS INC.

A California Corporation

Subscription Documents

August __, 2018

To subscribe for shares of common stock in PEGASUS CAPITAL INVESTMENTS INC. (the "Company"), a prospective investor (the "Investor") must complete the subscription documents contained in this booklet in accordance with the instructions set forth herein. This entire booklet should then be returned to PEGASUS CAPITAL INVESTMENTS INC., at:

PEGASUS CAPITAL INVESTMENTS INC.

c/o C. Dean Homayouni, Esq., CPA
92283 Highway 70
Chilcoot-Vinton, California 96135

Please be sure that your name is the same in all signatures and places where it is printed on the documents. Duplicate copies of each signed document will be returned to you after your subscription is accepted and a closing with respect to your subscription for shares of common stock has occurred.

An investment in the shares of common stock involves a substantial degree of illiquidity and risk. This booklet of subscription documents is an Exhibit to the Confidential Private Placement Memorandum of the Company, dated July 31, 2018 ("Memorandum"), relating to the private offering of the common stock of the Company. NO PERSON IS AUTHORIZED TO RECEIVE THESE SUBSCRIPTION DOCUMENTS UNLESS SUCH PERSON HAS PREVIOUSLY RECEIVED, OR SIMULTANEOUSLY RECEIVES, COPIES OF THE MEMORANDUM BEARING ON ITS FIRST PAGE THE NAME OF SUCH PERSON AND THE NUMBER SET FORTH ON THE COVER HEREOF. Delivery of these subscription documents to anyone other than the person named on the front cover of the Memorandum as the intended recipient is unauthorized, and any reproduction or circulation of this booklet, in whole or in part, is prohibited.

Unless otherwise defined herein, or unless otherwise required by the context, all capitalized terms used in these Subscription Documents have the meanings ascribed to them in the Memorandum or the Articles of Incorporation or By-Laws of the Company attached thereto as Exhibit A ("Articles of Incorporation") and Exhibit B ("By-Laws").

Subscriptions from suitable prospective investors will be accepted in the sole discretion of the Manager after receipt of all Subscription Documents, properly completed and executed. Subscriptions may be redacted in whole or in part, for any reason or for no reason.

Instructions To Subscribers

Subscription Agreement

Please read, complete, date and sign. Each Co-Subscriber must complete and sign the signature page as well.

Corporations, partnerships, trusts and other entities must attach appropriate authorizing instruments (i.e., corporate resolution or by-laws, partnership agreement or trust instrument) and a list of authorized signatories.

All qualified retirement plans must attach all plan and trust documents and any other instruments necessary to establish the status of the person executing the Subscription Agreement as a named fiduciary of the plan. For IRAs, the IRA beneficiary must complete the subscription documents, and the IRA custodian must approve the subscription documents on behalf of the IRA subscriber.

Investor Questionnaire

Please read, complete, date and sign. Each Co-Subscriber must complete and sign the signature page and check the applicable boxes as well.

Signature Page to Company Agreement

Please complete, date and sign. Each Co-Subscriber must complete and sign the signature page as well.

Payment

The full amount of your subscription is due one business day prior to the first day of the month (or quarter, as the case may be) in which you wish your capital contribution to the Company to become effective.

Checks delivered to the Company must be made payable to:

“PEGASUS CAPITAL INVESTMENTS INC.”

SUBSCRIPTION AGREEMENT

ARTICLE I

PURCHASE OF COMMON STOCK OF PEGASUS CAPITAL INVESTMENTS INC.

1.01 **SUBSCRIPTION.** THE UNDERSIGNED (THE “SUBSCRIBER”) HEREBY SUBSCRIBES (THE “SUBSCRIPTION”) TO A SHARES(S) IN THE AMOUNT SET FORTH AS THE “INITIAL CAPITAL CONTRIBUTION” ON THE SIGNATURE PAGE HERETO (“INTEREST”) IN PEGASUS CAPITAL INVESTMENTS INC. (THE “COMPANY”) A CORPORATION FORMED UNDER THE LAWS OF THE STATE OF CALIFORNIA, WITH OFFICES AT 92283 HIGHWAY 70, CHILCOOT-VINTON, CALIFORNIA 96135. THIS SUBSCRIPTION SHALL BECOME EFFECTIVE WHEN IT HAS BEEN DULY EXECUTED BY THE SUBSCRIBER AND THIS SUBSCRIPTION AGREEMENT, INCLUSIVE OF THE INVESTOR QUESTIONNAIRE (THE “AGREEMENT”) HAS BEEN ACCEPTED AND AGREED TO BY THE COMPANY.

1.02 **Receipt of Memorandum and Exhibits.** The undersigned acknowledges receipt of a copy of the Company’s Confidential Private Placement Memorandum dated July 31, 2018 and related Exhibits (the “Memorandum”), including the Company’s Articles of Incorporation and By-Laws dated January 2, 2018, this Agreement which includes the Investor Questionnaire.

THE SUBSCRIBER ACKNOWLEDGES THAT THE SUBSCRIBER IS ACQUIRING THE SHARES OF COMMON STOCK AFTER INVESTIGATION OF THE COMPANY AND ITS PROSPECTS AND THAT NO OFFER OR SOLICITATION HAS BEEN MADE TO THE SUBSCRIBER EXCEPT THROUGH THE MEMORANDUM. THE SUBSCRIBER FURTHER ACKNOWLEDGES THAT THE SUBSCRIBER IS NOT RELYING UPON ANY REPRESENTATION MADE BY ANY PERSON EXCEPT AS CONTAINED IN THE MEMORANDUM.

1.03 **Payment For Subscription.** The Subscriber agrees that the Initial Capital Contribution to the Company for the amount of the Subscriber’s subscription is to be made upon submission of this Agreement.

1.04 **Terms and Conditions.** The Company shall have the right to accept or reject the Subscription, in whole or in part, for any reason whatsoever or for no reason. Subscriber warrants and represents that it/he/she is an “Accredited Investor,” as such term is defined in Regulation D promulgated under the Securities Act of 1933, as amended (the “Securities Act”) as more fully set forth below.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

2.01 **Representations and Warranties by the Company.** The Company represents and warrants to the Subscriber that:

(a) The Company has the full legal right, power and authority to: (i) enter into this Agreement and to perform the obligations hereunder; and (ii) execute and deliver this Agreement, and the consummation of the transactions contemplated herein will not result in a breach or violation of, or a default under, any agreement, law, regulation or decree by which the Company is bound.

(b) The Subscriber will acquire the Subscriber’s Interest free and clear of any liens, charges or encumbrances, other than the restrictions set forth in the Memorandum, this agreement and in the Operating Agreement.

2.02 **[Omitted.]**

2.03 Disclaimer.

(a) It is specifically understood and agreed by the Subscriber that the Company and its affiliates have not made, nor by this Agreement shall be construed to make, directly or indirectly, explicitly or by implication, any representation, warranty, projection, assumption, promise, covenant, opinion, recommendation or other statement of any kind or nature with respect to the anticipated profits or losses of the Company.

(b) The Company has made available to the Subscriber and the Subscriber's accountants, attorneys and other advisors full and complete information concerning the financial structure, liquidity and other risks of the Company, and any and all data requested by the Subscriber as a basis for estimating the potential profits and losses of the Company and the Subscriber acknowledges that the Subscriber has either reviewed such information and consents thereto.

2.04 General Representations and Warranties by the Subscriber. The Subscriber represents and warrants to the Company that:

(a) The Subscriber is acquiring the Interest for the Subscriber's own account, as principal, for investment purposes only and not with any intention to resell, distribute or otherwise dispose of or fractionalize the Interest, in whole or in part.

(b) The Subscriber has been furnished, has carefully read, and has relied solely (except for information obtained pursuant to paragraph (c) below), on the information contained in the Memorandum and the Subscriber has not received any other offering literature or prospectus and no representations or warranties have been made to the Subscriber by the Company's Directors, its affiliate, or the Company, other than the representations set forth in the Memorandum.

(c) The Subscriber has had an unrestricted opportunity to: (i) obtain additional information concerning the offering of shares of common stock pursuant to the Memorandum (the "Offering"), the Company and any other matters relating directly or indirectly to the Subscriber's purchase of the shares of common stock; and (ii) ask questions of, and has received answers and information from, the Company concerning the terms and conditions of the Offering and (i) and (ii) above and to obtain such additional information as may have been necessary to verify the accuracy of the information contained in the Memorandum or otherwise provided. The Subscriber has received such information as the Subscriber and its advisors consider necessary and appropriate to evaluate the risks and merits of an investment in the shares of common stock.

(d) The Subscriber is an Accredited Investor and has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of investing in the Company, and all information that the Subscriber has provided concerning the Subscriber, the Subscriber's financial position and knowledge of financial and business matters is true, correct and complete. **Subscriber acknowledges that an investment involves high degree of risk and illiquidity. The Subscriber warrants that all of the information provided by Subscriber in the Investor Questionnaire is accurate and complete in all respects. Subscriber also acknowledges and understands that the Company, its Members of the Board of Directors and other Shareholders will rely on the information provided by the Subscriber in this Agreement and in the Investor Questionnaire completed by Subscriber for purposes of complying with Federal and applicable state securities laws.**

(e) Except as otherwise disclosed in writing by the Subscriber to the Company, the Subscriber has not dealt with a broker in connection with the purchase of the Interest and agrees to indemnify and hold the Company harmless from any claims for brokerage or fees in connection with the transactions contemplated herein.

(f) The Subscriber is not relying on the Company, its Members of the Board of Directors, or the references to any legal opinion in the Memorandum with respect to any legal, investment or tax considerations involved in the purchase, ownership and disposition of the shares of common stock. The Subscriber has relied solely on the advice of, or has consulted with, in regard to the legal, investment and tax considerations involved in

the purchase, ownership and disposition of the shares of common stock, the Subscriber's own legal counsel, business and/or investment adviser, accountant and tax adviser.

(g) If the Subscriber is a corporation, partnership, trust or other entity: (i) it is authorized and qualified to become a shareholder of, and authorized to make its Initial Capital Contribution to, the Company; (ii) the person signing this Agreement on behalf of such entity has been duly authorized by such entity to do so; (iii) unless otherwise approved by the Company, such entity was not organized or reorganized for the specific purpose of acquiring the shares of common stock; and (iv) the Subscriber and all its owners are Accredited Investors, and each have received and consent to this agreement and specifically, the representations made in this Section 2.04.

(h) The Subscriber understands that Interests have not been registered under the Securities Act, or under any applicable state securities or blue-sky laws or the laws of any other jurisdiction, and cannot be resold unless they are so registered or unless an exemption from registration is available. The Subscriber understands that there is no plan to register the Interests under any law.

(i) The Subscriber understands the various risks of an investment in the Company and that the Board of Director(s) have or in the future may have conflicts of interest with the Company, and the Subscriber has carefully reviewed the various risks and conflicts summarized under "*RISK FACTORS*" and "*CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS*" in the Memorandum.

(j) The Subscriber represents that it understands that an investment in the Company involves significant risks not associated with other investment vehicles and is suitable only for persons of adequate financial means who have no need for liquidity in this investment. The Subscriber also represents that no assurances or guarantees have been made to the Subscriber by anyone regarding whether the Company's investment objective will be realized or whether the Company's investment strategy will prove successful. The Subscriber recognizes that he or she may lose all or a portion of their investment in the Company.

(k) The Subscriber is willing and able to bear the economic risks of an investment in the Company for an indefinite period of time. The Subscriber offers, as evidence of ability to bear economic risk, the information required hereinafter in these Subscription Documents. The Subscriber has read and understands the provisions of the Company's Articles of Incorporation and By-Laws.

(l) The Subscriber maintains its domicile and principal place of business, and is not merely a transient or temporary resident, at the residence address shown on the signature page of this Agreement.

(m) Except as indicated herein, any purchase of the shares of common stock will be solely for the account of the undersigned, and, not for the account of any other person or with a view toward resale, assignment, fractionalization or distribution thereof.

(n) The Subscriber represents that all of the information contained in this Agreement is complete and accurate and that the Subscriber will notify the Company immediately of any material change in any such information. The Subscriber understands that you will rely on the information contained herein.

(o) The Subscriber represents that it has relied solely upon investigations made by himself/herself, his/her attorney and accountant and agents in making the decision to participate in the proposed offering. Subscriber further acknowledges that no statement, printed material or inducement has been given or made by the Company or its representatives which is contrary to the information contained in the Memorandum and related Exhibits.

(p) The Subscriber has not incurred any obligations for any finder's, broker's or agent's fees of commissions in connection with the transactions contemplated thereby.

(q) The Subscriber is not subscribing for the shares of common stock as a result of, or pursuant to, any advertisement, article, notice or other communication published in any newspaper, magazine or

similar media or broadcast over television, radio, the Internet or presented at any seminar or meeting. Neither Subscriber nor any other person used any such for m of communication in obtaining its shareholders.

(r) The Subscriber (a) has a pre-existing business relationship with the Company, or one of its officers, directors or controlling persons and/or (b) by reason of the Subscriber's business or financial experience or the business or financial experience of the Subscriber's professional advisors who are unaffiliated with, and who are not compensated by, the Company or any affiliate of the Company, directly or indirectly, can be reasonably assumed to have the capacity to protect the Subscriber's interests in connection with the investment in the shares of common stock.

2.05 Representations by Entities Governed by ERISA. In the event that the Subscriber is governed pursuant to the rules and regulations of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), the person executing this Agreement on behalf of the Subscriber represents and warrants as follows:

(a) Such person is either a named fiduciary of the Plan (as defined in Section 402(a)(2) of ERISA) or an investment manager of the Plan (as defined in Section 3(38) of ERISA) with full authority under the terms of the Plan and full authority from all Plan beneficiaries, if required, to cause the Plan to invest in the Company and to execute this Agreement. Such investment has been duly approved by all other named fiduciaries whose approval is required, if any, and is not prohibited or restricted by any provisions of the Plan or of any related instrument.

(b) As a named fiduciary or investment manager, such person has independently determined that the investment by the Plan in the Company satisfies all requirements of Section 404(a)(1) of ERISA and will not be prohibited under any of the provisions of Section 406 of ERISA or Section 4975(c)(1) of the Code. The undersigned has requested and received all information from the Company that it, after due inquiry, considered relevant to such determinations. In determining that the requirements of Section 404(a)(1) are satisfied, the undersigned has taken into account (i) that there is a risk of a loss of the Plan's investment; (ii) that an investment in the Company will be relatively illiquid, and funds so invested will not be readily available for the payment of employee benefits; (iii) that the Company's portfolio will not be diversified; (iv) the cash flow requirements and funding objectives of the Plan; and (v) the Plan's other investments. Taking these factors, and all other factors relating to the Company into account, the undersigned has concluded that investment in the Company constitutes an appropriate part of the Plan's overall investment program.

(c) Such person will notify the Company, in writing, of (i) any termination, substantial contraction, merger or consolidation of the Plan, or transfer of its assets to any other plan, (ii) any amendment to the Plan or any related instrument that materially affects the investments of the Plan or the authority of any named fiduciary or investment manager to authorize Plan investments; and (iii) any alteration in the identity of any named fiduciary or investment manager, including itself, who has the authority to approve Plan investments.

(d) Such person acknowledges that neither the Company, its Director and Officers nor any of its Affiliates render any investment advice on a regular basis pursuant to a mutual understanding, arrangement or agreement, written or otherwise, between the Plan and any of such parties who will act in regard to the Company and none of such parties renders any investment advice to the Plan that furnishes the primary basis for investment decisions with respect to assets of the Plan.

(e) If the Member if the Board of Directors, officer, employee or agent of the Company is ever held to be a fiduciary, it is agreed that, in accordance with the provisions of Section 405(b)(1), 405(c)(2), and 405(d) of ERISA, the fiduciary responsibilities of such persons shall be limited to his or its duties in administering the business of the Company, and he or it shall not be responsible for any other duties with respect to the Plan (specifically including evaluating the initial or continued appropriateness of the Plan's investment in the Company under Section 404(a)(1) of ERISA).

(f) It is further understood that anything contained in the Company's Articles of Incorporation and By-Laws to the contrary notwithstanding, at any time the Company, in its sole discretion, determines that the continued participation by the Plan in the Company could cause a violation of any of the provisions of Section 406 of ERISA or Section 4975 of the Code, the Company may require the Plan to withdraw in

whole or in part from the Company in accordance with the provisions of the Articles of Incorporation and By-Laws. Nothing herein shall be construed to impose any responsibility on the Company to determine whether investment in the Company satisfies the requirements of Section 404(a)(1) of ERISA, or to relieve the undersigned or any other fiduciary of responsibility for preventing the Plan from violating the provisions of Section 406 of ERISA or Section 4975 of the Code.

Section 2.06 Representations and Warranties by Subscriber under USA PATRIOT Act. Subscribers should check the OFAC website at <<http://www.treas.gov/ofac>> before making the following representations.

(a) The Subscriber represents that the amounts contributed by it to the Company were not and are not directly or indirectly derived from activities that may contravene federal, state or international laws and regulations, including anti-money laundering laws and regulations. Federal regulations and Executive Orders administered by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") prohibit, among other things, the engagement in transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals.²⁴ The lists of OFAC prohibited countries, territories, persons and entities can be found on the OFAC website at <<http://www.treas.gov/ofac>>. In addition, the programs administered by OFAC ("OFAC Programs") prohibit dealing with individuals or entities in certain countries regardless of whether such individuals or entities appear on the OFAC lists.

The Subscriber hereby represents and warrants that, to the best of its knowledge, none of: (i) the Subscriber; (ii) any person controlling or controlled by the Subscriber; (iii) if the Subscriber is a privately held entity, any person having a beneficial interest in the Subscriber; or (iv) any person for whom the Subscriber is acting as agent or nominee in connection with this investment is a country, territory, individual or entity named on an OFAC list, nor is a person or entity prohibited under the OFAC Programs.

(a) The Subscriber represents and warrants that, to the best of its knowledge, none of: (i) the Subscriber; (ii) any person controlling or controlled by the Subscriber; (iii) if the Subscriber is a privately held entity, any person having a beneficial interest in the Subscriber; or (iv) any person for whom the Subscriber is acting as agent or nominee in connection with this investment is a senior foreign political figure,²⁵ any immediate family member²⁶ or close associate²⁷ of a senior foreign political figure as such terms are defined in the footnotes below.

(b) If the Subscriber is a non-U.S. banking institution (a "Foreign Bank") or if the Subscriber receives deposits from, makes payments on behalf of, or handles other financial transactions related to a Foreign Bank, the Subscriber represents and warrants to the Company that:

(1) the Foreign Bank has a fixed address, other than solely an electronic address, in a country in which the Foreign Bank is authorized to conduct banking activities;

²⁴ These individuals include specially designated nationals, specially designated narcotics traffickers and other parties subject to OFAC sanctions and embargo programs.

²⁵ A "senior foreign political figure" is defined as a senior official in the executive, legislative, administrative, military or judicial branches of a non-U.S. government (whether elected or not), a senior official of a major non-U.S. political party, or a senior executive of a non-U.S. government-owned corporation. In addition, a "senior foreign political figure" includes any corporation, business or other entity that has been formed by, or for the benefit of, a senior foreign political figure.

²⁶ "Immediate family" of a senior foreign political figure typically includes the figure's parents, siblings, spouse, children and in-laws.

²⁷ A "close associate" of a senior foreign political figure is a person who is widely and publicly known to maintain an unusually close relationship with the senior foreign political figure, and includes a person who is in a position to conduct substantial U.S. and non-U.S. financial transactions on behalf of the senior foreign political figure.

- (2) the Foreign Bank employs one or more individuals on a full-time basis;
- (3) the Foreign Bank maintains operating records related to its banking activities;
- (4) the Foreign Bank is subject to inspection by the banking authority that licensed the Foreign Bank to conduct banking activities; and
- (5) the Foreign Bank does not provide banking services to any other Foreign Bank that does not have a physical presence in any country and that is not a regulated affiliate.

(c) The Subscriber understands and agrees that any withdrawal or redemption proceeds paid it will be paid to the same account from which the Subscriber's investment in the Company was originally remitted, unless the Company, in its sole discretion, agrees otherwise.

(d) The Subscriber understands and agrees that, by law, the Company may be obligated to "freeze" the Subscriber's Interests, either by prohibiting additional contributions and/or declining any withdrawal requests with respect to the Interests in compliance with governmental regulations, and the Manager may also be required to report such action and to disclose the Subscriber's identity to OFAC.

(e) The Subscriber understands and agrees that the Company may not accept any contributions from the Subscriber if the Subscriber cannot make the representations set forth in this Agreement.

Section 2.07 Covenants of Subscriber.

(a) The Subscriber shall give prompt notice to the Company of the occurrence, or non-occurrence, of any event which would be likely to cause any representation, warranty or covenant herein to be untrue or inaccurate, or any covenant, condition or Agreement herein not to be complied with or satisfied.

(b) The Subscriber agrees not to transfer or attempt to transfer the shares of common stock in violation of the Securities Act or any applicable state securities laws and that it will not sell or otherwise dispose of any of the shares of common stock unless such sale or other disposition has been registered under the Securities Act or, in the opinion of counsel reasonably satisfactory to the Company, is exempt from registration under the Securities Act and has been registered or qualified or, in the opinion of such counsel, is exempt from registration or qualification under applicable state securities laws. Additionally, prospective assignees, before being admitted as Shareholders, may be required to complete and execute this Agreement, the Questionnaire and/or such other documents as the Company may, in its sole discretion require, and such Shareholder shall agree to become bound by the Operating Agreement. Accordingly, the shares of common stock may not be sold, hypothecated or assigned without the written consent of the Company, which consent may be withheld for any reason or for no reason. Subscriber understands that the terms hereof of this entire Agreement may apply to Subscriber's heirs and assigns wherever permitted or otherwise.

ARTICLE III
MISCELLANEOUS

3.01 Addresses and Notices. The address of each party for all purposes shall be the address set forth on the first page of this Agreement or on the signature page annexed hereto, or such other address of which the other parties have received written notice. Any notice, demand or request required or permitted to be given or made hereunder shall be in writing and shall be deemed given or made when delivered in person or when sent to such party at such address by registered or certified mail, return receipt requested.

3.02 Titles and Captions. All Article and Section titles or captions in this Agreement are for convenience only. They shall not be deemed part of this Agreement and do not in any way define, limit, extend or describe the scope or intent of any provisions hereof.

3.03 Assignability. This Agreement is not transferable or assignable by the undersigned Subscriber.

3.04 Pronouns and Plurals. Whenever the context may require, any pronoun used herein shall include the corresponding masculine, feminine or neuter forms. The singular form of nouns, pronouns and verbs shall include the plural and vice versa.

3.05 Further Action. The parties shall execute and deliver all documents, provide all information and take or forbear from taking all such action as may be necessary or appropriate to achieve the purposes of this Agreement. Each party shall bear its own expenses in connection therewith.

3.06 Choice of Law, Forum Selection, Venue **SUBSCRIBER ACKNOWLEDGES THAT THIS AGREEMENT WAS SUBSTANTIALLY NEGOTIATED IN THE STATE OF CALIFORNIA, THE AGREEMENT WAS SIGNED BY THE SUBSCRIBER AND DELIVERED BY SUBSCRIBER IN THE STATE OF CALIFORNIA, ALL PAYMENTS FOR SHARES OF COMMON STOCK DELIVERED WILL BE DELIVERED IN THE STATE OF CALIFORNIA AND THERE ARE SUBSTANTIAL CONTACTS BETWEEN THE PARTIES AND THE TRANSACTIONS CONTEMPLATED HEREIN AND THE STATE OF CALIFORNIA. FOR PURPOSES OF ANY ACTION OR PROCEEDING ARISING OUT OF THE AGREEMENT, THE PARTIES HERETO HEREBY EXPRESSLY SUBMIT TO THE JURISDICTION OF ALL FEDERAL AND STATE COURTS LOCATED IN THE COUNTY OF CASSIA IN THE STATE OF CALIFORNIA AND SUBSCRIBER CONSENTS THAT IT MAY BE SERVED WITH ANY PROCESS OR PAPER BY REGISTERED MAIL OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF CALIFORNIA IN ACCORDANCE WITH APPLICABLE LAW. IT IS THE INTENT OF THE PARTIES HERETO THAT ALL PROVISIONS OF THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED UNDER THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT GIVING EFFECT TO ITS PRINCIPLES OF CONFLICTS OF LAW. TO THE EXTENT THAT A COURT OF COMPETENT JURISDICTION FINDS CALIFORNIA LAW INAPPLICABLE WITH RESPECT TO ANY PROVISIONS HEREOF, THEN, AS TO THOSE PROVISIONS ONLY, THE LAWS OF THE STATES WHERE THE PREMISES ARE LOCATED SHALL APPLY. NOTHING IN THIS SECTION SHALL LIMIT OR RESTRICT THE RIGHT OF THE COMPANY TO COMMENCE ANY PROCEEDING IN THE FEDERAL OR STATE COURTS LOCATED IN THE STATES IN WHICH THE PREMISES ARE LOCATED TO THE COMPANY DEEMS SUCH PROCEEDING NECESSARY OR ADVISABLE TO EXERCISE REMEDIES AVAILABLE UNDER THIS AGREEMENT OR THE OTHER DOCUMENTS.**

3.07 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, administrators, successors, legal representatives, personal representatives, permitted transferees and permitted assigns. If the undersigned is more than one person, the obligation of the undersigned shall be joint and several and the agreements, representations, warranties and acknowledgments herein contained shall be deemed to be made by and be binding upon each such person and such person's heirs, executors, administrators and successors.

3.08 Integration. This Agreement, together with the Operating Agreement, constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes and replaces all prior and contemporaneous agreements and understandings, whether written or oral, pertaining thereto. No covenant, representation or condition not expressed in this Agreement shall affect or be deemed to interpret, change or restrict the express provisions hereof.

3.9 Amendment. This Agreement may be modified or amended only with the written approval of all parties.

3.10 Creditors. None of the provisions of this Agreement shall be for the benefit of or enforceable by creditors of any party.

3.11 Waiver. No failure by any party to insist upon the strict performance of any covenant, agreement, term or condition of this Agreement or to exercise any right or remedy available upon a breach thereof shall constitute a waiver of any such breach or of such or any other covenant, agreement, term or condition.

3.12 Rights and Remedies. The rights and remedies of each of the parties hereunder shall be mutually exclusive, and the implementation of one or more of the provisions of this Agreement shall not preclude the implementation of any other provision.

3.13 Counterparts. This Agreement may be executed in counterparts, all of which taken together shall constitute one agreement binding on all the parties notwithstanding that all the parties are not signatories to the original or the same counterpart.

3.14 Indemnity. The undersigned agrees to indemnify and hold harmless the Manager and the Company, and each other person, if any, who controls any such entity within the meaning of Section 15 of the Securities Act against any and all loss, liability, claim, damages and expense whatsoever (including, but not limited to, any and all expenses whatsoever reasonably incurred in investigating, preparing or defending against any litigation commenced or threatened or any claim whatsoever) arising out of or based upon any breach or failure by the undersigned to comply with any representation, warranty, covenant or agreement made by the undersigned herein or in any other document furnished by the undersigned to any of the foregoing in connection with this Agreement.

Date: _____

Amount of Number of Shares: _____

SIGNATURE FOR INDIVIDUAL SUBSCRIBER:

(Print Name)

(Signature)

(Print Name of Joint Subscriber, if any)

(Signature of Joint Subscriber, if any)

SIGNATURE FOR PARTNERSHIP, CORPORATION, TRUST OR OTHER ENTITY SUBSCRIBER:

(Print Name of Subscriber)

(Signature)

(Print Name and Title of Person Signing)

CUSTODIAN APPROVAL FOR AN IRA ACCOUNT: By signing below, the undersigned, a qualified IRA custodian, is consenting to the IRA account being invested in the Interests.

(Print Name of Custodian)

(Signature of Custodian Representative)

(Print Name and Title of Custodian Representative)

The foregoing subscription is hereby accepted on _____, 2018.

The foregoing subscription is hereby accepted to the extent of \$ _____ for _____ shares of Common Stock.

By: CYRUS DEAN HOMAYOUNI, Member of the Board of Directors, In-House Legal Counsel and CFO

Investor Questionnaire

A. ACCREDITED INVESTOR STATUS

Unless otherwise determined by the Company in its sole discretion, the Company will accept subscription offers only from persons who are “Accredited Investors,” as that term is defined in Regulation D under the Securities Act. PLEASE CHECK THE APPROPRIATE SPACE(S) IN THIS SECTION INDICATING THE BASIS ON WHICH YOU QUALIFY AS AN INVESTOR. IF YOU BELIEVE THAT YOU QUALIFY IN MORE THAN ONE WAY, THEN INDICATE SUCH.

I. **Qualification as an Accredited Investor.** Please check the categories applicable to you indicating the basis upon which you qualify as an Accredited Investor for purposes of the Securities Act and Regulation D thereunder.

- INDIVIDUAL (OR JOINT WITH SPOUSE) WITH NET WORTH IN EXCESS OF \$1.0 MILLION.** A natural person (not an entity) whose net worth, or joint net worth with his or her spouse, at the time of purchase exceeds \$1,000,000. (Explanation: In calculating net worth, you may include your collective equity in personal property and real estate, including your principal residence, cash, short-term investments, stock and securities. Your inclusion of equity in personal property and real estate should be based on the fair market value of such property less debt secured by such property.)
- INDIVIDUAL WITH A \$200,000 INDIVIDUAL ANNUAL INCOME.** A natural person (not an entity) who had an individual income of more than \$200,000 in each of the preceding two calendar years, and has a reasonable expectation of reaching the same income level in the current year.
- INDIVIDUAL WITH A \$300,000 JOINT ANNUAL INCOME.** A natural person (not an entity) who had joint income with his or her spouse in excess of \$300,000 in each of the preceding two calendar years, and has a reasonable expectation of reaching the same income level in the current year.
- CORPORATIONS OR PARTNERSHIPS.** A corporation, partnership, or similar entity that has in excess of \$5 million of assets and was not formed for the specific purpose of acquiring an Interest in the Company.
- REVOCABLE TRUST.** A trust that is revocable by its grantors and *each* of whose grantors is an Accredited Investor. (If this category is checked, please also check the additional category or categories under which the grantor qualifies as an Accredited Investor.)
- IRREVOCABLE TRUST.** A trust (other than an ERISA plan) that (i) is not revocable by its grantors, (ii) has in excess of \$5 million of assets, (iii) was not formed for the specific purpose of acquiring an Interest, and (iv) is directed by a person who has such knowledge and experience in financial and business matters that such person is capable of evaluating the merits and risks of an investment in the Company.
- IRA OR SIMILAR BENEFIT PLAN.** An IRA, Keogh or similar benefit plan that covers a natural person who is an Accredited Investor. (If this category is checked, please also check the additional category or categories under which the natural person covered by the IRA or plan qualifies as an Accredited Investor.)

- PARTICIPANT-DIRECTED EMPLOYEE BENEFIT PLAN ACCOUNT.** A participant-directed employee benefit plan investing at the direction of, and for the account of, a participant who is an Accredited Investor. (If this category is checked, please also check the additional category or categories under which the participant qualifies as an Accredited Investor.)
- OTHER ERISA PLAN.** An employee benefit plan within the meaning of Title I of the ERISA Act *other than* a participant-directed plan with total assets in excess of \$5 million *or* for which investment decisions (including the decision to purchase an Interest) are made by a bank, registered investment adviser, savings and loan association, or insurance company.
- GOVERNMENT BENEFIT PLAN.** A plan established and maintained by a state, municipality, or any agency of a state or municipality, for the benefit of its employees, with total assets in excess of \$5 million.
- NON-PROFIT ENTITY.** An organization described in Section 501(c)(3) of the Internal Revenue Code, as amended, with total assets in excess of \$5 million (including endowment, annuity and life income funds), as shown by the organization's most recent audited financial statements.
- OTHER INSTITUTIONAL INVESTOR (check one).**
 - A bank, as defined in Section 3(a)(2) of the Securities Act (whether acting for its own account or in a fiduciary capacity);
 - A savings and loan association or similar institution, as defined in Section 3(a)(5)(A) of the Securities Act (whether acting for its own account or in a fiduciary capacity);
 - A broker-dealer registered under the Exchange Act;
 - An insurance company, as defined in section 2(13) of the Securities Act;
 - A "business development company," as defined in Section 2(a)(48) of the ICA;
 - A small business investment company licensed under Section 301(c) or (d) of the Small Business Investment Act of 1958, as amended; or
 - A "private business development company" as defined in Section 202(a)(22) of the Investment Advisers Act of 1940, as amended.
- EXECUTIVE OFFICER OR DIRECTOR.** A natural person who is an executive officer, director or general partner of the Company or the Company.
- ENTITY OWNED ENTIRELY BY ACCREDITED INVESTORS.** A corporation, partnership, private investment company or similar entity *each* of whose equity owners is a natural person who is an Accredited Investor. (If this category is checked, please also check the additional category or categories under which each natural person qualifies as an Accredited Investor.)

B. SEC/NASD INFORMATION

I. Natural Persons

The Subscriber acknowledges and understands that the National Association of Securities Dealers, Inc. ("NASD") prohibits and restricts certain persons ("Restricted Persons") from profiting from the gains on "hot issues", or securities issued in a public offering that trade at a premium in the secondary market. While the Company does not intend to invest in public offerings; however, this information will be used for other general and compliance matters. To enable the Company to determine whether the Subscriber would be a Restricted Person, please check the appropriate boxes below:

1. The Subscriber is a member of the NASD.
- Yes No

2. The Subscriber is an officer, director, general partner, employee or agent of any NASD member, or a person associated with an NASD member.²⁸

Yes No

3. The Subscriber has acted as a finder in respect to the public offering of securities or acted in a fiduciary capacity to the managing underwriter for such offering, including, among others, attorneys, accountants and financial consultants.

Yes No

4. The Subscriber is (i) a senior officer, manager or general manager partner, (ii) a person in the securities department, or (iii) an employee or a person who may influence, or whose activities directly or indirectly involve or are related to, the function of buying or selling securities for any of the following entities:

- bank, savings and loan institution or insurance company,
- investment company or investment advisory firm (registered or unregistered),
- **any other institutional type account, domestic or foreign, including, but not limited to, hedge funds, investment partnerships, investment corporations or investment clubs.**

Yes No

5. The Subscriber is a member of the immediate family or any person in statements 1 or 2 above.²⁹

Yes No

6. The Subscriber is a person who is supported, directly or indirectly, to a material extent, by any person described in statements 1 - 4 above.

Yes No

The undersigned sets forth below a description of the nature of the undersigned's employment and any other business connections:

7. The Subscriber is not an officer, director, insider, employee or control person of any company filing or required to file reports pursuant to the Securities Exchange Act of 1934 as amended (a "Public Company").

Yes No

²⁸ The NASD By-Laws defines a person "associated with a member" as every sole proprietor, partner, officer, director or branch manager of any NASD member, or any natural person occupying a similar status or performing similar functions, or any natural person engaged in investment banking or securities business who is directly or indirectly controlling or controlled by such NASD member, whether or not any person is registered or exempt from registration with the NASD.

²⁹ For purposes of the NASD Rules of Fair Practice, the term "immediate family" includes parents, mother-in-law or father-in-law, husband or wife, brother or sister, brother-in-law or sister-in-law, son-in-law or daughter-in-law, and children. In addition, the term includes any other person who is supported, directly or indirectly, to a material extent.

If "Yes" provide the names and related information below.

8. The undersigned does not own, beneficially or otherwise, or have the right to vote or control, shares in any Public Company that exceed 4% of such company's actual outstanding shares (for purposes of this section, you are deemed to beneficially own all shares that you directly or indirectly control, receive a primary interest in, or have the right to acquire, such as options or convertible notes).

Yes No

If "Yes" provide the names of all companies that you have an interest in (direct or otherwise), the number of shares and number of shares underlying options or other securities held by you, or which you have the right to acquire within 60 days.

<u>Name</u>	<u>Symbol</u>	<u>No. of Shares</u>	<u>Option Shares</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

II. Entities

Provide the following information as to each partnership, corporation, limited liability company, trust or other entity that will have a Beneficial Interest in the Company.

THE UNDERSIGNED MUST COMPLETE THIS STATEMENT INCLUDING ATTACHING A LIST OF THE NAMES, NATURE OF EMPLOYMENT AND BUSINESS CONNECTIONS OF EACH BENEFICIAL OWNER OF THE UNDERSIGNED.

The Subscriber, hereby represents and warrants to and covenants with the Company, as follows:

1. The Subscriber has attached hereto a list of the names and a description of the nature of employment and any other business connections of each person having an ownership interest, directly or indirectly, in the Subscriber (such persons are hereinafter referred to as the "Beneficial Owners").³⁰
2. One (or more) Beneficial Owners of the Subscriber, or a member of the "Immediate Family"³¹ of a Beneficial Owner, is (*check all that apply*):
 - A member of the NASD,
 - An officer, director, general partner, sole proprietor, employee or agent of a broker/dealer,

³⁰ Beneficial Owners include, but are not limited to, (i) shareholders of a corporation, (ii) partners of a partnership, (iii) the grantor of a revocable or grantor trust, (iv) the beneficiaries of an irrevocable trust, (v) the individual who established an IRA, (vi) the participant in a self-directed pension plan, or (vii) the sponsor of any other pension plan. If the Beneficial Owner is itself an entity, the information and representations set forth herein must also be given with respect to its Beneficial Owners.

³¹ The term "Immediate Family" includes a Beneficial Owner's parents, mother-in-law or father-in-law, husband or wife, brother or sister, brother-in-law or sister-in-law, son-in-law or daughter-in-law and children. The term also includes any other person who supports the Beneficial Owner, directly or indirectly, to a material extent.

- A person associated with³² a broker-dealer,
- None of the above applies.

If either of the first two boxes above has been checked and applies solely to a member of the Beneficial Owner's Immediate Family, such Immediate Family Member (*check one*):

- Contributes directly or indirectly, to a material extent, to the support of the Beneficial Owner,
 - Does not contribute directly or indirectly to a material extent to the support of the Beneficial Owner.
3. One or more Beneficial Owners of the Subscriber or any person who supports a Beneficial Owner directly or indirectly, to a material extent is (*check all that apply*):
- A finder in respect of public offerings of securities,
 - A person acting in a fiduciary capacity to managing underwriters of public offerings of securities, including, among other things, attorneys, accountants and financial consultants,
 - Neither of the above applies.
4. One or more Beneficial Owners of the Subscriber or any person who supports a Beneficial Owner directly or indirectly, to a material extent is (*check one*):
- (i) a senior officer or general partner, (ii) a person in the securities department, or (iii) an employee or a person who may influence or whose activities, directly or indirectly, involve or are related to the function of buying or selling securities for any of the following entities:
 - bank, savings and loan institution or insurance company,
 - investment company or investment advisory firm (registered or unregistered),
 - **any other institutional type account, domestic or foreign, including, but not limited to, hedge funds, investment partnerships, investment corporations or investment clubs.**
 - The above does not apply.
5. The Subscriber will notify the Company when any representation made herein is no longer accurate.

C. ERISA Plans

If Subscriber is a qualified retirement plan subject to the fiduciary provisions of Title I of ERISA, or of Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"), check the appropriate spaces below:

TITLE TO SHARES OF COMMON STOCK TO BE REGISTERED AS FOLLOWS:

Type of Plan (check one)

³² A person "associated with" a broker-dealer means any natural person engaged in the investment banking or securities business who is directly or indirectly controlling or controlled by a broker-dealer.

- | | |
|---|---------------------------------------|
| <input type="checkbox"/> CORPORATE PLAN | <input type="checkbox"/> IRA |
| <input type="checkbox"/> KEOGH (H.R.-10) PLAN | <input type="checkbox"/> OTHER: _____ |

Investment Discretion with respect to Invested Assets Exercised by (check one)

- | | |
|-------------------------------------|---|
| <input type="checkbox"/> INDIVIDUAL | <input type="checkbox"/> INDIVIDUAL FIDUCIARY |
| <input type="checkbox"/> EMPLOYER | <input type="checkbox"/> CORPORATE FIDUCIARY (bank, insurance company, investment broker, etc.) |

NAME OF FIDUCIARY: _____

D. REPRESENTATIONS AND WARRANTIES BY LIMITED LIABILITY COMPANIES, CORPORATIONS, PARTNERSHIPS, TRUSTS AND ESTATES

If the Subscriber is a corporation, partnership or trust, the Subscriber and each person signing on behalf of Subscriber represents and warrants that:

1. Was the undersigned organized or reorganized for the specific purpose, or for the purpose among other purposes, of acquiring interests in the Company?
 Yes No

2. Will the Subscriber, at any time, invest more than 40% of Subscriber's assets in the Company?
 Yes No

3. Under the Subscribing entity's governing documents and in practice, are the Subscribing entity's investment decisions based on the investment objectives of the Subscribing entity and its owners generally and not on the particular investment objectives of any one or more of its individual owners?
 Yes No

4. Does any individual shareholder, partner or member or group of shareholders, partners or members of the undersigned have the right to elect whether or not to participate in the investment of the Subscribing entity in the Company or to determine the level of participation of such partner or group therein?
 Yes No

5. Is the Subscribing entity authorized and qualified to become a Member in the Company and does the Subscribing entity and the undersigned hereto further represent and warrant that such signatory has been duly authorized by the Subscribing entity to execute the Subscription Documents?
 Yes No

6. **Is the undersigned a private investment company which is not registered under the Company Act, as amended, in reliance on Section 3(c)(1) or Section 3(c)(7) thereof?**
 Yes No

E. TAXPAYER ID NUMBER; NO BACKUP WITHHOLDING; NOT A FOREIGN PERSON OR ENTITY

If Subscriber is a “non-U.S. person or entity,” allocations of Company income may be subject to withholding and taxation under the Internal Revenue Code, as amended (“Code”). Subscriber acknowledges that it may be required to file U.S. income tax returns. If the Subscriber is a foreign corporation, foreign partnership, foreign trust or foreign estate (as those terms are defined in the Code and the regulations thereunder), please contact the Company. The Subscriber understands that the information contained in this item may be disclosed to the Internal Revenue Service by the Company and that any false statement contained in this item could be punished by fine, imprisonment or both.

1. Subscriber certifies that the taxpayer identification number being supplied herewith by Subscriber is Subscriber’s correct taxpayer identification number and that Subscriber is not subject to backup withholding under Section 3406 of the Code and the regulations thereunder?

Yes No

2. Subscriber certifies that Subscriber is not a “Non-U.S. person” or, if an entity, that Subscribing entity is not a foreign corporation, foreign partnership, foreign trust or foreign estate, as those terms are defined the Code and the regulations thereunder?

Yes No

3. If Subscriber’s non-foreign status changes or if any other information in this item changes, Subscriber agrees to notify the Company within 30 days thereafter.

Yes No

F. COMPLIANCE WITH THE USA PATRIOT ACT

To comply with applicable anti-money laundering/U.S. Treasury Department’s Office of Foreign Assets Control (“OFAC”) rules and regulations, you are required to provide the following information:

I. Payment Information.

1. *Name of the bank from which your payment to the Company is being wired (the “Wiring Bank”):*

2. *Is the Wiring Bank located in the United States or another “FATF Country”³³?*

Yes No

If yes, please answer question (3) below.

If no, please provide the information described in Item II below.

3. *Are you a customer of the Wiring Bank?*

33 As of the date hereof, countries that are members of the Financial Action Task Force on Money Laundering (each an “FATF Country”) are: Argentina, Australia, Austria, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Iceland, Ireland, Italy, Japan, Luxembourg, Mexico, Kingdom of the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, Turkey, United Kingdom, and the United States. The list of FATF Countries may be expanded to include future FATF members and FATF compliant countries, as appropriate.

Yes No

If yes, you may skip Item II below, as well as forms F1 through F5 (attached hereto).

If no, please provide the information described in Item II below.

II. Additional Information.

Note: this section applies only to investors who responded “no” to question I (2) or I (3) above. If you answered “yes” to both I (2) and I (3) please skip this Section II as well as forms F1 through F5 (attached hereto).

The following materials must be provided to the Company:

For Individual Investors

A government issued form of picture identification (*e.g.*, passport or drivers license).

Proof of the individual’s current address (*e.g.*, current utility bill), if not included in the form of picture identification.

For Funds of Funds or Entities that Invest on Behalf of Third Parties Not Located in the United States or Other FATF Countries

A certificate of due formation and organization and continued authorization to conduct business in the jurisdiction of its organization (*e.g.*, certificate of good standing).

An incumbency certificate attesting to the title of the individual executing the Subscription Documents on behalf of the prospective investor (a sample Incumbency Certificate is attached hereto as form F1).

A completed copy of form F2 (attached hereto) certifying that the entity has adequate anti-money laundering policies and procedures in place that are consistent with the USA PATRIOT Act, OFAC and other relevant Federal, state or foreign anti-money laundering laws and regulations.

A letter of reference from a local office of a reputable bank or brokerage firm which is incorporated, or has its principal place of business located, in the United States or other FATF Country certifying that the prospective investor (*i.e.*, the fund of funds or the entity investing on behalf of third parties) has maintained an account at such bank/brokerage firm for a length of time and containing a statement affirming the prospective investor’s integrity (a sample Letter of Reference is attached hereto as form F3).

For All Other Entity Investors

A certificate of due formation and organization and continued authorization to conduct business in the jurisdiction of its organization (*e.g.*, certificate of good standing).

An incumbency certificate attesting to the title of the individual executing the Subscription Documents on behalf of the prospective Investor (a sample Incumbency Certificate is attached hereto as form F1).

A letter of reference from a local office of a reputable bank or brokerage firm which is incorporated, or has its principal place of business located, in the United States or other FATF Country certifying that the prospective investor (*i.e.*, the fund of funds or the entity investing on behalf of third parties) has maintained an account at such bank/brokerage firm for a length of time and containing a statement affirming the prospective investor’s integrity (a sample Letter of Reference is attached hereto as form F3).

If the prospective investor is a privately-held entity, a completed copy of form F4 (attached hereto) listing the name of each person who directly, or indirectly through intermediaries, is the beneficial owner of 25% or more of any voting or non-voting class of equity interests of the prospective investor.

If the prospective investor is a trust, a completed copy of form F5 (attached hereto) listing the current beneficiaries of the trust that have, directly or indirectly, 25% or more of any interest in the trust, the settlors or grantors of the trust, and the trustees.

G. ADDITIONAL SUBSCRIBER INFORMATION

Subscriber further represents and warrants that the following information is true and complete:

Name of Subscriber: _____ Date of Birth: _____

Name of Joint Subscriber, if any: _____ Date of Birth: _____

Amount of Initial Capital Contribution: \$ _____

Subscriber's Social Security or Taxpayer ID No.: _____

(A subscriber who does not have a Social Security or Taxpayer ID. Number will not be admitted to the Company.)

Type of owner or form of ownership:

- | | | |
|--------------------------------------|---|-------------------------------------|
| <input type="checkbox"/> Individual | <input type="checkbox"/> Joint Tenants With Right of Survivorship | <input type="checkbox"/> IRA |
| <input type="checkbox"/> Company | <input type="checkbox"/> Tenants in Common | <input type="checkbox"/> Keogh Plan |
| <input type="checkbox"/> Corporation | <input type="checkbox"/> Employee Benefit Plan | <input type="checkbox"/> Other |
| <input type="checkbox"/> Trust | <input type="checkbox"/> Limited Liability Company | Specify: _____ |

Address (Principal State of Residence):

Mailing Address, if different:

Telephone number: (____) ____-____

Fax number: (____) ____-____

Email: _____

Name of Remitting Bank: _____

Address: _____

SWIFT/ABA/CHIPS/UID: _____

Account name: _____

Account number: _____

Under Reference: _____

Value Date for Capital Contribution: _____

Unless notified otherwise, the Company will use the foregoing bank account details in the case of withdrawals.

If the Subscriber is a corporation, limited liability company, partnership or a trust, please provide the names and addresses of the officers, directors, partners, managers, members and principal beneficiaries as the case may be. *To the extent the context permits, all of the information in this questionnaire is furnished on behalf of and is applicable to each of the persons listed below. The Company may require any one of these individuals to complete a separate Investor Questionnaire.*

Business or professional education and the degree(s) received are as follows (*Applicable to individual subscribers*):

<u>School</u>	<u>Degree</u>	<u>Year Received</u>

Prior employment, positions or occupations during the past five years (and the inclusive dates of each) are as follows:

<u>Employment, Position or Occupation</u>	<u>From</u>	<u>To</u>	<u>Nature of Duties</u>

Approximate number of years Subscriber has been investing: _____ Approximate current portfolio value: \$ _____

Please check frequency of Subscriber's (or custodian's) investments in:

	<u>Often</u>	<u>Occasionally</u>	<u>Seldom</u>	<u>Never</u>
Real estate, other than principal residence (directly or through partnerships or other entities managed by others)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tax shelter programs (real estate, leasing, oil and gas, cattle breeding)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marketable securities (stocks, bonds, debentures, notes)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commodity futures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Speculative or venture capital investments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other private investment funds, including hedge funds and commodity pools	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Duplicate reports, including statements and quarterly letters should be sent to:

Date: _____

**SIGNATURE FOR INDIVIDUAL
SUBSCRIBER:**

(Signature)

(Print Name)

(Signature of Joint Subscriber, if any)

(Print Name of Joint Subscriber, if any)

**SIGNATURE FOR PARTNERSHIP,
CORPORATION, TRUST OR
OTHER ENTITY SUBSCRIBER:**

(Print Name of Subscriber)

(Signature)

(Print Name of Person Signing)

(Title)

FORM F-1

FORM OF INCUMBANCY DOCUMENT

The undersigned, being the _____ of _____,
Title Insert Name of Entity
a _____ organized under the laws of _____
Type of Entity Jurisdiction of Organization

(the "Company"), does hereby certify on behalf of the Company that (i) the persons named below are directors, managers and/or officers of the Company, (ii) the signature at the right of said name, respectively, is the genuine signature of said person, and (iii) the persons listed below are each an authorized signatory for the Company and each is authorized by the Company to give and receive instructions between the Company and the Company (including but not limited to requests for redemption). Such persons are the only persons so authorized until further written notice to the Manager signed by one or more of such persons.

<u>Name</u>	<u>Title</u>	<u>Signature</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

IN WITNESS WHEREOF, the undersigned has hereunto set his hand as of the __ day of _____, 200__.

Signature of Signatory #1

Print Name and Title of Signatory #1

THE UNDERSIGNED, _____, a duly authorized _____
Name of Signatory #2 Title
of the Company, does hereby certify that _____ is a duly authorized
Name of Signatory #1
officer of _____ and that the signature set forth above is his or her true and correct
Name of Company
signature.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand as of the __ day of _____, 200__.

Signature of Signatory #2

Print Name and Title of Signatory #2

FORM F-2

ANTI-MONEY LAUNDERING CERTIFICATION FORM FOR FUNDS OF FUNDS OR ENTITIES THAT INVEST ON BEHALF OF THIRD PARTIES

The undersigned, being the _____ of _____,
Title Name of Entity

a _____ organized under the laws of _____
Type of Entity Jurisdiction of Organization

(the "Company"), does hereby certify on behalf of the Company that it is aware of the requirements of the USA PATRIOT Act of 2001, the regulations administered by the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC"), and other applicable U.S. Federal, state or non-U.S. anti-money laundering laws and regulations (collectively, the "anti-money laundering/OFAC laws"). The Company has anti-money laundering policies and procedures in place reasonably designed to verify the identity of its beneficial holders and their sources of funds. Such policies and procedures are properly enforced and are consistent with the anti-money laundering/OFAC laws such that PEGASUS CAPITAL INVESTMENTS INC. may rely on this Certification.

The Company hereby represents to PEGASUS CAPITAL INVESTMENTS INC. that, to the best of its knowledge, the Company's beneficial holders are not individuals, entities or countries that may subject PEGASUS CAPITAL INVESTMENTS INC. to criminal or civil violations of any anti-money laundering/OFAC laws. The Company has read the section entitled "Representations and Warranties by Subscriber under USA PATRIOT Act" in the Subscription Documents. The Company has taken all reasonable steps to ensure that its beneficial holders are able to certify to such representations. The Company agrees to promptly notify PEGASUS CAPITAL INVESTMENTS INC. if the

Company has any questions relating to any of the investors or become aware of any changes in the representations set forth in this Certification.

Date: _____

By: _____

Name:

Title:

FORM F-3

FORM LETTER OF REFERENCE

[LETTERHEAD OF LOCAL OFFICE OF FATF MEMBER BANKING INSTITUTION
OR BROKERAGE FIRM]

PEGASUS CAPITAL INVESTMENTS INC.
92283 Highway 70
Chilcoot-Vinton, California 96135

To whom it may concern:

I, _____, the _____ of _____, do hereby
Name Title Name of Institution
certify that _____ has maintained an account at our institution for
Name of Investor
_____ years and, during this period, nothing has occurred that would give our institution
Insert Period
cause to be concerned regarding the integrity of _____.
Name of Investor

Do not hesitate to contact me at _____ if you have any further
Insert Telephone No.
questions.

Very truly yours,

Name:
Title

FORM F-4

BENEFICIAL OWNERSHIP INFORMATION

To Be Completed By Entity Subscribers That Are Privately Held Entities

Instructions: Please complete and return this form F4 and provide the name of every person who is directly, or indirectly through intermediaries, the beneficial owner of 25% or more of any voting or non-voting class of equity interests of the investor. If the intermediary's shareholders or partners are not individuals, continue up the chain of ownership listing their 25% or more equity interest holders until individuals are listed. If there are no 25% beneficial owners, please write none.

<u>Full Name</u>	If Shareholder is an Individual, Insert Name and Address of Principal <u>Employer and Position</u>	Citizenship (for Individuals) or Principal Place of <u>Business (for Entities)</u>

FORM F-5

TRUST OWNERSHIP INFORMATION

To Be Completed By Entity Subscribers That Are Trusts

Instructions: Please complete and return this form F5 and provide the name of: (i) every current beneficiary that has, directly or indirectly, an interest of 25% or more in the trust; (ii) every person who contributed assets to the trust (settlers or grantors); and (iii) every trustee. If there are intermediaries that are not individuals, continue up the chain of ownership listing their 25% or more equity interest holders until individuals are listed.

<u>Full Name and Address</u>	Status (Beneficiary/Settlor/ Trustee)	Citizenship (for Individuals) or Principal Place of <u>Business (for Entities)</u>

EXHIBIT B
ARTICLES OF INCORPORATION
OF
PEGASUS CAPITAL INVESTMENTS INC.

The undersigned, being the original incorporator herein named, for the purpose of forming a corporation under the general corporation laws of the State of California to do business within and without the State of California, does make and file these Articles of Incorporation hereby declaring and certifying that the facts herein stated are true:

ARTICLE I
NAME

The name of the corporation is:

PEGASUS CAPITAL INVESTMENTS INC.

ARTICLE II
RESIDENT AGENT AND REGISTERED OFFICE

Section 2.01 **Resident Agent**. The name and address of the resident agent for service of process is Record Search America.

Section 2.03. **Other Offices**. The corporation may also maintain offices for the transaction of any business at such other places within or without the State of California as it may from time to time determine. Corporate business of every kind and nature may be conducted, and meetings of directors and stockholders may be held outside the State of California with the same effect as if in the State of California.

ARTICLE III
SHARES OF STOCK

The amount of the total authorized capital stock of this corporation is Two Million shares (**2,000,000**) of common stock, \$0.01 par value. The Common Stock may be issued from time to time upon approval of the Board of Directors, subject to limitations that may be contained in the Company's By-Laws. The Common Stock may be issued for such consideration as may be fixed from time to time by the Board of Directors

The Board of Directors may issue such shares of Common Stock in one or more series, at such price and in such number of each series, with such voting powers, designations, preferences and rights of qualifications, limitations, or restrictions thereof as shall be stated in the resolution or resolutions adopted by them, subject to any required approval by the Shareholders.

ARTICLE IV
DIRECTORS

Section 4.01. **Governing Board**. The members of the governing board of the corporation shall be styled as directors.

Section 4.02. **Initial Board of Directors**. The initial Board of Directors shall consist of not less than one (1) nor more than seven (7) members as set forth in the Bylaws. The names and addresses of the initial members of the Board of Directors are as follows:

<u>Name</u>	<u>Address</u>
C. Dean Homayouni, Esq., CPA	6920 Sunrise Boulevard, Suite 108 Citrus Heights, California 95610

These individuals shall serve as Director until the first annual meeting of the stockholders or until their successors shall have been elected and qualified.

Section 4.03. **Change in Number of Directors.** The number of specific or total directors may be increased or decreased by a duly adopted amendment to the Bylaws of the corporation.

ARTICLE V INCORPORATOR

The name and address of the Incorporator is:

**C. Dean Homayouni, Esq., CPA
6929 Sunrise Boulevard, Suite 108
Citrus Heights, California 95610**

ARTICLE VI DIRECTORS' AND OFFICERS' LIABILITY

A director or officer of the corporation shall not be personally liable to this corporation or its stockholders for damages for breach of fiduciary duty as a director or officer, but this Article VI shall not eliminate or limit the liability of a director or officer for (i) acts or omissions which involve intentional misconduct, fraud, or a knowing violation of law or (ii) the payment of distributions in violation of California Statutes. Any repeal or modification of this Article by the stockholders of the corporation shall be prospective only and shall not adversely affect any limitation on the personal liability of a director or officer of the corporation for acts or omissions prior to such repeal or modification.

ARTICLE VII INDEMNITY

Every person who was or is a party to, or is threatened to be made a party to, or is involved in any action, suit, or proceeding, whether civil, criminal, administrative, or investigative by reason of the fact that he, or a person of whom he is the legal representative, is or was a director or officer of the corporation or is or was serving at the request of the corporation or as its representative in a partnership, joint venture, trust or other enterprise, shall be indemnified and held harmless to the fullest extent legally permissible under the laws of the State of California from time to time against all expenses, liability, and loss (including attorneys' fees, judgments, fines, and amounts paid or to be paid in settlement) reasonably incurred or suffered by him in connection therewith. Such right of indemnification shall be a contract right which may be enforced in any manner desired by such person. The expenses of officers and directors incurred in defending a civil or criminal action, suit, or proceeding must be paid by the corporation as they are incurred and in advance of the final disposition of the action, suit, or proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay the amount if it is ultimately determined by a court of competent jurisdiction that he is not entitled to be indemnified by the corporation. Such right of indemnification shall not be exclusive of any other right which such directors, officers, or representatives may have or hereafter acquire, and, without limiting the generality of such statement, they shall be entitled to their respective rights of indemnification under any By-Law, agreement, vote of stockholders, provision of law, or otherwise, as well as their rights under this Article.

ARTICLE VIII AMENDMENTS

This corporation reserves the right to amend, alter, change, or repeal any provision contained in these Articles of Incorporation or its Bylaws in the manner now or hereafter prescribed by statute or by these Articles of Incorporation or said Bylaws, and all rights conferred upon the stockholders are granted subject to this reservation.

**ARTICLE IX
POWERS OF DIRECTORS**

In furtherance, and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized:

(1) Subject to the Bylaws, if any, adopted by the stockholders, to make, alter, or repeal the Bylaws of the corporation;

(2) To authorize and cause to be executed mortgages and liens, with or without limit as to amount, upon the real and personal property of the corporation;

(3) To authorize the guaranty by the corporation of securities, evidences of indebtedness, and obligations of other persons, corporations, and business entities;

(4) To set apart out of any of the funds of the corporation available for dividends a reserve or reserves for any proper purpose and to abolish any such reserve; and

(5) By resolution adopted by a majority of the whole Board, to designate one or more committees, each committee to consist of one or more of the directors of the corporation, which, to the extent provided in the resolution or in the Bylaws of the corporation, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the corporation and may authorize the seal of the corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be stated in the Bylaws of the corporation or as may be determined from time to time by resolution adopted by the Board of Directors.

All corporate powers of the corporation shall be exercised by the Board of Directors except as otherwise provided herein or by law.

IN WITNESS WHEREOF, I have hereunto set my hand on January 2, 2018, hereby declaring and certifying that the facts stated hereinabove are true.

C. Dean Homayouni, Esq., CPA, President

**EXHIBIT C
BYLAWS
OF
PEGASUS CAPITAL INVESTMENTS INC.**

**ARTICLE I
OFFICES**

Section 1. Principal Office. The principal office for the transaction of the business of the corporation shall be located in the City of Burley State of California. The Board of Directors is hereby granted full power and authority to change the principal office from time to time from one location to another in said county.

Section 2. Other Offices. Branches or subordinate offices may at any time be established by the Board of Directors at any place or places where the corporation is qualified to do business.

**ARTICLE II
MEETINGS OF SHAREHOLDER**

Section 1. Place of Meetings. All meetings of shareholders shall be held either at the principal office of the corporation or at any other place within or outside of the State of California which may be designated either by the Board of Directors pursuant to authority hereinafter granted to said Board or by the written consent of all shareholders entitled to vote thereat given either before or after the meeting and filed with the secretary of the corporation.

Section 2. Annual Meetings. The annual meeting of shareholders shall be held on the 15th of April of each year at 10:00 o'clock a.m., except as otherwise may be determined by the Board of Directors, provided, however, that should said day fall upon a Saturday, a Sunday, or a legal holiday, then any such annual meeting of shareholders shall be held at the same time and place on the next day thereafter ensuing which is not a Saturday, Sunday, or legal holiday. At such meetings, directors shall be elected, reports of the affairs of the corporation shall be considered, and any other business may be transacted which is within the powers of the shareholder

Section 3. Special Meetings. Special meetings of the shareholders for any purpose or purposes whatsoever may be called at any time by the President, the Secretary, the Board of Directors, or by one or more shareholders holding one half (1/2) of the voting power of the corporation. Except in special cases where other express provision is made by statute, notice of such special meetings shall be given as provided for herein. Notices of any special meeting shall specify in addition to the place, day, and hour of such meeting, the purpose of the meeting. Unless all shareholders are present and consent, the business conducted at a special meeting of shareholders shall be limited to the noticed purposes.

Section 4. Notices of Meetings. Written notice of any meeting shall be given to each shareholder entitled to vote either personally or by mail or other means of written communication, charges prepaid, addressed to such shareholder at his address appearing on the books of the corporation or given by him to the corporation for the purpose of notice. If a shareholder gives no address, notice shall be deemed to have been given if sent by mail or other means of written communication addressed to the place where the principal office of the corporation is situated or if published at least once in some newspaper of general circulation in the county in which said principal office is located. All such notices shall be sent to each shareholder entitled thereto not less than ten (10) nor more than sixty (60) days before each annual meeting, shall specify the place, the day, and the hour of such meeting, and shall state such other matters, if any, as may be expressly required by statute.

Section 5. Adjourned Meetings and Notice Thereof. Any shareholders meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of a majority of the shares represented at the meeting, the holders of which are either present in person or represented by proxy thereat. In the absence of a quorum, no other business may be transacted at such meeting.

When any shareholders meeting, either annual or special, is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting other than by announcement at the meeting at which such adjournment is taken.

Section 6. Voting. Unless a record date for voting purposes be fixed as provided in Section 1 of Article V of these Bylaws, then, but subject to the provisions of California Statutes, only persons in whose names shares entitled to vote standing on the stock records of the corporation on the day thirty (30) days prior to any meeting of shareholders shall be entitled to vote at such meeting. Such vote may be *viva voce* or by ballot, provided, however, that all elections for directors must be by ballot upon demand made by a shareholder at any election and before the voting begins. Each outstanding share entitled to vote shall be entitled to one vote upon each matter submitted to a vote at a meeting of shareholders unless otherwise specifically required by law, the Articles of Incorporation, or the Bylaws of this corporation. The majority vote of all shares represented at the meeting entitled to vote on the subject matter shall be the act of the shareholders unless a greater number of votes is otherwise required by the laws of the State of California or the Articles or Bylaws of this corporation provided a quorum is present at the meeting.

Section 7. Quorum. The presence in person or by proxy of persons entitled to vote a majority of the voting shares at any meeting shall constitute a quorum for the transaction of business. The shareholders present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

Section 8. Consent of Absentees. The transactions of any meeting of shareholders, either annual or special, however called and noticed, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum be present either in person or by proxy and if either before or after the meeting each of the shareholders entitled to vote, not present in person or by proxy, signs a written waiver of notice or a consent to the holding of such meeting or an approval of the minutes thereof. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 9. Proxies. As provided in California Statutes, every person entitled to vote shall have the right to do so either in person or by one or more agents authorized by a written proxy executed by such person or his duly authorized agent and filed with the secretary of the corporation, provided that no such proxy shall be valid after the expiration of six (6) months from the date of its execution unless coupled with an interest or unless the person executing it specifies therein the length of time for which such proxy is to continue in force, which in no case shall exceed seven (7) years from the date of its execution.

Section 10. Action by Consent. Any action that may be taken by a vote of the shareholders at a meeting may be taken without a meeting if authorized by the written consent of a majority of the shareholders holding voting power unless the provisions of the statutes or of the Articles require a greater proportion of voting power in which case such greater proportion of written consents shall be required.

ARTICLE III DIRECTORS

Section 1. Powers. Subject to limitation of the Articles of Incorporation, the Bylaws, and the California Revised Statutes as to actions which shall be authorized or approved by the shareholders, and subject to the duties of the directors as prescribed by the Bylaws, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation shall be controlled by, the Board of Directors. Without prejudice to such general powers but subject to the same limitations, it is hereby expressly declared that the directors shall have the following powers:

First: To select and remove all the other officers, agents, and employees of the corporation, prescribe such powers and duties for them as may not be inconsistent with law or with the Articles of Incorporation or the Bylaws, fix their compensation, and require from them security for faithful service.

Second: To conduct, manage, and control the affairs and business of the corporation and to make such rules and regulations therefor not inconsistent with law or with the Articles of Incorporation or the Bylaws as they may deem best.

Third: To change from time to time the principal office for the transaction of the business of the corporation from one location to another within the same county as provided in Article I, Section 1 hereof; to fix and locate from time to time one or more subsidiary offices of the corporation within or without the State of California as provided in Article I, Section 1 hereof; to designate any place within or without the State of California for the holding of any shareholders meeting or meetings; and to adopt, make, and use a corporate seal, and to prescribe the forms of certificates of stock, and to alter the form of such seal and of such certificates from time to time as in their judgment they may deem best, provided such seal and such certificates shall at all times comply with the provisions of law.

Fourth: To authorize the issuance of shares of stock of the corporation from time to time upon such terms and for such consideration as may be lawful.

Fifth: To borrow money and incur indebtedness for the purposes of the corporation and to cause to be executed and delivered therefor in the corporation name promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, or other evidence of debt and securities therefor.

Sixth: To appoint an executive committee and other committees and to delegate to the executive committee any of the powers and authority of the Board in the management of the business and affairs of the corporation except the power to declare dividends and to adopt, amend, or repeal the Bylaws. The executive committee shall be composed of two (2) or more directors.

Section 2. Number and Qualification of Directors. The authorized number of directors of the corporation shall be three (3). The number of directors may from time to time be increased to not more than seven (7), or decreased to not less than three (3) by action of the Board of Directors.

Section 3. Election and Term of Office. The directors shall be elected at each annual meeting of shareholders, but if any such annual meeting is not held or the directors are not elected thereat, the directors may be elected at any special meeting of shareholders held for that purpose. As provided in California Revised Statutes all directors shall hold office until their respective successors are elected.

Section 4. Vacancies. Vacancies in the Board of Directors may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director, and each director so elected shall hold office until his successor is elected at an annual or special meeting of the shareholders.

A vacancy or vacancies in the Board of Directors shall be deemed to exist in case of the death, resignation, or removal of any director, or if the authorized number of directors be increased, or if the shareholders fail at any annual or special meeting of shareholders at which any director or directors are elected to elect the full authorized number of directors to be voted for at that meeting.

The shareholders may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors. If the Board of Directors accepts the resignation of a director tendered to take effect at a future time, the Board or the shareholders shall have the power to elect a successor to take office when the resignation is to become effective.

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of his term of office.

Section 5. Place of Meeting. Meetings of the Board of Directors shall be held at any place within or without the State of California which has been designated from time to time by resolution of the Board or

by written consent of all members of the Board. In the absence of such designation, meetings shall be held at the principal office of the corporation.

Section 6. Annual Meetings. Immediately following each annual meeting of shareholders as provided in Article II, Section 2, the Board of Directors shall hold a regular meeting for the purpose of organization, election of officers, and the transaction of other business. Notice of such meeting is hereby dispensed with.

Section 7. Other Regular Meetings. Regular meetings of the Board of Directors shall be held as determined by the Board, at such place and time as determined by the Board without the necessity of call or notice.

Section 8. Special Meetings. Special meetings of the Board of Directors for any purpose or purposes shall be called at any time by the president or, if he is absent or unable or refuses to act, by any vice-president or by any two (2) directors.

Written notice of the time and place of special meetings shall be delivered personally to each director or sent to each director by mail or by other form of written communication, charges prepaid, addressed to him at his address as it is shown upon the records of the corporation or if it is not so shown on such records, or is not readily ascertainable, at the place in which the meetings of directors are regularly held. In case such notice is mailed, telecopied or telegraphed, it shall be deposited in the United States mail or delivered to the telegraph company in the place in which the principal office of the corporation is located at least forty-eight (48) hours prior to the time of the holding of the meeting. In case such notice is delivered personally as above provided, it shall be so delivered at least twenty-four (24) hours prior to the time of the holding of the meeting. Such mailing, telecopying, telegraphing, or delivering as provided above shall be due legal and personal notice to such director.

Section 9. Notice of Adjournment. Notice of the time and place of holding an adjourned meeting need not be given to absent directors if the time and place be fixed at the meeting adjourned.

Section 10. Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum be present and if, either before or after the meeting, each of the directors not present signs a written waiver of notice or a consent to holding such meeting or an approval of the minutes thereof. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 11. Quorum. A majority of the authorized number of directors shall be necessary to constitute a quorum for the transaction of business except to adjourn as hereinafter provided. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors unless a greater number be required by law or by the Articles of Incorporation.

Section 12. Adjournment. A quorum of the directors may adjourn any directors meeting to meet again at a stated day and hour, provided, however, that in the absence of a quorum, a majority of the directors present at any directors meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

Section 13. Fees and Compensation. Directors shall not receive any stated salary for their services as directors, but by resolution of the board, a fixed fee, with or without expenses of attendance, may be allowed for attendance at each meeting. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity as an officer, agent, employee, or otherwise, and receiving compensation therefor.

Section 14. Action Without Meeting. Any action required or permitted to be taken by the Board of Directors as provided in California Revised Statutes and under these Bylaws may be taken without a meeting if all of the directors of the corporation shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the Minutes of the proceedings of the Board of Directors. Such action by written consent shall have the same force and effect as the unanimous vote of such directors.

ARTICLE IV OFFICERS

Section 1. Officers. The officers of the corporation shall be a president, a secretary, and a treasurer. The corporation may also have, at the discretion of the Board of Directors, a chairman of the board, one or more vice-presidents, one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article IV.

Section 2. Election. The officers of the corporation, except such officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of this Article IV, shall be chosen annually by the Board of Directors, and each shall hold his office until he shall die, resign, be removed or otherwise disqualified to serve, or his successor shall be elected and qualified.

Section 3. Subordinate Officers, etc. The Board of Directors may appoint such other officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in the Bylaws or as the Board of Directors may from time to time determine.

Section 4. Removal and Resignation. Any officer may be removed with or without cause by a majority of the directors at any time in office at any regular or special meeting of the Board or, in the case of an officer chosen by the Board of Directors, by an officer upon whom such power of removal may be conferred by the Board of Directors.

Any officer may resign at any time by giving written notice to the Board of Directors, to the President, or to the Secretary of the corporation. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in the Bylaws for regular appointments to such office.

Section 6. Chairman of the Board. The Chairman of the Board, if there shall be such an officer, shall, if present, preside at all meetings of the Board of Directors and exercise and perform such other powers and duties as may be from time to time assigned to him by the Board of Directors or prescribed by the Bylaws.

Section 7. President. Subject to such supervisory powers, if any, as may be given by the Board of Directors to the Chairman of the Board, if there be such an officer, the president shall be the chief executive officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction, and control of the business and officers of the corporation. He shall preside at all meetings of the shareholders and in the absence of the Chairman of the Board, or if there be none, at all meetings of the Board of Directors. He shall be *ex officio* a member of all the standing committees, including the executive committee, if any, and shall have the general powers and duties of management usually vested in the office of the president of a corporation and shall have such other powers and duties as may be prescribed by the Board of Directors or the Bylaws.

Section 8. Vice-President. In the absence or disability of the president, the vice-presidents in order of their rank as fixed by the Board of Directors, or if not ranked, the vice-president designated by the Board of Directors, shall perform all the duties of the president; and when so acting, shall have all the duties of the president and shall have all the powers of, and be subject to all the restrictions upon, the president. The vice-presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board of Directors or bylaws.

Section 9. Secretary. The secretary shall keep or cause to be kept a book of minutes at the principal office or such other place as the Board of Directors may order of all meetings of directors and

shareholders, with the time and place or holding, whether regular or special (and if special, how authorized), the notice thereof given, the names of those present at directors meetings, the number of shares present or represented at shareholders meetings, and the proceedings thereof.

The secretary shall keep or cause to be kept at the registered office, and at the principal office or at the office of the corporation's transfer agent a share register or a duplicate share register showing the names of the shareholders and their addresses, the number and classes of shares held by each, the number and date of certificates issued for the same, and the number and date of cancellation of every certificate surrendered for cancellation.

The secretary shall give or cause to be given notice of all of the meetings of the shareholders and of the Board of Directors required by the Bylaws or by law to be given, provided, however, that in the event of the absence or disability of the secretary, such notice may be given by any other officer of the corporation, and he shall keep the seal of the corporation in safe custody and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.

Section 10. Treasurer. The treasurer shall keep and maintain or cause to be kept and maintained adequate and correct accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, surplus, and shares. Any surplus, including earned surplus, paid-in surplus, and surplus arising from a reduction of stated capital, shall be classified according to source and shown in a separate account. The books of account shall at all reasonable times be open to inspection by any director.

The treasurer shall deposit all monies and other valuables in the name and to the credit of the corporation with such depositories as may be designated by the Board of Directors or in the absence of such designation as may be selected by the treasurer. The treasurer shall disburse the funds of the corporation as may be ordered by the Board of Directors or the president or vice-president; shall make, sign, and endorse in the name of the corporation all checks, drafts, notes, and other orders for the direction of the Board of Directors, the president, and/or the vice-president; shall render to the president, vice-president, and directors whenever they request it an account of all of the transactions as treasurer and of the financial condition of the corporation; and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.

ARTICLE V MISCELLANEOUS

Section 1. Record Date and Closing Stock Books. The Board of Directors may fix a time in the future as a record date for the determination of the shareholders entitled to notice of and to vote at any meeting of shareholders, entitled to receive any dividend or distribution or any allotment of rights, or to exercise rights in respect to any change, conversion, or exchange of shares. The record date so fixed shall be no more than sixty (60) days, nor less than ten (10) days, prior to the date of the meeting or event for the purposes of which it is fixed. When a record date is so fixed, only shareholders of record on that date are entitled to notice of and to vote at the meeting or to receive the dividend, distribution, or allotment of rights, as the case may be, notwithstanding any transfer of any shares on the books of the corporation after the record date.

The Board of Directors may close the books of the corporation against transfers of shares during the whole or any part of a period not more than sixty (60) days, nor less than ten (10) days, prior to the date of a shareholders meeting, the date when the right to any dividend, distribution, or allotment of rights vest, or the effective date of any change, conversion, or exchange of shares.

Section 2. Inspection of Corporate Records. The share register or duplicate share register, the books of account, and minutes of proceedings of the shareholders and the Board of Directors and of executive committees of directors shall be open to inspection upon the written demand of any shareholder or the holder of a voting trust certificate at any reasonable time and for a purpose reasonably related to his interests as a shareholder or as the holder of such voting trust certificate and shall be exhibited at any time when required by the demand at any shareholders meeting of ten (10%) percent of the shares represented at the meeting. Such inspection may be made in person or by agent or attorney and shall include the right to make extracts. Demand of inspection other than at a

shareholders meeting shall be made in writing upon the president, secretary, assistant secretary, or general manager of the corporation.

Section 3. Checks and Drafts. All checks, drafts, or other orders for payment of money, notes, or other evidences of indebtedness issued in the name of or payable to the corporation shall be signed or endorsed by the treasurer and/or by such person or persons and in such manner as from time to time shall be determined by resolution of the Board of Directors.

Section 4. Execution of Contracts. The Board of Directors, except as otherwise provided in the Bylaws, may authorize any officer or officers, agent, or agents, to enter into any contract or execute any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances; and unless so authorized by the Board of Directors, no officer, agent, or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit to render it liable for any purpose or to any amount.

Section 5. Certificate of Stock. A certificate or certificates for shares of the capital stock of the corporation shall be issued to each shareholder when any such shares are fully paid up. All such certificates shall be signed by the president or a vice-president and the secretary or an assistant secretary or be authenticated by facsimiles of the signatures of the president and secretary or by a facsimile of the signature of the president and the written signatures of the secretary or an assistant secretary. Every certificate authenticated by a facsimile of a signature must be countersigned by a transfer agent or transfer clerk and be registered by an incorporated bank or trust company, either domestic or foreign, as registrar of transfers, before issuance.

Certificates for shares may be issued prior to full payments under such restrictions and for such purposes as the Board of Directors or the Bylaws may provide, provided, however, that any such certificate so issued prior to full payment shall state the amount remaining unpaid and the terms of payment thereof.

Section 6. Representation of Shares of Other Corporations. The president and the secretary of this corporation are authorized to vote, represent, and exercise on behalf of this corporation all rights incident to any and all shares of any other corporation or corporations standing in the name of this corporation. The authority herein granted to said officers to vote or represent on behalf of this corporation any and all shares held by this corporation in any other corporation or corporations may be exercised either by such officers in person or by any person authorized to do so by proxy or power of attorney duly executed by said officers.

Section 7. Inspection of Bylaws. The corporation shall keep in its principal office for the transaction of business the original or a copy of the Bylaws as amended or otherwise altered to date, certified by the secretary, which shall be open to inspection by the shareholders at all reasonable times during office hours.

ARTICLE VI CORPORATE RECORDS

Section 1. Maintenance of Records. The corporation shall maintain adequate and correct books, records, and accounts of its business and properties. Such records shall include, without limitation, permanent record minutes of all meetings of its shareholders and board of directors, a record of all actions taken by the shareholders or board of directors without a meeting, and a record of all actions taken by a committee of the board of directors in place of the board of directors on behalf of the corporation. All of these books, records, and accounts shall be kept at its principal office.

Section 2. Shareholder Inspection Rights. If a shareholder of the corporation gives the corporation written demand at least five business days before the date on which the shareholder wishes to inspect and copy, a shareholder is entitled to inspect and copy, during regular business hours at the Corporation's principal office the following records:

- (1). The articles of incorporation of the corporation and all amendments or restatements.
- (2). The bylaws of the corporation and all amendments or restatements.

(3). Resolutions adopted by its board of directors creating one or more classes or series of shares, and fixing their relative rights, preferences, and limitations, if shares issued pursuant to those resolutions are outstanding.

(4). The minutes of all shareholders' meetings, and records of all actions taken by shareholders without a meeting, for the past three years.

(5). All written communications to shareholders generally within the past three years.

(6). A list of the names and business addresses of the corporation's current directors and officers.

(7). The corporation's most recent annual report delivered to the Secretary of State.

Section 3. Shareholder Conditional Inspection Rights. If a shareholder gives the corporation a written demand made in good faith and for a proper purpose at least five business days before the date on which the shareholder wishes to inspect and copy, describes with reasonable particularity the shareholder's purpose and the records that the shareholder desires to inspect, and if the records are directly connected with the shareholder's purpose, a shareholder of the corporation is entitled to inspect and copy, during regular business hours at a reasonable location specified by the corporation, any of the following records of the corporation:

(1). Excerpts from minutes of any meeting of the board of directors, records of any action of a committee of the board of directors on behalf of the corporation, minutes of any meeting of the shareholders, and records of action taken by the shareholders or board of directors without a meeting.

(2). Accounting records of the corporation, including tax returns.

(3). The record of shareholders (compiled no earlier than the date of the shareholder's demand).

Section 4. Exercise of Shareholder Inspection Rights. For purposes of the provisions relating to shareholder inspection rights, the term "shareholder" includes the beneficial owner of shares held in a voting trust or by a nominee on the shareholder's behalf. The right of a shareholder to inspect or copy may be exercised by a shareholder or by a shareholder's attorney or agent.

Section 5. Copy Costs. The right of shareholders to copy records includes the right to receive photocopies of the records. The corporation may impose a reasonable charge, not exceeding the estimated costs, covering the costs of labor and material, for copies of any documents provided to the shareholder.

ARTICLE VII. CERTIFICATES AND TRANSFER OF SHARES

Section 1. Form of Certificates. Certificates for shares shall be in such form as the board of directors may determine. Each certificate for shares shall state the following upon its face:

(1). The name of the corporation and that it is organized under the laws of California.

(2). The name of the person to whom issued.

(3). The number and class of shares and the designation of the series, if any, that the certificate represents.

(4). The number of the certificate and its date of issuance.

Section 2. Signing of Certificates. The certificates shall be signed by the president, or a vice-president, and the secretary, or an assistant secretary, of the Corporation.

Section 3. Shares Without Certificates. The corporation shall not issue shares without certificates.

Section 4. Legends. Legends relating to restrictions on the transfer of shares may be marked on share certificates if required by an agreement to which the corporation is a party or by action of the board of directors.

Section 5. Shareholders' List. The name and address of the person to whom share certificates are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the corporation.

Section 6. Transfer of Shares. Registration of the transfer of shares shall be made only on the stock transfer records of the corporation. Upon surrender to the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment, or authority to transfer, the Corporation shall issue a new certificate to the person or persons entitled to the shares represented that certificate, cancel the old certificate, and record the transaction upon its stock transfer books.

Section 7. Lost, Stolen, or Destroyed Certificates. If a certificate is represented to be lost, stolen, or destroyed, a new certificate shall be issued in place of that certificate upon such proof of the loss, theft, or destruction and upon the giving of a bond or other security as may be required by the board of directors.

ARTICLE VIII DISTRIBUTIONS

The Board of Directors may authorize, and the corporation may make, distributions (including dividends on its outstanding shares) in the manner and on the terms and conditions provided by law and in the corporation's articles of incorporation.

ARTICLE IX. CORPORATE SEAL

The board of directors may provide a corporate seal, which may be circular in form and have inscribed thereon any designation including the name of the corporation, the state of its incorporation, and the words "corporate seal."

ARTICLE X. AMENDMENTS

Section 1. Board of Directors. The board of directors may amend or repeal these bylaws, except as otherwise provided by law or by the articles of incorporation, unless the shareholders in adopting, amending, or repealing a particular bylaw provide expressly that the board of directors may not amend or repeal that bylaw.

Section 2. Shareholders. The shareholders may also amend or repeal these bylaws.

ARTICLE XI AMENDMENTS

Section 1. Powers of Shareholders. New Bylaws may be adopted, or these Bylaws may be amended or repealed by the vote of shareholders entitled to exercise a majority of the voting power of the corporation or by the written assent of such shareholders except as otherwise provided by law or by the Articles of Incorporation.

Section 2. Powers of Directors. Subject to the right of shareholders as provided in Section 1 of this Article VI to adopt, amend, or repeal Bylaws other than a By-Law or amendment thereof changing the authorized number of directors may be adopted, amended, or repealed by the Board of Directors.

**ARTICLE VII
INDEMNIFICATION**

Every person who was or is a party or is threatened to be made a party to or is involved in any action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that he or a person of whom he is the legal representative is or was a director or officer of the corporation or is or was serving at the request of the corporation or for its benefit as a director or officer of another corporation or as its representative in a partnership, joint venture, trust, or other enterprise, shall be indemnified and held harmless to the fullest extent legally permissible under the General Corporation Law of the State of California from time to time against all expenses, liability, and loss (including attorney's fees, judgments, fines, and amounts paid or to be paid in settlement) reasonably incurred or suffered by him in connection therewith. The expenses of officers and directors incurred in defending a civil or criminal action, suit, or proceeding must be paid by the corporation as they are incurred and in advance of the final disposition of the action, suit, or proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay the amount if it is ultimately determined by a court of competent jurisdiction that he is not entitled to be indemnified by the corporation. Such right of indemnification shall be a contract right which may be enforced in any manner desired by such person. Such right of indemnification shall not be exclusive of any other right which such directors, officers, or representatives may have or hereafter acquire, and without limiting the generality of such statement, they shall be entitled to their respective rights of indemnification under any bylaw, agreement, vote of stockholders, provision of law or otherwise, as well as their rights under this Article VII.

The Board of Directors may cause the corporation to purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation or as its representative in a partnership, joint venture, trust, or other enterprise, against any liability asserted against such person and incurred in any such capacity or arising out of such status, whether or not the corporation would have the power to indemnify such person.

The Board of Directors may from time to time adopt further Bylaws with respect to indemnification and may amend these and such Bylaws to provide at all times the fullest indemnification permitted by the General Corporation Law of the State of California.

ADOPTED AND APPROVED this _____.

C. Dean Homayouni, Esq., CPA, President

EXHIBIT D

INCENTIVE STOCK OPTION PLAN OF

PEGASUS CAPITAL INVESTMENTS INC.

DATE: _____

SECTION 1. PURPOSE

The purpose of this Incentive Stock Option Plan (Plan) is to provide PEGASUS CAPITAL INVESTMENTS INC., a California corporation (Corporation) and its shareholders with the benefits of having employees who own stock. It is generally recognized that incentive stock option plans aid in retaining competent employees, furnish a device to attract employees of exceptional ability, and provide incentives to employees to exert their best efforts for the success of their employer.

SECTION 2. AMOUNT OF STOCK

The total number of shares to be subject to options granted under this Plan may not exceed 200,000 shares of the common stock of the Corporation. This limit will be increased or decreased in the event of a stock dividend, stock split, or reclassification of the shares covered by this Plan. If any option granted under this Plan lapses or is canceled without being exercised in whole or in part, other options may be granted covering the shares not purchased under the lapsed or canceled option.

SECTION 3. STOCK OPTION COMMITTEE

3.1. *Committee.* The Board of Directors of the Corporation must appoint a Stock Option Committee (Committee) composed of one of their number.

3.2. *Authority.* The Committee has the power and authority to implement, interpret, and administer this Plan and to take all action that the Committee deems necessary or advisable in connection with this Plan. The authority of the Committee includes, without limitation, the authority to select the participants in this Plan, to determine the number of shares as to which each participant will be given options, and to determine the terms of the options to be granted to each of the participants. Decisions of the Committee will be final and conclusive, and no member of the Committee will have any liability to any person for actions taken or decisions made in good faith under this Plan.

SECTION 4. GRANTS OF OPTIONS

4.1. *Participants.* Options may be granted pursuant to this Plan to the salaried employees of the Corporation (Employees). From time to time, the Committee may select the specific Employees to whom options are to be granted, and the Committee may determine the terms of each option, including the number of shares to be covered by the option, the purchase price per share for stock subject to the option, and the period for exercise of the option. Future as well as present Employees are eligible to participate in the Plan.

4.2. *Time Limit.* No option may be granted under the Plan more than ten years after the earlier of the date of the adoption of the Plan by the Board of Directors of the Corporation or the date of approval by the shareholders of the Corporation.

4.3. *Quantity Limit.* The aggregate fair market value (determined as of the time the option is granted) of the stock with respect to which options are exercisable for the first time by an Employee during any calendar year (under all incentive stock option plans of the Corporation or any parent or subsidiary of the Corporation) may not exceed \$300,000.

Section 5. OPTION AGREEMENT

The terms and provisions of options granted pursuant to this Plan must be set forth in an agreement (Option Agreement) between the Corporation and the Employee receiving the option. The Option Agreement may be in such form, not inconsistent with the terms of this Plan, as may be approved by the Committee.

Section 6. PRICE

6.1. *In General.* The purchase price per share under any option granted pursuant to an Option Agreements may not be less than 110 percent of the fair market value of such share at the time the option is granted.

6.2. *10 Percent Shareholders.* In the case of an Employee who immediately before the option is granted owns stock representing more than 10 percent of the voting power of all classes of stock of the Corporation or any parent or subsidiary of the Corporation (10 Percent Shareholder), the purchase price per share under any option granted pursuant an Option Agreements may not be less than 110 percent of the fair market value of such share at the time the option is granted. For the purpose of determining whether an Employee is a 10 percent Shareholder, the Employee will be considered to own all stock owned directly or indirectly by or for himself or herself (except that the Employee will not be considered to own stock the Employee is entitled to purchase under outstanding stock options) and all stock owned, directly or indirectly, by or for the Employee's brothers and sisters (whether by the whole or half blood), spouse, ancestors, and lineal descendants. Also for this purpose, stock owned directly or indirectly by or for a corporation, partnership, estate, or trust will be considered as being owned proportionately by of for its shareholders, partners, or beneficiaries.

6.3. *Fair Market Value.* The fair market value of shares subject to Option Agreements must be determined by the Committee at the time the options are granted.

6.4. *Payment.* The full purchase price must be paid upon exercise of the option.

Section 7. OPTION PERIOD

No option granted pursuant to this Plan will be exercisable after the expiration of 10 years (five years in the case of an option granted to a 10 Percent Shareholder) from the date the option is first granted. The expiration date for each option (Expiration Date) must be set forth in each Option Agreement.

Section 8. SECURITIES LAWS COMPLIANCE

8.1. *Registration.* No option granted pursuant to this Plan will be exercisable if the Committee determines that registration or qualification of this Plan, any option granted under this Plan, or any shares of stock subject to any such option is required under applicable state or federal securities laws until such registration or qualification is obtained or completed.

8.2. *Investment Representation.* Each option granted pursuant to this Plan must require the person exercising the option to provide the Corporation with a written representation that the person is acquiring the shares of stock for the person's own account for investment and not with a view to the distribution of the shares and a written agreement that if the person should decide to sell, transfer, or otherwise dispose of the shares, the person will do so only if the shares are registered under the Securities Act of 1933 and any applicable state securities law, unless, in the opinion of counsel to the Corporation, such registration is not required.

Section 9. TERMINATION OF EMPLOYMENT

Each Option Agreement shall provide that:

9.1. *Cessation of Employment.* If the Employee ceases to be employed by the Corporation for any reason other than death or permanent and total disability (within the meaning of Section 22(e)(3) of the Internal Revenue Code of

1986), any unexercised portion of the option granted will terminate not later than three months after the date on which the Employee ceases to be employed.

9.2. *Permanent and Total Disability.* If the Employee ceases to be employed by the Corporation because of permanent and total disability (within the meaning of Section 22(e)(3) of the Internal Revenue Code of 1986), any unexercised portion of the option granted will terminate not later than one year after the date such Employee ceases to be employed.

9.3. *Death.* If the Employee dies, any unexercised portion of the option may be exercised by the legal representative of the Employee's estate or any devisee or heir of the option.

Section 10. LIMITATIONS ON ASSIGNMENT

Each Option Agreement must provide that the option granted is not transferable by the Employee except on death by will or by the laws of descent and distribution and is exercisable, during the Employee's lifetime, only by the Employee.

Section 11. ADJUSTMENT FOR STOCK SPLITS, STOCK DIVIDENDS, OR REORGANIZATION

Option Agreements may contain such provisions as the Committee deems equitable concerning the effect of any stock dividends, stock splits, or reclassification of shares of stock upon reorganization.

Section 12. AMENDMENT OF THE PLAN

12.1. *Power to Amend.* The Board of Directors may from time to time alter, amend, suspend, or discontinue this Plan and make such rules for its administration as the Board of Directors deems advisable.

12.2. *Limitations on Amendment.* Notwithstanding any other provision contained in this Plan the Board of Directors may not:

12.2.1. *Change of Shares or Employees.* Amend this Plan to change the aggregate number of shares to be issued nor to change the designation of employees or class of employees eligible to receive options under this Plan.

12.2.2. *Incentive Stock Options.* Amend this Plan in any manner that would have the effect of preventing any option issued under this Plan from being an "incentive stock option" as defined in Section 422 of the Internal Revenue Code of 1986.

Section 13. OPTIONS DISCRETIONARY

The granting of options under this Plan is entirely discretionary, and nothing in this Plan may be deemed to give any Employee any right to participate in this Plan or to receive options.

Dated this 12th day of October 2006.

C. DEAN HOMAYOUNI, President

EXHIBIT E

The following pages in this section are a graphical example of the web storefronts and products to be offered on the Company's website and also offered to non-company owned dispensaries and mobile delivery services.



Pegasus Capital Investments Inc.







6929 Sunrise Blvd. Suite 180
Citrus Heights, CA 95610
(916) 292-9412
www.Pegasuscii.com
storeinfo@pegasuscii.com



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**Own your own cannabis lifestyle
E-store with no cost to you, ever! Does
this sound too good to be true? Well it
gets a whole lot better.**

- No overhead.
We stock, package and ship every order to your customers with no cost to you.
- No on-site inventory.
Everything is shipped from our warehouse. This means no extra staffing or space taken up in your dispensary.
- No product breakage. We absorb all the risk of inventory management. You never have to touch any of it.
- Get paid on the 10th of every month. You will never have to hunt us down to get your paycheck. We even supply a detailed list of all transactions for your records.

<p>Now! \$99</p>  <p>Was \$200</p>	<p>\$20</p> 	<p>GLASS</p>
<p>\$100</p> 	<p>\$25</p> 	<p>NOVALTY PIPES</p>
<p>\$20</p> 	<p>\$20</p> 	<p>VAPORIZERS</p>
		<p>APPAREL</p>
		<p>TOYS & GIFTS</p>
		<p>AND MORE</p>

- We handle all customer concerns and questions 7 days a week. 100% money back guarantee, no questions asked. We are dedicated to giving them the highest quality service and care. With this level of service not only will they continue to shop at your Online store but continue to shop at your dispensary for years to come.
- Free & limited advertising. We have a high tech and comprehensive marketing program that will bring you extra income. No more than one ad sent to your customers a week (Holiday specials excluded). They will only receive current targeted sales information.
- Customers can order from any device. We've developed high end software that makes it possible for your customers to order from their smart-phone, tablet, desktop computer or any other device.
- New and hot products added frequently. We will be constantly adding more inventory to keep up with your stores demand.
- Unbeatable value. Our prices will undercut your competitor's prices, helping build loyalty for your brand.
- Special programs to drive sales, like 25% off your Birthday for all your customers. This is just one example of the innovative marketing we supply every month.
- Employee incentive programs. We have incentive programs that will help give your employees the drive to make your brand as successful as possible.
- Free gifts for your in-store customers. We have periodic sale driven promotions that your customers won't be able to ignore.

Successful retailers will embrace technology and transform their business. How do you measure up?

CALL (916) 292-9412

What do we need from you?

- Full access to your client emails. We use these to contact your customers about all the new deals on the E-store. All from your email address.
- For you to place your web-store 10% off postage sized advertisement into every bag at checkout, that we supply & pay for.

We turn your customers registration info into extra revenue for you and your company. How do we do this? We make all your current and past customers registered members of your exclusive store. No need for them to register. We do that for them. And put your mind at ease. We will never give their information to anyone else or use it for any other purpose. Their information is locked up tight on our G-lock mail server. G-lock and it's supporting software makes it possible for us to send out huge marketing campaigns without the risk of bounce backs or IP bans. In addition, we will send out and personalize all e-mails from your mail address, with an opt out option. This is so your customers know who is sending it and will more likely open and continue opening your ads. They will never get anything directly from us. Any time they make a purchase, **20%** of it will be added to your monthly income. There is absolutely no risk to you. No penalties for low profit. We also limit access to your personalized site to known customers. This ensures that all members who are visiting are the proper age and legal requirements for purchase.

This is extra revenue for you and your business with no absolutely no risk. What are you waiting for? CALL (916) 292-9412



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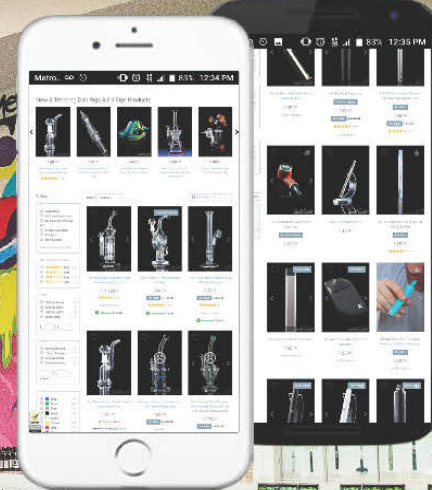
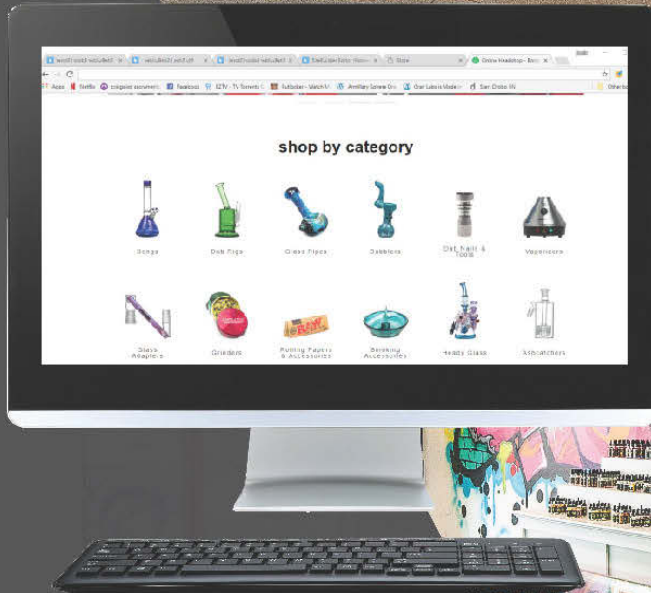
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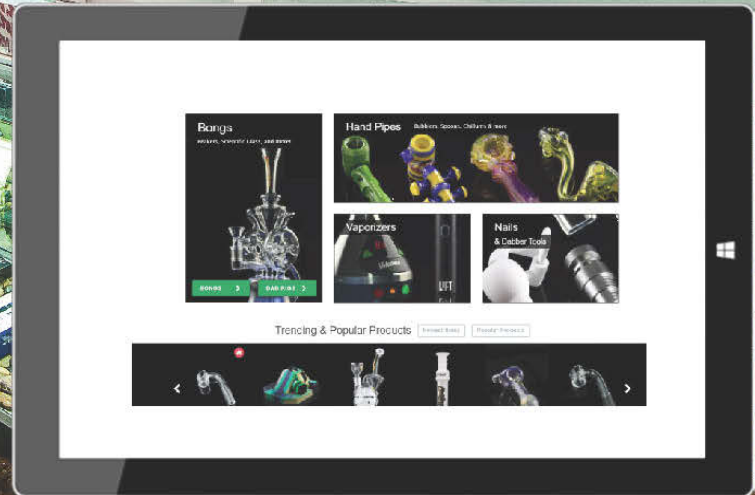
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On your favorite device

No matter the location. No matter the device. Your customers can order the products they want from anywhere. You will never be limited again by the physical location of your storefront.

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This is not your average online smoke shop. This is a unique cannabis lifestyle wonderland, branded with your company's logo. We have everything the marijuana consumer may want. Waterpipes, dab rigs, hand-pipes, bidders, & ash catchers. Quartz nails, titanium nails, carb caps, torches, & dab tools. Hybrid vaporizers, wax/oil vaporizers, dry herb vaporizers, portable vaporizers & desktop vaporizers. Glass bowls, herb grinders, glass cleaning supplies, glass downstems, & spare parts. In addition, to really set you apart we have a gift, toy and apparel selection that will make your store the one stop shop they have been looking for. Your customers will love the convenience of ordering online and having it shipped right to their front door.



GLASS

Whether you're looking for a handpipe, waterpipe, glass accessories or any other glass related product. We've got you covered. And trust us, we know glass. We have soft glass, borosilicate, illuminati (UV sensitive), serum, gold silver and platinum finished, and everything else you can imagine.



TOYS & GIFTS

Being a cannabis consumer isn't just about smoking. It's a state of mind. Our toys and gifts section will bring you back to the day when you first lit up. We have loads of products that appeal to the kid in you. Never wonder again what to get your favorite smoking buddy on 4/20.



NOVELTY PIPES

If you're looking for a pipe to pass around and get laughs or start conversations then this is the spot for you. We have gag pipes, wooden pipes, palm seed, metal, silicone...etc Your customers will be the center of attention when your sporting these unique looking smoking items.



MORE

This is where you find all the extra things you need in your life. Grinders, Storage containers, Rolling papers, torches...etc.



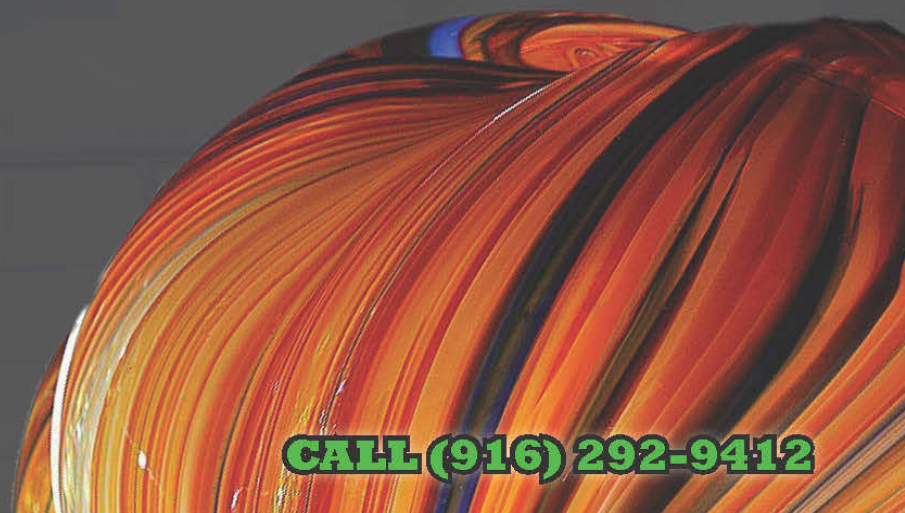
VAPORIZERS

Whether it's for your health or just a preference, we have tons of high tech vaporizers to choose from. Some just for flower, some for concentrates, and we even have some that do both. It's a brave new world. Your customers will be in awe over the selections available.



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Do you like to show your 420 pride? What better way than with your clothing. We have the dopest Tees, Sweatshirts, Hats, & tons of clothing accessories, some exclusive to our store. Plus we will be updating our line constantly, so your customers will always have the freshest selection each time they visit.



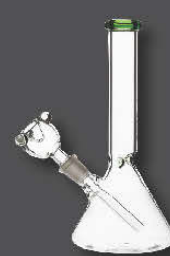
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GLASS

Do you love glass as much as we do? These products are so cool, they sell themselves. Here are a few examples of the types of glass products we provide.



Traditional Beakers



Percolator Waterpipes



Cheap Waterpipes



Dab Rigs



Chillum



Handpipe



Bubbler



Steamroller



Ashcatchers



Carb Caps

NOVELTY PIPES

Have a little fun when shopping for your new piece. There are pipes designed to look like pretty much any object you can think of. And we have several of them available to your customers. Bringing the fun and the funny to thier next sesh.

\$22



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\$25



\$20



\$20



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CANNA-CULTURE APPAREL

The world of apparel is always changing, but the need for it will always be here. We are at the cutting edge of up to date, hip, ultra headie threads. Not only are we carrying the top designs available, we are pushing the boundaries with all original gear. Available nowhere else. Your shop will be the envy of other smoke shops. No one has swag like we have swag. Here are a few examples of what we have to offer.



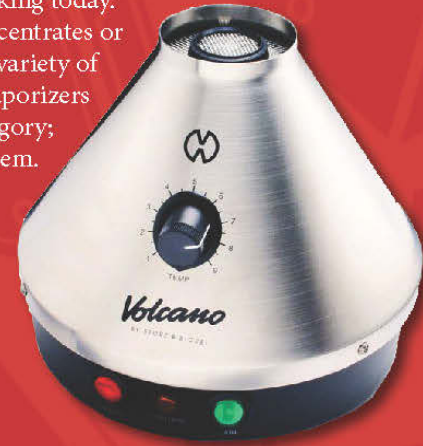
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VAPORIZERS



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Magic Flight Launchbox



Firefly 2



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Stop talking about where you would go if you won the lottery. Sign up today and start packing for your vacation to one of these top locations.



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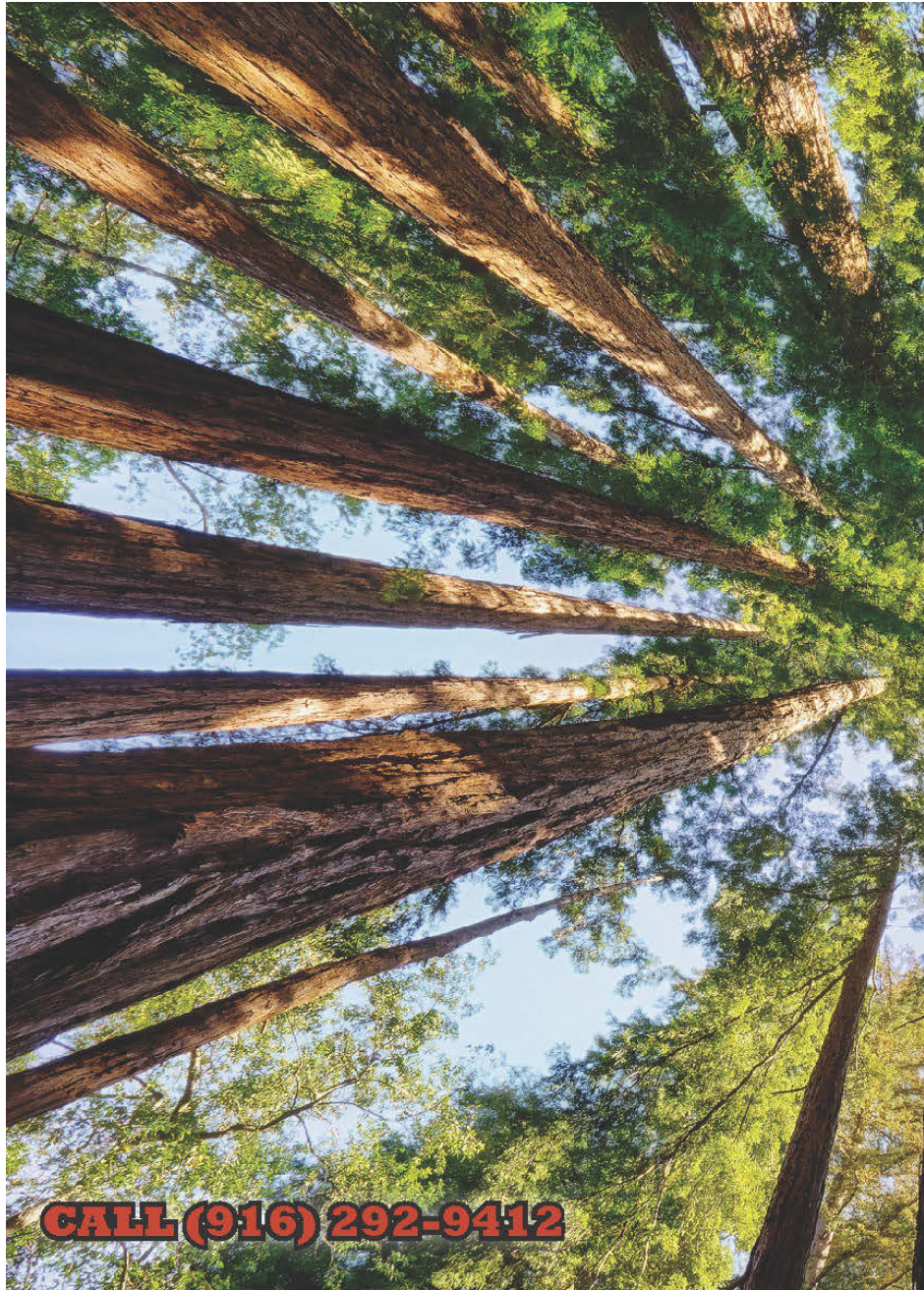


...and much much MORE

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\$99.95	100	\$1999.00
\$49.95	50	\$499.50
\$199.95	60	\$2399.40
\$79.95	30	\$479.70
\$29.95	200	\$1198.00
\$64.95	150	\$1948.50

TOTAL \$8524.50

STORE SALES (YOUR 20% CUT)

1 YEAR/ YOUR CUT	5 YEAR/ YOUR CUT
\$50,000/ (\$10,000)	\$150,000/ (\$30,000)
\$100,000/ (\$20,000)	\$300,000/ (\$60,000)
\$200,000/ (\$40,000)	\$600,000/ (\$80,000)

20%

OF SALES PRICE

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YOU GIVE US E-MAILS

WHAT WE DO

WHAT YOU DO

WE LOCK THE E-MAILS UP TIGHT



WE SEND DEALS TO YOUR CUSTOMERS



CUSTOMER VISITS E-STORE & BUYS GEAR



WE DELIVER GEAR TO CUSTOMER



YOU PLACE COUPON IN BAG



CUSTOMER FINDS & USES COUPON



CUSTOMER VISITS E-STORE & BUYS GEAR



YOU GET PAID



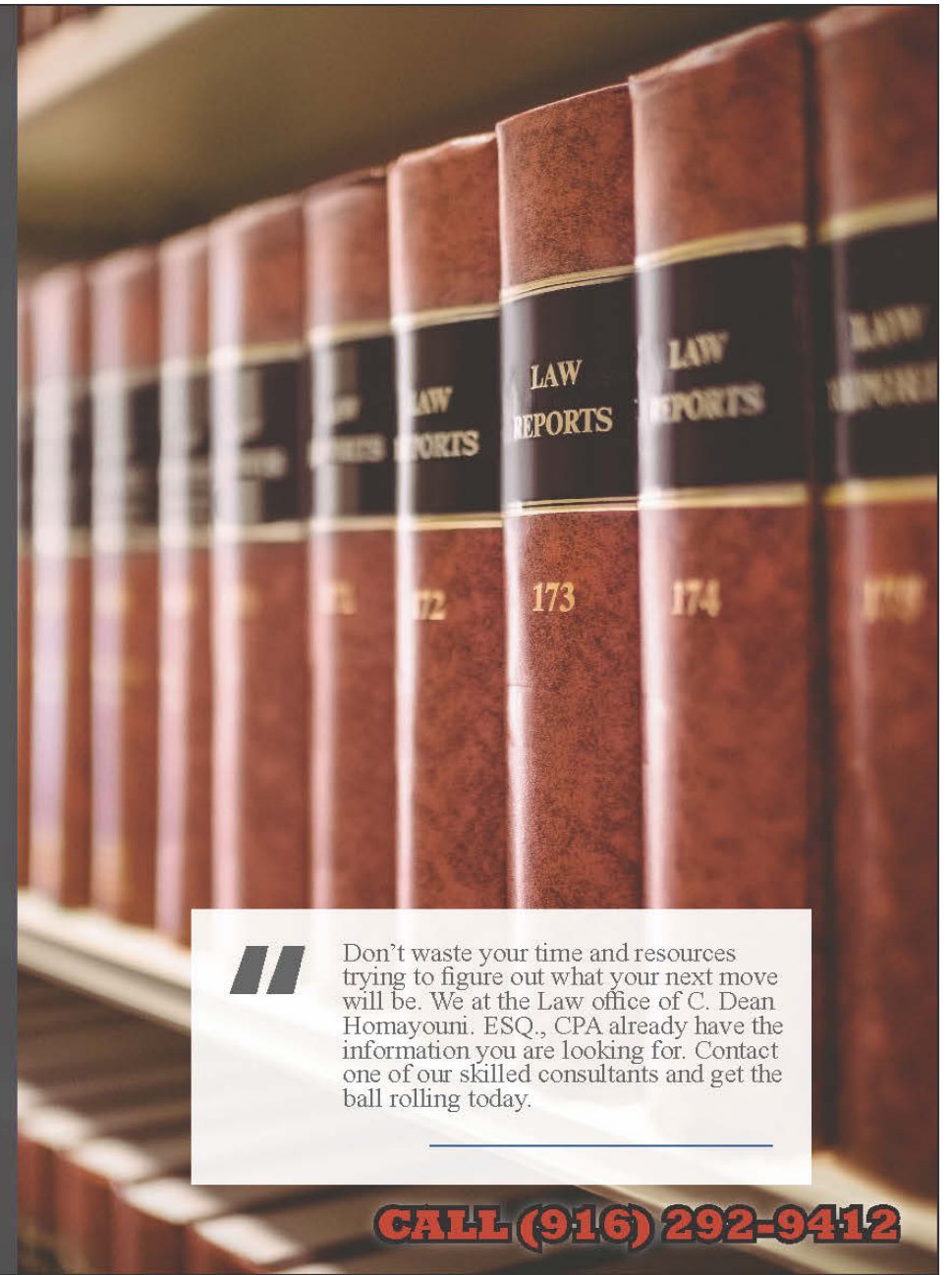
YOU GO ON VACATION



LAW

Becoming legally compliant is the first step to running a successful business in the cannabis industry. The difficulties of doing this are more than the average person is prepared for. Every City, District, and County has it's own way of doing business. We have spend hundereds of hours performing legal research and investigating all the rules & laws which pertain to your business. This information is not written for the average layman. We don't recommend, when examining this information that you depend on your own level of knowledge. You could hire a lawyer to go over it all with you, but Lawyers are expensive and preditory. There is no guarantee that the information will be a complete picture of what you need, or that it will even be acurate. We are dedicated to cannabis law. We have already researched the answers you are looking for, and to the ones you don't even know to ask yet. Here are just a few of the services we provide and include in our equity share program.

- External counsel to complete, process, review & submit your application. You can utilize your own legal counsel if you desire.
- Lease review, vendor contracts, execution of Equity Share documents and Human Resource issues.
- Employee and HR issues up to litigation being commenced.
- Tax Returns review
- Audit by the IRS and appeals to the Tax Court if required
- Review and addressing all notices received from California State Agencies and the Federal Government
- Unlimited phone call for day-to-day legal questions
- Dispute resolution with your landlord
- Dispute resolution with customers
- Dispute resolution with employees
- Investigation of employee complaints



Don't waste your time and resources trying to figure out what your next move will be. We at the Law office of C. Dean Homayouni, ESQ., CPA already have the information you are looking for. Contact one of our skilled consultants and get the ball rolling today.

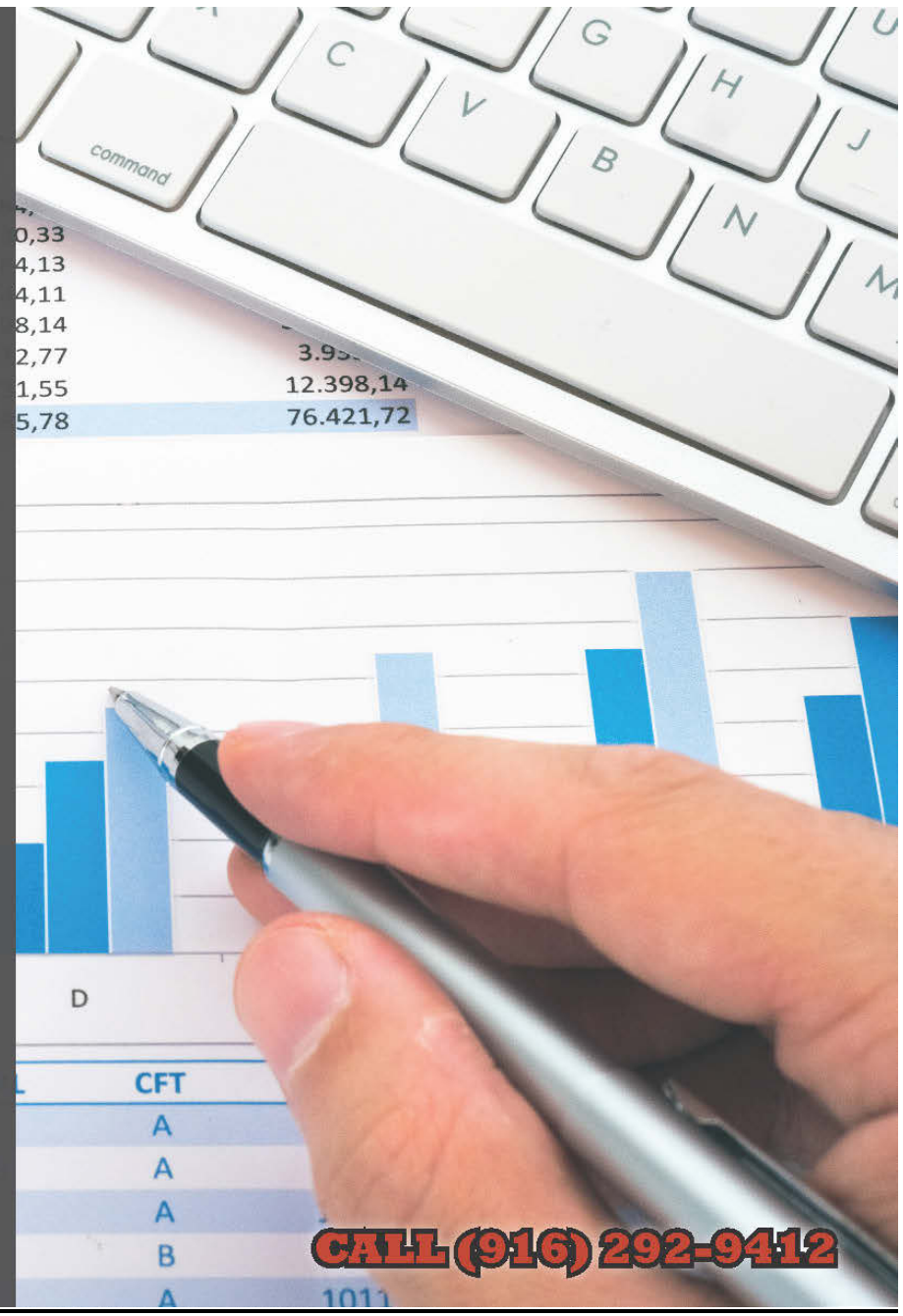
CALL (916) 292-9412

ACCOUNTING

Cannabis businesses run into a variety of accounting problems, including lack of banking services, Internal Revenue Code section 280E, IRC 263A and Treasury Regulation 1.471. No hunting for a suitable and experienced finance team to ensure you are complying with both State and Federal tax laws and regulations. Our team takes the worry off your back. We do all of the accounting and tax reporting for our Equity Share participants. Here are a list of possible problems associated with trying to do it yourself.

- Not Knowing About the Cannabis Industry, State Laws, and Tax Law
- Not Keeping Track of Your Accounts
- The Living Nightmare Also Known as Being Audited
- Not Understanding Crucial Business Software
- Not Being Familiar With Cannabis-Friendly Business Merchants
- Needing to Safeguard Your Inventory Assets

We at the Law office of C. Dean Homayouni are dedicated to bring you the service you need, and have the practical experience to make it happen. We've spent hundreds of hours collecting and analyzing data relevant to your business while assisting numerous cannabis clients. Turn to the top experts to secure the future for your business and yourself.



CALL (916) 292-9412