

GENERAL CANNABIS, INC.
a Nevada corporation

Current Report
January 25, 2011

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 January 11, 2011, we entered into a Reorganization and Asset Acquisition Agreement (the “Asset Purchase Agreement”) pursuant to which we acquired substantially all the assets of Revyv, LLC. The assets consisted primarily of the intellectual property associated with CannabisCenters, including its website (www.cannabiscenters.com), its related physician software and patient verification system, and numerous existing contracts.

As consideration for the purchase, which closed on January 13, 2011, we issued an aggregate of Five Hundred Thousand (500,000) shares of our common stock to Revyv, LLC or its assigns.

Effective on January 10, 2011, we entered into an at-will employment agreement with each of James Johnson and David Johnson, each of which are members of Revyv, LLC. The compensation due to each is \$12,500 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-17	Reorganization and Asset Acquisition Agreement dated January 11, 2011.
M-18	Employment Agreement with David Johnson dated January 10, 2011.
M-19	Employment Agreement with James Johnson dated January 10, 2011.

Dated this 25th day of January, 2011, at Costa Mesa, California.

General Cannabis, Inc.,
a Nevada corporation

By: James Pakulis
Its: Chief Executive Officer

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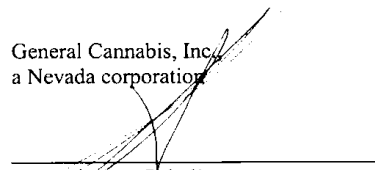
By: 
Its: Chief Executive Officer

Exhibit M-17

Reorganization and Asset Acquisition Agreement dated January 11, 2011

REORGANIZATION AND ASSET ACQUISITION AGREEMENT

This Reorganization and Asset Acquisition Agreement (the “Agreement”) is entered into as of January 11, 2011 by and between Revyv, LLC, a California limited liability company (the “Seller”), on the one hand, and General Cannabis, Inc., a Nevada corporation (“GCI”), and General Marketing 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 January 13, 2011, 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 must be satisfied at or prior to the Closing unless otherwise specified:

1.4.1 Seller and Purchaser will execute an Assignment, in the form attached hereto as Exhibit B, 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, Five Hundred Thousand (500,000) shares of common stock of GCI (the "Shares"), restricted in accordance with Rule 144 (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 Purchaser. 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, up to a maximum of \$1,000,000.

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 for a period of one (1) following 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 C, and the GCI information that is publicly available at www.otcmarkets.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 Marketing 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: Revyv, LLC
655 N. Azusa Avenue, Unit 260
Azusa, CA 91702
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”

Revyv, LLC,
a California limited liability company

By: James Victor Johnson
Its: Member

By: Robert Joseph Johnson
Its: Member

By: David Wayne Johnson
Its: Member

“Purchaser”

General Marketing Solutions, Inc.,
a California corporation

By: James Pakulis
Its: President

“GCI”

General Cannabis, Inc.,
a Nevada corporation


By: James Pakulis
Its: Chief Executive Officer

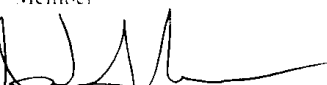
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a California limited liability company

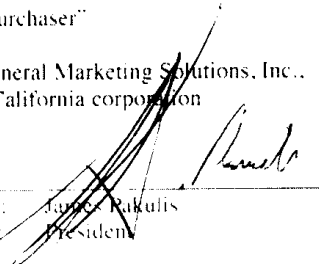

By: James Victor Johnson
Its: Member


By: Robert Joseph Johnson
Its: Member


By: David Wayne Johnson
Its: Member

"Purchaser"

General Marketing Solutions, Inc.,
a California corporation


By: James Pakulis
Its: President

"GCI"

General Cannabis, Inc.,
a Nevada corporation

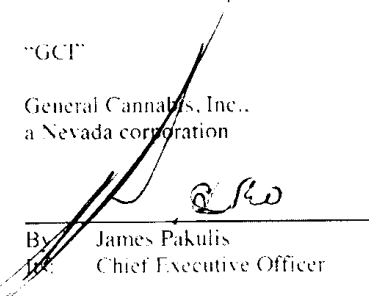

By: James Pakulis
Its: Chief Executive Officer

Exhibit A

Assets

1. Domain Names.

cannabiscenters.com
cannacenters.com
safeaccessmd.com
cannabiscare.com
420doctornet.com
vaporcenters.com
vaporizercenters.com
dispensarycenters.com
cannabiscareercenters.com
medicalcannabisexpo.net
mjcenters.com
patientverifications.com
8006100420.com

2. Cannabis-related domain names in which Seller has an equity or financial interest.

weedcab.com (10%)
medicalmarijuana.net (50% revenue share deal in the works)

3. Other Assets.

- A. Safeaccess MD software.
- B. List of clients of Safeaccess MD software.
- C. All rights to Seller's Salesforce.com software license.
- D. Patient Verification software implemented on patientverifications.com
- E. Client list for all patient verification accounts.
- F. All rights to Seller's Salesforce.com software license.
- G. CannabisCenters.com state specific printed patient guides

4. Contracts to be Assigned.

Marijuana Medicine Evaluation Centers
420Medicaid
Compassionate Health Options
Alternative Medicine Consultants
Bakersfield 420Evaluations
Long Beach 420 Evaluations
Cannamed
Colorado Medical Marijuana Evaluations
Michican Medical Marijuana Certification Centers

Medical Marijuana Evaluations of New Mexico
Medical Marijuana Evaluations of California
Total Health Care
SFB-THC
THC-MI
Pasadena Medical Evaluations
Serenity Medical Evaluations
Dr. Weiss- Michigan

Exhibit B
Assignment

Exhibit C

TERM SHEET for GENERAL CANNABIS, INC. Updated January 11, 2011

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

Offering: 500,000 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 82,640,256 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 83,140,256 shares of common stock issued and outstanding.

Subsidiaries: The Company has six wholly-owned subsidiaries, namely US Cannabis, Inc., a California corporation, WeedMaps Media, Inc., a Nevada corporation, General Health Solutions, Inc., a California corporation, General Merchant Services, Inc., a California corporation, General Marketing Solutions, Inc., a California corporation, and General Management Solutions, Inc., a California corporation.

Exhibit M-18

Employment Agreement with David Johnson dated January 10, 2011

EMPLOYMENT AGREEMENT

This Employment Agreement is entered this 10th day of January, 2011, by and between General Management Solutions, Inc., a California corporation (the "Employer"), and **David Johnson**, 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 **Lead UI Engineer** for the Employer. Employee represents they have a deep and broad understanding of the web and website governance issues. Employee shall report directly to **President & Chief Strategy Officer Doug Francis, and work in conjunction with James Johnson and Robert Johnson**. In that capacity, Employee shall do and perform the following services:

- Assist Chief Technical Architect and Sr. Project Manager with the growth of the Employers new subsidiary currently called General Marketing Solutions, Inc. ("GMS")
- Act as lead UI architect
- Assist Chief Technical Architect with management and implementation of site development
- Provide guidance and insight on development techniques and methodologies
- Coordinate and communicate effectively with other internal team members
- Consistent and constant innovation as it applies to ideas, site development, techniques and implementation
- Work in conjunction with management on the expansion of existing properties and the development of new verticals
- Ongoing development of new opportunities and verticals

Section 2.2. Matters Requiring Consent of Employer's. Employee shall not, without specific written approval of the Employer's President or CEO, 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 – insert primary business of company) 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 or could compete with Employer or interfere 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 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 interest in any business competing with or similar in nature to the business of Employer.

(d) It is agreed that Employee performs the majority of their job responsibilities remotely and will be at headquarters as necessary, as determined by the President, for planning, meetings and for other functions as dictated by the President.

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 any or all of Employer's businesses. Employee acknowledges that this non-compete provision itself survives the termination of the 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 information concerning the operation and processes of Employer, including without limitation, 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 she 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 information concerning Employer's current or any future and proposed work, services, or products, the facts that any such work production, 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 also considered Trade Secrets and that they 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 Employee Indemnification. Employee shall indemnify and hold Employer harmless from all liability for loss, damage, or injury to persons or property resulting from the negligence or misconduct of Employee. In addition, Employee shall indemnify and hold Employer harmless from all liability for loss, damage, or injury to persons or property as a result of a claim against Employer, or any of its employees, from any of Employee's former employers.

Section 2.8 Discoveries. All inventions, discoveries, ideas, and other intellectual property rights ("Intellectual Property") made or conceived by Employee, 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 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 a monthly salary at the rate of **\$12,500.00** 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 or sooner as determined by the Employer. Nothing herein requires Employer to increase Employee's salary at any time.

(c) Employee shall receive a \$10,000 signing bonus upon execution of this contract and commencement of employment with the Employer.

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 INCENTIVES

Section 5.1. Bonus Plan. In addition to Employee's annual salary set forth in Section 4.1, and predicated on Employee's continuing employment, Employee will be entitled to the following:

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The ISO will vest according to the following schedule:

- (i) If GMS' annual gross sales increase at least Fifty Percent (50%) from January 1st, 2011 through December 31st, 2011, from the annual gross sales from January 1st, 2010 through December 31st, 2010, then employee will vest in one quarter of the ISO shares (i.e. will be able to exercise One Hundred and Seventy Five Thousand (175,000) of the Seven Hundred Thousand (700,000) options to purchase the Employer's common stock);
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- (iii) If GMS' annual gross sales increase at least Fifty Percent (50%) from January 1st, 2013 to December 31st, 2013 from the annual gross sales from January 1st, 2012 through December 31st, 2012 then Employee will vest in one quarter of the ISO shares (i.e. will be able to exercise One Hundred and Seventy Five Thousand (175,000) of the Seven Hundred Thousand (700,000) options to purchase the Employer's common stock);
- (iv) If GMS' annual gross sales increase at least Fifty Percent (50%) or greater from January 1st, 2014 to December 31st, 2014 from the annual gross sales from January 1st, 2013 through December 31st, 2013 then Employee will vest in one quarter of the ISO shares (i.e. will be able to exercise One Hundred and Seventy Five Thousand (175,000) of the Seven Hundred Thousand (700,000) options to purchase the Employer's common stock).

Section 5.3. Must Be Employed. In order for Employee to earn the incentives listed in this Section, Employee must be employed by Employer in the same capacity as listed in Section 2.1 above, at the time the incentive is earned. Alternatively, Employee is entitled to the above compensation if Employee is employed by Employer in a different position, if approved by the Employer, at Employer's sole discretion. If Employee is terminated then any unearned incentives will expire immediately.

ARTICLE 6. EMPLOYEE BENEFITS

Section 6.1. Eligibility. Employee will be entitled to begin accruing the benefits listed in this Section immediately after Employee's start date, unless otherwise stated below.

Section 6.2. Annual Vacation. Employer offers ten days paid vacation leave, to be accrued immediately after Employees initial start date.

Section 6.3. Sick Leave. Employer offers five days medical (paid) sick leave. Sick leave days are earned via an accrual basis immediately after Employees initial start date.

Section 6.4. Medical Coverage. Employer offers Kaiser medical insurance.

Section 6.5. Retirement Plan. Employer offers a 401(k) plan, non-matching at this time.

ARTICLE 7. BUSINESS EXPENSES

Section 7.1. Reimbursement of Other 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 including 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 8. TERMINATION OF EMPLOYMENT

Section 8.1. 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 8.2. 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 8.3. 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 three (3) 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 second month during such three-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 8.4. 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), (iv) refusal to timely produce any and all documentation related to the Employer's business to the President upon request there from, 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 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 8.5 Termination without Cause. Subject to the provisions of Section 8.6 of this Agreement, Employee's employment hereunder may be terminated by Employer without Cause at any time and without prior notice to Employee.

Section 8.6 Payments upon Termination without Cause. In the event that Employee's employment with Employer is terminated by Employer without Cause pursuant to Section 8.5, above, then Employee shall be entitled to receive payment of one (1) month 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 8.6.

Section 8.7 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 9. GENERAL PROVISIONS

Section 9.1. 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 Merchant Solutions, Inc.

2183 Fairview Road, Suite 101
Costa Mesa, CA 92627
Attn. James Pakulis
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:

David Johnson

Facsimile: _____

Section 9.2. 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.

Section 9.3. 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 9.4. 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 9.5. Modifications. Any modification of this agreement will be effective only if it is in writing and signed by the party to be charged.

Section 9.6. 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 9.7. 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 9.8. 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 9.9. 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 9.10. Assignment. This Agreement, and the Employee's rights and obligations hereunder, may not be assigned by the Employee.

Section 9.11. 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"

General Management Solutions, Inc.
a California corporation

By: James Pakulis
Its: President

"Employee"

DAVID JOHNSON
an individual

By: David Johnson

Exhibit M-19

Employment Agreement with James Johnson dated January 10, 2011

EMPLOYMENT AGREEMENT

This Employment Agreement is entered this 10th day of January, 2011, by and between General Management Solutions, Inc., a California corporation (the "Employer"), and **James Johnson**, 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 **Sr. Project Manager** for the Employer. Employee represents they have a deep and broad understanding of the web and website governance issues. Employee shall report directly to **President & Chief Strategic Officer Doug Francis, and work in conjunction with David Johnson and Robert Johnson**. In that capacity, Employee shall do and perform the following services:

- Work directly for President & COO Doug Francis
- Manage internet marketing for all current or future entities related to the parent company, General Cannabis, Inc., specifically General Marketing Solutions ("GMS").
- Assist in ongoing management and training of the call centers
- Assist President in the creation of new development department(s)
- Assist in sales force implementation and best practices across all entities
- Assist President in establishing closed ended metrics via Salesforce and phone system(s)
- Assist in the creation and management of Backbone CMS architecture
- Project manage on the expansion of existing properties and the development of new verticals
- Ongoing development of new opportunities and verticals
- With the President's approval, creation and implementation of new ideas and the improvement of existing models

Section 2.2. Matters Requiring Consent of Employer's. Employee shall not, without specific written approval of the Employer's President or CEO, 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 – insert primary business of company) 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.

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(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 or could compete with Employer or interfere 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 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 interest in any business competing with or similar in nature to the business of Employer.

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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 information concerning the operation and processes of Employer, including without limitation, 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 she 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 information concerning Employer's current or any future and proposed work, services, or products, the facts that any such work production, 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 also considered Trade Secrets and that they 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.

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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 current 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.

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- (i) If GMS' annual gross sales increase at least Fifty Percent (50%) from January 1st, 2011 through December 31st, 2011, from the annual gross sales from January 1st, 2010 through December 31st, 2010, then employee will vest in one quarter of the ISO shares (i.e. will be able to exercise One Hundred and Seventy Five Thousand (175,000) of the Seven Hundred Thousand (700,000) options to purchase the Employer's common stock);

- (ii) (ii) If GMS' annual gross sales increase at least Fifty Percent (50%) from January 1st, 2012 to December 31st, 2012 from the annual gross sales from January 1st, 2011 through December 31st, 2011, then Employee will vest in one quarter of the ISO shares (i.e. will be able to exercise One Hundred and Seventy Five Thousand (175,000) of the Seven Hundred Thousand (700,000) options to purchase the Employer's common stock);
- (iii) If GMS' annual gross sales increase at least Fifty Percent (50%) from January 1st, 2013 to December 31st, 2013 from the annual gross sales from January 1st, 2012 through December 31st, 2012 then Employee will vest in one quarter of the ISO shares (i.e. will be able to exercise One Hundred and Seventy Five Thousand (175,000) of the Seven Hundred Thousand (700,000) options to purchase the Employer's common stock);
- (iv) If GMS' annual gross sales increase at least Fifty Percent (50%) or greater from January 1st, 2014 to December 31st, 2014 from the annual gross sales from January 1st, 2013 through December 31st, 2013 then Employee will vest in one quarter of the ISO shares (i.e. will be able to exercise One Hundred Seventy Five Thousand (175,000) of the Seven Hundred Thousand (700,000) options to purchase the Employer's common stock).

Section 5.3. Must Be Employed. In order for Employee to earn the incentives listed in this Section, Employee must be employed by Employer in the same capacity as listed in Section 2.1 above, at the time the incentive is earned. Alternatively, Employee is entitled to the above compensation if Employee is employed by Employer in a different position, if approved by the Employer, at Employer's sole discretion. If Employee is terminated then any unearned incentives will expire immediately.

ARTICLE 6. EMPLOYEE BENEFITS

Section 6.1. Eligibility. Employee will be entitled to begin accruing the benefits listed in this Section immediately after Employee's start date, unless otherwise stated below.

Section 6.2. Annual Vacation. Employer offers ten days paid vacation leave, to be accrued immediately after Employees initial start date.

Section 6.3. Sick Leave. Employer offers five days medical (paid) sick leave. Sick leave days are earned via an accrual basis immediately after Employees initial start date.

Section 6.4. Medical Coverage. Employer offers Kaiser medical insurance.

Section 6.5. Retirement Plan. Employer offers a 401(k) plan, non-matching at this time.

ARTICLE 7. BUSINESS EXPENSES

Section 7.1. Reimbursement of Other 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 including 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 8. TERMINATION OF EMPLOYMENT

Section 8.1. 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 8.2. 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 8.3. 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 three (3) 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 second month during such three-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 8.4. 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), (iv) refusal to timely produce any and all documentation related to the Employer's business to the President upon request there from, 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 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 8.5 Termination without Cause. Subject to the provisions of Section 8.6 of this Agreement, Employee's employment hereunder may be terminated by Employer without Cause at any time and without prior notice to Employee.

Section 8.6 Payments upon Termination without Cause. In the event that Employee's employment with Employer is terminated by Employer without Cause pursuant to Section 8.5, above, then Employee shall be entitled to receive payment of one (1) month 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 8.6.

Section 8.7 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 9. GENERAL PROVISIONS

Section 9.1. 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 Merchant Solutions, Inc.
2183 Fairview Road, Suite 101
Costa Mesa, CA 92627
Attn. James Pakulis
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: James Johson
1590 Hibiscus Ave
Arizona CA 91702
Facsimile: _____

Section 9.2. 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.

Section 9.3. 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 9.4. 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 9.5. Modifications. Any modification of this agreement will be effective only if it is in writing and signed by the party to be charged.

Section 9.6. 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 9.7. 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 9.8. 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 9.9. 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 9.10. Assignment. This Agreement, and the Employee's rights and obligations hereunder, may not be assigned by the Employee.

Section 9.11. 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"

General Management Solutions, Inc.
a California corporation

By: James Pakulis
Its: President

"Employee"

JAMES JOHNSON
an individual

By: James Johnson