

**GENERAL CANNABIS, INC.**  
a Nevada corporation

Current Report  
December 9, 2010

## **CURRENT REPORT**

Current Information Regarding

### **GENERAL CANNABIS, INC.**

The following information is provided as to General Cannabis, Inc. (referred to as “we,” “us,” “our,” the “Issuer” or the “Company”). This information is provided pursuant to the Guidelines for Providing Adequate Current Information created by Pink OTC Markets, and is intended by the Issuer to be in compliance with Rules 10b-5 and 15c2-11 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Rule 144 of the Securities Act of 1933 (the “Securities Act”).

#### **1. Entry into a Material Definitive Agreement.**

On December 3, 2010, we entered into a Reorganization and Asset Acquisition Agreement (the “Asset Purchase Agreement”) pursuant to which we acquired substantially all the assets of Synergistic Resources, LLC. The assets consisted primarily of the intellectual property associated with the Marijuana Medicine Evaluation Centers, including its website ([www.marijuanamedicine.com](http://www.marijuanamedicine.com)), and the assignment of a Management Services Agreement pursuant to which we now manage ten (10) medical clinics.

As consideration for the purchase, we issued an aggregate of Two Million (2,000,000) shares of our common stock, and paid Fifty Thousand Dollars (\$50,000) cash, to Synergistic Resources.

Also effective on December 3, 2010, we entered into an at-will employment agreement with Brent Inzer, the sole manager and member of Synergistic Resources, with compensation of Fifteen Thousand Dollars (\$15,000) per month.

#### **3. Completion of Acquisition or Disposition of Assets, Including but not Limited to Mergers.**

See the disclosure in connection with Item 1, above.

#### **8. Sales of Equity Securities.**

See the disclosure in connection with Item 1, above. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the investor was accredited and had access to information necessary to make an investment decision. The shares were restricted securities as described in Rule 144 pursuant to the Securities Act of 1933.

**Exhibits.**

**Material Contracts.**

<u>Exhibit No.</u>	<u>Description</u>
M-13	Reorganization and Asset Acquisition Agreement dated December 3, 2010
M-14	Assignment of Management Services Agreement dated December 3, 2010
M-15	Management Services Agreement dated March 1, 2008
M-16	Employment Agreement with Brent Inzer dated December 3, 2010

Dated this 9th day of December, 2010, at Costa Mesa, California.

General Cannabis, Inc.,  
a Nevada corporation

\_\_\_\_\_  
By: James Pakulis  
Its: Chief Executive Officer

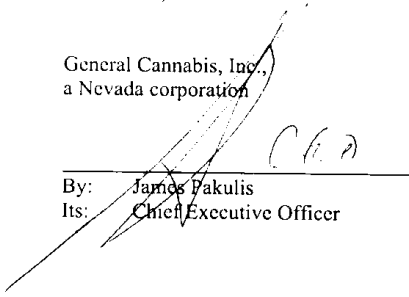
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Dated this 9th day of December, 2010, at Costa Mesa, California.

General Cannabis, Inc.,  
a Nevada corporation

  
By: James Pakulis  
Its: Chief Executive Officer

## REORGANIZATION AND ASSET ACQUISITION AGREEMENT

This Reorganization and Asset Acquisition Agreement (the “Agreement”) is entered into as of December 3, 2010 by and between Synergistic Resources, LLC, a California limited liability company (the “Seller”), on the one hand, and General Cannabis, Inc., a Nevada corporation (“GCI”), and General Health Solutions, Inc., a California corporation and wholly-owned subsidiary of GCI (“Purchaser”), on the other hand.

### RECITALS

WHEREAS, the Seller is the owner, operator and administrator of the assets as listed in Exhibit A (the “Assets”), which constitute at least 90% of the assets of Seller; and

WHEREAS, the Seller desires to sell, transfer and assign to Purchaser, and the Purchaser desires to purchase and acquire from the Seller, the Assets according to the terms set forth herein.

WHEREAS, the Parties desire and intend that the transactions contemplated by this Agreement be treated as a tax-free reorganization under Section 368(a)(1)(C) of the Internal Revenue Code of 1986, as amended.

NOW, THEREFORE, in consideration of the mutual promises herein contained, the parties hereby agree as follows:

#### I. *Purchase and Sale of the Assets*

1.1 Purchase and Sale of Assets. The Seller hereby sells, transfers, assigns and delivers to the Purchaser, free and clear of any liens or encumbrances of any kind which have been created or granted by the Seller, all of the Seller’s right, title and interest in the Assets, whether now existing or hereafter acquired.

1.2 Assumption of Liabilities. The Purchaser will not assume any obligations of Seller related to the Assets.

1.3 Closing. The Closing (the “Closing”) shall take place at the offices of Purchaser, 2183 Fairview Road, Suite 101, Costa Mesa, CA 92627, on December 3, 2010, or at such other place, date and time as the Parties may agree in writing (the “Closing Date”). On the Closing Date the Purchaser shall pay the Purchase Price (as defined in Section II) to the Seller.

1.4 Conditions to Closing. The closing of the purchase and sale of the Assets will be subject to the following conditions, which much be satisfied at or prior to the Closing unless otherwise specified:

1.4.1 Seller and Purchaser will execute the Intellectual Property Assignment in the form attached hereto as Exhibit B.

1.4.2 Seller and Purchaser will execute an Assignment, in the form attached hereto as Exhibit C, for each of the contracts listed in Exhibit A, which shall be executed by each obligated party thereto.

1.5 Post Closing Activities. At any time after the Closing Date, upon either party's written request and without further consideration, the other party shall take such other actions as the requesting party may reasonably deem necessary or desirable in order to consummate the terms of, obligations under and transactions contemplated by, this Agreement.

## II. *Purchase Price*

In consideration of the Seller's sale, transfer and assignment of the Assets, GCI shall issue to the Seller, or its assigns, Two Million (2,000,000) shares of common stock of GCI (the "Shares"), restricted in accordance with Rule 144, and shall pay to Seller the sum of Fifty Thousand Dollars (\$50,000) cash (the "Purchase Price").

## III. *Representations and Warranties*

3.1 Authority. The Seller and the Purchaser each represent to the other that it has the right to enter into this Agreement and has the ability to perform its obligations hereunder, including the assignment, transfer and delivery by the Seller, and purchase by the Purchaser, of the Assets hereunder. The Seller and Purchaser are a limited liability company and a corporation, respectively, duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization.

3.2 "As Is" "Where Is". The Purchaser has received all of the information and documentation it requires in connection with the Assets and, except as expressly provided herein, is acquiring its interest in the Assets in an "as is" "where is" condition.

3.3 Execution of Agreement. The execution, delivery and performance of this Agreement and the completion of the transactions contemplated by this Agreement have been authorized by all necessary corporate action on the part of each of Purchaser and Seller and no other corporate proceedings or approvals are required to authorize this Agreement or to consummate the transactions contemplated by this Agreement. The execution and delivery of this Agreement does not, and the consummation of the transactions contemplated hereby will not: (a) violate, conflict with, modify or cause any default under or acceleration of (or give any Party any right to declare any default or acceleration upon notice or passage of time or both), in whole or in part, any charter, article of incorporation or organization, bylaw, operating agreement, mortgage, lien, deed of trust, indenture, lease, agreement, instrument, order, injunction, decree, judgment, law or any other restriction of any kind to which Purchaser or Seller are a party or by which any of them or any of their properties are bound; (b) result in the creation of any security

interest, lien, encumbrance, adverse claim, proscription or restriction on any property or asset (whether real, personal, mixed, tangible or intangible), right, contract, agreement or business of Purchaser or Seller; (c) violate any law, rule or regulation of any federal or state regulatory agency; or (d) permit any federal or state regulatory agency to impose any restrictions or limitations of any nature on Purchaser or Seller or any of their respective actions.

### 3.4 Indemnification.

3.4.1 Indemnity of Seller. Purchaser agrees to indemnify, defend and hold Seller harmless from and against any and all Losses (as hereinafter defined) arising out of or resulting from the breach by Purchaser of any representation, warranty, covenant or agreement contained in this Agreement or the schedules and exhibits hereto. For purposes of Section 3.4, the term “Losses” shall mean all damages, costs and expenses (including reasonable attorneys’ fees) of every kind, nature or description, it being the intent of the Parties that the amount of any such Loss shall be the amount necessary to restore the indemnified party to the position it would have been in (economically or otherwise), including any costs or expenses incident to such restoration, had the breach, event, occurrence or condition occasioning such Loss never occurred. Notwithstanding the foregoing provisions of this section, no claim for indemnification shall be made by Seller under this section unless and until the aggregate amount of all Losses of Seller in respect thereof shall exceed \$15,000, but then such indemnified parties shall be entitled to all indemnifiable Losses above and below such threshold.

3.4.2 Indemnity of LCLL. Seller agrees to indemnify, defend and hold Purchaser harmless from and against any and all Losses arising out of or resulting from the breach by Seller of any representation, warranty, agreement or covenant contained in this Agreement or the exhibits and schedules hereto. Notwithstanding the foregoing provisions of this section, no claim for indemnification shall be made by Purchaser under this Section unless and until the aggregate amount of all Losses of Purchaser in respect thereof shall exceed \$15,000, but then such indemnified parties shall be entitled to all indemnifiable Losses above and below such threshold.

### 3.4.3 Indemnification Procedure.

(a) An indemnified party shall notify the indemnifying party of any claim of such indemnified party for indemnification under this Agreement within thirty days of the date on which such indemnified party or an executive officer or representative of such indemnified party first becomes aware of the existence of such claim. Such notice shall specify the nature of such claim in reasonable detail and the indemnifying party shall be given reasonable access to any documents or properties within the control of the indemnified party as may be useful in the investigation of the basis for such claim. The failure to so notify the indemnifying party

within such thirty-day period shall not constitute a waiver of such claim but an indemnified party shall not be entitled to receive any indemnification with respect to any additional loss that occurred as a result of the failure of such person to give such notice.

In the event any indemnified party is entitled to indemnification hereunder based upon a claim asserted by a third party, the indemnifying party shall be given prompt notice thereof, in reasonable detail. The failure to so notify the indemnifying party shall not constitute a waiver of such claim but an indemnified party shall not be entitled to receive any indemnification with respect to any Loss that occurred as a result of the failure of such person to give such notice. The indemnifying party shall have the right (without prejudice to the right of any indemnified party to participate at its expense through counsel of its own choosing) to defend or prosecute such claim at its expense and through counsel of its own choosing if it gives written notice to the indemnified party of its intention to do so not later than twenty days following notice of the claim to the indemnifying party or such shorter time period as required so that the interests of the indemnified party would not be materially prejudiced as a result of its failure to have received such notice from the indemnifying party; provided, however, that if the defendants in any action shall include both an indemnifying party and an indemnified party and the indemnified party shall have reasonably concluded that counsel selected by the indemnifying party has a conflict of interest because of the availability of different or additional defenses to the indemnified party, the indemnified party shall have the right to select separate counsel to participate in the defense of such action on its behalf, at the expense of the indemnifying party. If the indemnifying party does not so choose to defend or prosecute any such claim asserted by a third party for which any indemnified party would be entitled to indemnification hereunder, then the indemnified party shall be entitled to recover from the indemnifying party, on a monthly basis, all of its attorneys' reasonable fees and other costs and expenses of litigation of any nature whatsoever incurred in the defense of such claim. Notwithstanding the assumption of the defense of any claim by an indemnifying party pursuant to this paragraph, the indemnified party shall have the right to approve the terms of any settlement of a claim (which approval shall not be unreasonably withheld).

(b) The indemnifying party and the indemnified party shall cooperate in furnishing evidence and testimony and in any other manner which the other may reasonably request, and shall in all other respects have an obligation of good faith dealing, one to the other, so as not to unreasonably expose the other to an undue risk of loss. The indemnified party shall be entitled to reimbursement for out-of-pocket expenses reasonably incurred by it in connection with such cooperation. Except for fees and expenses for which indemnification is provided pursuant to

Section 3.4, and as provided in the preceding sentence, each party shall bear its own fees and expenses incurred pursuant to this paragraph (b).

3.5 No Other Representations. Except as expressly set forth in this Agreement, neither party makes any further representations or warranties concerning the subject matter contained herein.

3.6 Survival. Each of the representations, warranties and agreements of each of the Purchaser and the Seller contained in this Agreement shall survive the Closing Date.

IV. *Securities Representations.* Seller hereby represents and warrants as of the date hereof and as of the Closing, as follows:

4.1 Purchase for Own Account. The Seller represents that he is acquiring the Shares solely for his own account and beneficial interest for investment and not for sale or with a view to distribution of the Shares or any part thereof, has no present intention of selling (in connection with a distribution or otherwise), granting any participation in, or otherwise distributing the same, and does not presently have reason to anticipate a change in such intention.

4.2 Ability to Bear Economic Risk. The Seller acknowledges that an investment in the Shares involves a high degree of risk, and represents that he is able, without materially impairing his financial condition, to hold the Shares for an indefinite period of time and to suffer a complete loss of his investment.

4.3 Access to Information. The Seller acknowledges that the Seller has been furnished with such financial and other information concerning the GCI, the directors and officers of GCI, and the business and proposed business of GCI as the Seller considers necessary in connection with the Seller's investment in the Shares. Seller has also had an opportunity to review the Term Sheet attached hereto as Exhibit D, and the GCI information that is publicly available at [www.otcm Markets.com](http://www.otcm Markets.com). As a result, the Seller is thoroughly familiar with the proposed business, operations, properties and financial condition of GCI and has discussed with officers of GCI any questions the Seller may have had with respect thereto. The Seller understands:

- (i) The risks involved in this investment, including the speculative nature of the investment;
- (ii) The financial hazards involved in this investment, including the risk of losing the Seller's entire investment;
- (iii) The lack of liquidity and restrictions on transfers of the Shares; and
- (iv) The tax consequences of this investment.

The Seller has consulted with his own legal, accounting, tax, investment and other advisers with respect to the tax treatment of an investment by the Seller in the Shares and the merits and risks of an investment in the Shares.

4.4 Shares Part of Private Placement. The Seller has have been advised that the Shares have not been registered under the Securities Act of 1933, as amended (the “Act”), or qualified under the securities law of any state, on the ground, among others, that no distribution or public offering of the Shares is to be effected and the Shares will be issued by GCI in connection with a transaction that does not involve any public offering within the meaning of section 4(2) of the Act and/or Regulation D as promulgated by the SEC under the Act, and under any applicable state blue sky authority. The Seller understands that GCI is relying in part on the Seller’s representations as set forth herein for purposes of claiming such exemptions and that the basis for such exemptions may not be present if, notwithstanding the Seller’s representations, the Seller has in mind merely acquiring the Shares for resale on the occurrence or nonoccurrence of some predetermined event. The Seller has no such intention.

4.5 Seller Not Affiliated with Company. The Seller, either alone or with his professional advisers (i) is unaffiliated with, has no equity interest in, and is not compensated by, the Seller or GCI or any affiliate or selling agent of the Seller or GCI, directly or indirectly; (ii) has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of an investment in the Shares; and (iii) has the capacity to protect his own interests in connection with his proposed investment in the Shares.

4.6 Further Limitations on Disposition. The Seller further acknowledges that the Shares are restricted securities under Rule 144 of the Act, and, therefore, any certificates reflecting the ownership interest in the Shares will contain a restrictive legend substantially similar to the following:

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “ACT”). THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO THE SECURITIES UNDER THE ACT OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

Without in any way limiting the representations set forth above, the Seller further agrees not to make any disposition of all or any portion of the Shares unless and until:

- (i) There is then in effect a registration statement under the Act covering such proposed disposition and such disposition is made in accordance with such registration statement; or

(ii) Such Seller shall have obtained the consent of GCI and notified GCI of the proposed disposition and shall have furnished GCI with a detailed statement of the circumstances surrounding the proposed disposition, and if reasonably requested by GCI, the Seller shall have furnished GCI with an opinion of counsel, reasonably satisfactory to GCI, that such disposition will not require registration under the Act or any applicable state securities laws.

Notwithstanding the provisions of subparagraphs (i) and (ii) above, no such registration statement or opinion of counsel shall be necessary for a transfer by such Seller to a partner (or retired partner) of Seller, or transfers by gift, will or intestate succession to any spouse or lineal descendants or ancestors, if all transferees agree in writing to be subject to the terms hereof to the same extent as if they were Seller hereunder as long as the consent of GCI is obtained, which consent shall not be unreasonably withheld.

4.6 Piggyback Registration Rights. GCI hereby represents and warrants that if GCI at any time proposes to register any of its securities under the Act, including under an S-1 Registration Statement or otherwise, it will at such time give written notice to the Seller of its intention so to do. Upon the written request of Seller given within ten (10) days after receipt of any such notice, GCI will use its best efforts to cause the Shares to be registered under the Act (with the securities which GCI at the time proposes to register). All expenses incurred by GCI in complying with this section, including without limitation all registration and filing fees, listing fees, printing expenses, fees and disbursements of all independent accountants, or counsel for GCI and the expense of any special audits incident to or required by any such registration and the expenses of complying with the securities or blue sky laws of any jurisdiction shall be paid by GCI. GCI agrees that it will prepare and file a Registration Statement within thirty (30) days of the completion of an audit of its financial statements sufficient for inclusion therein.

4.7 Accredited Investor Status. *(Please check one, attach additional pages if necessary).* Seller:

\_\_\_\_\_ is

\_\_\_\_\_ is not

an “accredited investor” as such term is defined in Rule 501 under the Act because Seller either:

(i) has a net worth of at least \$1,000,000 (for purposes of this question, the Seller may include spouse’s net worth and may include the fair market value of home furnishings and automobiles, but must exclude from the calculation the value of Seller’s primary residence and the related amount of any indebtedness on primary residence up to the fair market value of the primary residence (any indebtedness that exceeds the fair market value of the primary residence must be deducted from net worth calculation)), **or**

(ii) had an individual income of more than \$200,000 in each of the two most recent calendar years, and reasonably expects to have an individual income in excess of \$200,000 in the current calendar year; or along with Seller's spouse had joint income in excess of \$300,000 in each of the two most recent calendar years, and reasonably expects to have a joint income in excess of \$300,000 in the current calendar year.

For purposes of this Agreement, "individual income" means "adjusted gross income" as reported for Federal income tax purposes, exclusive of any income attributable to a spouse or to property owned by a spouse and increased by the following amounts: (i) the amount of any interest income received which is tax-exempt under Section 103 of the Internal Revenue Code of 1986, as amended, (the "Code"), (ii) the amount of losses claimed as a limited partner in a limited partnership (as reported on Schedule E of form 1040), (iii) any deduction claimed for depletion under Section 611 et seq. of the Code and (iv) any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income pursuant to the provisions of Sections 1202 of the Internal Revenue Code as it was in effect prior to enactment of the Tax Reform Act of 1986.

For purposes of this Agreement, "joint income" means, "adjusted gross income," as reported for Federal income tax purposes, including any income attributable to a spouse or to property owned by a spouse, and increased by the following amounts: (i) the amount of any interest income received which is tax-exempt under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), (ii) the amount of losses claimed as a limited partner in a limited partnership (as reported on Schedule E of Form 1040), (iii) any deduction claimed for depletion under Section 611 et seq. of the Code and (iv) any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income pursuant to the provisions of Section 1202 of the Internal Revenue Code as it was in effect prior to enactment of the Tax Reform Act of 1986.

4.8 Seller Qualifications. Seller is over 21 years of age.

4.9 No Backup Withholding. The Social Security Number or taxpayer identification shown in this Agreement is correct, and the Seller is not subject to backup withholding because (i) the Seller has not been notified that he or she is subject to backup withholding as a result of a failure to report all interest and dividends or (ii) the Internal Revenue Service has notified the Seller that he or she is no longer subject to backup withholding.

## V. *Miscellaneous*

5.1 Assignment. Neither this Agreement nor any interest hereunder will be assignable in part or in whole by either party without the prior written consent of the non-assigning party, which consent will not be unreasonably withheld, conditioned or delayed.

5.2 Governing Law and Venue. This Agreement is executed pursuant to and shall be interpreted and governed for all purposes under the laws of the State of California. Any cause of action brought to enforce any provision of this Agreement shall be brought in Orange County, California. If any provision of this Agreement is declared void, such provision shall be deemed severed from this Agreement, which shall otherwise remain in full force and effect. This Agreement shall supersede any previous agreements, written or oral, expressed or implied, between the parties relating to the subject matter hereof.

5.3 Notices. Any notice, request, demand, or other communication given pursuant to the terms of this Agreement shall be deemed given upon delivery, and may only be delivered or sent via hand delivery, facsimile, or by overnight courier, correctly addressed to the addresses of the parties indicated below or at such other address as such party shall in writing have advised the other party.

If to the Purchaser:                    General Health Solutions, Inc.  
2183 Fairview Road, Suite 101  
Costa Mesa, CA 92627  
Facsimile: (949) 515-1625

with a copy to:                    The Lebrecht Group, APLC  
9900 Research Dr.  
Irvine, CA 92618  
Attn: Brian A. Lebrecht, Esq.  
Facsimile (949) 635-1244

If to the Seller:                    Synergistic Resources, LLC  
  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: Manager  
Facsimile: (\_\_\_\_) \_\_\_\_\_

5.4 Amendment. No amendment, modification or supplement of any provision of this Agreement will be valid or effective unless made in writing and signed by a duly authorized officer of each party.

5.5 Waiver. No provision of this Agreement will be waived by any act, omission or knowledge of a party or its agents or employees except by an instrument in writing expressly waiving such provision and signed by a duly authorized officer of the waiving party.

5.6 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under the applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable

law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

5.7 Attorneys' Fees. In the event that any suit, arbitration, legal action, proceeding or dispute between the parties arises in connection with this Agreement, the prevailing party shall be entitled to recover all expenses, costs and fees, including reasonable attorney's fees, actually incurred in association with such action.

5.8 Entire Agreement. This Agreement, including all exhibits, is the complete, final and exclusive understanding and agreement of the parties and cancels and supersedes any and all prior negotiations, correspondence and agreements, whether oral or written, between the parties respecting the subject matter of this Agreement.

[remainder of page intentionally left blank; signature page to follow]

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

“Seller”

Synergistic Resources, LLC,  
a California limited liability company

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By: Brent Inzer  
Its: Manager

“Purchaser”

General Health Solutions, Inc.,  
a California corporation

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By: James Pakulis  
Its: President

“GCI”

General Cannabis, Inc.,  
a Nevada corporation

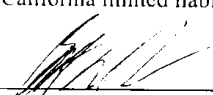
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By: James Pakulis  
Its: Chief Executive Officer

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

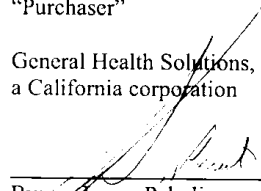
"Seller"

Synergistic Resources, LLC,  
a California limited liability company

  
\_\_\_\_\_  
By: Brent Inzer  
Its: Manager

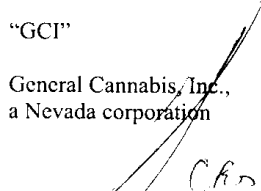
"Purchaser"

General Health Solutions, Inc.,  
a California corporation

  
\_\_\_\_\_  
By: James Pakulis  
Its: President

"GCI"

General Cannabis, Inc.,  
a Nevada corporation

  
\_\_\_\_\_  
By: James Pakulis  
Its: Chief Executive Officer

## **Exhibit A**

### **Assets**

1. The name “Marijuana Medicine Evaluation Centers.”
2. The Service Mark for “Marijuana Medicine Evaluation Centers”, Reg. No. 3,533,697.
3. The domain name [www.marijuanamedicine.com](http://www.marijuanamedicine.com), all related domain names, and all website coding associated therewith.
4. The telephone number “(800) 268-4420.”
5. The database of users and visitors associated with the website.
6. All computer and other equipment owned by Seller that is used to manage, maintain, and operate the website.

### **Contracts to be Assigned from Seller to Purchaser**

1. Management Services Agreement by and between Synergistic Resources, LLC and Kien P. Tran, M.D., Inc. dated March 1, 2008.

**Exhibit B**  
**Intellectual Property Assignment**

**Exhibit C**  
**Assignment**

**Exhibit D**

**TERM SHEET  
for  
GENERAL CANNABIS, INC.  
Updated November 30, 2010**

**Company:** General Cannabis, Inc., a Nevada corporation (the “Company”).

**Offering:** 2,000,000 shares of common stock

**Capitalization:** Before the offering:

- The Company is authorized to issue 200,000,000 shares of common stock and 20,000,000 shares of preferred stock.
- There are 80,615,256 shares of common stock, and no shares of preferred stock, outstanding.
- There are contractual obligations to issue another 16,000,000 shares of common stock through January 2014 if certain financial milestones are met by one of our recently acquired subsidiaries.

After the offering:

- There will be 82,615,256 shares of common stock issued and outstanding.

**Subsidiaries:** The Company has five wholly-owned subsidiaries, namely US Cannabis, Inc., a California corporation, WeedMaps Media, Inc., a Nevada corporation, LV Luxuries Limited, a Nevada corporation, General Health Solutions, Inc., a California corporation, and General Merchant Services, Inc., a California corporation.

## **ASSIGNMENT OF MANAGEMENT SERVICES AGREEMENT**

THIS ASSIGNMENT OF MANAGEMENT SERVICES AGREEMENT (the "Assignment") is made this 3rd day of December, 2010, by and between Synergistic Resources, LLC, a California limited liability company ("Assignor"), and General Health Services, Inc., a California corporation (the "Assignee").

### **RECITALS**

A. Assignor is a party to that certain Management Services Agreement dated as of March 1, 2008 by and between Assignor and Kien P. Tran, M.D., Inc. (the "Management Agreement");

B. Assignor and Assignee have entered into a Reorganization and Asset Purchase Agreement (the "Asset Agreement") of even date herewith, wherein Assignor has sold substantially all of its assets to Assignee;

C. As a condition to the closing of the Asset Agreement, Assignor and Assignee are required to execute this Assignment, with an effective date of December 1, 2010 (the "Effective Date");

D. Assignor and Assignee desire to transfer the Management Agreement from Assignor to Assignee.

### **ASSIGNMENT**

1. Effective as of the Effective Date, Assignor hereby sells, grants, transfers, conveys, assigns, and delivers to Assignee all of Assignor's right, title, and interest in and to the Management Agreement.

2. Assignee hereby accepts the assignment of the Management Agreement.

[remainder of page intentionally left blank; signature page to follow]

IN WITNESS WHEREOF, the parties have entered into this Assignment the day and year first above written.

“Assignor”

“Assignee”

Synergistic Resources, LLC,  
a California limited liability company

General Health Services, Inc.,  
a California corporation

\_\_\_\_\_  
By: Brent Inzer  
Its: Manager

\_\_\_\_\_  
By: James Pakulis  
Its: President

The undersigned hereby consents to the assignment of the Management Agreement from Assignor to Assignee as set forth herein.

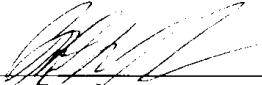
Kien P. Tran, M.D., Inc.

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

IN WITNESS WHEREOF, the parties have entered into this Assignment the day and year first above written.

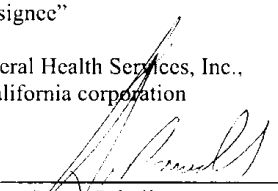
“Assignor”

Synergistic Resources, LLC,  
a California limited liability company

  
\_\_\_\_\_  
By: Brent Inzer  
Its: Manager

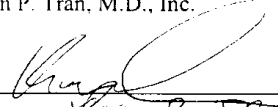
“Assignee”

General Health Services, Inc.,  
a California corporation

  
\_\_\_\_\_  
By: James Pakulis  
Its: President

The undersigned hereby consents to the assignment of the Management Agreement from Assignor to Assignee as set forth herein.

Kien P. Tran, M.D., Inc.

  
\_\_\_\_\_  
By: Kien P. Tran  
Its: President

## MANAGEMENT SERVICES AGREEMENT

This Management Services Agreement ("Agreement") is made as of 3-1-08 2008 ("Effective Date"), by and between Kien P. Tran, M.D., Inc. (hereinafter "Practice"), and Synergistic Resources, LLC (hereinafter "Manager"), individually referred to at times as the "Party" or collectively as the "Parties."

### RECITALS

- A. WHEREAS, Practice is a professional medical corporation engaged in the business of providing health care services to patients;
- B. WHEREAS, Manager is a provider of administrative, management, and development services for the health care professions;
- C. WHEREAS, the Parties desire to enter into this Agreement for the purpose of engaging Manager to manage the administrative, financial and operational activities of the Practice;

NOW, THEREFORE, and in consideration of the mutual covenants and agreements hereinafter contained, the Parties do hereby agree as follows:

### AGREEMENT

#### 1.0. APPOINTMENT OF MANAGER

Appointment by Practice. Practice hereby appoints Manager as its sole and exclusive manager and hereby grants to Manager the authority and responsibility, as specifically set forth herein, to supervise and manage the day-to-day operations of the Practice, including all revenue and non-revenue producing activities, to the extent permitted by California law.

#### 2.0 MANAGER'S DUTIES

2.1 Services. Manager shall provide to Practice the services, personnel, facilities, equipment and furnishings set forth on Exhibit "A," attached hereto and incorporated herein by reference (hereafter referred to as the "Services"). Such Services may be changed from time to time by agreement of the Parties in accordance with the provisions of this Agreement and in accordance with California law governing the corporate practice of medicine. Manager may subcontract out all or any part of the Services set forth in Exhibit "A," provided that Manager properly and adequately supervises the performance of the subcontracted Services.

2.2 Manager Staff. Manager shall engage or employ such qualified non-physician personnel as are necessary for the proper and efficient management of the Practice, including all technical, administrative and clerical staff. All personnel provided by Manager to Practice shall be compensated by Manager and shall be employees or independent contractors of Manager.

Manager shall be responsible for compensating all such engaged or employed persons, including, as applicable, payroll taxes, benefits, and workers' compensation insurance. Manager shall be responsible for supervision of activities performed by all non-physician employees and independent contractors.

2.2 Compliance with Standards. All Services performed by Manager shall be performed in accordance with applicable state and federal laws, accreditation standards, and Practice policies and procedures.

### **3.0. PRACTICE'S DUTIES**

3.1. Physician Employment and Contracting. Practice shall employ or contract with all physician personnel and all physician extenders, e.g., physician assistants and nurse practitioners (hereafter referred to collectively as "Professionals") necessary to provide the patient care services of the Practice.

3.2. Physician Credentialing. Practice shall be responsible for the establishment of appropriate credentialing standards and review committee(s) for the purposes of credentialing its Professionals. Manager shall provide the administrative support necessary to obtain and verify such credentialing information, as directed by the Practice's Medical Director.

3.3 Facilities. Practice may lease space and/or equipment, or sub-lease space and/or equipment ("Facilities") from Manager.

### **4.0 LICENSING**

During the term of this Agreement, Manager hereby licenses to Practice the nonexclusive right to utilize the "Marijuana Medicine Evaluation Centers" trade name and mark. Practice acknowledges that Manager remains the owner of all titles, rights and interest in the trade name and mark. This license permits Practice to utilize the trade name and mark in its advertising, signage and other documentation of Practice. Upon termination of this Agreement, this license shall simultaneously terminate and Practice shall cease all use of the trade name and mark.

### **5.0. COMPENSATION**

5.1. Manager's Fee. Practice and Manager have exercised care and diligence in determining their respective best estimates of the expenses, investment and reasonable rate of return of Manager in providing the Services required by this Agreement and, based thereon, have determined that the compensation to be paid Manager as provided hereafter, is commensurate with the commercially reasonable value of such Services. Such compensation is set forth in Exhibit "B," attached hereto and incorporated herein by reference.

5.2 Payment. Practice shall remit such compensation due to Manager within ten (10) days after the end of each month.

5.3 Manager's Statement of Services Rendered. Manager shall, by the fifth (5th) day of each month, provide Practice with a complete statement of Services rendered in the previous month pursuant to this Agreement.

## **6.0 INSURANCE AND INDEMNIFICATION**

### **6.1 Insurance.**

6.1.1 Professional Liability Coverage. Practice, at its sole cost and expense, shall obtain and maintain in full force and effect during the term of this Agreement, and all renewals and extensions thereof, professional liability insurance with a licensed insurance company admitted to do business in the State of California, in a minimum amount of One Million Dollars (\$1,000,000) per claim and Three Million Dollars (\$3,000,000) in the annual aggregate, to cover any loss, liability or damage alleged to have been committed by Practice, or by its agents, servants, independent contractors, or employees. If such professional liability coverage is obtained on a claims-made basis, then Practice shall obtain extended reporting malpractice coverage ("tail" coverage) for a period of two (2) years to be effective immediately upon termination of this Agreement. If feasible and the additional cost is minimal, Practice shall include Manager as an additional named insured on its policy. Practice shall provide Manager with written notice at least thirty (30) days prior to any cancellation or amendment of Practice's policy.

6.1.2 Comprehensive General Liability Insurance. Each Party, at its sole cost and expense, will obtain and maintain in full force and effect during the term of this Agreement, and all renewals and extensions thereof, comprehensive general liability insurance covering the Party, its employees, agents, servants, and independent contractors, against loss in the nature of fire, theft, business interruption, general liability, and non-medical negligence, with a minimum liability limit of One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) in the annual aggregate. Each Party shall provide the other Party with written notice at least thirty (30) days prior to any cancellation or amendment of the Party's policy.

6.1.3 Workers' Compensation Insurance. Each Party shall, at its sole cost and expense, obtain and maintain in full force and effect during the term of this Agreement, and all renewals and extensions thereof, workers' compensation insurance as required by the laws of the State of California.

6.2 Indemnification. Each Party shall indemnify, hold harmless, and defend the other Party from any and all liability, loss, claims, lawsuits, damages, injury, costs or expense, arising out of or incident to the performance or nonperformance under this Agreement by such indemnifying Party, its directors, officers, employees, contractors, subcontractors and agents, including (without limitation) all attorneys' fees and court costs; provided, however, neither Party shall be liable to the other hereunder for any claim covered by insurance, except to the extent that the liability of the other Party exceeds the amount of such insurance coverage.

## **7.0 CONFIDENTIALITY**

7.1 Proprietary and Business Information. The Parties acknowledge that during the term of this Agreement, the Parties will acquire or have access to information regarding the business operations of the other Party including, but not limited to, information regarding pricing, billing, claims, compensation, patient lists, provider lists, business operations, provider agreements, trade secrets and business and technical manuals (“Confidential Information”). The Parties acknowledge that the non-violating Party would suffer financial harm if such Confidential Information were to be disclosed to third Parties. As a condition of this Agreement, the Parties agree not to disclose to, or otherwise discuss such Confidential Information with any third party without the express written consent of the other Party or as expressly required by law. The provisions of this Section shall survive the termination of this Agreement.

7.2 Trade Secrets. The Parties acknowledges that each Party, in connection with its business, has developed certain operating manuals, symbols, trademarks, trade names, service marks, designs, patient lists, procedures, processes, and other copyrighted, patented, trademarked, or legally protectable information which is confidential and proprietary to the Party that constitute its trade secrets. The Parties shall not use any name, symbol, mark, or other proprietary information of the other Party except as expressly permitted.

7.3 Patient Information and Records. Manager and its employees, agents and independent contractors shall safeguard the confidentiality of all medical information pertaining to patients treated by or through Practice and shall comply with all federal and state laws and regulations and all Practice rules or policies with respect to the use and disclosure of such information, including but not limited to the provisions of the Business Associate Agreement as set forth in Exhibit “C” of this Agreement, attached hereto and incorporated herein by reference.

7.4 Practice Property. All documents, papers, notes, memoranda, computer files and other written or electronic records of any kind utilized by Manager during and in connection with the Agreement shall remain the property of Practice at all times. Upon the termination of this Agreement, all such records in Manager’s possession shall be left with Practice.

## **8.0 RELATIONSHIP OF PARTIES**

### **8.1 Conduct of Medical Practice.**

8.1.1 Practice shall be solely and exclusively in control of all aspects of the practice of medicine and the provision of medical services. The rendition of all medical professional services, including, but not limited to, diagnosis, treatment, therapy and the prescription of medicine and drugs, the supervision of preparation of medical reports and the maintenance of medical records, shall be the responsibility of Practice. Practice shall have the sole right and authority to hire, employ, train, supervise, terminate and compensate all of its Professionals. Practice shall be responsible to ensure that such Professionals are supervised in accordance with the requirements of state and Federal law and in a manner consistent with current standards of medical practice in the community.

8.1.2 The professional relationship between Practice and all Professionals and their patients, at all times during the term of this Agreement, shall be solely between the Professionals and such patients. Manager shall not interfere with the exercise by the Professionals of their professional judgment, nor shall Manager interfere with, control, direct or supervise any Professional or any individual whom any Professional may employ or contract with in connection with the care and treatment of the Practice's patients. Manager shall have no authority whatsoever with respect to such activities, and shall have no authority whatsoever with respect to the establishment of fees for the rendition of such services; provided, however, that Manager may provide to Practice periodic assessments of the performance by medical personnel of other than professional medical services.

8.1.3 Manager shall not provide or otherwise engage in services or activities which constitute the practice of medicine as defined by the laws of the State of California. Under no circumstances shall medical services be made available to or for Practice by Manager. Manager shall not assign or refer patients to Practice in expectation of a fee for such referral. Any such fee for referral is expressly prohibited.

8.1.4 Practice agrees to keep its offices and clinics adequately staffed with such Professionals as may be necessary to efficiently carry out the practice of medicine at the Practice offices, all of whom shall be duly licensed by the State of California. Practice and Professionals shall at all times operate the Practice's medical practice in a manner consistent with current standards of medical practice in Practice's community.

8.2 Independent Contractors. The relationship between Manager and Practice is that of independent contractors. Neither Manager nor Practice is a member, partner, agent, representative, employee, employer, or joint venturer of the other. Each Party expressly denies any obligation to compensate the other's employees, contractors, or agents. As independent contractors, each Party shall be liable for that Party's own debt, obligations, acts and omissions. Manager is responsible for the payment of all withholding, social security and other taxes and benefits for Manager and Manager's agents or employees. Manager is responsible for filing all necessary tax returns on Manager's own behalf. Manager, its agents, employees and independent contractors shall not be eligible for any employee benefit plan offered by Practice.

## 9.0 TERM AND TERMINATION

9.1 Term. The term of this Agreement shall be for a period of ten (10) years, commencing on the Effective Date of this Agreement. This Agreement shall automatically renew for succeeding terms of five (5) years unless either Party, at least one hundred eighty (180) days prior to the expiration of any term, gives written notice of its intention not to renew said Agreement.

### 9.2 Termination.

This Agreement may be terminated by either Party upon prior written notice for any of the following reasons:

9.2.1 Institution by a Party of proceedings of any nature under any laws of the United States or of any state, whether now existing or subsequently enacted or amended, for the relief of debtors wherein such Party is seeking relief as a debtor;

9.2.2 A general assignment by a Party for the benefit of creditors;

9.2.3 The institution by a Party, in the capacity of a debtor, of a proceeding in which such Party seeks relief from its indebtedness under any section or chapter of the Federal Bankruptcy Act as now existing or hereafter amended or becoming effective;

9.2.4 The institution against a Party, by one or more of its creditors, of a proceeding under any section or chapter of the Federal Bankruptcy Act as now existing or hereafter amended or becoming effective, which proceeding is not dismissed, stayed or discharged within a period of sixty (60) days after the filing thereof or if stayed, which stay is thereafter lifted without a contemporaneous discharge or dismissal of such proceeding;

9.2.5 A proposed plan of arrangement or other action by a Party's creditors taken as a result of a general meeting of the creditors of such Party;

9.2.6 The appointment of a receiver, trustee or like officer, to take possession of a Party's assets; which receivership remains undischarged for a period of thirty (30) days from the date of its imposition;

9.2.7 The material breach of this Agreement by either Party, provided that such breach continues uncured for a period of thirty (30) days after written notice thereof has been given by one of the Parties to the other;

9.2.8 The issuance of a final order of any governmental agency or court which has competent jurisdiction over Parties hereto which order requires the termination of this Agreement; or

9.2.9 Violation of the patient privacy requirements and/or obligations under the Health Insurance Portability and Accountability Act ("HIPPA") in such manner as to require the termination of this Agreement in accordance with the requirements of the Business Associate Agreement identified as Exhibit "C," attached hereto and incorporated herein by reference.

### 9.3 Effect of Termination.

9.3.1 The various rights and remedies herein provided shall be cumulative and in addition to any other rights and remedies the Parties may be entitled to pursue under the law. The exercise of one or more of such rights or remedies shall not impair the rights of either Party to exercise any other right or remedy at law or in equity.

9.3.2 Termination of this Agreement shall not release or discharge either Party from any obligation, debt or liability which shall have previously accrued and remains to be

performed upon the date of termination.

9.3.3 Within sixty (60) days after termination of this Agreement pursuant to this Section, an accounting shall be made by each Party of all sums which may be due and owing to the other Party in accordance with the provisions of this Agreement. Payment to settle any such balance shall be made within thirty (30) days after submission of each accounting.

## 10.0. GENERAL PROVISIONS

10.1 Entire Agreement; Amendment. The Parties agree that neither Party has made any representation, warranty or covenant not fully set forth herein, and that this Agreement is a complete statement of the entire agreement which supersedes all previous communications between the Parties hereto. This Agreement may only be amended by written instrument executed by both Parties.

10.2 Prior Agreements. This Agreement supersedes all prior oral or written agreements covering the same matter between the Parties.

10.3 Binding Effect. The terms and conditions of this Agreement shall be binding upon and inure to the benefit of the Parties hereto, their successors, assigns, and legal representatives, except that no Party may assign or transfer its rights or obligations under this Agreement in any manner other than as provided in this Agreement.

10.4 Severability. The provisions of this Agreement shall be deemed severable and if any portion shall be held invalid, illegal or unenforceable for any reason, the remainder of this Agreement shall be effective and binding on the Parties.

10.5 Applicable Law. This Agreement, and the application or interpretation thereof, shall be governed exclusively by its terms and by the laws of the State of California. Any actions, arbitration or proceedings instituted by either Party with respect to any matters arising under or growing out of this Agreement shall be brought and tried only in the courts located in the County of Orange, State of California, and each of the Parties hereto expressly waives its rights under any applicable statute to cause any such action or proceeding to be brought or tried elsewhere.

10.6 Headings. Any titles, captions or paragraphs contained in this Agreement are for convenience only and shall not be deemed part of the contents of this Agreement, and shall in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof.

10.7 Dispute Resolution. Any controversies or claims between the Parties regarding this Agreement must first be put in writing and delivered to the other Party. The Parties will make a good faith attempt to resolve the issue in question. If the Parties to this Agreement cannot settle grievances or disputes between them in an informal and expeditious fashion, one or both of the Parties may file suit in an appropriate civil court.

10.8 Assignment. This Agreement and the rights, interests, and benefits hereunder shall not be assigned, transferred, pledged, or hypothecated in any way by either Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld.

10.9 Other Contractual Commitments. Manager represents, assures, and agrees that it has not entered into, and that it shall not enter into, any other contractual commitment, contract, or relationship that will restrict or impair Manager's performance of its contractual obligations under this Agreement

10.10 Representation by Counsel. The Parties acknowledge that they have had the opportunity to consult with legal counsel of their choice prior to execution of this Agreement. The Parties further acknowledge that the terms of this Agreement are the result of negotiations between them and that the terms of this Agreement shall not be construed in favor of, or against, any Party by reason of the extent to which a Party or its counsel participated in its drafting, or by reason of the extent to which this Agreement may be inconsistent with prior drafts thereof.

10.11 Changes in Law. Both Parties agree that in the event that future legislation is enacted or regulations are promulgated or a decision of a court is rendered that, in the opinion of legal counsel for either Party, affects or may affect the legality of this Agreement or materially and adversely affect the ability of either Party to perform its obligations or receive the benefits intended hereunder ("Change in Law"), then Manager agrees to work with Practice in good faith to amend this Agreement as necessary to bring it into compliance with applicable laws and to carry out the original intention of the Parties to the extent possible. If not, either Party may terminate on thirty (30) days' written notice.

10.12 Third-Party Beneficiaries. The rights and obligations of each Party to this Agreement shall inure solely to the benefit of the Parties hereto, and no persons or entity shall be a third party beneficiary of this Agreement

10.13 Waiver. A waiver of any of the terms and conditions hereof shall not be construed as a waiver of any other terms and conditions hereof

10.14 Notices. Any notice required or permitted by this Agreement shall be given in writing sent by overnight delivery, personal delivery or United States registered or certified mail, return receipt requested, all of which shall be properly addressed, with postage or delivery charges prepaid as follows:

If to Manager: Synergistic Resources, LLC  
2512 Artesia Blvd., Ste. 120  
Redondo Beach, CA 90278  
Attn: Mr. Brent Inzer, President

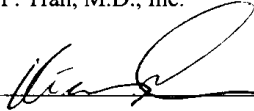
If to Practice: Kien P. Tran, M.D., Inc.  
15491 Pasadena Apt. 87  
Tustin, CA 92780  
Attn: Dr. Tran

Notices sent by personal delivery shall be deemed given upon actual receipt. Notices sent by overnight delivery shall be deemed given on the next business day. Notices sent via United States registered or certified mail shall be deemed given two (2) business days from mailing.

10.15 Counterparts. This Agreement may be executed in several counterparts, and all counterparts so executed shall constitute one Agreement and shall be binding on all of the Parties hereto, notwithstanding that all of the Parties are not signatory to the original or the same counterparts.

IN WITNESS WHEREOF, the Parties have signed this Agreement as of the date first- above written.

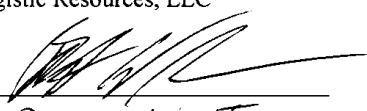
**PRACTICE**  
Kien P. Tran, M.D., Inc.

  
\_\_\_\_\_

By: \_\_\_\_\_

Title: Kien Tran MD

**MANAGER**  
Synergistic Resources, LLC

  
\_\_\_\_\_

By: Brent W Inzer

Title: Managing Member

**EXHIBIT A  
MANAGER'S DUTIES**

Manager shall provide the following services to Practice:

1. Facilities. Manager shall secure and maintain such space and equipment ("Facilities") as reasonably necessary for Practice to carry out its activities described under this Agreement. Practice shall sub-lease such Facilities, however, such Facilities shall remain the property of Manager, and Practice shall not remove, damage or commit waste to any of the Facilities. Manager will provide for maintenance of the Facilities, utilities, normal janitorial services, refuse disposal and Manager's compensation shall reflect the costs of same.
2. Patient Collections. Carry out all activities related to collection of patient fees, including but not limited to the following activities:
  - 2.1 Develop and implement policies and procedures;
  - 2.2 Prepare and present invoices to patients for payment at time of service;
  - 2.3 Collect and process all payments received;
  - 2.4 Reconcile patient accounts;
  - 2.5 Provide reports of patient account status as requested.
3. Financial Services.
  - 3.1 Bookkeeping;
  - 3.2 Budgeting and monthly reporting of status;
  - 3.3 Accounts receivable;
  - 3.4 Accounts payable;
  - 3.5 Provide report of accounting activities;
  - 3.6 Provide overall financial analysis of Practice;
  - 3.7 Year-end financial reports;
  - 3.8 Issuance of 1099 forms and related;
  - 3.9 Electronic data processing.
4. Patient Inquiries/Complaints. Develop and implement a program for management of patient inquiries and complaints in accordance with Practice requirements including but not limited to the following activities:
  - 4.1 Respond to initial patient inquiries and complaints;
  - 4.2 Track inquiries and complaints;
  - 4.3 Notify Practice of patient complaints.
5. Contracting.
  - 5.1 Assist Practice in contract review and negotiation;
  - 5.2 Assist Practice in recruiting and negotiating agreements with physicians.
6. Credentialing Program. Provide administrative support to Practice as necessary to obtain and verify credentialing information in accordance with applicable laws, standards and Practice

requirements, including but not limited to the following activities:

- 6.1 Prepare Credentialing Policies and Procedures;
- 6.2 Provide administrative support to all credentialing activities;
- 6.3 Obtain primary source verification;
- 6.4 Prepare applicable documentation;
- 6.5 Set up provider credentialing file and follow-up of credentialing documents.

7. Business Development. Manager shall provide research and advice regarding trends and developments related to the business activities of Practice, including business considerations related to the achievement of improved quality of patient care. Manager shall also assist Practice in developing appropriate business goals for Practice.

8. Advertising, Marketing and Public Relations. At Practice's request and sole expense, Manager shall provide such advertising, marketing and public relations assistance as deemed necessary and appropriate to effectively promote and market the health care services provided by Practice. Compensation for any advertising, marketing and public relations activities shall not take into account the volume or value of patient referrals generated by such advertising, marketing and public relations assistance, and shall be separate and apart from compensation for other Manager services. All advertising, marketing and public relations services shall be conducted in accordance with applicable state and federal laws and regulations.

9. Regulatory Compliance. Manager shall supervise Practice's compliance with all regulatory and accreditation standards applicable to Practice, including without limitation, those required by contractual obligation or any state or federal law or regulation, or private or public accreditation agency.

10. Technical Support. Manager shall, at Practice's request, provide technical advice regarding the installation and renovation of equipment for the Practice.

11. Professional Services. Manager shall serve as Practice's representative for purposes of obtaining professional services of third Parties, including the services of certified public accountants, independent financial counselors and legal counsel. Compensation for such professional services shall be the responsibility of Practice and is not included within the compensation paid to Manager under this Agreement. Practice agrees that any confidential communications concerning the business of Practice may be disclosed to Manager for purposes of Manager's duties under this Paragraph.

12. Reports. Manager shall provide to Practice on a monthly basis, and at such other times as reasonably requested by Practice, such reports as are mutually agreed upon between Manager and Practice as reasonably necessary for the informed management and operation of the Practice.

13. Operations. Manager shall carry out all office and staff management functions, including but not limited to:

- 13.1 Human Resources, including recruiting, hiring, training, evaluating, supervising, and termination of all administrative staff;

- 13.2 Scheduling, including making and tracking all patient appointments;
- 13.3 Staffing, including assuring adequate administrative staff; and assisting Practice with scheduling adequate Professional staff
- 13.4 General office management, including filing, maintenance of records, etc.

14. Manager's Financial Authority. Manager shall have the authority to receive all funds on behalf of the Practice. Such funds shall be deposited by Manager to a bank account established jointly by Practice and Manager for such purposes. Both Manager and Practice shall have signature authority on such account. Manager shall have the authority to disburse funds from such account in discharge of Practice's financial obligations, with one signature being required on disbursements of less than \$25,000, and two signatures on disbursements greater than such amount. The two signatories may be officers and/or directors of Manager or of Practice.

15. Limitations on Manager's Authority. Manager shall not, without the prior written consent of the Practice:

- 15.1 borrow money in the name of the Practice;
- 15.2 transfer, hypothecate, compromise or release any Practice claim except on payment in full;
- 15.3 sell, lease or hypothecate Practice's property;
- 15.4 knowingly suffer or cause anything to be done whereby the Practice's property may be seized or attached or taken in execution, or its ownership or possession otherwise endangered.

**EXHIBIT B**  
**COMPENSATION**

Pursuant to the provisions of Section 5.1 of this Agreement, Practice shall pay Manager in full and complete compensation for its services, as follows:

1. Sixty percent (60%) in addition to advertising as listed below of Practice's monthly gross revenues collected during the preceding thirty (30) days. The term gross revenues, as used herein shall mean all revenues generated from billings for all of the Practice's patient services, including medical and related ancillary charges and facility charges.
2. Exclusions: The following expenses are excluded from this Agreement and shall be the sole financial responsibility of Practice:
  - a. Practice legal expenses;
  - b. Practice professional liability insurance and Practice comprehensive liability insurance; and
  - c. tax preparation services by an outside accounting firm.
3. Advertising, Marketing and Promotion of Practice: Compensation of Manager for conducting advertising, marketing and promotion projects shall be determined on a project-by-project basis, at fair market value for the services provided, and shall not take into account the volume or value of patient referrals.

## EXHIBIT C

### BUSINESS ASSOCIATE AGREEMENT

In order to comply with the requirements of the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 and the regulations promulgated thereunder relating to the privacy and security of Protected Health Information, and notwithstanding any contrary provisions of the underlying agreement, the Parties agree to the following:

#### A. DEFINITIONS

**“Designated Record Set”** shall mean a group of records maintained by or for the PRACTICE that is (i) the medical records and billing records about individuals maintained by or for the PRACTICE, (ii) the enrollment, payment, claims adjudication, and case or medical management record systems maintained by or for a health plan; or (iii) used, in whole or in part, by or for the PRACTICE to make decisions about individuals. As used herein the term “Record” means any item, collection, or grouping of information that includes Protected Health Information and is maintained, collected, used, or disseminated by or for the PRACTICE.

**“Electronic Transaction Rule”** shall mean the standards for processing standard transactions and code sets at 45 C.F.R. Parts 160 and 162.

**“Individually Identifiable Health Information”** shall mean information that is a subset of health information, including demographic information collected from an individual, and (i) is created or received by a healthcare provider, health plan, employer, or healthcare clearinghouse; and (ii) relates to the past, present, or future physical or mental health or condition of an individual; the provision of health care to an individual; or the past, present or future payment for the provision of health care to an individual; and (a) identifies the individual, or (b) with respect to which there is a reasonable basis to believe the information can be used to identify the individual.

**“Privacy Standards”** shall mean the Standard for Privacy of Individually Identifiable Health Information, 45 C.F.R. Parts 160 and 164.

**“Protected Health Information”** shall mean Individually Identifiable Health Information that is (i) transmitted by electronic media, (ii) maintained in any medium constituting Electronic Media; or (iii) transmitted or maintained in any other form or medium. “Protected Health Information” shall not include (i) education records covered by the Family Educational Right and Privacy Act, as amended, 20 U.S.C. § 1232g; (ii) records described in 20 U.S.C. § 1232g(a)(4)(B)(iv) and (iii) Employment records held by a covered entity in its role as employer.

**“Secretary”** shall mean the Secretary of the Department of Health and Human Services.

**“Security Rule”** shall mean the security standards for the protection of electronic Protected Health Information at 45 C.F.R. Parts 160 and 164.

## B. OBLIGATIONS OF MANAGER

Section 1. Use of Protected Health Information. Manager shall not, and shall ensure that its directors, officers, employees, contractors, and agents, do not, use Protected Health Information received from the PRACTICE in any manner that would constitute a violation of the Privacy Standards if used by the PRACTICE, except that Manager may use Protected Health Information (i) as permitted or required pursuant to the Agreement between PRACTICE and Manager, (ii) for Manager's proper management and administrative services, (iii) to carry out the legal responsibilities of Manager, or (iv) as required by law. As between Manager and PRACTICE, the PRACTICE is the owner of all Protected Health Information.

Section 2. Disclosure of Protected Health Information. Manager shall not, and shall ensure that its directors, officers, employees, contractors and agents do not, disclose Protected Health Information received from the PRACTICE in any manner that would constitute a violation of the Privacy Standards if disclosed by the PRACTICE, except that Manager may disclose Protected Health Information (i) in a manner permitted pursuant to this Agreement, (ii) for Manager's proper management and administrative services, or (iii) as required by law. To the extent Manager discloses Protected Health Information to a third party as permitted in accordance with this Agreement, Manager must obtain, prior to making any such disclosure, (a) reasonable assurances from such third party that such Protected Health Information will be held confidential as provided pursuant to this Agreement and only used or disclosed as required by law or for the lawful purposes for which it was disclosed to such third party, and (b) an agreement from such third party to immediately notify Manager of any breaches of the confidentiality of the Protected Health Information, to the extent it has obtained knowledge of such breach. Notwithstanding the foregoing, Manager shall refer all requests for Protected Health Information pursuant to subpoena or any other discovery request or judicial or administrative order mandating disclosure to PRACTICE within two (2) business days of receipt. It shall be the PRACTICE's responsibility to make all determinations regarding compliance with any such mandated disclosure.

Section 3. Minimum Necessary. Manager agrees that all requests for Protected Health Information from PRACTICE will be for the minimum necessary in order to provide the stated services to PRACTICE.

Section 4. Accounting of Disclosures. Manager agrees to document disclosures of Protected Health Information and information related to such disclosures as would be required for PRACTICE to respond to a request by an individual for an accounting of disclosures of Protected Health Information in accordance with 45 CFR § 164.528.

Section 5. Safeguards Against Misuse of Information. Manager agrees that it will implement all appropriate safeguards to prevent the use or disclosure of Protected Health Information other than pursuant to the terms and conditions of this Agreement. Manager further agrees to implement administrative, physical and technical safeguards consistent with the requirements of the Security Rule that reasonably and appropriately protect the confidentiality, integrity and availability of electronic Protected Health Information that it creates, receives, maintains or transmits on behalf of PRACTICE.

Section 6. Reporting of Disclosures of Protected Health Information. Manager shall within five (5) days of becoming aware of a disclosure of Protected Health Information in violation of this Agreement by Manager, its officers, directors, employees, contractors, or agents or by a third party to which Manager disclosed Protected Health Information pursuant to Section 2 of this Exhibit, report any such disclosure to the PRACTICE. Manager further agrees to report to PRACTICE any security incident of which it becomes aware as required by the Security Rule.

Section 7. Mitigation. Manager agrees to mitigate, to the extent practicable, any harmful effect that is known to Manager of a use or disclosure of Protected Health Information by Manager in violation of the requirements of this Agreement.

Section 8. Agreements by Third Parties. Manager shall enter into an agreement with any agent or subcontractor that will have access to Protected Health Information that is received from, or created or received by Manager on behalf of the PRACTICE pursuant to which such agent or subcontractor agrees to be bound by the same restrictions, terms and conditions that apply to Manager pursuant to this Agreement with respect to such Protected Health Information.

Section 9. Access to Information. Within five (5) days of a request by the PRACTICE for access to Protected Health Information about an individual contained in a Designated Record Set, Manager shall make available to the PRACTICE such Protected Health Information for so long as such information is maintained in the Designated Record Set. In the event any individual requests access to Protected Health Information directly from Manager, Manager shall within two (2) business days forward such request to the PRACTICE. It shall be the PRACTICE's responsibility to make all determinations regarding granting or denying any such access requested.

Section 10. Availability of Protected Health Information for Amendment. Within ten (10) days of receipt of a request from the PRACTICE for the amendment of an individual's Protected Health Information or a record regarding an individual contained in a Designated Record Set (for so long as the Protected Health Information is maintained in the Designated Record Set), Manager shall provide such information to the PRACTICE for amendment and incorporate any such amendments in the Protected Health Information as required by 45 C.F.R. § 164.526. In the event the request for an amendment is delivered directly to Manager, Manager shall within two (2) business days forward such request to the PRACTICE. It shall be the PRACTICE's responsibility to make any determinations regarding granting or denying any such amendment requested.

Section 11. Requests for Accounting of Disclosures. Within ten (10) days of notice by the PRACTICE to Manager that it has received a request for an accounting of disclosures of Protected Health Information regarding an individual during the six (6) years prior to the date on which the accounting was requested, Manager shall make available to the PRACTICE such information as is in Manager's possession and is required for the PRACTICE to make the accounting required by 45 C.F.R. § 164.528. At a minimum, Manager shall provide the PRACTICE with the following information: (i) the date of the disclosure, (ii) the name of the entity or person who received the Protected Health Information, and if known, the address of such entity or person, (iii) a brief description of the Protected Health Information disclosed, and (iv) a brief statement of the purpose of such disclosure which includes an explanation of the basis for such disclosure. In the event the request for an accounting is delivered directly to Manager, Manager shall within two (2) business days forward such request to the PRACTICE. It shall be the PRACTICE's responsibility to prepare and deliver any such accounting requested by an individual, subject to Manager's obligations set forth in this Section. Manager hereby agrees to implement an appropriate recordkeeping process to enable it to comply with the requirements of this Section.

Section 12. Electronic Transactions. If Manager conducts any Standard Transaction for or on behalf of PRACTICE, Manager shall comply with the requirements under the Electronic Transaction Rule.

Section 13. Availability of Books and Records. Manager hereby agrees to make its internal Practices, books and records, including policies and procedures, relating to the use and disclosure of Protected Health Information received from, or created or received by Manager on behalf of the PRACTICE available to PRACTICE or to the Secretary for purposes of the Secretary determining the

PRACTICE's and Manager's compliance with the Privacy Standards.

Section 14. Indemnification. Manager agrees to indemnify, defend, and hold harmless PRACTICE, its directors, officers, employees, contractors and agents, against, and in respect of, any and all claims, losses, expenses, costs, damages, obligations, penalties, and liabilities which PRACTICE may incur by reason of Manager's breach of or failure to perform any of its obligations pursuant to this Agreement. Further, Manager agrees to indemnify, defend, and hold harmless PRACTICE, its directors, officers, employees, contractors and agents, against all costs and expenses, including but not limited to, reasonable legal expenses, which are incurred by or on behalf of Manager in connection with the defense of such claims. Any damages resulting from Manager's breach of its obligations pursuant to this Agreement shall be expressly excluded from any limitations of liability set forth in the Original Agreement.

C. TERMINATION OF AGREEMENT WITH MANAGER

Section 1. Termination Upon Breach of Provision to Protected Health Information. Any other provision of this Agreement notwithstanding, this Agreement may be terminated by the PRACTICE upon five (5) days written notice to Manager in the event that the PRACTICE breaches any provision contained in this Agreement and such breach is not cured within such five (5) day period; provided, however, that in the event that termination of this Agreement is not feasible in the PRACTICE's sole discretion, Manager hereby acknowledges that the PRACTICE shall have the right to report the breach to the Secretary. In addition, PRACTICE retains the right to seek injunction and other legal and equitable rights and remedies available under the law as necessary to prevent unauthorized use and disclosure of Protected Health Information.

Section 2. Return or Destruction of Protected Health Information upon Termination. Upon termination of the Original Agreement, Manager shall either return or destroy all Protected Health Information received from the PRACTICE or created or received by Manager on behalf of the PRACTICE and which Manager or any subcontractor still maintains in any form. Manager shall notify PRACTICE of any such destruction. Manager shall not retain any copies of such Protected Health Information. In the event that PRACTICE and Manager mutually agree that it is not feasible to return or destroy such Protected Health Information, the terms and provisions of Article B shall survive termination of this Agreement and such Protected Health Information shall be used and disclosed solely for such purpose or purposes, which prevented the return or destruction of such Protected Health Information.

## EMPLOYMENT AGREEMENT

This Employment Agreement is entered this 1st day of December, 2010, by and between General Cannabis, Inc., a Nevada corporation (the “Employer”), and Brent Inzer, hereinafter referred to as “Employee,” in consideration of the mutual promises made herein, agree as follows:

### ARTICLE 1. AT-WILL EMPLOYMENT

**Section 1.1. At-Will Employment.** Employer hereby employs Employee and Employee hereby accepts employment with Employer on an at-will basis, with both Employer and Employee able to terminate the employment relationship at any time, with or without cause. This at-will status can only be changed by a writing signed by Employer’s President.

**Section 1.2. Annual Review.** Employer will grant Employee an annual review. This annual review may result in a corresponding increase in salary to Employee, but any increase in salary is in the sole discretion of Employer.

### ARTICLE 2. DUTIES AND OBLIGATIONS OF EMPLOYEE

**Section 2.1. General Job Responsibilities.** Employee is being hired for the position of Manager – Business Development for the Employer. Employee shall report directly to Employer’s Chief Executive Officer. In that capacity, Employee shall do and perform the following services:

- Manage, execute and be responsible for all matters necessary to source and negotiate lease space in order for the Employer to open and manage health care facilities.
- Assist Employer’s management with the ongoing operations of existing clinics currently being managed and/or owned by the Employer.
- Additional responsibilities as required by the Employer.

**Section 2.2. Matters Requiring Consent of Employer’s President.** Employee shall not, without specific written approval of the Employer’s President, do or contract to do any of the following:

- (1) Bind the Employer to any contract or agreement outside the Employer’s ordinary course of business (meaning – e-commerce and marketing as it relates to the cannabis industry and any other industry in which Employer is either operating in or is in the pre-operation development stage at the time of Employee’s departure (the “Business”) that could cause the Employer to expend in excess of \$1,000.00 (One Thousand Dollars); or
- (2) Bind the Employer to a liquidation event, such as liquidation, dissolution or winding up of the Employer, whether voluntary or involuntary;
- (3) Bind the Employer to a sale of all or substantially all of the assets of the Employer;
- (4) Bind the Employer to a transaction that would result in a change of the control of the Employer;
- (5) Bind the Employer to any transaction that would result in the issuance of any shares of any class of stock of the Employer after the date of this Agreement, or

- any security convertible into or exchangeable for any shares of any class of the Employer's stock;
- (6) Guaranty any debt or obligation in the name of the Employer; or
  - (7) Any other matter prohibited by the Employer's written practices and policies that have been, or will be, distributed to Employer's employees.

**Section 2.3. Devotion to Employer's Business.**

(a) Subject to the exceptions set forth herein, Employee shall devote his full professional time, attention, best efforts, energy and skill to the business of Employer during the term of his employment necessary to effectively and efficiently execute all job responsibilities set forth in Section 2.1. Employee may devote time and attention to other activities that do not compete with Employer or interfere with Employee's obligations, duties and responsibilities to Employer hereunder.

(b) During Employee's employment with Employer, Employee shall not engage in any other business duties or pursuits whatsoever, or directly or indirectly render any services of a business, commercial, or professional nature to any other person or organization, whether for compensation or otherwise, that competes with Employer or interferes with Employee's obligations, duties and responsibilities to Employer hereunder, without the prior written consent of Employer's CEO. However, the expenditure of reasonable amounts of time for educational, charitable, or professional activities shall not be deemed a breach of this agreement if those activities do not materially interfere with the services required under this agreement and such activities shall not require the prior written consent of Employer's CEO.

(c) This agreement shall not be interpreted to prohibit Employee from making passive personal investments or conducting private business affairs if those activities do not interfere or conflict with the services required under this agreement. However, during the term of Employee's employment, Employee shall not directly or indirectly acquire, hold, or retain any material interest in any business competing with or similar in nature to the Business.

**Section 2.4. Competitive Activities.** While Employee is an employee of Employer, and for a period of one (1) year after termination, Employee shall not, directly or indirectly, either as an employee, employer, consultant, agent, principal partner, stockholder, corporate officer, director, or in any other individual or representative capacity, engage or participate in any business that competes with the Business. Employee acknowledges that this non-compete provision itself survives the termination of this employment agreement.

**Section 2.5. Uniqueness of Employee's Services.** Employee hereby represents and agrees that the services to be performed by Employee under this agreement are of a special, unique, unusual, extraordinary and intellectual character that gives them a peculiar value, the loss of which cannot be reasonably or adequately compensated in damages in an action at law. Employee therefore expressly agrees that Employer, in addition to any other rights or remedies that the Employer may possess, shall be entitled to injunctive and other equitable relief to prevent or remedy a breach of this contract by Employee. The parties are aware that under California law specific performance may not be available to enforce all breaches of this agreement but acknowledge that for all such material breaches of this agreement the non-breaching party would be harmed and both parties agree that this harm will be recoverable through monetary damages.

**Section 2.6. Trade Secrets.**

(a) The parties acknowledge and agree that during Employee's employment and in the course of the discharge of his duties hereunder, Employee shall have access to and become acquainted with confidential information concerning the operation and processes of Employer, including without limitation, confidential financial, personnel, sales, and other information that is owned by Employer's business, and that such information constitutes Employer's trade secrets ("Trade Secrets").

(b) Employee specifically agrees that he shall not misuse, misappropriate, or disclose any such Trade Secrets, directly or indirectly to any other person or use them in any way, either during the term of this Agreement or at any other time thereafter, except as is required in the course of his employment hereunder.

(c) Employee acknowledges and agrees that the sale or unauthorized use or disclosure of any of Employer's Trade Secrets obtained by Employee during the course of his employment with Employer, including confidential information concerning Employer's current or any future and proposed work, services, or products, the facts as well as any descriptions thereof, would constitute unfair trade practices and unauthorized use of the Employer's Trade Secrets, whether such information is used during the term of Employee's employment or at any other time thereafter.

(d) Employee further agrees that all files, records, documents, drawings, specifications, equipment, and similar items relating to Employer's business, whether prepared by Employee or others, are and shall remain exclusively the property of Employer and that they shall be removed from the premises of Employer only with the express prior written consent of Employer. Employee shall not solicit or hire any client(s) or employee(s) of Employer for one (1) year following termination of employment. Trade Secrets do not include: (1) information that was in the public domain at the time of disclosure; or (2) information that subsequently becomes part of public knowledge or literature through a deliberate act of Employer or Employee as of the date of its becoming public.

**Section 2.7 Discoveries.** All inventions, discoveries, ideas, and other intellectual property rights ("Intellectual Property") made or conceived by Employee during the term hereof, either solely or jointly with others, whether they can be patented or not, to the extent related to and arising out of Employee's performance under this Agreement shall be promptly and fully disclosed to the Employer, considered work for hire and all right, title and interest thereto anywhere in the world shall be the Employer's property. In the event that such inventions, discoveries and ideas are not considered work for hire for any reason, Employee hereby unconditionally assigns to the Employer all of his right, title and interest therein. Employee agrees to execute any and all documents deemed necessary by the Employer to effectuate the foregoing at any time, whether before or after the expiration or earlier termination of this Agreement. Compensation for any such inventions, discoveries or ideas shall be deemed to be included in the compensation paid to Employee hereunder.

### **ARTICLE 3. OBLIGATIONS OF EMPLOYER**

**Section 3.1. General Description.** Employer shall provide Employee with the compensation, incentives, benefits, and business expense reimbursement specified elsewhere in this agreement.

**Section 3.2. Office and Staff.** Employer shall provide Employee with an office, office equipment, supplies, and other facilities and services, suitable to Employee's position and adequate for the performance of his duties. Employee shall work from the Employer's corporate headquarters, which is currently located in Costa Mesa, California. Employee is required to spend time at the Employer's corporate headquarters and in the field as necessary to effectively carry out his job duties and responsibilities, maintain team continuity and direction, grow and maximize sales, and to achieve his established goals. Employee understands and agrees that frequent travel may be necessary to accomplish his job responsibilities outlined herein.

### **ARTICLE 4. COMPENSATION OF EMPLOYEE**

#### **Section 4.1. Annual Salary.**

(a) As compensation for the services to be rendered hereunder, Employee shall receive an annual salary at the rate of **\$15,000 per month**, payable twice a month.

(b) Employee may receive such annual increases in salary as may be determined by Employer in its sole discretion on the anniversary of this Agreement. Nothing herein requires Employer to increase Employee's salary at any time.

**Section 4.2. Tax Withholding.** Employer shall have the right to deduct or withhold from the compensation due to Employee hereunder any and all sums required for federal income and Social Security taxes and all state or local taxes now applicable or that may be enacted and become applicable in the future.

### **ARTICLE 5. EMPLOYEE BENEFITS**

**Section 5.1. Eligibility.** Employee will be entitled to begin accruing the benefits listed in this Section immediately after Employee's start date.

**Section 5.2. Annual Vacation.** Employer does not currently offer vacation leave. However, to the extent that the Employer offers vacation leave to its employees in the future, Employee will be eligible to participate in such a plan, in accordance with what the Employer offers to other comparable employees.

**Section 5.3. Sick Leave.** Employer does not currently offer sick leave. However, to the extent that the Employer offers sick leave to its employees in the future, Employee will be eligible to participate in such a plan, in accordance with what the Employer offers to other comparable employees.

**Section 5.4. Medical Coverage.** Employer does not currently offer medical coverage. However, to the extent that the Employer offers coverage to its employees in the future, Employee will be eligible to participate in such coverage, in accordance with what the Employer offers to other comparable employees.

**Section 5.5. Retirement Plan.** Employer does not currently offer retirement benefits. However, to the extent that the Employer offers retirement benefits to its employees, Employee will be eligible to participate in such benefits, in accordance with what the Employer offers to other comparable employees.

## **ARTICLE 6. BUSINESS EXPENSES**

### **Section 6.1. Reimbursement of Business Expenses.**

(a) Employer shall reimburse Employee for all reasonable business expenses incurred by Employee in connection with the business of Employer, conditional on Employee receiving written authorization from the President or CEO, prior to incurring such expense.

(b) Each such expenditure shall be reimbursable only if it is of a nature qualifying it as a proper deduction on the federal and state income tax return of Employer.

(c) Each such expenditure shall be reimbursable only if Employee furnishes to Employer adequate records and other documentary evidence required by federal and state statutes and regulations issued by the appropriate taxing authorities for the substantiation of each such expenditure as an income tax deduction.

## **ARTICLE 7. TERMINATION OF EMPLOYMENT**

**Section 7.1. Termination At Will.** Employee's employment hereunder is at will and may be terminated by either Employer or Employee at any time for any reason, with or without cause.

**Section 7.2. Termination Upon Death.** Employee's employment hereunder shall terminate upon his death, in which event the Employer shall pay to such person as the Employee shall have designated in a written notice filed with the Employer, or if no such person shall have been designated to his estate, all salary, amounts due under benefit plans and profit sharing plans, and reimbursement of business expenses through the date of termination.

**Section 7.3. Termination Upon Disability.** If, as a result of a permanent mental or physical disability, Employee shall have been absent from his duties hereunder on a full-time basis for six (6) consecutive months, ("Disability") and, within thirty (30) days after the Employer notifies Employee in writing that it intends to replace him, (which notice can be given at the end of the fifth month during such six-month period), Employee shall not have returned to the complete performance of his duties on a full-time basis, the Employer shall be entitled to terminate Employee's employment. In addition, Employee shall, upon his Disability, have the right to terminate his employment with Employer. If such employment is terminated (whether by the Employer or Employee) as a result of Employee's Disability, then Employer shall pay, if applicable, to Employee all salary, amounts due under benefit plans and profit sharing plans, and reimbursement of business expenses, through the date of termination.

**Section 7.4. Termination for Cause.** Employer shall be entitled to terminate Employee's employment for Cause, in which event Employee shall be entitled, if applicable, to all salary, amounts due under benefit plans and profit sharing plans, and reimbursement of business expenses, through the date of termination. For purposes of this agreement, "Cause" shall mean (i) the conviction of Employee of a felony, (ii) the commission by Employee of an act of fraud or embezzlement involving assets of the Employer or its customers, suppliers or

affiliates, (iii) a willful breach or habitual neglect of Employee's duties which he is required to perform under the terms of his employment (See Section 2.1, above) and which causes material harm to the Business, (iv) refusal to timely produce any and all documentation related to the Employer's business to the President upon request therefore, which refusal causes material harm to the Business; or (v) gross misconduct or gross negligence in connection with the business of the Employer or an affiliate which has a material adverse effect on the Employer and any of its subsidiaries. Notwithstanding the foregoing, Employee shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to Employee a notice of termination which specifies the grounds for termination and a statement of supporting facts.

**Section 7.5 Termination without Cause.** Subject to the provisions of Section 7.7 of this Agreement, Employee's employment hereunder may be terminated by Employer without Cause at any time and without prior notice to Employee.

**Section 7.6 Termination with Good Reason.** Employee may resign at any time with Good Reason. For purposes of this Agreement, Employee shall be deemed to have terminated his service to Employer for "Good Reason" if he terminates his service because: (i) he experiences a material reduction in salary, benefits or role without his prior written consent unless (A) within the prior six (6) months, Employee committed one or more of the acts defined as Cause in Section 7.4, above or (B) all of Employer's employees are subject to a similar reduction; or (ii) Employer relocates Employee's office or reporting location more than 40 miles away from Employer's current corporate offices in Costa Mesa, California.

**Section 7.7 Payments upon Termination without Cause or With Good Reason.** In the event that Employee's employment with Employer is terminated by Employer without Cause pursuant to Section 7.5 or by Employee with Good Reason pursuant to Section 7.6 above, then Employee shall be entitled to receive payment of four (4) weeks of Employee's base salary in effect as of the date of such termination. The severance payments will be made in accordance with the normal payroll cycle of Employer and subject to any required tax withholdings and deductions. In the event that Employee breaches any of the covenants set forth in Article 2, above, Employer shall have no further obligation to provide, and Employee shall have no further right to receive, any payments or benefits pursuant to this Section 7.7.

**Section 7.8 Return of Documents.** Upon the termination of Employee's employment with Employer for any reason, including without limitation termination by the Employer for Cause, Employee shall promptly deliver to Employer all correspondence, manuals, orders, letters, notes, notebooks, reports, programs, proposals, appraisal documents, agreements, and any documents and copies concerning Employer's customers or concerning products or processes used by Employer and, without limiting the foregoing, will promptly deliver to the Employer any and all other documents or material containing or constituting Trade Secrets.

## **ARTICLE 8. GENERAL PROVISIONS**

**Section 8.1. Notices.** Any notices to be given hereunder by either party to the other shall be in writing and may be transmitted by personal delivery or facsimile or overnight mail. Notices shall be addressed to the parties at the addresses below. Such notice or communication shall be deemed to have been given or made, as of the date of delivery, as evidenced by a signed declaration under penalty of perjury in the event of personal delivery, as evidenced by a facsimile confirmation sheet in the event of facsimile delivery, or as evidenced by prove of overnight delivery in the event of delivery by overnight courier.

If to Employer: General Cannabis, Inc.  
2183 Fairview Road, Suite 101  
Costa Mesa, CA 92627  
Attn. James Pakulis, President  
Facsimile (949) 515-1625

with a copy to: The Lebrecht Group, APLC  
9900 Research Drive  
Irvine, CA 92618  
Attn: Craig V. Butler, Esq.  
Facsimile: (949) 635-1244

If to Employee: Brent Inzer  
\_\_\_\_\_  
\_\_\_\_\_  
Facsimile: \_\_\_\_\_

**Section 8.2. Arbitration.**

(a) Any controversy between Employer and Employee involving the construction or application of any of the terms, provisions, or conditions of this agreement shall on written request of either party served on the other be submitted to arbitration.

(b) Employer and Employee shall each appoint one person to hear and determine the dispute. If the two (2) persons so appointed are unable to agree, then those persons shall select a third impartial arbitrator whose decision shall be final and conclusive upon both parties.

(c) The cost of arbitration shall be borne by the losing party or in such proportions as the arbitrators decide.

(d) Arbitration will be held in Orange County, California, unless mutually agreed upon by the parties in writing.

**Section 8.3. Attorney's Fees and Costs.** If any action at law or in equity is necessary to enforce or interpret the terms of this agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs, and necessary disbursements in addition to any other relief to which that party may be entitled. This provision shall be construed as applicable to the entire contract.

**Section 8.4. Entire Agreement.** This agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the employment of Employee by Employer and contains all of the covenants and agreements between the parties with respect to that employment in any manner whatsoever. Each party to this agreement acknowledges that no representation, inducements, promises, or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement, or promise not contained in this agreement shall be valid or binding on either party.

**Section 8.5. Modifications.** Any modification of this agreement will be effective only if it is in writing and signed by the party to be charged.

**Section 8.6. Effect of Waiver.** The failure of either party to insist on strict compliance with any of the terms, covenants, or conditions of this agreement by the other party shall not be deemed a waiver or relinquishment of any right or power at any one time or times be deemed a waiver or relinquishment of that right or power for all or any other times.

**Section 8.7. Partial Invalidity.** If any provision in this agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way.

**Section 8.8. Law Governing Agreement/Venue.** This Agreement shall be governed by and construed in accordance with the laws of the State of California. Any legal action, suit, arbitration, or proceeding arising from or relating to this Agreement shall be brought and maintained in the appropriate court or arbitrator located in and with jurisdiction over Orange County, California and the parties hereby submit to the jurisdiction thereof.

**Section 8.9. Understanding Agreement.** Employee has read and fully understands the points listed above and has agreed to adhere to all sections as presented. Employee has had an opportunity to seek the advice of legal counsel regarding the terms of this agreement.

**Section 8.10. Assignment.** This Agreement, and the Employee's rights and obligations hereunder, may not be assigned by the Employee.

**Section 8.11. Amendment.** This Agreement may be amended, modified, superseded, cancelled, renewed or extended and the terms or covenants hereof may be waived, only by a written instrument executed by both parties as hereto, as in the case of a waiver, by the party waiving compliance.

IN WITNESS WHEREOF, the parties hereto, by their duly authorized officers or other authorized signatory, have executed this Amendment as of the date first above written. This agreement may be signed in counterparts and facsimile signatures are treated as original signatures.

“Employer”

“Employee”

General Cannabis, Inc.  
a Nevada corporation

Brent Inzer,  
an individual

---

By: James Pakulis  
Its: President

---

By: Brent Inzer

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IN WITNESS WHEREOF, the parties hereto, by their duly authorized officers or other authorized signatory, have executed this Amendment as of the date first above written. This agreement may be signed in counterparts and facsimile signatures are treated as original signatures.

"Employer"

~~General Cannabis, Inc.  
a Nevada corporation~~

By: ~~James Dakulis~~  
Its: ~~President~~

"Employee"

Brent Inzer,  
an individual

By: Brent Inzer