DISTRICT COURT, DENVER COUNTY STATE OF COLORADO 1437 Bannock Street Denver, Colorado 80202	DATE FILED: May 23, 2022 4:21 PM FILING ID: 284464B615F05 CASE NUMBER: 2022CV31451
Plaintiff: UNIVERSAL HERBS, LLC, by and through GARY SCHWARTZ in his capacity as Court-Appointed Receiver v. **Defendant:** TITAN HEALTH, LLC	**COURT USE ONLY**
Attorneys for Plaintiff: John A. Chanin, Reg. No. 20749 Katherine A. Roush, Reg. No. 39267 Jason M. Spitalnick, Reg. No. 51037 Foster Graham Milstein & Calisher LLP 360 S. Garfield Street, 6th Floor Denver, Colorado 80209 Phone: (303)333-9810 Fax: (303)333-9786 Email: jchanin@fostergraham.com; kroush@fostergraham.com; jspitalnick@fostergraham.com	Case No.: Division:
COMPLAINT	

Plaintiff Universal Herbs, LLC, by and through Gary Schwartz in his capacity as court-appointed receiver, for its complaint, states:

PARTIES, JURISDICTION, AND VENUE

1. Plaintiff Universal Herbs, LLC ("Universal") is a Colorado limited liability company with its principal office street address in Denver, Colorado.

2. Pursuant to orders dated September 30, 2019 and November 4, 2019 issued in Denver County District Court case no. 19CV33770 ("Ray Action"), Gary Schwartz was appointed the Receiver of an estate ("Estate") including all assets of the following individual and entities: Mark Ray (individually), Custom Consulting & Product Services, LLC, MR Cattle Production Services, LLC, Universal Herbs, LLC, DBC Limited, LLC, RM Farm & Livestock, LLC, Sunshine Enterprises, as well as all real property, equipment, and inventory at 12700 East Lone Chimney Road, Glencoe, OK 74032.

3. As Receiver, Schwartz is entitled to, among other actions, "investigate and prosecute, as appropriate, claims and causes of action of the Estate against third parties," and

"negotiate and enter into such . . . contracts as the Receiver may reasonably deem necessary to manage, preserve and liquidate the Estate."

4. Defendant Titan Health LLC ("Titan") is a Colorado limited liability with its principal place of business at 5495 N. Academy Blvd. in Colorado Springs, Colorado.

5. Non-party John Kaweske is, according to the website of the Colorado Secretary of State, the registered agent of Titan.

6. This Court has jurisdiction over the parties pursuant to C.R.S. § 13-1-124(1)(a) and (c).

7. Venue is proper in Denver County pursuant to C.R.C.P. 98(c).

8. In addition, contracts involving the parties to this action provide that litigation relating to said contracts shall be filed in this Court.

GENERAL ALLEGATIONS

9. Plaintiff Universal is a licensed marijuana business with three locations in the Denver area – a recreational and medical grow facility, and two dispensaries that sell both recreational and medical marijuana products. In total, Universal has six state MED licenses and six local (E&L) licenses.

10. In or about May 2020, Universal (via Schwartz as Receiver over Universal and the Estate) and Titan entered into a series of agreements memorializing a transaction pursuant to which Titan purchased certain assets and properties of Universal for a total purchase price of $4,000,000.

11. Specifically, Universal and Titan entered into (a) an Asset Purchase Agreement ("APA") (a copy of which is attached hereto as Exhibit A), (b) a First Secured Promissory Note and Security Agreement in the amount of $2,250,000.00 ("$2.25M Note") (a copy of which is attached hereto as Exhibit B), (c) a Secured Promissory Note and Security Agreement in the amount of $1,000,000.00 ("$1M Note" and, together with the $2.25M Note, "Secured Notes") (a copy of which is attached hereto as Exhibit C), (d) an Advances Promissory Note in the amount of $600,000.00 ("Advances Note"), and (e) a Marijuana Establishment Management Agreement.

12. Section 12.1 of the APA provides: "In the event purchaser is in default, Seller may elect to treat this Agreement as terminated, in which case all payments and things of value paid by Purchaser to Seller shall be retained by Seller and/or Seller may recover such damages as may be proper."

13. In addition, the Security Agreements attached to the Secured Notes grant Universal a security interest in all assets transferred to Titan pursuant to the APA, including without limitation all MED and E&L licenses.

14. The assets sold to Titan pursuant to the APA include "real property lease rights" with respect to the following three properties leased by Universal: 755 S. Jason St. in Denver, Colorado; 800 Park Ave. in Denver, Colorado; and 5959 E. 39th Ave. in Denver, Colorado (collectively, "Universal Properties").

15. Together, all tangible and intangible assets transferred to Titan pursuant to the APA, including but not limited the MED and E&L licenses, and all profits and revenues generated by those assets, are referred to here as the "Secured Collateral."

Breaches of the Secured Notes

16. The Secured Notes obligate Titan to make monthly payments to Universal (via Schwartz as Receiver).

17. The $2.25M Note provides: "Maker shall make thirty (30) monthly payments of no less than Seventy-Five Thousand No/100 Dollars ($75,000.00) ('Monthly Payment') on or before the fifth (5th) day of every month following the first month after approval by the MED and E&L as to the Licenses and Permits transfers to Maker in relation to Phase 1 as set forth in the APA."

18. The $1M Note provides: "Maker shall make thirty (30) monthly payments of no less than Twenty-Five Thousand No/100 Dollars ($25,000.00) ('Monthly Payment') on or before the fifth (5th) day of every month following the first month after approval by the MED and E&L as to the Licenses and Permits transfers to Maker."

19. If Titan misses a payment under either Secured Note and fails to cure such non-payment within ten days, Titan "shall be assessed a ten percent (10%) late fee penalty."

20. If Titan fails to cure a non-payment under either Secured Note within 30 days after written notice from Universal, it constitutes an "Event of Default."

21. Each of the Secured Notes was accompanied by an executed security agreement between Universal (as the secured party) and Titan (as debtor).

22. The security agreement accompanying the $2.25M Note ("$2.25M Note Security Agreement") grants Universal a security interest in MED License Nos. 403-00395, 402-01142, 402R-00573, and 403R-00808 as well as E&L License Nos. 2012-BFN-1061672, 2013-BFN-1068323, 2015-BFN-0000449, and 2016-BFN-003367, and all other assets transferred pursuant to the APA (collectively, "$2.25M Note Collateral").

23. Universal perfected its security interest in the $2.25M Note Collateral.

24. The security agreement accompanying the $1M Note ("$1M Note Security Agreement") grants Universal a security interest in MED License Nos. 402-00370 and 402R-00602 as well as E&L License Nos. 2010-BFN-1045803 and 2015-BFN-0000480, and all other assets transferred pursuant to the APA (collectively, "$1M Note Collateral").

25. Universal perfected its security interest in the $1M Note Collateral.

26. Upon the occurrence of an uncured Event of Default, Universal may, at its option, (a) "declare the entire unpaid Principal Amount then outstanding and all unpaid accrued interest owing on [the Secured Note] due and payable immediately upon written notice to [Titan]"; (b) "sue on [the Secured Note] and enforce the Security Agreement attached hereto as to the License and Permits and all other property transferred as part of the APA"; (c) "pursue any and all other remedies available to [Universal] at law or equity"; or (d) "pursue any combination of the above."

27. The Secured Notes provide: "[Titan] shall pay all reasonable costs and expenses incurred by or on behalf of [Universal] in connection with [Universal's] exercise of any or all of its rights and remedies under this Note, including, without limitation, reasonable attorneys' fees."

28. The Secured Notes are governed by Colorado law.

29. The Secured Notes provide: "The Parties submit to the exclusive jurisdiction of the district courts located in the city and county of Denver, Colorado."

30. Titan's obligations to commence monthly payments under the Secured Notes was triggered in January 2021.

31. Titan failed to make one or more monthly payments due to Universal under the $2.25M Note.

32. Titan failed to make one or more monthly payments due to Universal under the $1M Note.

33. Universal sent Titan a notice of default on February 14, 2022 putting Titan on notice of its breaches of the Secured Notes.

34. After receiving the February 14 notice of default, Titan failed to cure its defaults.

35. Universal sent Titan a notice of uncured default on March 22, 2022 putting Titan on notice that Titan had committed uncurable defaults of its obligations under the Secured Notes.

36. Titan currently owes Universal $1,902745.53 under the $2.25M Note, consisting of $1,712,140.14 in principal, $131,891.38 in interest, and $58,714.01 in late fees.

37. Titan currently owes Universal $773,733.36 under the $1M Note, consisting of $700,000.03 in principal, $53,733.33 in interest, and $20,000 in late fees.

38. Titan is also obligated to pay Universal Universal's reasonable costs and expenses incurred in connection with Universal's pursuit of amounts owed to it pursuant to the Secured Notes.

39. In addition to defaulting on its payment obligations pursuant to the Secured Notes, Titan has committed other breaches of its obligations to Universal.

Breach of APA: Failure to Pay Rent

40. Section 3.2 of the APA (entitled "Prorations") provides: "The following items, if any, shall be prorated to the day of Closing: a. all applicable taxes, utilities, payments on equipment leases, leases or other contract rights, real property rents, as well as, accrued payroll, employee benefits, and vacation time." See Ex. A § 3.2.

41. "Closing," as used in Section 3.2 of the APA, occurred on January 25, 2021.

42. Universal paid January 2021 rent for the Universal Properties totaling $68,092.37.

43. Titan stepped into Universal's shoes as lessee of the Universal Properties on January 25, 2021.

44. Pursuant to section 3.2 of the APA, Titan must therefore pay Universal rent for the Universal Properties for the period January 25 to January 31, 2021.

45. The total rent for that period is $15,375.70 (e.g., 7/31 of $68,092.37).

46. Universal has demanded payment of the that amount by Titan.

47. Titan has not paid that amount to Universal.

48. Titan's failure to pay Universal that $15,375.70 constitutes a default under the APA.

49. Pursuant to the APA, the prevailing party in litigation "shall" be entitled to "all reasonable costs and expenses, including reasonable attorneys' fees."

Breach of APA: Failure to Pay for Excess Inventory

50. Section 3.3 of the APA (entitled "Inventory") provides: "Inventory shall be separately scheduled and included on a list as mutually agreed upon by the parties on the day of Closing."

51. In or about December 2020 or January 2021, John Kaweske, on behalf of Titan, agreed to pay Universal $100,000.00 for excess inventory that had been obtained.

52. Universal has demanded payment of the $100,000.00 owed to it by Titan.

53. Titan has not paid Universal the $100,000.00.

54. Titan's failure to pay Universal that $100,000.00 constitutes a default under the APA.

55. Pursuant to the APA, the prevailing party in litigation "shall" be entitled to "all reasonable costs and expenses, including reasonable attorneys' fees."

Breach of APA: Deposits

56. Section 3.4 of the APA (entitled "Accounts Receivable and Accounts Payable") provides: "Except as otherwise provided for herein, all accounts receivable accruing prior to the date of Closing, shall remain the property of [Universal] and are not included as part of this transaction. Except as otherwise provided for herein, all accounts payable accruing to and existing as of the date of Closing are, and shall remain, the sole responsibility of [Universal] and are not included as part of this transaction. All accounts receivable and payable which shall accrue after Closing shall be the sole property and obligations, respectively, of [Titan]."

57. Section 3.5 of the APA provides: "All amounts currently on deposit for the benefit of Seller, including but not limited to leases and related security deposits, utility services, and rent, are and shall remain the sole property of Seller. Purchaser shall, effective on the Closing Date, reimburse Seller for such deposit amounts as necessary to continue the operation of the business at the respective premises."

58. The date of Closing was January 25, 2021.

59. Prior to Closing, Universal paid Xcel Energy for utility services at the Universal Properties.

60. Xcel Energy's return of deposits to Universal was offset by $12,805.35 in utility costs that took place after the Closing and that were therefore Titan's responsibility to pay.

61. Titan therefore owes $12,805.35 to Universal.

62. Universal has demanded payment of the $12,805.35 owed to it by Titan.

63. Titan has not paid Universal the $12,805.35.

64. Titan's failure to pay Universal that $12,805.35 constitutes a default under the APA.

65. Titan also must reimburse Universal for lease deposits pursuant to section 3.5 of the APA.

66. Titan must reimburse Universal $5,000.00 in connection with 755 S. Jason St.

67. Titan must reimburse Universal $35,000.00 in connection with 800 Park Ave.

68. Titan must reimburse Universal $34,018.58 in connection with 5959 E. 39th Ave.

69. Universal has demanded payment of $74,018.58 in connection with the deposits.

70. Titan has not paid Universal the $74,018.58.

71. Titan's failure to pay Universal that $74,018.58 constitutes a default under the APA.

72. Pursuant to the APA, the prevailing party in litigation "shall" be entitled to "all reasonable costs and expenses, including reasonable attorneys' fees."

73. All conditions precedent to this litigation have been satisfied or waived.

FIRST CLAIM FOR RELIEF
Breach of Contract: $2.25M Note

74. All prior allegations are incorporated herein by reference.

75. Universal and Titan entered into the $2.25M Note.

76. Universal performed its obligations under the $2.25M Note.

77. Pursuant to the $2.25M Note, Titan agreed to make monthly payments of $75,000.00 to Universal.

78. Titan failed to make one or more monthly payments to Universal under the $2.25M Note.

79. Titan is in incurable default of its obligations under the $2.25M Note.

80. The full amount currently due under the $2.25M Note is $1,902745.53, consisting of principal, interest, and late fees.

81. As a result of Titan's breach of the $2.25M Note, Universal incurred losses in an amount to be determined at trial.

SECOND CLAIM FOR RELIEF
Breach of Contract: $1M Note

82. All prior allegations are incorporated herein by reference.

83. Universal and Titan entered into the $1M Note.

84. Universal performed its obligations under the $1M Note.

85. Pursuant to the $1M Note, Titan agreed to make monthly payments of $25,000.00 to Universal.

86. Titan failed to make one or more monthly payments to Universal under the $1M Note.

87. Titan is in incurable default of its obligations under the $1M Note.

88. The full amount currently due under the $1M Note is $773,733.36, consisting of principal, interest, and late fees.

89. As a result of Titan's breach of the $1M Note, Universal incurred losses in an amount to be determined at trial.

THIRD CLAIM FOR RELIEF
Breach of Contract: Failure to Pay Universal Prorated Rent

90. All prior allegations are incorporated herein by reference.

91. Universal and Titan entered into the APA.

92. Universal performed its obligations under the APA.

93. Section 3.2 of the APA requires proration for amounts paid by Universal before Closing.

94. Titan breached section 3.2 by failing to pay $15,375.70 to Universal.

95. As a result of this breach of the APA by Titan, Universal incurred losses in an amount to be determined at trial.

FOURTH CLAIM FOR RELIEF
Breach of Contract: Failure to Pay Universal for Excess Inventory

96. The prior allegations are incorporated herein by reference.

97. Universal and Titan entered into the APA.

98. Universal performed its obligations under the APA.

99. Section 3.3 of the APA provides: "Inventory shall be separately scheduled and included on a list as mutually agreed upon by the parties on the day of Closing."

100. Titan agreed to pay Universal $100,000.00 for certain excess inventory

101. Titan did not pay that amount to Universal, which constitutes a breach of the APA.

102. As a result of this breach of the APA by Titan, Universal incurred losses in an amount to be determined at trial.

FIFTH CLAIM FOR RELIEF
Breach of Contract: Deposit Returns

103. The prior allegations are incorporated herein by reference.

104. Universal and Titan entered into the APA.

105. Universal performed its obligations under the APA.

106. Section 3.4 of the APA provides: "Except as otherwise provided for herein, all accounts receivable accruing prior to the date of Closing, shall remain the property of [Universal] and are not included as part of this transaction. Except as otherwise provided for herein, all accounts payable accruing to and existing as of the date of Closing are, and shall remain, the sole responsibility of [Universal] and are not included as part of this transaction. All accounts receivable and payable which shall accrue after Closing shall be the sole property and obligations, respectively, of [Titan]."

107. Section 3.5 of the APA provides: "All amounts currently on deposit for the benefit of Seller, including but not limited to leases and related security deposits, utility services, and rent, are and shall remain the sole property of Seller. Purchaser shall, effective on the Closing Date, reimburse Seller for such deposit amounts as necessary to continue the operation of the business at the respective premises."

108. Xcel Energy's return of deposits to Universal was offset by $12,805.35 in utility costs that took place after the Closing and that were therefore Titan's responsibility to pay.

109. Titan therefore owes $12,805.35 to Universal.

110. Titan has not paid that $12,805.35 to Universal, which constitutes a breach of the APA.

111. Universal's security deposits for the Universal Properties totaled $74,018.58. The APA requires Titan to pay that amount to Universal.

112. Titan did not pay that $74,018.58 to Universal, which constitutes a breach of the APA.

113. As a result of Titan's breaches of the APA, Universal incurred losses in an amount to be determined at trial.

SIXTH CLAIM FOR RELIEF
Declaratory Judgment: Termination of APA

114. The prior allegations are incorporated by reference.

115. As detailed above, Titan has breached the APA, including without limitation by breaching the Secured Notes.

116. Pursuant to the Section 12.1, Plaintiff Universal elects to treat the APA as terminated and demands that all assets transferred pursuant to the APA be immediately returned to Universal (via Schwartz as Receiver), including all MED and E&L licenses subject to appropriate regulatory requirements and approvals.

117. Plaintiff Universal requests this Court enter an Order declaring that the APA is terminated, that Universal may retain all payments received under the APA, and that all assets, businesses, and licenses transferred pursuant to the APA shall be returned to the sole legal ownership and control of Universal (via Schwartz as Receiver), subject to appropriate regulatory requirements and approvals.

SEVENTH CLAIM FOR RELIEF
Appointment of a Receiver for the Secured Collateral

118. The prior allegations are incorporated by reference.

119. Pursuant to Rule 66(a)(1), C.R.C.P., the Court may appoint a receiver at any time if the moving party establishes a *prima facie* right to or an interest in the property which is the subject of the action, such property is in the possession of an adverse party, and the property, or its profits, are in danger of being lost, materially injured or impaired.

120. Under established principles of equity, a receiver may also be appointed to preserve the assets of the debtor.

121. Under C.R.S. § 44-10-401(b)-(c) and 1 CCR 2-275(E), a person who is a licensed retail marijuana business operator such as Gary Schwartz may be appointed over a licensed marijuana business as receiver.

122. Here, by virtue of its perfected security interest and Titan's default under the APA and the Secured Notes, Universal has a right to or an interest in all the Secured Collateral.

123. The Secured Collateral is in possession of Titan, an adverse party.

124. The Secured Collateral, and the revenue and profits generated by this collateral, are in danger of being lost, materially injured or impaired. Specifically, Titan's MED and E&L licenses are in danger of being revoked due to Titan's failure to pay rent at one or more of its locations, failure to pay taxes, and obtaining a $1.6 M loan from a third-party lender without authority and purporting to grant a security interest in its assets.

125. As a direct and proximate result of the foregoing, the value of the Secured Collateral is being damaged, the licenses are in danger of being revoked, and Universal's position as secured creditor is being injured. If the MED and E&L licenses are revoked, the entire value of the Secured Collateral is lost.

126. Universal is entitled to the appointment of a receiver over the Secured Collateral pending final adjudication of the claims in this action and further order of the Court.

127. Universal requests the Court appoint Gary Schwartz as receiver.

128. Schwartz is a licensed retail marijuana business operator. Moreover, he is familiar with the management of assets of distressed cannabis companies and is specifically very familiar with these particular assets due his role of receiver for Universal Herbs. Schwartz has previously managed these very assets and is responsible, experienced and knowledgeable in the duties required of a receiver and in operating and maintaining the going concern value of a company like Titan. He is willing and able to be appointed as Receiver of the Secured Collateral.

SEVENTH CLAIM FOR RELIEF
Judicial Enforcement of Security Interests

129. The prior allegations are incorporated by reference.

130. Titan agreed that if it defaulted under the Secured Notes, Universal could elect, in addition to exercising any and all other rights, remedies and recourses set forth herein, to proceed in to foreclose its security interest in the Secured Collateral as allowed by the Uniform Commercial Code.

131. As allowed by the Secured Notes and C.R.S. § § 4-9-601 *et seq*., Universal desires to reduce its claim to judgment, foreclose or otherwise enforce its claim and security interest against the Secured Collateral.

132. Universal seeks entry of such orders as are necessary and appropriate to assist Universal in foreclosing or otherwise enforcing its claim and security interest against the Secured Collateral.

REQUEST FOR RELIEF

WHEREFORE, Universal respectfully requests that judgment enter in his favor and against Defendant for:

A. An entry of judgment in favor of Universal on Universal's claims for relief;

B. An award of damages in favor of Universal on Universal's claims for relief;

C. An award of all applicable and allowable pre-judgment and post-judgment interest, costs, disbursements, and fees;

D. A declaration that the APA is terminated, that Universal may retain all payments received under the APA, and that all assets, businesses, and licenses transferred pursuant to the APA shall be returned to the sole legal ownership and control of Universal (via Schwartz as Receiver), subject to appropriate regulatory requirements and approvals.

E. An order appointing Gary Schwartz as Receiver of the Secured Collateral pending final adjudication of the claims in this case and further order of the Court;

F. An order as necessary and appropriate to enforce Plaintiff's security interest and/or foreclose on the Secured Collateral; and,

G. Such other relief as the Court deems just, proper, and equitable.

DATED this 23rd day of May, 2022.

FOSTER GRAHAM MILSTEIN
& CALISHER, LLP

By: */s/ John A Chanin*
John A. Chanin, #20749
Katherine A. Roush, #39267
Jason M. Spitalnick, #51037

ATTORNEYS FOR UNIVERSAL HERBS, LLC, BY AND THROUGH GARY SCHWARTZ IN HIS CAPACITY AS COURT-APPOINTED RECEIVER

DISTRICT COURT, DENVER COUNTY STATE OF COLORADO 1437 Bannock Street Denver, Colorado 80202	DATE FILED: May 24, 2022 1:36 PM FILING ID: 5BF07493534EF CASE NUMBER: 2022CV31451
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Attorneys for Plaintiff: John A. Chanin, Reg. No. 20749 Katherine A. Roush, Reg. No. 39267 Jason M. Spitalnick, Reg. No. 51037 Foster Graham Milstein & Calisher LLP 360 S. Garfield Street, 6th Floor Denver, Colorado 80209 Phone: (303)333-9810 Fax: (303)333-9786 Email: jchanin@fostergraham.com; kroush@fostergraham.com; jspitalnick@fostergraham.com	Case No.: 2022CV031451 Division: 209

EXHIBIT A TO COMPLAINT

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (the "Agreement"), made as of this 21st day of May, 2020 ("Execution Date")is by and between Universal Herbs, LLC, a Colorado limited liability company ("Seller"), Receivership C/O Gary Schwartz, a receiver appointed by the State of Colorado , and Titan Health, LLC a Colorado limited liability company ("Purchaser").

RECITAL: Seller desires to sell to Purchaser, and Purchaser desires to purchase from Seller, certain assets and properties of Seller's related to an ongoing retail and medical marijuana business.

IN CONSIDERATION of the mutual promises and covenants contained herein, the receipt and sufficiency of which is hereby acknowledged, intending to be legally bound, the parties agree as follows:

I. SALE OF ASSETS

1 SALE OF ASSETS. Seller shall sell, assign, transfer and deliver to Purchaser, and Purchaser shall purchase and accept at Closing, the following assets and properties owned by Seller (collectively, "Assets"), as follows:

1.1 TANGIBLE PERSONAL PROPERTY.

(a) all furniture, fixtures, equipment, machinery, tools, devices, small wares, and other tangible personal property (collectively, "Furniture, Fixtures and Equipment") as more fully set forth on the Furniture, Fixtures and Equipment list attached as **Exhibit A**;

(b) all marketable inventory, cannabis inventory and related products, goods, parts, stock and supplies, and other materials (collectively, "Inventory"), which Inventory shall be included on a list provided by Seller and agreed upon by the parties at Closing; and

(c) leasehold improvements performed on or incorporated into any of the premises occupied by Seller (collectively, "Leasehold Improvements"), as more fully set forth on the Leasehold Improvements list attached as **Exhibit B**.

1.2 INTANGIBLE PERSONAL PROPERTY.

(a) all licenses and/or permits ("Licenses and Permits") necessary for the conduct of the retail and medical marijuana business, as more fully set forth on the Licenses and Permits list attached as **Exhibit C**, in two (2) phases, as put forth in Section 3;

(b) equipment leases ("Equipment Lease(s)"), covering business equipment, machinery, systems, and other items of personal property, which shall be assumed by Purchaser at Closing, as more fully set forth on the Equipment Lease(s) list attached as **Exhibit D**;

(c) business tradename of Seller of "Universal Herbs", wherein Seller shall release

and waive any and all rights thereto and will not make use thereof after Closing (as defined in Section 17 below);

(d) real property lease rights ("Lease Rights"), covering all premises, including any security deposit subject to Section 3.5, herein, as more fully set forth on the Lease Rights list attached as **Exhibit E**;

(e) all telephone numbers, domain names, associates, and other e-mail addresses, websites, and other intellectual property rights relating to the Internet (including the website located at http:\\www. http://theuniversalherbs.com/and all information posted on such website) together with any other domain name registrations.

(f) all customer lists and accounts, patient lists and accounts, patient records, and supplier/vendor lists related to the retail and medical marijuana business ("Customer Accounts/Vendor Lists"), as more fully set forth on the Customer Accounts/Vendor Lists attached as **Exhibit F**; and

(g) all other contract rights and obligations ("Contract Rights") to which the Seller is a part, which Contracts Rights are attached as **Exhibit G.**

1.3 EXCLUDED ASSETS. All other assets or properties not set forth above and listed in the Exhibits within Section 1.2, shall be excluded from the Assets.

1.4 BILL OF SALE. All Assets referenced herein shall be conveyed and transferred by means of a Bill of Sale, and/or a General Assignment, as is appropriate, wherein Seller shall warrant that it has good and marketable title to said Assets and that said Assets will be free and clear of all liens and encumbrances.

II. PURCHASE PRICE AND TERMS

2 PURCHASE PRICE. The purchase price for the Assets shall be the sum of Four Million Dollars ($4,000,000.00), as adjusted pursuant to Section 3, and shall be payable as follows:

2.1 FUNDS DUE AT SIGNING AND CLOSING. Upon execution of this Agreement, Seller shall execute a Promissory Note in favor of Purchaser in the amount of Six Hundred Thousand Dollars ($600,000.00), as set forth on **Exhibit H**, (the "Advances Note"). Upon execution of the Advances Note, the proceeds thereof shall be payable by wire transfer of immediately available funds to a bank account identified by Seller. The Parties acknowledge and agree that the Advances Note and the proceeds thereof are being given in furtherance of the transaction contemplated by this Agreement and that if the State or local licensing authorities do not approve required Changes of Ownership applications due to the actions of Seller pertaining to the Phase 1 portion of this Agreement (as defined herein), the Advances Note shall be repaid in accordance with its terms by the Seller to the Purchaser. Upon approval of the Phase 1 Changes of Ownership contemplated by this Agreement, the Advances Note shall be deemed forgiven and the proceeds thereof credited against the Purchase Price. The Parties

acknowledge that Lifestream Management, LLC has entered into a Management Agreement, dated as of May 21, 2020, (the "Management Agreement"). If Universal shall terminate the Management Agreement, the Purchaser under this Agreement shall, at Purchasers sole and subjective discretion, be entitled to terminate this Agreement. Upon such termination of Phase 1, Purchaser shall be entitled to repayment of the Advances Note as set forth in this Section and Purchaser shall be entitled to a return of any and all advances and fees paid by Titan Health, LLC to Universal. At Closing of the Phase 1 portion of this Agreement, Purchaser will pay Seller an additional One Hundred Fifty Thousand Dollars ($150,000), payable by wire transfer of immediately available funds to a bank account identified by Seller, as set forth in Section 3.

2.2 PROMISSORY NOTE. The balance of the Purchase Price for Phase 1 shall be evidenced in a Promissory Note for Two Million Two Hundred Fifty Thousand Dollars ($2,250,000.00) executed by Purchaser, in favor of Seller, for a term of thirty (30) months, payable in equal monthly payments of $75,000.00, including principal and interest of 4%, with the first payment to be due one (1) month after the transfer of licenses to Purchaser, to be set forth under the Secured Promissory Note attached as **Exhibit I** ("Note"). Phase 2, as defined herein, shall be evidenced in a Second Secured Promissory Note and Security Agreement for One Million Dollars ($1,000.000.00) attached as **Exhibit J** ("Second Secured Note") for thirty (30) months, payable in equal monthly payments of $25,000.00, including principal and interest of 4% with the first payment to be due one (1) month after Phase 2 completion, as articulated in Section 3. These Notes shall contain default, notice, and acceleration provisions. The default interest rate shall be Fifteen percent (15%) per annum. These Notes shall provide for a five (5) day grace period, a five percent (5%) late fee, and no prepayment penalty. Partial prepayments shall be applied to the principal amount, and shall reduce interest on the outstanding principal, but shall not reduce the monthly payments due.

2.4 SECURITY DOCUMENTS. These Notes shall be secured by Security Agreements, and perfected by a first priority lien standard form UCC Financing Statement, wherein the Assets sold hereunder are given as collateral, in the form and substance attached as **Exhibit K**.

III. ALLOCATIONS, PRICE ADJUSTMENTS AND PRORATIONS

3.1 PURCHASE PRICE ALLOCATION.

(a) The Purchase Price of Four Million Dollars ($4,000,000.00), subject to any adjustment as provided herein, shall be allocated to the various Assets as agreed to by Seller and Purchaser within thirty (30) days following mutual execution of this Agreement. The Purchaser and Seller agree the Purchase Price shall be allocated, due and owing pursuant to the following bifurcated phases as follows:

i. Phase 1 ("Phase 1") shall be contingent on the full and successful transfer of all Assets and Licenses located at:
   1. 5959 E. 39th Avenue, Unit 102, Denver 80207;
   2. 755 S. Jason Street, Unit 100, Denver, 80223

ii. Phase 2 ("Phase 2") shall be contingent on the full and successful transfer of all Assets and Licenses located at 800 Park Ave. West, Denver, CO 80205

(b) The Parties agree the Purchase Price contemplates the sale and transfer of all Assets and Licenses, but shall be handled in a bifurcated fashion due to extraordinary circumstances pertaining to the Phase 2 Assets and Licenses, thus, the Purchase Price shall be due and owing as follows:

a Upon approval of Phase 1, the initial Advances Note shall be deemed forgiven and the associated $600,000.00 shall be allocated to the Purchase Price;

b Purchaser shall pay Seller $150,000.00 allocated to the Purchase Price;

c Purchaser shall execute the First Secured Promissory Note and Security Agreement for the balance of the Phase 1 conveyance for $2,250,000.00.

d Upon approval of Phase 2, the balance of the Purchase Price of 1,000,0000.00 shall execute the Second Secured Promissory Note and Security Agreement for the balance. Purchaser shall have until March 1, 2021 to finalize the final transfer of Assets and Licenses related to Phase 2.

(c) Seller and Purchaser shall report the sale and purchase of Assets for all income tax purposes in a manner consistent with the foregoing allocation and expressly acknowledge that the allocation will be determined pursuant to arms-length bargaining between them regarding the fair market value and in accordance with the Internal Revenue Code of 1986, as amended. Seller and Purchaser shall not, in connection with the filing of any returns, make any allocation of the Purchase Price which is contrary to this allocation. Neither Seller nor Purchaser shall take or agree to any position that is inconsistent with the allocation in connection with any tax audit, controversy or litigation which would adversely affect the taxes of the other party to any material extent without the prior written consent of the other party, which consent shall not be unreasonably withheld.

3.2 PRORATIONS. The following items, if any, shall be prorated to the day of Closing:

a. all applicable taxes, utilities, payments on equipment leases, leases or other contract rights, real property rents, as well as, accrued payroll, employee benefits, and vacation time.

3.3 INVENTORY. Inventory shall be separately scheduled and included on a list as mutually agreed upon by the parties on the day of Closing.

3.4 ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE. Except as otherwise provided for herein, all accounts receivable accruing prior to the date of Closing, shall remain the property of the Seller and are not included as part of this transaction. Except as otherwise provided for herein, all accounts payable accruing to and existing as of the date of Closing are, and shall remain, the sole responsibility of Seller and are not included as part of this

transaction. All accounts receivable and payable which shall accrue after Closing shall be the sole property and obligations, respectively, of Purchaser.

3.5 COMPANY DEPOSITS. All amounts currently on deposit for the benefit of Seller, including but not limited to leases and related security deposits, utility services, and rent, are and shall remain the sole property of Seller. Purchaser shall, effective on the Closing Date, reimburse Seller for such deposit amounts as necessary to continue the operation of the business at the respective premises. The amount of the deposits are set forth on Schedule 3.5, attached hereto.

3.6 PURCHASER'S PAYMENT TO SELLER DISBURSMENT SCHEDULE. Purchaser shall Pay to Seller monies in the following manner:

Proceeds of Advances Note upon execution of APA:	$ 600,000.00
Payment upon License Transfer:	$ 150,000.00
1st Secured Promissory Note:	$ 2,250,000.00
2nd Secured Promissory Note	$1,000,000.00
Total:	**$ 4,000,000.00**

IV. REPRESENTATIONS & WARRANTIES OF SELLER

Seller represents and warrants to Purchaser that the statements contained in this Article IV are, with respect to Seller, correct and complete as of the date of this Agreement and will be correct and complete as of the Closing Date (as though made then and as though the Closing Date were substituted for the date of this Agreement throughout this Article IV).

4.1 CORPORATE STANDING. Seller is a limited liability company duly organized and existing, and in good standing under the laws of the State of Colorado and is authorized and entitled to carry on its business in Colorado.

4.2 AUTHORITY. Seller has the full power and authority to enter into this Agreement and to conclude the transaction described herein, and no other contract or agreement to which it is a party prevents it from concluding the transaction described herein. Notwithstanding the above, the Closing is contingent upon the prior written approval of the District Court for the City and County of Denver, Marijuana Enforcement Division ("MED") and City and County of Denver, Department of Excise & Licenses ("E&L").

4.3 OUTSTANDING LIABILITIES. Except as otherwise disclosed on **Schedule 4.3**, Seller represents, warrants and agrees that all outstanding liabilities of Seller, excepting as specifically set forth herein, shall be paid in full on or before Closing and that Purchaser shall receive possession and control of the Assets and all other rights acquired herein, free and clear of any encumbrances. In addition, Seller acknowledges and agrees that it will remain responsible for any and all obligations that may arise from lawsuits filed against Seller, arising either before or after Closing.

4.4 CONDITION OF ASSETS. All Assets included in this sale are being purchased on an "as is" "where is" basis WITHOUT WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, OR ANY OTHER WARRANTY WHATSOEVER.

4.5 LICENSES, CERTIFICATES OR PERMITS. Except as otherwise disclosed on **Schedule 4.5**, Seller hereby warrants that any and all licenses, certificates or permits necessary to continue the operation of the retail and medical marijuana business are current and valid as of Closing and can be renewed at no expense to Purchaser other than the normal renewal and/or transfer fees. Except as otherwise disclosed on **Schedule 4.5**, Seller, to the best of its knowledge, hereby warrants that there are no proceedings, in progress or threatened, to suspend or revoke said licenses, certificates or permits.

4.6 CONTRACTUAL OBLIGATIONS. Except as otherwise disclosed on **Schedule 4.6**, Seller is not a party to any employment agreement, labor union agreement, agreement for the future purchase of materials, supplies or equipment, sales agreement, pension, profit-sharing, or retirement plan or agreement, distributorship or sale agency agreement, or lease agreement that relates to any period beyond Closing, whether written or oral.

4.7 LITIGATION. Except as otherwise disclosed on **Schedule 4.7** and except for the receivership to which Seller is currently subject, to the best of Seller's knowledge, there is no litigation or proceeding, threatened or pending, against or relating to Seller, its properties, business or Assets, nor does Seller know or have reasonable grounds to know of any basis of any such action or governmental investigation relative to Seller, its properties, business, or Assets.

4.8 CORPORATE RESTRICTIONS. From the date hereof through Closing, Seller shall not issue any stocks, bonds, or other corporate securities or membership interests; incur any obligations or liability except current liabilities in the ordinary course of business; declare or make any payment or distribution to stockholders or membership holders, purchase or redeem any shares of capital stock or membership interests; mortgage or pledge any of its assets, tangible or intangible; sell or transfer any assets or cancel any debts or claims except in the ordinary course of business; sell, assign or license any patents, trademarks, or tradenames; suffer any extraordinary losses or waive any rights except in the ordinary course of business; or enter into any other transaction except in the ordinary course of business.

4.9 FINANCIAL DISCLAIMER. The financial statements or information previously delivered to Purchaser are and will be true and correct and do and will fairly represent the financial condition of the Company's business as of the dates referenced on such financial statements. There will have been no material adverse change in the financial or other condition of the Company's business between the date thereof and the date of Closing that was not caused by the Operational Entity (as defined below).

4.10 FULL DISCLOSURE. This Agreement (including the Exhibits and Schedules hereto) does not contain any untrue statement or omission of a material fact upon which the parties hereto are relying. There is no fact known to Seller which is not disclosed in this Agreement which is materially adversely related to the accuracy of the representations and warranties contained in this

Agreement.

V. REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents to Seller that the statements contained in this Article V are, with respect to Purchaser, correct and complete as of the date of this Agreement and will be correct and complete as of the Closing Date (as though made then and as though the Closing Date were substituted for the date of this Agreement throughout this Article V).

5.1 CORPORATE STANDING. Purchaser is a limited liability company duly organized and existing, and in good standing under the laws of the State of Colorado and is authorized and entitled to carry on its business in Colorado.

5.2 AUTHORITY. Purchaser has the full power and authority to enter into this Agreement and to conclude the transaction described herein, and no other contract or agreement to which it is a party prevents it from concluding the transaction described herein.

5.3 PURCHASER'S INSPECTIONS. Purchaser hereby acknowledges and represents that as of Closing it will have personally and thoroughly investigated all elements and components of the Assets and the Premises. Purchaser acknowledges as of Closing, it will have examined and is familiar with any underlying or applicable encumbrances, leases, options, licenses, uses, variances, permits, covenants, and environmental issues, if any, relating in any manner to the Assets, Seller's business and/or Seller's premises. Purchaser is fully aware of possible risks, if any, with respect to the transactions contained herein and has formed its own judgment as to the worth and potential of the Assets, Seller's business and/or Seller's premises. Purchaser is relying upon its own judgment and decision in entering into and consummating the within transaction and is not relying on any representation or statements of Seller not specifically set forth in this Agreement.

5.4 PURCHASER'S SUITABILITY FOR LICENSING. To the best of Purchaser's knowledge, Purchaser and its owners, officers and directors are suitable for licensing under the Colorado laws, rules and regulations in order to own, manage and otherwise conduct a retail and medical marijuana business in the State of Colorado, and Purchaser has no knowledge or reasonable grounds to know of any basis for denial of the licensing as contemplated by the transactions herein.

VI. UCC -1 SEARCH

6.1 UCC-1 SEARCH. Prior to Closing, Purchaser shall be responsible for conducting a UCC1 search to determine whether any recorded liens, except as set forth herein, are in existence against any of the Assets prior to Closing. Purchaser shall, upon receipt, report the results of said lien search to Seller.

VII. PURCHASER'S CONTINGENCIES

7.1 RIGHT OF INSPECTION. Purchaser, after execution of this Agreement shall have the right to inspect any and all items referenced herein including, but not limited to the Assets, business and premises, at reasonable times, upon reasonable notice, and in a manner which does not

unreasonably interfere with operation of Seller. Seller shall, upon request, make available to Purchaser all such financial and non-financial items for Purchaser's review and inspection. In the event that during such inspection, Purchaser determines there are material discrepancies between Seller's representations and the actual status of these items; or that any of the items is unsatisfactory in Purchaser's sole and subjective discretion, Purchaser shall have the right to so notify Seller in writing, in which case, this Agreement shall terminate and all parties shall be fully and completely released herefrom, except for matters which survive termination. If written notice is not received by Seller from the Purchaser within thirty (30) days of the execution of this Agreement, Purchaser's rights hereunder shall be waived, and Purchaser shall be deemed satisfied with its due diligence.

7.2 LEASE. Seller and Purchaser shall take all commercially reasonable efforts to assign any leases set forth on **Exhibit E** to Purchaser, pursuant to terms that are satisfactory to Purchaser, in its sole and subjective discretion. If Purchaser is not satisfied with the terms of any lease for real property which it is required to assume in furtherance of the transaction contemplated by this Agreement, Purchaser, in its sole and subjective discretion, may terminate this Agreement by delivering notice of such termination to Seller (the "Lease Termination Notice") within fourteen days as to Phase 1 Leases, and such termination shall be effective immediately upon receipt. If Seller does not receive Purchaser's Lease Termination Notice on or before March 1, 2021 for Phase 2 Purchaser's rights to purchase the Assets and Licenses related to Phase 2 hereunder shall be waived.

VIII. OPERATIONS PRIOR TO CLOSING

8.1 OPERATION PRIOR TO CLOSING.

(a) Seller hereby agrees, from the date of MED and E&L application for change of ownership approval to Closing, to allow Lifestream Management, LLC, ("referred to herein as the "Operational Entity), to obtain licensure as a Retail and Medical Marijuana Establishment Operator, as defined under 1 CCR 212-3, Rules R 6-600 (retail) and 5-600 (medical). Seller agrees to said entity to assume and manage Seller's business operations, subject to a management agreement, upon terms and conditions acceptable to both Parties, duly executed by the Parties and approved by the MED (as defined below) in accordance with the statutory requirements of such management agreement and operator entities. The Parties agree and acknowledge that the fundamental terms of such agreement shall be subject to Section 11.1 below, but at a minimum shall include the following terms: i) that the Operational Entity bears all responsibility and receives all benefits, if any, associated with ownership of Seller, to the extent permitted by law; and ii) The Operational Entity shall indemnify and hold harmless Seller from and against any damages, claims, expenses and costs it experiences as a result of the Operational Entity's operation of Seller's business beginning upon the date which the Operational Entity commences the business operations of Seller. The Operational Entity must comply with all material provisions of the management or other agreement(s) pursuant to which the Operational Entity shall provide its services and any default under any such agreement(s) shall be a material default under this Agreement and shall give the Seller its rights under Section 12.1 below.

8.1.1 LOSS/DAMAGE. In the event there is any loss or damage to the premises or the Assets at any time prior to the Operational Entity taking control of Seller's operations, the risk of loss shall be upon the Seller.

8.1.2 CONFIDENTIALITY. Purchaser agrees that Purchaser will, and will cause its officers, directors, managers, members, employees and other representatives to hold in strict confidence any information obtained in connection with this Agreement or the transactions contemplated by the Agreement unless and until that information is or becomes publicly available, except insofar as this information may be required by law or regulation to be included in a public report or otherwise disclosed.

IX. MUTUAL CONTINGENCIES

9.1 EXHIBITS AND SCHEDULES. The Closing is contingent upon Purchaser and Seller reasonably agreeing to the form, substance, and sufficiency of each of the Exhibits, Purchase Price Allocation, Schedules and related closing documents and the submission of the pertinent change of ownership agreements to the MED and E&L, on or before forty five (45) days from the mutual execution of this Agreement ("Document Deadline") for Phase 1, at a minimum. In connection herewith, the parties shall diligently and in good faith proceed with the negotiation and drafting of said Exhibits, Purchase Price Allocation, Schedules and closing documents. If Purchaser and Seller do not reasonably agree to the form, substance, and sufficiency of each Exhibit, Purchase Price Allocation, Schedule and closing documents within the Document Deadline such Document Deadline may be extended by written agreement by both parties. If the Document Deadline is not extended due to a breach by Seller, Seller shall return all funds as put forth in Section 2.1 and paid by Purchaser to Seller, including the Advances Note, Purchaser's recoupment of any and all fees advanced for changes of ownership and the cost of any improvements Lifestream Management or Titan Health makes to the Seller's properties, the $150,000.00 already invested in the businesses and after such repayment, this Agreement shall terminate, and all parties shall be relieved of any further obligations hereunder.

9.2 TRANSFER OF OWNERSHIP OF LICENSES. This Agreement is contingent upon the MED and E&L approval for the transfer of ownership of retail and medical marijuana licenses. Seller and Purchaser shall cooperate in good faith to timely and diligently enter into and file such documents that are necessary and required by the MED and E&L to transfer the ownership of the retail and medical marijuana licenses from Seller to Purchaser, Purchaser shall file Controlling Beneficial Owner Licensee Application(s) in furtherance of the transactions contemplated by this Agreement, and the parties shall jointly file the necessary applications and documents with the E&L and MED within forty-five (45) days after all Purchaser contingencies are removed, as set in this Agreement related to Phase 1; and within forty-five (45) days after March 1, 2021, for Phase 2. The parties agree that Purchaser shall be responsible to solely pay for and incur all fees, costs and expenses relating to the completion and filing of the transfer of ownership application documents and Controlling Beneficial Owner Licensee applications. If the transfer of ownership application and/or Owner Licensee application are not approved by the MED and/or local licensing authorities on or before

October 1, 2020 as to the Phase 1 Assets and Licenses and by July 1, 2021 for the Phase 2 Assets and Licenses: The Parties agree:

9.2.1 If such failure to obtain such approvals by October 1, 2020 for the Phase 1 Assets and Licenses, or by July 1, 2021 for the Phase 2 Assts and Licenses is the result of Purchaser's default or breach of this Agreement, and is not the fault of the Seller, Seller may terminate this Agreement by delivering notice of such termination to Purchaser, Seller shall retain the $600,000 paid upon execution of this Agreement, the Advances Note shall be deemed forgiven, and the Parties shall be released from all other obligations under this Agreement including the additional fees and costs put forth in Section 9.1, except for those matters which survive Termination. If such delay is due to Seller's breach, Seller shall not have any right to terminate, and Seller shall return all funds paid by Purchaser to Seller in relation to the Advances Note pursuant to the terms of the Advances Note and shall pay Purchaser for any and all fees advanced for the changes of ownership, and the cost of any improvements that Titan Health makes to the Seller's properties, including the $150,000.00 previously invested in the operations. The Purchaser understands and acknowledges Seller's status in receivership.

9.2.2 If such failure to obtain such approvals by October 1, 2020 for the Phase 1 Assets and Licenses, or by July 1, 2021 for the Phase 2 Assts and Licenses is the result of Seller's default or breach of this Agreement, and is not the fault of the Purchaser, Purchaser may, in its sole and subjective discretion; i) terminate this Agreement, in which event Seller shall repay the Advances Note pursuant to the terms of the Advances Note and shall pay Purchaser for any and all fees advanced for the changes of ownership and the cost of any improvements that Titan Health makes to the Seller's properties, including the $150,000.00 previously invested in the operations, and the Parties shall be released from this Agreement, except for those matters which survive Termination, or ii) Purchaser may, in its sole and subjective discretion, treat this Agreement as being in full force and effect and seek specific performance.

X. OBLIGATIONS AT CLOSING

10.1 EXECUTION AND DELIVERY OF DOCUMENTS. At Closing, Seller and Purchaser shall execute and deliver all such instruments and take all such other action as either party may reasonably request from time to time, or as otherwise required herein, in order to effect the transactions provided for herein. The parties shall cooperate with each other in connection with any steps to be taken as part of their respective obligations under this Agreement. This obligation shall extend to any matters arising after Closing.

10.2 FUNDS. Purchaser shall deliver to Seller all good funds due referenced in Article II and Article III.

10.3 BOOKS AND RECORDS. Seller shall have the right to retain its minute books, stock books, and other corporate records having exclusively to do with the corporate organization and operation.

10.4 COSTS AND EXPENSES. Each party hereto shall bear its own costs and expenses incurred in connection with the negotiation, preparation, and performance under this Agreement, and all matters incident thereto, excepting as otherwise set forth herein.

10.5 SALES AND USE TAX. Purchaser hereby acknowledges and agrees to pay for any and all sales and use taxes payable to local or state jurisdictions that may arise as a result of the sale of the Assets described herein.

10.6 KEYS AND LOCKS. At Closing, Seller shall deliver all keys to Purchaser. Purchaser shall have the right to change all locks at and after Closing.

XI. OBLIGATIONS AFTER CLOSING INDEMNIFICATION - SURVIVAL OF REPRESENTATIONS AND WARRANTIES

11.1 POST-CLOSING SURVIVAL; CAP. All the representations, warranties and covenants made as of Closing, as provided herein, shall survive Closing for a period of twelve (12) months. Notwithstanding anything to the contrary contained herein, the aggregate amount of all Damages for which any Party or Parties shall be liable to indemnify one or more Parties pursuant to this Agreement shall not exceed fifty percent (50%) of the amount of the Purchase Price that has been paid as of the date of an indemnification claim under this Article 11 (the "Cap"). The Cap shall not apply in the case of acts of fraud or violations of law.

11.2 INDEMNIFICATION BY SELLER. Seller agrees to indemnify Purchaser, its directors, officers, shareholders and affiliates against any loss, cost, expense, damage or liability (including, without limitation, reasonable attorney fees and other expenses incurred in defending against litigation, either threatened or pending) incurred or sustained by any one or more of them (collectively, "Damages") with respect to or arising out of (a) any breach of or incorrectness of any representation or warranty made by Seller in or pursuant to this Agreement or failure by Seller to perform or comply with any covenant or agreement made by it in or pursuant to this Agreement, or (b) any liability of or claim against Purchaser relating to any state of facts, event or omission existing or occurring prior to Closing.

11.3 INDEMNIFICATION BY PURCHASER. Purchaser agrees to indemnify Seller, its directors, officers, shareholders and affiliates against any loss, cost, expense, damage or liability (including, without limitation, reasonable attorney fees and other expenses incurred in defending against litigation, either threatened or pending) incurred or sustained by any one or more of them with respect to or arising out of (a) any breach of or incorrectness if any representation or warranty made by Purchaser in or pursuant to this Agreement or failure by Purchaser to perform or comply with any covenant or agreement made by it in or pursuant to this Agreement, or (b) any liability of or claim against Seller relating to any state of facts, event or omission existing or occurring after Closing.

XII. DEFAULT AND REMEDIES

Time is of the essence hereof.

12.1 IF PURCHASER IS IN DEFAULT. In the event Purchaser is in default, Seller may elect to treat this Agreement as terminated, in which case all payments and things of value paid by Purchaser to Seller shall be retained by Seller and/or Seller may recover such damages as may be proper.

12.2 IF SELLER IS IN DEFAULT. In the event Seller is in default, Purchaser may elect to treat this Agreement terminated, in which case all payments and things of value received herein shall be returned to Purchaser and/or Purchaser may recover such damages as may be proper and/or seek specific performance.

12.3 FEES AND COSTS. Anything to the contrary herein notwithstanding, in the event of any litigation or arbitration arising out of this Agreement, the court or tribunal shall award to the prevailing party all reasonable costs and expenses, including reasonable attorneys' fees.

XIII. GENERAL PROVISIONS

13.1 ENTIRE AGREEMENT. This Agreement contains the entire understanding of the parties with regard to the subject matter hereof and no warranties, representations, promises or agreements have been made between the parties other than as expressly herein set forth, and neither Purchaser or Seller shall be nor are they bound by any warranties, representations, promises or agreements not set forth herein. This Agreement supersedes any previous agreements or understandings relating to the subject matter hereof and cannot be modified except in writing by all of the parties hereto.

13.2 BINDING EFFECT. Upon execution, this Agreement shall be absolutely binding and fully enforceable and shall inure to the benefit of the parties hereto, their successors, personal representatives and heirs. This Agreement may also be executed in counterparts.

13.3 NOTICES. All notices as may be required by this Agreement shall be sent to the respective parties at the addresses set forth below. The place of notice may be modified by appropriate registered or certified mailing to the parties:

To Seller at:

Universal Herbs, LLC
Mark Ray Receivership C/O Gary Schwartz
633 17th Street, Suite 1640
Denver, Co 80202

With a copy to:

Gonnell Law
c/o Jean Gonnell
730 17th Street, Suite 838
Denver, Co 80202

To Purchaser at:

Titan Health, LLC
Attn: John Kaweske
5495 N. Academy Blvd.
Colorado Springs, CO 80918

With a copy to:

Charles T. Houghton
Charles T. Houghton, P.C.
P.O. Box 847
Colorado Springs, CO 80901

13.4 SEVERABILITY. In the event that any of the provisions, or portions thereof, of this Agreement are held to be unenforceable or invalid by any court or tribunal of competent jurisdiction, the validity and enforceability of the remaining provisions, or portions thereof, shall not be affected thereby and effect shall be given to the intent manifested by the provisions, or portions thereof, held to be enforceable and valid.

13.5 CONSTRUCTION. Throughout this Agreement the singular shall include the plural, and the plural shall include the singular, and masculine shall include the feminine wherever the context so requires.

13.6 RIGHT TO COUNSEL. Purchaser and Seller hereby acknowledge that they have every right to consult a licensed attorney, CPA and/or consultant and have done so to the extent of their desires.

13.7 GOVERNING LAW. This Agreement shall be governed by and construed under the laws of the State of Colorado. Any legal action related to this Agreement shall be filed in the District Court of the City and County of Denver.

13.8 SELLER'S EMPLOYEES. Purchaser will make reasonable efforts to rehire Seller's existing employees. However, Purchaser shall have no obligation to hire any employees of Seller or its agents or contractors or to continue the employment of any such employees other than those that Purchaser may elect to hire.

XIV. CLOSING DATES AND TIMES

14.1 CLOSING DATE: The closing of the transaction contemplated by this Agreement (the "Closing") shall occur within three (3) days after Purchaser and Seller have received written approval from the MED and E&L to transfer the ownership of the retail and medical marijuana business, as more fully set forth in Section 9.2, at a time and location mutually agreed upon by the parties. The date of Closing shall be referred to herein as the "Closing Date."

WHEREFORE, the parties have the parties have executed this Asset Purchase Agreement on the date first above written.

SELLER:

Universal Herbs, LLC

By: DocuSigned by: Gary Schwartz E4D71545312941C...

Mark Ray Receivership C/O
Gary Schwartz, Receiver

PURCHASER:

Titan Health, LLC

By: DocuSigned by: John Kaweske 132567C0F7B94A1...

John Kaweske
Its: Member

EXHIBIT AND SCHEDULE LIST

DISTRICT COURT, DENVER COUNTY STATE OF COLORADO 1437 Bannock Street Denver, Colorado 80202	DATE FILED: May 24, 2022 1:36 PM FILING ID: 5BF07493534EF CASE NUMBER: 2022CV31451
Plaintiff: UNIVERSAL HERBS, LLC, by and through GARY SCHWARTZ in his capacity as Court-Appointed Receiver v. **Defendant:** TITAN HEALTH, LLC	**COURT USE ONLY**
Attorneys for Plaintiff: John A. Chanin, Reg. No. 20749 Katherine A. Roush, Reg. No. 39267 Jason M. Spitalnick, Reg. No. 51037 Foster Graham Milstein & Calisher LLP 360 S. Garfield Street, 6th Floor Denver, Colorado 80209 Phone: (303)333-9810 Fax: (303)333-9786 Email: jchanin@fostergraham.com; kroush@fostergraham.com; jspitalnick@fostergraham.com	Case No.: 2022CV031451 Division: 209
EXHIBIT B TO COMPLAINT	

EXHIBIT B

FIRST SECURED PROMISSORY NOTE

$2,250,000.00 **Denver, Colorado**
May 21, 2020

FOR VALUE RECEIVED, Titan Health, LLC, a Colorado limited liability company (hereinafter referred to as the "**Maker**"), promises to pay to the order of Universal Herbs, LLC, a Colorado limited liability company (hereinafter referred to as the "**Holder**") located 633 17th Street, Suite 1640, Denver, CO 80202, the principal sum of TWO Million Two Hundred Fifty Thousand No/100 Dollars ($2,250,000.00), (the "**Principal Amount**") together with accrued interest thereon from the date hereof as set forth herein.

1. **Loan Amount.** TWO Million Two Hundred Fifty Thousand No/100 Dollars ($2,250,000.00).

a. **Maturity**. The Principal Amount and all accrued and unpaid interest on the unpaid Principal Amount is fully due and payable thirty (30) months after receipt of approval by the Colorado Department of Revenue, Marijuana Enforcement Division ("**MED**") and City and County of Denver, Department of Excise & Licenses ("**E&L**") related to the transfer of Licenses and Permits as set forth and defined in that certain Asset Purchase Agreement entered into between Maker and Holder, dated May 21, 2020 ("**APA,"),** (the "**Maturity Date**") pertaining to Phase 1.

b. **Interest.** The Principal Amount will accrue interest monthly at the rate of four percent (4%) per annum.

c. **Monthly Payments**. Maker shall make thirty (30) monthly payments of no less than Seventy-Five Thousand No/100 Dollars ($75,000.00) ("**Monthly Payment**") on or before the fifth (5th) day of every month following the first month after approval by the MED and E&L as to the Licenses and Permits transfers to Maker in relation to Phase 1 as set forth in the APA. In the event Maker fails to make a Monthly Payment and fails to cure such default within ten (10) days, the Monthly Payment then due and owing shall be assessed a ten percent (10%) late fee penalty. Holder may, at Holder's exclusive option, waive or delay enforcement of this provision in its sole and absolute discretion. An individual waiver or delay of enforcement shall not constitute waiver or delay as to any other payment or obligation accrued under this Note. All interest provided for herein shall be calculated on the basis of a year consisting of 365 days.

d. **Payment Method.** The Monthly Payment shall be payable in U.S. dollars or in such other coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts unless otherwise agreed to by the parties. If any payment would be due on a date, which is not a business day, such payment shall be due and payable on the next business day. The Monthly Payment shall be made at the principal office of the Holder set forth above, *provided* that the Maker

may make such payment by mailing a check in the amount of such payment, payable to or upon the written order of the Holder.

2. **Prepayments**. Maker may prepay this Note in whole or in part without penalty or fee.

3. **Events of Default**. If one or more of the following events (each, an "**Event of Default**") shall have occurred and be continuing:

(a) if Maker shall fail to pay any Monthly Payment when due, and fails to cure such non-payment within thirty (30) days after written notice from the Holder to the Maker;

(b) If, pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors (a "**Bankruptcy Law**"), Maker shall (i) commence a voluntary case or proceeding; (ii) consent to the entry of an order for relief against it in an involuntary case; (iii) consent to the appointment of a trustee, receiver, assignee, liquidator or similar official; (iv) make an assignment for the benefit of its creditors; or (v) admit in writing its inability to pay its debts as they become due;

(c) If a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (i) is for relief against Maker in an involuntary case; (ii) appoints a trustee, receiver, assignee, liquidator or similar official for Maker or substantially all of its properties; or (iii) orders the liquidation of Maker.

(d) The sale, transfer, lease, license or other disposition of all or substantially all of its assets, except if Maker retains an ownership interest in the transferor; or

(e) If Maker shall incur any indebtedness senior to this Note, other than in the ordinary course of business, without the consent of the Holder.

Maker shall have thirty (30) days, or such longer time as may be reasonably necessary as long is Maker is diligently pursuing a cure for any non-monetary default, in which to cure any default, and upon the occurrence of an uncured Event of Default hereunder, the Holder at its option, may: (i) declare the entire unpaid Principal Amount then outstanding and all unpaid accrued interest owing on this Note, due and payable immediately upon written notice to Maker; (ii) sue on this Note and enforce the Security Agreement attached hereto as to the License and Permits and all other property transferred as part of the APA; (iii) pursue any and all other remedies available to the Holder at law or equity; or (iv) pursue any combination of the above. Maker shall pay all reasonable costs and expenses incurred by or on behalf of the Holder in connection with the Holder's exercise of any or all of its rights and remedies under this Note, including, without limitation, reasonable attorneys' fees.

Any forbearance, failure or delay by Holder in exercising any right or remedy under this Note or otherwise available to Holder shall not be deemed to be a waiver of such right or remedy, nor shall any single or partial exercise of any right or remedy preclude the further exercise of such right or remedy;

4. **Costs**. In the event of any court action or proceeding to enforce any provision hereof, the prevailing party shall be entitled to receive from the other party all reasonable costs of the action, including attorney's fees.

5. **Governing Law**. This Note is governed by and construed and enforced in accordance with the laws of the State of Colorado, without giving effect to any conflict or choice of law provision that would result in imposition of another state's Law.

6. **Waiver of Right to Trial by Jury**. EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS NOTE AND WITH RESPECT TO ANY COUNTERCLAIM THEREIN. The Parties submit to the exclusive jurisdiction of the district courts located in the city and county of Denver, Colorado.

7. **Successors and Assigns; Transferability**. This Note inures to the benefit of Holder and binds Maker and its permitted assigns. This Note shall not be transferable or assignable, by operation of law or otherwise, by Maker without the express written consent of Holder. Any transfer in violation of this provision shall be void *ab initio*. Holder may assign this Note at any time without the consent of Maker provided such assignment is consistent with Colorado marijuana statutory and regulatory law. Following the effective date of any assignment by Holder, Holder shall provide Maker immediate notice of such assignment, which notice shall identify the assignee and provide the address of such assignee. Unless and until Maker receives a notice of an assignment, Maker shall be permitted to recognize Holder as holder of this Note and shall not be liable for any payment made to Holder instead of the assignee of the Note. Following receipt of notice of an assignment of the Note, Maker shall recognize the assignee as Holder for all purposes under this Note.

8. **Security**. The obligations of the Maker under this Note are secured by all assets transferred and conveyed to the Maker by Holder pursuant to the Security Agreement attached as Exhibit 1 to this Note, dated as of even date herewith between the Maker.

9. **Captions**. The captions or headings of the paragraphs in this Note are for convenience only and shall not control or affect the meaning or construction of any of the terms or provisions of this Note.

10. **Modification or Severance**. In the event that any provision of this Note is found by any court or other authority of competent jurisdiction to be illegal or unenforceable, such provision shall be severed or modified to the extent necessary to render it enforceable and as so severed or modified, this Agreement will remain in full force and effect.

11. **Amendments**. The Parties may amend any provision of this Note only by a written instrument signed by all of the parties.

12. **Advice of Counsel**. Each of the Maker and Holder has had the opportunity to seek the advice of independent legal counsel and has read and understood each of the terms and provisions of this Note.

13. **Negotiability and Transferability**. This Note is negotiable and transferable, subject to compliance with state and federal securities laws.

14. **Presentment Waiver**. The makers, guarantors, and endorsers hereof, if any, severally waive presentment for payment, protest, and notice of protest and of nonpayment of this Note.

MAKER:
TITAN HEALTH, LLC

DocuSigned by:
John Kaweske
132567C0F7B94A1...

By: _____
Name: John Kaweske

Date: 5/22/2020

HOLDER:
UNIVERSAL HERBS, LLC

DocuSigned by:
Gary Schwartz
E4D71545312941C...

By: _____
Name: Gary Schwartz

Date: 5/21/2020

EXHIBIT 1
SECURITY AGREEMENT

On this 21st day of May, 2020, Titan Health, LLC, a Colorado limited liability company located at 5495 N. Academy Blvd., Colorado Springs, CO 80918 ("**Debtor**"), for valuable consideration, receipt of which is acknowledged, and, to secure payment of the obligations of Debtor to Secured Party (the "**Obligations**") under the Secured Promissory Note, dated May 21, 2020, in the principal amount of Two Million Two Hundred Fifty Thousand No/100 Dollars ($2,250,000.00), plus four percent (4%) interest per annum on any unpaid principal amount as set forth therein, grant to Universal Herbs, LLC, a Colorado limited liability company ("**Secured Party**") a security interest in the following property of Debtor (the "**Collateral**"):

1. **Business Assets of Debtor:** (i) All assets transferred to Debtor pursuant to the APA, as defined in the Secured Promissory Note, including, but not limited to, all the following MED and E&L licenses:

MED License Nos.:

-403-00395
-402-01142
-402R-00573
-403R-00808

And the following E&L License Nos:

-2012-BFN-1061672
-2013-BFN-1068323
-2015-BFN-0000449
-2016-BFN-0003367

2. **Warranties and Covenants of Debtor.** Debtor warrants and covenants that:

(a) No other creditor has a security interest in the Collateral.

(b) Debtor is the owner of the Collateral free from any adverse lien or encumbrance except this lien and the others described in this Security Agreement.

(c) Debtor will defend the Collateral against all claims of other persons.

(d) Debtor will immediately notify the Secured Party in writing of any change in name or address.

(e) Debtor will do all such things as Secured Party at any time or from time to time may reasonably request to establish and maintain a perfected security interest in the Collateral.

(f) Debtor will pay the cost of filing this agreement in all public offices where recording is deemed by Secured Party to be necessary or desirable. A photographic or other reproduction of this agreement is sufficient as a financing statement.

(g) Debtor will not transfer or encumber the Collateral without the prior written consent of Secured Party.

(h) Debtor will keep the Collateral insured against risk of loss or damage upon such terms as Secured Party may reasonably require.

(i) Debtor will keep the Collateral free from any adverse lien and in good repair, will not waste or destroy the Collateral, and will not use the Collateral in violation of any law or policy of insurance. Secured Party may examine and inspect the Collateral at any reasonable time.

(j) Debtor will pay promptly when due all taxes and assessments upon the Collateral or for its use or operation or upon this Agreement or upon any note evidencing the Obligations.

3. **Additional Rights**. Secured Party may discharge liens placed on the Collateral, may place and pay for insurance on the Collateral upon failure by the Debtor to do so, and may pay for the maintenance, repair, and preservation of the Collateral. To the extent permitted by applicable law, Debtor agrees to reimburse Secured Party on demand for any payment under this authorization.

4. **Events of Default**. Debtor shall be in default under this Agreement upon the occurrence of any of the following events or conditions: (a) the failure to perform any of the Obligations or this Agreement; (b) the loss, theft, substantial damage, destruction, transfer or encumbrance of the Collateral; (c) the making of any levy, seizure or attachment upon the Collateral; or (d) the filing by Debtor or by any third party against Debtor of any petition under any Federal bankruptcy statute, the appointment of a receiver of any part of the property of Debtor, or any assignment by Debtor for the benefit of creditors.

5. **Remedies**. UPON AN UNCURED DEFAULT AND AT ANY TIME THEREAFTER, SECURED PARTY MAY DECLARE ALL OBLIGATIONS IMMEDIATELY DUE AND PAYABLE AND SHALL HAVE THE REMEDIES OF A SECURED PARTY UNDER THE UNIFORM COMMERCIAL CODE OF COLORADO.

6. **Governing Law and Jurisdiction.** This Agreement has been delivered to and accepted by the Secured Party and will be deemed to be made in the State of Colorado. This Agreement will be interpreted and the rights and liabilities of the parties hereto determined in accordance with the laws of the State of Colorado, except that the laws of the State where any Collateral is located, if different, shall govern the creation, perfection and foreclosure of the liens created hereunder on such property or any interest therein. The Debtor hereby irrevocably consents to the exclusive jurisdiction of the District Court of the City and County of Denver, Colorado; provided that nothing contained in this Agreement will prevent the Secured Party from bringing any action, enforcing any award or judgment or exercising any rights against the Debtor, against any security or against any property of the Debtor within any other county, state or other foreign or domestic jurisdiction. The Secured Party and the Debtor agree that the venue provided above are the most convenient

forum for all the Secured Party, the Debtor. The Debtor waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Agreement.

SECURED PARTY:

DocuSigned by:
Gary Schwartz
E4D71545312941C...

Gary Schwartz

DEBTOR:

DocuSigned by:
John Kaweske
132567C0F7B94A1...

John Kaweske

DISTRICT COURT, DENVER COUNTY STATE OF COLORADO 1437 Bannock Street Denver, Colorado 80202	DATE FILED: May 24, 2022 1:36 PM FILING ID: 5BF07493534EF CASE NUMBER: 2022CV31451
Plaintiff: UNIVERSAL HERBS, LLC, by and through GARY SCHWARTZ in his capacity as Court-Appointed Receiver v. **Defendant:** TITAN HEALTH, LLC	**COURT USE ONLY**
Attorneys for Plaintiff: John A. Chanin, Reg. No. 20749 Katherine A. Roush, Reg. No. 39267 Jason M. Spitalnick, Reg. No. 51037 Foster Graham Milstein & Calisher LLP 360 S. Garfield Street, 6th Floor Denver, Colorado 80209 Phone: (303)333-9810 Fax: (303)333-9786 Email: jchanin@fostergraham.com; kroush@fostergraham.com; jspitalnick@fostergraham.com	Case No.: 2022CV031451 Division: 209
EXHIBIT C TO COMPLAINT	

EXHIBIT C

SECURED PROMISSORY NOTE

$1,000,000.00 **Denver, Colorado**
May 21, 2020

FOR VALUE RECEIVED, Titan Health, LLC, a Colorado limited liability company (hereinafter referred to as the "**Maker**"), promises to pay to the order of Universal Herbs, LLC, a Colorado limited liability company (hereinafter referred to as the "**Holder**") located 633 17th Street, Suite 1640, Denver, CO 80202, the principal sum of One Million No/100 Dollars ($1,000,000.00), (the "**Principal Amount**") together with accrued interest thereon from the date hereof as set forth herein.

1. **Loan Amount.** One Million and No/100 Dollars ($1,000,000.00).

a. **Maturity**. The Principal Amount and all accrued and unpaid interest on the unpaid Principal Amount is fully due and payable thirty (30) months after receipt of approval by the Colorado Department of Revenue, Marijuana Enforcement Division ("**MED**") and City and County of Denver, Department of Excise & Licenses ("**E&L**") related to the transfer of Licenses and Permits as set forth and defined in that certain Asset Purchase Agreement entered into between Maker and Holder, dated May 21, 2020 ("**APA,"),** (the "**Maturity Date**") as Phase 2.

b. **Interest.** The Principal Amount will accrue interest monthly at the rate of four percent (4%) per annum.

c. **Monthly Payments**. Maker shall make thirty (30) monthly payments of no less than Twenty-Five Thousand No/100 Dollars ($25,000.00) ("**Monthly Payment**") on or before the fifth (5th) day of every month following the first month after approval by the MED and E&L as to the Licenses and Permits transfers to Maker. In the event Maker fails to make a Monthly Payment and fails to cure such default within ten (10) days, the Monthly Payment then due and owing shall be assessed a ten percent (10%) late fee penalty. Holder may, at Holder's exclusive option, waive or delay enforcement of this provision in its sole and absolute discretion. An individual waiver or delay of enforcement shall not constitute waiver or delay as to any other payment or obligation accrued under this Note. All interest provided for herein shall be calculated on the basis of a year consisting of 365 days.

d. **Payment Method.** The Monthly Payment shall be payable in U.S. dollars or in such other coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts unless otherwise agreed to by the parties. If any payment would be due on a date, which is not a business day, such payment shall be due and payable on the next business day. The Monthly Payment shall be made at the principal office of the Holder set forth above, *provided* that the Maker may make such payment by mailing a check in the amount of such payment, payable to or upon the written order of the Holder.

2. **Prepayments**. Maker may prepay this Note in whole or in part without penalty or fee.

3. **Events of Default**. If one or more of the following events (each, an "**Event of Default**") shall have occurred and be continuing:

(a) if Maker shall fail to pay any Monthly Payment when due, and fails to cure such non-payment within thirty (30) days after written notice from the Holder to the Maker;

(b) If, pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors (a "**Bankruptcy Law**"), Maker shall (i) commence a voluntary case or proceeding; (ii) consent to the entry of an order for relief against it in an involuntary case; (iii) consent to the appointment of a trustee, receiver, assignee, liquidator or similar official; (iv) make an assignment for the benefit of its creditors; or (v) admit in writing its inability to pay its debts as they become due;

(c) If a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (i) is for relief against Maker in an involuntary case; (ii) appoints a trustee, receiver, assignee, liquidator or similar official for Maker or substantially all of its properties; or (iii) orders the liquidation of Maker.

(d) The sale, transfer, lease, license or other disposition of all or substantially all of its assets, except if Maker retains an ownership interest in the transferor; or

(e) If Maker shall incur any indebtedness senior to this Note, other than in the ordinary course of business, without the consent of the Holder.

Maker shall have thirty (30) days, or such longer time as may be reasonably necessary as long is Maker is diligently pursuing a cure for any non-monetary default, in which to cure any default, and upon the occurrence of an uncured Event of Default hereunder, the Holder at its option, may: (i) declare the entire unpaid Principal Amount then outstanding and all unpaid accrued interest owing on this Note, due and payable immediately upon written notice to Maker; (ii) sue on this Note and enforce the Security Agreement attached hereto as to the License and Permits and all other property transferred as part of the APA; (iii) pursue any and all other remedies available to the Holder at law or equity; or (iv) pursue any combination of the above. Maker shall pay all reasonable costs and expenses incurred by or on behalf of the Holder in connection with the Holder's exercise of any or all of its rights and remedies under this Note, including, without limitation, reasonable attorneys' fees.

Any forbearance, failure or delay by Holder in exercising any right or remedy under this Note or otherwise available to Holder shall not be deemed to be a waiver of such right or remedy, nor shall any single or partial exercise of any right or remedy preclude the further exercise of such right or remedy;

4. **Costs**. In the event of any court action or proceeding to enforce any provision hereof, the prevailing party shall be entitled to receive from the other party all reasonable costs of the action, including attorney's fees.

5. **Governing Law**. This Note is governed by and construed and enforced in accordance with the laws of the State of Colorado, without giving effect to any conflict or choice of law provision that would result in imposition of another state's Law.

6. **Waiver of Right to Trial by Jury**. EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS NOTE AND WITH RESPECT TO ANY COUNTERCLAIM THEREIN. The Parties submit to the exclusive jurisdiction of the district courts located in the city and county of Denver, Colorado.

7. **Successors and Assigns; Transferability**. This Note inures to the benefit of Holder and binds Maker and its permitted assigns. This Note shall not be transferable or assignable, by operation of law or otherwise, by Maker without the express written consent of Holder. Any transfer in violation of this provision shall be void *ab initio*. Holder may assign this Note at any time without the consent of Maker provided such assignment is consistent with Colorado marijuana statutory and regulatory law. Following the effective date of any assignment by Holder, Holder shall provide Maker immediate notice of such assignment, which notice shall identify the assignee and provide the address of such assignee. Unless and until Maker receives a notice of an assignment, Maker shall be permitted to recognize Holder as holder of this Note and shall not be liable for any payment made to Holder instead of the assignee of the Note. Following receipt of notice of an assignment of the Note, Maker shall recognize the assignee as Holder for all purposes under this Note.

8. **Security**. The obligations of the Maker under this Note are secured by all assets transferred and conveyed to the Maker by Holder pursuant to the Security Agreement attached as Exhibit 1 to this Note, dated as of even date herewith between the Maker.

9. **Captions**. The captions or headings of the paragraphs in this Note are for convenience only and shall not control or affect the meaning or construction of any of the terms or provisions of this Note.

10. **Modification or Severance**. In the event that any provision of this Note is found by any court or other authority of competent jurisdiction to be illegal or unenforceable, such provision shall be severed or modified to the extent necessary to render it enforceable and as so severed or modified, this Agreement will remain in full force and effect.

11. **Amendments**. The Parties may amend any provision of this Note only by a written instrument signed by all of the parties.

12. **Advice of Counsel**. Each of the Maker and Holder has had the opportunity to seek the advice of independent legal counsel and has read and understood each of the terms and provisions of this Note.

13. **Negotiability and Transferability**. This Note is negotiable and transferable, subject to compliance with state and federal securities laws.

14. **Presentment Waiver**. The makers, guarantors, and endorsers hereof, if any, severally waive presentment for payment, protest, and notice of protest and of nonpayment of this Note.

MAKER:
TITAN HEALTH, LLC

DocuSigned by:
By: John Kaweske
132587C0F7B94A1...
Name: John Kaweske

Date: 5/22/2020

HOLDER:
UNIVERSAL HERBS, LLC

DocuSigned by:
By: Gary Schwartz
E4D71545312941C...
Name: Gary Schwartz

Date: 5/21/2020

EXHIBIT 1
SECURITY AGREEMENT

On this 21st day of May, 2020, Titan Health, LLC, a Colorado limited liability company located at 5495 N. Academy Blvd., Colorado Springs, CO 80918 ("**Debtor**"), for valuable consideration, receipt of which is acknowledged, and, to secure payment of the obligations of Debtor to Secured Party (the "**Obligations**") under the Secured Promissory Note, dated May 21, 2020, in the principal amount of One Million No/100 Dollars ($1,000,000.00), plus four percent (4%) interest per annum on any unpaid principal amount as set forth therein, grant to Universal Herbs, LLC, a Colorado limited liability company ("**Secured Party**") a security interest in the following property of Debtor (the "**Collateral**"):

1. **Business Assets of Debtor:** (i) All assets transferred to Debtor pursuant to the APA, as defined in the Secured Promissory Note, including, but not limited to, all the following MED and E&L licenses:

MED License Nos.:

-402-00370
-402R-00602

And the following E&L License Nos:

-2010-BFN-1045803
-2015-BFM-0000480

2. **Warranties and Covenants of Debtor.** Debtor warrants and covenants that:

(a) No other creditor has a security interest in the Collateral.

(b) Debtor is the owner of the Collateral free from any adverse lien or encumbrance except this lien and the others described in this Security Agreement.

(c) Debtor will defend the Collateral against all claims of other persons.

(d) Debtor will immediately notify the Secured Party in writing of any change in name or address.

(e) Debtor will do all such things as Secured Party at any time or from time to time may reasonably request to establish and maintain a perfected security interest in the Collateral.

(f) Debtor will pay the cost of filing this agreement in all public offices where recording is deemed by Secured Party to be necessary or desirable. A photographic or other reproduction of this agreement is sufficient as a financing statement.

(g) Debtor will not transfer or encumber the Collateral without the prior written consent of Secured Party.

(h) Debtor will keep the Collateral insured against risk of loss or damage upon such terms as Secured Party may reasonably require.

(i) Debtor will keep the Collateral free from any adverse lien and in good repair, will not waste or destroy the Collateral, and will not use the Collateral in violation of any law or policy of insurance. Secured Party may examine and inspect the Collateral at any reasonable time.

(j) Debtor will pay promptly when due all taxes and assessments upon the Collateral or for its use or operation or upon this Agreement or upon any note evidencing the Obligations.

3. **Additional Rights**. Secured Party may discharge liens placed on the Collateral, may place and pay for insurance on the Collateral upon failure by the Debtor to do so, and may pay for the maintenance, repair, and preservation of the Collateral. To the extent permitted by applicable law, Debtor agrees to reimburse Secured Party on demand for any payment under this authorization.

4. **Events of Default**. Debtor shall be in default under this Agreement upon the occurrence of any of the following events or conditions: (a) the failure to perform any of the Obligations or this Agreement; (b) the loss, theft, substantial damage, destruction, transfer or encumbrance of the Collateral; (c) the making of any levy, seizure or attachment upon the Collateral; or (d) the filing by Debtor or by any third party against Debtor of any petition under any Federal bankruptcy statute, the appointment of a receiver of any part of the property of Debtor, or any assignment by Debtor for the benefit of creditors.

5. **Remedies**. UPON AN UNCURED DEFAULT AND AT ANY TIME THEREAFTER, SECURED PARTY MAY DECLARE ALL OBLIGATIONS IMMEDIATELY DUE AND PAYABLE AND SHALL HAVE THE REMEDIES OF A SECURED PARTY UNDER THE UNIFORM COMMERCIAL CODE OF COLORADO.

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6. **Governing Law and Jurisdiction.** This Agreement has been delivered to and accepted by the Secured Party and will be deemed to be made in the State of Colorado. This Agreement will be interpreted and the rights and liabilities of the parties hereto determined in accordance with the laws of the State of Colorado, except that the laws of the State where any Collateral is located, if different, shall govern the creation, perfection and foreclosure of the liens created hereunder on such property or any interest therein. The Debtor hereby irrevocably consents to the exclusive jurisdiction of the District Court of the City and County of Denver, Colorado; provided that nothing contained in this Agreement will prevent the Secured Party from bringing any action, enforcing any award or judgment or exercising any rights against the Debtor, against any security or against any property of the Debtor within any other county, state or other foreign or domestic jurisdiction. The Secured Party and the Debtor agree that the venue provided above are the most convenient forum for all the Secured Party, the Debtor. The Debtor waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Agreement.

SECURED PARTY:

DocuSigned by:
Gary Schwartz
E4D71545312941C...

Gary Schwartz

DEBTOR:

DocuSigned by:
John Kaweske
132567C0F7B94A1...

John Kaweske