



GENERAL CANNABIS, INC.
a Nevada corporation

Quarterly Report
For the Quarter ended September 30, 2011

Information Provided Pursuant to
Rule 15c2-11 of the Securities and
Exchange Act of 1934, as Amended

We previously were a shell company, therefore the exemption offered pursuant to Rule 144 is not available. Anyone who purchased securities directly or indirectly from us or any of our affiliates in a transaction or chain of transactions not involving a public offering cannot sell such securities in an open market transaction unless and until such time as the resale of such securities is included in an effective registration statement.

QUARTERLY 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 OTC Markets Group, Inc., 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”).

Item 1 The exact name of Issuer and the address of its principal executive offices.

Issuer: General Cannabis, Inc.

Predecessor Entities: LC Luxuries Limited – from January 29, 2010 to November 5, 2010.

Makeup.com Limited – from November 21, 2006 to January 29, 2010.

Tora Technologies Inc. – from Inception (July 14, 2003) to November 21, 2006.

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Newport Beach, CA 92660
Phone (866) 347-5057
Facsimile (949) 515-1625
www.generalcannabis.com
www.weedmaps.com
www.cannacenters.com
www.safeaccessmd.com
www.cannabiscenters.com

Investor relations inquiries should be addressed to the issuer at the address above, or telephone (888) 693-5219, or to:

Financial Profiles, Inc.
11601 Wilshire Boulevard, Suite 1920
Los Angeles, CA 90025
Phone (310) 478-2700
Attn: Kristen McNally / Noelle Amos

Item 2 **Shares outstanding.**

Common Stock

At all times below, our authorized common stock was 200,000,000 shares, par value \$0.001.

As of the end of our most recent fiscal quarter ended September 30, 2011, we had 83,140,256 shares of common stock issued and outstanding, held by 53 shareholders, beneficially and of record. Of those 83,140,256 shares of common stock, 4,726,442 were free trading.

As of the end of our most recent fiscal year ended December 31, 2010, we had 82,640,256 shares of common stock issued and outstanding, held by 38 shareholders, beneficially and of record. Of those 82,640,256 shares of common stock, 4,726,442 were free trading.

As of the end of our fiscal year ended December 31, 2009, we had 9,733,442 shares of common stock issued and outstanding, held by 15 shareholders, beneficially and of record. Of those 9,733,442 shares of common stock, 1,473,403 were free trading.

Preferred Stock

Beginning on November 19, 2010, we were authorized to issue 20,000,000 shares of preferred stock, par value \$0.001. No shares of preferred stock are or have been issued or outstanding.

Item 3 **Interim financial statements.**

Attached hereto as Exhibit A, and incorporated herein by reference, is an unaudited balance sheet as of September 30, 2011, an audited balance sheet as of December 31, 2010, and unaudited statements of operations and cash flows for the three and nine months ended September 30, 2011 and 2010.

Item 4 **Management’s discussion and analysis or plan of operation.**

Disclaimer Regarding Forward Looking Statements

You should read the following discussion in conjunction with our financial statements and the related notes and other financial information included in this Quarterly Report. In addition to historical financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Quarterly Report.

Although the forward-looking statements in this Quarterly Report reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by them. Consequently, and because forward-looking statements are inherently subject to risks and uncertainties, the actual

results and outcomes may differ materially from the results and outcomes discussed in the forward-looking statements. You are urged to carefully review and consider the various disclosures made by us in this report and in our other reports as we attempt to advise interested parties of the risks and factors that may affect our business, financial condition, and results of operations and prospects.

Summary Overview

We are a service provider to the medicinal cannabis industry. We are not engaged in the growing, harvesting, cultivation, possession, or distribution of cannabis. Instead, we assist the physicians, dispensaries, and end-users in the medicinal cannabis industry in finding each other and in advertising their businesses. All of our operations are conducted through our wholly-owned subsidiaries.

Approximately 81% of our 2011 revenue is generated by WeedMaps Media, Inc., which is a finder website that aids consumers in finding medicinal cannabis dispensaries. The dispensaries pay a fee to WeedMaps Media in order to post, on WeedMaps.com, their dispensary information.

Approximately 17% of our 2011 revenue is generated by General Health Solutions, Inc. which, through a contractual arrangement with a professional medical corporation, manages medical cannabis clinics.

In February 2010, we sold most of our then-existing domain names and intellectual property to a third party, although we did continue to manage our third-party merchant card services.

Going Concern

As a result of our financial condition at December 31, 2010, we had received a report from our independent registered public accounting firm for our financial statements for the year ended December 31, 2010 that includes an explanatory paragraph describing the uncertainty as to our ability to continue as a going concern. In order to continue as a going concern we must effectively balance many factors and continue to generate revenues sufficient to fund our operations. If we are not able to do this we may not be able to continue as an operating company. There is no assurance that our existing cash flow will continue at its existing rate. Should it decrease, then we may not be able to adequately satisfy our operating expenses and capital requirements.

Reliance on Strategic Partners

The medicinal cannabis industry is undergoing rapid growth and substantial change, which has resulted in increasing consolidation and formation of strategic relationships. A cancellation of our relationship with one or more of these groups may have a negative impact on the company. We expect this consolidation and strategic partnering to continue. Acquisitions or other consolidating transactions could harm us in a number of ways, including:

- we could lose strategic relationships if our strategic partners are acquired by or enter into relationships with a competitor (which could cause us to lose access to distribution, content, technology and other resources);
- The relationship between us and the strategic partner may deteriorate and cause an adverse effect on our business;
- we could lose customers if competitors or users of competing technologies consolidate with our current or potential customers; and
- our current competitors could become stronger, or new competitors could form, from consolidations.

Any of these events could put us at a competitive disadvantage, which could cause us to lose customers, revenue and market share. Consolidation could also force us to expend greater resources to meet new or additional competitive threats, which could also harm our operating results.

Our operations are in part dependent upon the continued reliable operation of the information systems and networks of third parties. If these third parties do not provide reliable operation, our ability to service our customers will be impaired and our business, reputation and operating results could be harmed.

Three and Nine months Ended September 30, 2011 compared to the Three and Nine months Ended September 30, 2010

During the year ended December 31, 2010, we completed two acquisitions that significantly increased our revenue and our operations. The acquisitions are operated now as WeedMaps Media, Inc. and General Health Solutions, Inc.

During the three months ended March 31, 2011, we completed another acquisition which is operated now as General Marketing Solutions, Inc.

Results of Operations

Revenue and Operating Expenses

Our earnings before interest, taxes, depreciation and amortization (EBITDA), operating income and net income for the three and nine months ended September 30, 2011, compared to the three and nine months ended September 30, 2010, were as follows:

	9 months Ended September 30, 2011	3 Months Ended September 30, 2011	9 months Ended September 30, 2010	3 Months Ended September 30, 2010
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 2,280,063	\$ 1,350,225	\$ 382,648	\$ 78,389
Operating income	1,132,943	958,680	366,599	75,032
Net Income	603,943	429,680	1,628,551	75,032

Our sales, total revenue, total operating expenses and operating income for the three and nine months ended September 30, 2011, compared to the three and nine months ended September 30, 2010, were as follows:

	9 months Ended September 30, 2011	3 Months Ended September 30, 2011	9 months Ended September 30, 2010	3 Months Ended September 30, 2010
Sales	\$ 10,382,120	\$ 4,126,195	\$ 5,537,522	\$ 2,001,017
Total revenue	10,382,120	4,126,195	5,537,522	2,001,017
Total operating expenses	9,249,178	3,167,515	5,170,923	1,925,985
Operating income	\$ 1,132,943	\$ 958,680	\$ 366,599	\$ 75,032

Sales increased by \$2.1 million or 106% during the three months ended September 30, 2011 as compared to the same period last year. Further, sales increased by \$4.8 million or 87% during the nine months ended September 30, 2011 as compared to the same period last year. The increase in sales, from \$2,001,017 for the three months ended September 30, 2010 to \$4,126,195 for the three months ended September 30, 2011, an increase of 106%, and from \$5,537,522 for the nine months ended September 30, 2010 to \$10,382,121 for the nine months ended September 30, 2011, an increase of 87%, is primarily attributable to a significant increase in our listing fee revenue generated by our subsidiary, WeedMaps Media, Inc., which is a result of an increase in the number of customers and an increase in the number of ‘listing packages’ offered to customers, and to a lesser extent, an increase in number of medicinal cannabis clinics for which our subsidiary, General Health Solutions, Inc., provides, through a contractual arrangement with a medical corporation, administrative, marketing and human resources services.

WeedMaps Media, Inc., which is a medical-cannabis industry-focused, marketing and media company, had revenues of \$3,574,858 and \$8,494,394 for the three and nine months ended September 30, 2011, respectively, and \$944,121 and \$2,011,187 for the three and nine months ended September 30, 2010, respectively

General Health Solutions, Inc., which through a contractual arrangement with a professional medical corporation, manages medical cannabis clinics, had revenues of \$549,646 and \$1,799,018 for the three and nine months ended September 30, 2011, respectively, and \$1,008,885 and \$3,379,090 for the three and nine months ended September 30, 2010, respectively.

Operating expenses as a percentage of sales decreased by 19% during the three months ended September 30, 2011 as compared to the same period last year. Further, operating expenses as a percentage of sales decreased by 4% during the nine months ended September 30, 2011 as compared to the same period last year. Our operating expenses as a percentage of sales decreased from 96% for the three months ended September 30, 2010, to 77% for the three months ended September

30, 2011, and decreased from 93% for the nine months ended September 30, 2010 to 89% for the nine months ended September 30, 2011. This is a result of increased operating efficiencies.

The increase in operating expenses, from \$1,925,985 for the three months ended September 30, 2010 to \$3,167,515 for the three months ended September 30, 2011, an increase of 64%, and from \$5,170,923 for the nine months ended September 30, 2010 to \$9,249,178 for the nine months ended September 30, 2011, an increase of 79%, is also attributable, almost exclusively, to support our efforts to expand our operations during the nine months ended September 30, 2011 as compared to the nine months ended September 30, 2010, which was accompanied by increases in salaries and employee benefits, increases in professional fees which included fees for legal and accounting work as well as expenses related to our Securities and Exchange Commission filings and for fees paid to consultants related to business development, investor relations, sales contract work, increases in general and administrative expenses primarily attributable to non-cash amortization expense associated with our recent acquisitions, and expenses associated with moving into our new offices and the associated leasehold improvements and purchases of office furniture and equipment. Non-cash amortization expense was \$1,103,158 during the nine months ended September 30, 2011 as compared to \$1,084 during the nine months ended September 30, 2010. The significant increase in non-cash amortization expense is associated with our recent acquisitions.

Our operating expenses as a percentage of sales decreased from 96% for the three months ended September 30, 2010, to 77% for the three months ended September 30, 2011, and decreased from 93% for the nine months ended September 30, 2010 to 89% for the nine months ended September 30, 2011.

Operating income increased by \$0.9 million or 1,178% during the three months ended September 30, 2011 as compared to the same period last year. Further, operating income increased by \$0.8 million or 209% during the nine months ended September 30, 2011 as compared to the same period last year. Although our revenue increased by 87% during the nine months ended September 30, 2011 as compared to the nine months ended September 30, 2010, the increase in our operating expenses of 79% during the same period resulted in an increase in our operating income from \$366,599 for the nine months ended September 30, 2010 to \$1,132,943 for the nine months ended September 30, 2011, an increase of 209%. However, our revenues increased by 106% for the three months ended September 30, 2011, as compared to the three months ended September 30, 2010, while our operating expenses increased only 64% during the same period, resulting in an increase in our operating income from \$75,032 to \$958,680, an increase of 1178%.

Income (loss) from Discontinued Operations; Net Income

Our income from discontinued operations and net income for the three and nine months ended September 30 2011, compared to the three and nine months ended September 30, 2010, were as follows:

	9 months Ended September 30, 2011	3 Months Ended September 30, 2011	9 months Ended September 30, 2010	3 Months Ended September 30, 2010
Income from discontinued operations	\$ -	-	\$ 1,261,952	(2,273)
Net income	\$ 603,943	\$ 429,680	\$ 1,628,551	75,032

Our income from discontinued operations for the three and nine months ended September 30, 2011 was zero, compared to \$(2,273) for the three months ended September 30, 2010 and \$1,261,952 for the nine months ended September 30, 2010. The discontinued operations were from our subsidiary LV Luxuries Limited and involved the sale of beauty products through the Internet.

Liquidity and Capital Resources

Our cash, current assets, intangible assets, total assets, current liabilities, and total liabilities as of September 30, 2011 and December 31, 2010 were as follows:

	September 30, 2011 (unaudited)	December 31, 2010 (audited)	Percentage Change
Cash	\$ 1,387,113	1,395,213	(1%)
Total current assets	2,325,679	3,266,220	(29%)
Intangible assets:			
Contracts and customer lists	20,909,296	21,984,576	(5%)
Internet properties & domain names	10,085,065	9,444,582	12%
Trademarks	29,322	29,322	-
Goodwill	28,198,748	27,712,345	2%
Total intangible assets	59,222,431	59,170,825	1%
Total assets	62,633,621	63,339,247	(1%)
Total current liabilities	1,097,518	1,324,737	(17%)
Total long term liabilities	3,205,000	4,500,000	(29%)
Total liabilities	4,302,518	5,824,737	(26%)

The nominal decrease in cash from \$1,395,213 at December 31, 2010 to \$1,387,113 at September 30, 2011, a decrease of \$8,100, is a result of our

positive operating income and net income for both the three and nine month period ended September 30, 2011.

Our intangible assets at September 30, 2011 consist almost entirely of assets acquired in the previously discussed Weedmaps, Synergistic Resources, and Revyv acquisitions. The assets consist primarily of contracts, customer lists, Internet properties and domains, and trademarks. These assets are necessary for our growth. The balance is goodwill which represents the premium paid for the acquisitions.

Our current liabilities decreased from \$1,324,737 at December 31, 2010 to \$1,097,518 at September 30, 2011, primarily as a result of a decrease in accrued liabilities arising from the termination of the three-year Consulting Agreement entered into by the Company and Douglas Francis, our President. See Note 3 Other Current Assets in the Footnotes to the Financial Statements for information regarding the Employment Agreement entered into by the Company and Mr. Francis contemporaneously with the Termination Agreement.

Our total long term liabilities decreased from \$4,500,000 at December 31, 2010 to \$3,205,000 at September 30, 2011, is primarily as a result of a decrease in long term liabilities arising from the termination of the three-year Consulting Agreement entered into by the Company and Douglas Francis and to payments on notes payables to related parties. See Note 3 Other Current Assets in the Footnotes to the Financial Statements for information regarding the Employment Agreement entered into by the Company and Mr. Francis contemporaneously with the Termination Agreement.

Cash Requirements

We had approximately \$1,387,000 in cash and cash equivalents as of September 30, 2011. Our operating income for the three months ended September 30, 2011 was \$958,680. We anticipate that our revenues will continue to increase and that our revenues will continue to be enough to fund our existing operations. However, there is no assurance that our existing cash flow will continue to be adequate to satisfy our operating expenses and capital requirements.

Sources and Uses of Cash

Operations

Net cash from operating activities increased by \$.8 million or 68% during the nine months ended September 30, 2011 as compared to the same period last year. We had net cash from operating activities of \$1,907,367 for the nine months ended September 30, 2011, as compared to \$1,132,244 for the nine months ended September 30, 2010. For the nine months ended September 30, 2011, the net cash provided by operating activities consisted primarily of net income of \$603,943, a decrease in accounts payable and accrued liabilities of \$227,219, a decrease in prepaid expenses and deposits of \$573,132, an increase in accounts receivable of \$189,609, plus non-cash amortization & depreciation expense of \$1,147,120. For the nine months ended September 30, 2010, the net cash provided by operating activities consisted primarily of net income (including

discontinued operations) of \$1,628,551, offset by a decrease in accounts payable and accrued liabilities of \$533,234, an increase in non-cash depreciation expense of \$20,506, an increase in accounts receivable of \$8,345, an increase in prepaid expenses and deposits of \$36,929, a decrease in other assets of \$33,405, plus an increase in non-cash interest expense of \$28,290.

Investments

We had net cash from (used in) investing activities of \$(620,467) for the nine months ended September 30, 2011, as compared to \$313,461 for the nine months ended September 30, 2010. For the nine months ended September 30, 2011, the net cash used in investing activities was primarily related to purchases of furniture and computers and other equipment of \$471,949, plus purchases of intangible assets of \$148,518. For the nine months ended September 30, 2010, the net cash from investment activities was primarily a result of sales of intangible assets of \$325,164.

Financing

We had net cash used in financing activities of \$(1,295,000) for the nine months ended September 30, 2011, as compared to \$(1,031,527) for the nine months ended September 30, 2010. For the nine months ended September 30, 2011, our net cash used in financing activities consisted solely of payments on note payable to related parties. For the nine months ended September 30, 2010, our net cash used in financing activities consisted of payments on convertible notes of \$424,392, offset by payments on convertible notes to related party of \$(168,905) and payments on note payable to related party of \$(438,230).

Debt Instruments, Guarantees, and Related Covenants

We have no disclosure required by this Item.

Critical Accounting Estimates

Goodwill

In accordance with Goodwill and Other Intangible Assets, goodwill is defined as the excess of the purchase price over the fair value assigned to individual assets acquired and liabilities assumed and is tested for impairment at the reporting unit level (operating segment or one level below an operating segment) on an annual basis in the Company's fourth fiscal quarter or more frequently if indicators of impairment exist. The performance of the test involves a two-step process. The first step of the impairment test involves comparing the fair value of the Company's reporting units with each respective reporting unit's carrying amount, including goodwill. The fair value of reporting units is generally determined using the income approach. If the carrying amount of a reporting unit exceeds the reporting unit's fair value, the second step of the goodwill impairment test is performed to determine the amount of any impairment loss. The second step of the goodwill impairment test involves comparing the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. No amortization is recorded for goodwill with indefinite useful life. No impairment

of Goodwill was recognized during the nine months ended September 30, 2011 and 2010, respectively.

Intangible Assets

In accordance with Goodwill and Other Intangible Assets, intangible assets that are determined not to have an indefinite useful life are subject to amortization. The Company amortizes intangible assets using the straight-line method over their estimated useful lives.

Impairment of Long-Lived and Intangible Assets

In accordance with Accounting for the Impairment or Disposal of Long-Lived Assets, the Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. The Company assesses the recoverability of the long-lived and intangible assets by comparing the carrying amount to the estimated future undiscounted cash flow associated with the related assets. No impairment of long-lived assets was recognized during the nine months ended September 30, 2011 and 2010, respectively.

Item 5 Legal proceedings.

There is no current, past, pending or threatened legal proceedings or administrative actions either by or against us that could have a material effect on our business, financial condition, or operations. Furthermore, there are no current, past or pending trading suspensions by a securities regulator.

Item 6 Defaults upon senior securities.

We are not in default on any note, loan, lease, or other indebtedness or financing arrangements requiring us to make payments.

Item 7 Other information.

1. Entry into a Material Definitive Agreement.

Pursuant to the terms of a marketing services agreement with Crystal Research Associates, LLC dated October 5, 2010, we issued four-year warrants to acquire 250,000 shares of our common stock at \$4.00 per share.

On August 1, 2011, we entered into an at-will Employment Agreement with Douglas Francis, our President and a member of our Board of Directors. Mr. Francis' employment is effective as of April 1, 2011. Under the terms of the agreement, his compensation is thirty thousand dollars (\$30,000) per month. In the event of termination of the agreement for a reason other than for cause, Mr. Francis will be entitled to severance equal to eighteen (18) months of compensation. See also Termination of a Material Definitive Agreement, below.

On August 1, 2011, we entered into an at-will Employment Agreement with James Pakulis, our Chief Executive Officer and Chairman of our Board of

Directors. Mr. Pakulis' employment is effective as of August 1, 2011. Under the terms of the agreement, his compensation is thirty thousand dollars (\$30,000) per month. In the event of termination of the agreement for a reason other than for cause, Mr. Pakulis will be entitled to severance equal to eighteen (18) months of compensation.

2. Termination of a Material Definitive Agreement.

On August 1, 2011, we entered into a Termination of Consulting Agreement with Douglas Francis, our President and a member of our Board of Directors, which terminated, effective as of April 1, 2011, his Consulting Agreement with us dated as of November 19, 2010, with no further amounts due under the Consulting Agreement. See also Entry into a Material Definitive Agreement, above.

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

There have been no events which are required to be reported under this Item.

4. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of an Issuer.

There have been no events which are required to be reported under this Item.

5. Triggering Events That Accelerate or Increase a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement.

There have been no events which are required to be reported under this Item.

6. Costs Associated with Exit or Disposal Activities.

There have been no events which are required to be reported under this Item.

7. Material Impairments.

There have been no events which are required to be reported under this Item.

8. Sales of Equity Securities.

There have been no events which are required to be reported under this Item.

9. Material Modification to Rights of Security Holders.

There have been no events which are required to be reported under this Item.

10. Changes in Issuer's Certifying Accountant.

There have been no events which are required to be reported under this Item.

11. Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review.

There have been no events which are required to be reported under this Item.

12. Changes in Control of Issuer.

There have been no events which are required to be reported under this Item.

13. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

There have been no events which are required to be reported under this Item.

14. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

There have been no events which are required to be reported under this Item.

15. Amendments to the Issuer's Code of Ethics, or Waiver of a Provision of the Code of Ethics.

There have been no events which are required to be reported under this Item.

Item 8 Exhibits.

Material Contracts.

- 10.21 (1) Termination of Consulting Agreement with Douglas Francis dated August 1, 2011
 - 10.22 (1) Employment Agreement with Douglas Francis dated August 1, 2011
 - 10.23 (1) Employment Agreement with James Pakulis dated August 1, 2011
 - 10.24 First Amendment to Agreement and Plan of Reorganization and Merger dated November 19, 2010.
 - 10.25 Marketing Service Agreement with Crystal Research Associates, LLC dated October 5, 2010.
- (1) Filed in our Quarterly Report for the period ended June 30, 2011.

Articles of Incorporation and Bylaws:

There are no exhibits of this type that have not already been described or attached in a prior disclosure statement.

Item 9 **Issuer's Certifications:**

<u>Exhibit No.</u>	<u>Description</u>
C-1	Chief Executive Officer Certification
C-2	Chief Financial Officer Certification

Dated this 3rd day of November, 2011, at Newport Beach, California.

General Cannabis, Inc.,
a Nevada corporation

By: James Pakulis
Its: Chief Executive Officer

Item 9

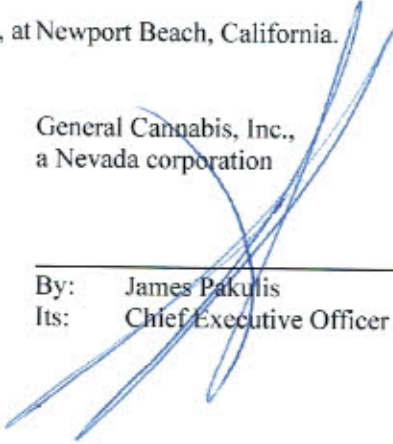
Issuer's Certifications:

<u>Exhibit No.</u>	<u>Description</u>
C-1	Chief Executive Officer Certification
C-2	Chief Financial Officer Certification

Dated this 3rd day of November, 2011, at Newport Beach, California.

General Cannabis, Inc.,
a Nevada corporation

By: _____
Its: Chief Executive Officer



GENERAL CANNABIS, INC.
Consolidated Balance Sheets
September 30, 2011 and December 31, 2011

	(Unaudited)	(Audited)
	September 30,	December 31,
	2011	2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,387,113	\$ 1,395,213
Accounts receivable	197,140	7,531
Other current assets	741,426	1,863,476
Total current assets	2,325,679	3,266,220
Property and equipment, net	430,189	2,202
Intangible assets, net:		
Contracts & customer lists	20,909,296	21,984,576
Internet properties & domain names	10,085,065	9,444,582
Trademarks	29,322	29,322
Goodwill	28,198,748	27,712,345
Other assets	655,322	900,000
TOTAL ASSETS	\$ 62,633,621	\$ 63,339,247
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 122,674	\$ 128,144
Accrued liabilities	849,844	1,071,593
Note payable	125,000	125,000
Total current liabilities	1,097,518	1,324,737
Long term liabilities:		
Other accrued liabilities		900,000
Note payable – related party	3,205,000	3,600,000
Total long term liabilities	3,205,000	4,500,000
TOTAL LIABILITIES	4,302,518	5,824,737
STOCKHOLDERS' EQUITY:		
Preferred stock, \$0.001 par value: 20,000,000 shares authorized; zero shares issued and outstanding as of September 30, 2011; zero shares issued and outstanding as of December 31, 2010;		
Common stock, \$0.001 par value: 200,000,000 shares authorized; 83,140,256 shares issued and outstanding as of September 30, 2011; 82,640,256 shares issued and outstanding as of December 31, 2010;		
	83,140	82,640
Capital in excess of par value	62,893,001	62,680,851
Accumulated deficit	(4,645,038)	(5,248,981)
TOTAL STOCKHOLDERS' EQUITY	58,331,103	57,514,510
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 62,633,621	\$ 63,339,247

See accompanying notes to consolidated financial statements.

GENERAL CANNABIS, INC.
Consolidated Statements of Income
(Unaudited)

	Three Months Ended		Nine months Ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Net sales	\$ 4,126,195	\$ 2,001,017	\$ 10,382,121	\$ 5,537,522
Cost of sales	40,239	2,504	176,020	9,293
GROSS PROFIT	4,085,956	1,998,513	10,206,101	5,528,229
Selling, general and administrative expenses	<u>3,127,310</u>	<u>1,921,148</u>	<u>9,073,371</u>	<u>5,161,630</u>
Operating income	958,646	77,365	1,132,730	366,599
Other income (expense)	34	(60)	213	—
INCOME BEFORE INCOME TAXES	958,680	77,305	1,132,943	366,599
Income tax expense	529,000		529,000	
Income (expense) from discontinued operations		(2,273)		1,261,952
NET INCOME (LOSS)	\$ 429,680	\$ 75,032	\$ 603,943	\$ 1,628,551
Weighted average shares outstanding	83,068,034	9,783,442	83,068,034	9,783,442
Basic and Diluted per share amounts:				
Continuing operations	0.01	0.01	0.01	0.04
Discontinued operations	-	-	-	0.13
Net income	0.01	0.01	0.01	0.17

See accompanying notes to consolidated financial statements.

GENERAL CANNABIS, INC.
Consolidated Statements of Cash Flows
(Unaudited)

	Nine months Ended	
	September 30,	September 30,
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 603,943	\$ 1,628,551
Adjustments to reconcile net income to net cash from operating activities:		
Interest expense - non-cash	—	28,290
Depreciation	43,962	20,506
Amortization	1,103,158	—
Changes in operating assets and liabilities:		
Accounts receivable	(189,609)	(8,345)
Prepaid expenses and deposits	573,132	(36,929)
Accounts payable and accrued liabilities	(227,219)	(533,234)
Other assets	—	33,405
Net cash from operating activities	\$ 1,907,367	\$ 1,132,244
Cash flows from (used in) investing activities:		
Purchases of property and equipment	(471,949)	(11,703)
Purchases of intangible assets	(148,518)	—
Sales of intangible assets	—	325,164
Net cash from (used in) investing activities	\$ (620,467)	\$ 313,461
Cash flows used in financing activities:		
Payments on convertible notes	—	(424,392)
Payments on convertible note related party	—	(168,905)
Payments on note payable - related party	(1,295,000)	(438,230)
Net cash used in financing activities	\$ (1,295,000)	\$ (1,031,527)
Net increase (decrease) in cash and cash equivalents	(8,100)	414,178
Cash and cash equivalents at beginning of period	1,395,213	48,131
Cash and cash equivalents at end of period	\$ 1,387,113	\$ 462,309
Non-cash investing and financing activity:		
Acquisition of intangible assets for stock	1,000,000	—

See accompanying notes to consolidated financial statements.

GENERAL CANNABIS, INC.
Consolidated Statements of Stockholders' Equity (Deficit)
September 30, 2011
(Unaudited)

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Paid-In</u>	<u>Deficit</u>	<u>Shareholders'</u>
					<u>Capital</u>		<u>Equity (Deficit)</u>
BALANCES, December 31, 2009	—	—	9,733,442	\$ 9,733	\$ 3,501,893	\$ (6,454,459)	\$ (2,942,833)
Issuance of common stock			72,881,814	72,882	39,986,823		40,059,705
Paid in capital, goodwill					18,336,498		18,336,498
Interest expense, beneficial conversion feature					13,517		13,517
Stock based compensation			25,000	25	49,975		50,000
Stock based compensation - warrants					792,145		792,145
Net income from discontinued operations						1,350,400	1,350,400
Net loss from continuing operations						(149,768)	(149,768)
BALANCES, December 31, 2010	—	—	82,640,256	\$ 82,640	\$ 62,680,851	\$ (5,253,827)	\$ 57,509,664
Issuance of common stock			500,000	500	999,500		1,000,000
Prior period adjustment, Revyv, LLC acquisition						4,846	4,846
Paid in capital, Revyv, LLC acquisition					4,295		4,295
Stock based compensation - warrants					(791,645)		(791,645)
Net income from continuing operations						603,943	603,943
BALANCES, September 30, 2011	—	—	83,140,256	\$ 83,140	\$ 62,893,001	\$ (4,645,038)	\$ 58,331,103

See accompanying notes to consolidated financial statements.

GENERAL CANNABIS, INC.
Notes to Consolidated Financial Statements
September 30, 2011

NOTE 1 GENERAL

Nature of Business:

General Cannabis, Inc., together with its wholly owned subsidiaries (hereinafter collectively referred to as the “Company”) is engaged in providing a variety of services to the medicinal cannabis industry. The Company provides services in four different sectors: media, technology, medical clinic management, and marketing. The Company is not engaged in the growing, harvesting, cultivation, possession, or distribution of cannabis. Instead, the Company assists the physicians, dispensaries, and end-users within the medicinal cannabis industry in finding each other and in managing their businesses. General Cannabis, Inc. was formed on July 14, 2003 in the State of Nevada as Tora Technologies, Inc. On November 21, 2006, it changed its name to Makeup.com Limited, and on January 29, 2010, changed its name again to LC Luxuries Limited. Finally, on November 5, 2010, the company changed its name to General Cannabis, Inc.

The Medicinal Cannabis Industry

Sixteen states, plus the District of Columbia, have adopted laws that exempt patients from state criminal penalties who use medicinal cannabis under a physician’s supervision. These are collectively generally referred to as the states that have de-criminalized medicinal cannabis, although there is a subtle difference between de-criminalization and legalization, and each state’s laws are different. The states are as follows (in alphabetical order):

- Alaska,
- Arizona,
- California,
- Colorado,
- Delaware
- District of Columbia,
- Hawaii,
- Maine,
- Michigan,
- Montana,
- Nevada,
- New Jersey,
- New Mexico,
- Oregon,
- Rhode Island,
- Vermont, and
- Washington.

Medical cannabis decriminalization is generally referred to as the removal of all criminal penalties for the private possession and use of cannabis by adults, including cultivation for personal use and casual, nonprofit transfers of small amounts. Legalization is generally referred to as the development of a legally controlled market for cannabis, where consumers purchase from a safe, legal, and regulated source.

The United States federal government regulates drugs through the Controlled Substances Act (21 U.S.C. § 811), which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I drug, which is viewed as highly addictive and having no medical value. Under the First Amendment, doctors may recommend cannabis for medical use; however, under federal law, they may not prescribe cannabis for medical use. In 2010, the United States Veterans Affairs Department clarified that veterans using medicinal cannabis will not be denied services or other medications that are denied to those using illegal drugs.

Principal Services

The Company’s principal services are offered through the following wholly owned subsidiaries.

GENERAL CANNABIS, INC.
Notes to Consolidated Financial Statements
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WeedMaps Media, Inc.

WeedMaps Media, Inc. is our wholly-owned subsidiary, and its primary operation is the internet website, www.weedmaps.com. Weedmaps.com is an online finder site service that allows patients to find local medical cannabis dispensaries, which are also referred to as collectives. Dispensaries are locations where patients who have received letters of recommendation from a health care provider can purchase medicinal cannabis, as well as a variety of other non-cannabis related items including, but not limited to, apparel accessories, posters, bumper stickers, concert tickets, books and musical CD's.

General Health Solutions, Inc.

General Health Solutions, Inc. (CannaCenters.com) is our wholly-owned subsidiary, and through a contractual arrangement with a professional medical corporation, manages medical cannabis clinics. The fourteen medical clinics managed by General Health Solutions are all located throughout California. Individuals that believe they may benefit from medical cannabis schedule a doctor's appointment at one of the fourteen clinics throughout the state to be seen by a California licensed physician. After the medical evaluation, if the physician believes the patient suffers from any of the symptoms or ailments as defined by law, the physician provides the patient a Letter Of Recommendation ("LOR"). The "LOR" allows the patient to visit an independent dispensary, and after their "LOR" is verified, the patient is permitted to enter the dispensary and purchase any number of cannabis and non-cannabis related products.

General Marketing Solutions, Inc.

General Marketing Solutions, Inc. is our wholly-owned subsidiary, and its primary operation is the internet website, www.cannabiscenters.com. Though primarily in the development stage, the website aids prospective patients in finding physicians across the country that support and recommend medicinal cannabis. There is a patient verification system which verifies the authenticity of the patient's Letter Of Recommendation. This is an internal control system designed to validate the status of a patient to law enforcement, dispensaries and other interested parties, as well as a social media platform for users.

General Merchant Solutions, Inc.

General Merchant Solutions, Inc. is our wholly-owned subsidiary, and it provides merchant payment processing services to finder sites, healthcare facilities, automobile, furniture and restaurant establishments. The Company provides credit card terminal access, and credit card processing capabilities through a designated third party. General Merchant requires each client to complete an application which, upon completion, is submitted to the credit card processing company for review. Upon acceptance, General Merchant schedules a time with the client in which we install the credit card processing machine.

General Management Solutions, Inc.

General Management Solutions, Inc., is our wholly-owned subsidiary that oversees and provides all of the human resource issues for employees including hiring, terminating, and employee benefits.

Other Subsidiaries

We have two additional wholly-owned subsidiaries whose operations are relatively inactive at this time, namely General Processing Corporation, CannaCare Management, Inc. (dba CannaCenters), and a third subsidiary, LV Luxuries Limited (which operated as makeup.com), whose operations have been discontinued. It is contemplated that General Processing Corporation will provide non-dispensary merchant credit card processing. It is contemplated that CannaCare Management, Inc. will provide management services to assist physicians with their operations and administration under a different name. As of right now CannaCare Management has no imminent or specific plans and the entity is held as a corporation in good standing with no operations.

GENERAL CANNABIS, INC.
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LV Luxuries Limited (formally Makeup.com, Inc.) was formed under the laws of Nevada on February 12, 2004 as a wholly owned subsidiary of the Company.

It is contemplated that CannaCare Management, Inc. will provide advisory and consulting services.

BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries and have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. All intercompany transactions and balances have been eliminated in consolidation. The interim financial information is unaudited, but reflects all normal recurring adjustments that are, in the opinion of management, necessary to fairly present the information set forth herein. The interim financial statements should be read in conjunction with the audited financial statements and related notes submitted on Form S-1 for the year ended December 31, 2010 filed with the Securities and Exchange Commission (the "SEC") on March 1, 2011. Interim results are not necessarily indicative of the results for a full year.

Reclassifications

Certain prior year amounts in the accompanying consolidated financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the consolidated results of operations or financial position for any years presented.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates are based on knowledge of current events and anticipated future events and accordingly, actual results may differ from those estimates.

Foreign Operations and Foreign Currency Transactions

The Company's functional currency is the United States Dollar (the "US Dollar"). In the past, the Company entered into transactions denominated in foreign currencies, such as the Canadian Dollar ("CAD"). During the nine months ended September 30, 2010 and 2011, the Company did not have foreign operations.

Risks related to cash

The Company maintains cash in bank and deposit accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Cash and Cash equivalents

The Company considers only highly liquid investments such as money market funds and commercial paper with maturities of 90 days or less at the date of their acquisition as cash and cash equivalents.

GENERAL CANNABIS, INC.
Notes to Consolidated Financial Statements
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Fair Value of Financial Instruments

The accounting standards regarding disclosures about fair value of financial instruments defines financial instruments and required fair value disclosure of those instruments. This accounting standard defines fair value, establishes a three-level valuation hierarchy for disclosures of fair value measurement and enhances disclosure requirements for fair value measures. Receivables, investments, payables, short and long term debt and warrant liabilities qualified as financial instruments. Management believes the carrying amounts of receivables, payables and debt are a reasonable estimate of fair value because of the short period of time between the origination of such instruments, their expected realization, and if applicable, their stated interest rate is equivalent to interest rates currently available. The three levels are defined as follows:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the financial instruments.
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value.

The Company analyzes all financial instruments with features of both liabilities and equity under the accounting standards regarding accounting for certain financial instruments with characteristics of both liabilities and equity, accounting for derivative instruments and hedging activities, accounting for derivative financial instruments indexed to, and potentially settled in, a company's own stock, and the accounting standard regarding determining whether an instrument (or embedded feature) is indexed to an entity's own stock. The accounting standard specifies that a contract that would otherwise meet the definition of a derivative but is both (a) indexed to the Company's own stock and (b) classified in stockholders' equity in the statement of financial position would not be considered a derivative financial instrument. This standard provides a two-step model to be applied in determining whether a financial instrument or an embedded feature is indexed to an issuer's own stock and thus able to qualify for this accounting standard scope exception. All warrants issued by the Company are denominated in U.S. dollars.

Accounts Receivable

Accounts receivable are recorded at the invoice amount and do not bear interest.

Allowance for Doubtful Accounts

Allowance for doubtful accounts is defined as a Company's estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company does not maintain an allowance for doubtful account based upon management's review of the Company's revenue structure whereby substantially all receivables are confirmed before they are booked as revenue. The Company reviews its allowance for doubtful accounts policy periodically. The Company does not have any off-balance-sheet exposure related to its customers.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the useful lives of the assets, generally from three to seven years. Property and equipment at September 30, 2011 and December 31, 2010 are presented net of accumulated depreciation of \$114,348 and \$70,386, respectfully.

GENERAL CANNABIS, INC.
Notes to Consolidated Financial Statements
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Goodwill

In accordance with *Goodwill and Other Intangible Assets*, goodwill is defined as the excess of the purchase price over the fair value assigned to individual assets acquired and liabilities assumed and is tested for impairment at the reporting unit level (operating segment or one level below an operating segment) on an annual basis in the Company's fourth fiscal quarter or more frequently if indicators of impairment exist. The performance of the test involves a two-step process. The first step of the impairment test involves comparing the fair value of the Company's reporting units with each respective reporting unit's carrying amount, including goodwill. The fair value of reporting units is generally determined using the income approach. If the carrying amount of a reporting unit exceeds the reporting unit's fair value, the second step of the goodwill impairment test is performed to determine the amount of any impairment loss. The second step of the goodwill impairment test involves comparing the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. No amortization is recorded for goodwill with indefinite useful life. No impairment of Goodwill was recognized during the nine months ended September 30, 2011 and 2010, respectively.

Intangible Assets

In accordance with *Goodwill and Other Intangible Assets*, intangible assets that are determined not to have an indefinite useful life are subject to amortization. The Company amortizes intangible assets using the straight-line method over their estimated useful lives.

Impairment of Long-Lived and Intangible Assets

In accordance with *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. The Company assesses the recoverability of the long-lived and intangible assets by comparing the carrying amount to the estimated future undiscounted cash flow associated with the related assets. No impairment of long-lived assets was recognized during the nine months ended September 30, 2011 and 2010, respectively.

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with the provisions of *Share-Based Payment*, which addresses the accounting for equity-based compensation and which requires that the cost of all equity-based compensation arrangements, be reflected in the financial statements over the vesting period based on the estimated fair value of the awards. During the nine months ended September 30, 2011 and 2010, the Company had no stock-based compensation expense related to issuances of shares of the Company's common stock to consultants.

Revenue Recognition

We recognize revenue in accordance with ASC 605, "*Revenue Recognition*," we recognize as revenue the fees we charge customers as referenced below because persuasive evidence of an arrangement exists, the fees we charge are substantially fixed or determinable during the period that we provide the services, we and our customers understand the specific nature and terms of the agreed upon transactions, collectability is reasonable assured and services have been rendered.

The Company and its wholly owned subsidiaries recognize revenue as follows:

Listing Fee Revenue – The Company operates WeedMaps.com and several associated websites, together composing a large scale, medical-cannabis industry focused internet media portal that targets dispensaries, advertisers and consumers. The Company generates revenues from listings on the Company's website. We recognize as revenue the fees we charge customers for listing their related company on our website. The terms of the listing arrangements with our customers are pursuant to a marketing agreement entered into with each customer pursuant to the terms of which the listing period is on a month-to-month term, listings are prepaid monthly and we do not offer returns, as such, our policy is to recognize revenues on a per-listing fee basis in the month that we provide the listing service.

GENERAL CANNABIS, INC.
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Ad Revenue – The Company generates revenues from advertising on the Company’s websites. We recognize as revenue the fees we charge customers for placing ads for their related company on our websites. The terms of the advertising arrangements with our customers are pursuant to an advertising agreement entered into with each customer pursuant to the terms of which the advertising period is on a month-to-month term, ads are prepaid monthly and we do not offer returns, as such, our policy is to recognize revenues on a per-ad fee basis in the month that we provide the advertising service.

Other Revenue – The Company generates revenues from photo and video production of content, which is displayed on the Company’s websites. We recognize as revenue the fees we charge customers for photo and video production services pursuant to which we create virtual tours of their establishments and products, which are then displayed on our websites. The terms of the production services with our customers are pursuant to an agreement entered into with each customer pursuant to the terms of which the production services are on a one-time basis and our policy is to recognize revenues on a per-production basis in the month that we provide the production services.

Management Fee Revenue – The Company manages medical cannabis clinics throughout California pursuant to a contractual arrangement with a professional medical corporation. We recognize as revenue the fees we charge the professional medical corporation for providing administrative, marketing and human resources services. Our policy is to recognize revenues during the period that the services are rendered and we do not offer returns.

Payment Processing Revenue – The Company also generates revenues by processing payment transactions for our customers. We recognize as revenues commissions charged to merchants on the transactions processed. Our policy is to recognize revenues on a per-transaction basis at the time the payment transaction has been processed.

Software Product Revenue – The Company generates revenues from the delivery of our software products via the cloud. We recognize as revenue the fees we charge customers for a software subscription service. The terms of the software subscription arrangements with our customers are pursuant to an agreement entered into with each customer pursuant to the terms of which the subscription period is on a month-to-month term, subscriptions are prepaid monthly and we do not offer returns, as such, our policy is to recognize revenues on a per-subscription fee basis in the month that we provide the software subscription service.

Income Taxes

The Company follows *Accounting for Income Taxes* that requires recognition of deferred income tax liabilities and assets for the expected future tax consequences of temporary differences between the income tax basis and financial reporting basis of assets and liabilities. Provision for income taxes consists of taxes currently due plus deferred taxes. During the nine months ended September 30, 2011 and 2010, the Company did not record a provision for US income taxes.

The charge for taxation is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of assessable tax profit. In principle, deferred tax liabilities are recognized for all taxable temporary differences, and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also recorded in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

GENERAL CANNABIS, INC.
Notes to Consolidated Financial Statements
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Uncertain tax positions

The Company recognizes uncertain tax positions based on a benefit recognition model. Provided that the tax position is deemed more likely than not of being sustained, the Company recognizes the largest amount of tax benefit that is greater than 50 percent likely of being ultimately realized upon settlement. The tax position is derecognized when it is no longer more likely than not of being sustained. The Company classifies income tax-related interest and penalties as interest expense and SGA expense, respectively, on the Consolidated Statement of Operations. As of September 30, 2011 the Company believes it has no unrecognized uncertain tax positions.

Advertising Cost

The Company expenses advertising costs when incurred. Advertising expense for the nine months ended September 30, 2011 and 2010 was \$1,310,154 and \$669,760, respectively.

Subsequent Events

During May 2009 and February 2010, the FASB issued new authoritative pronouncement regarding recognized and non-recognized subsequent events. This guidance establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before the financial statements are issued or are available to be issued. The Company adopted this guidance and it had no impact on the Company's results of operations or financial position.

Recent Accounting Pronouncements

In January 2010, FASB issued ASU No. 2010-01- *Accounting for Distributions to Shareholders with Components of Stock and Cash*. The amendments in this Update clarify that the stock portion of a distribution to shareholders that allows them to elect to receive cash or stock with a potential limitation on the total amount of cash that all shareholders can elect to receive in the aggregate is considered a share issuance that is reflected in EPS prospectively and is not a stock dividend for purposes of applying Topics 505 and 260 (Equity and Earnings Per Share). The amendments in this update are effective for interim and annual periods ending on or after December 15, 2009, and should be applied on a retrospective basis. The adoption of this ASU did not have a material impact on our consolidated financial statements.

In January 2010, FASB issued ASU No. 2010-02 - *Accounting and Reporting for Decreases in Ownership of a Subsidiary - a Scope Clarification*. The amendments in this Update affect accounting and reporting by an entity that experiences a decrease in ownership in a subsidiary that is a business or nonprofit activity. The amendments also affect accounting and reporting by an entity that exchanges a group of assets that constitutes a business or nonprofit activity for an equity interest in another entity. The amendments in this update are effective beginning in the period that an entity adopts *Non-controlling Interests in Consolidated Financial Statements*. If an entity has previously adopted *Non-controlling Interests in Consolidated Financial Statements* as of the date the amendments in this update are included in the Accounting Standards Codification, the amendments in this update are effective beginning in the first interim or annual reporting period ending on or after December 15, 2009. The amendments in this update should be applied retrospectively to the first period that an entity adopted *Non-controlling Interests in Consolidated Financial Statements*. The adoption of this ASU did not have a material impact on our consolidated financial statements.

In January 2010, FASB issued ASU No. 2010-06 - *Improving Disclosures about Fair Value Measurements*. This update provides amendments to Subtopic 820-10 that requires new disclosure as follows: 1) Transfers in and out of Levels 1 and 2. A reporting entity should disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers. 2) Activity in Level 3 fair value measurements. In the reconciliation for fair value measurements using significant unobservable inputs (Level 3), a reporting entity should present separately information about purchases, sales, issuances, and settlements (that is, on a gross basis rather than as one net number). This update provides amendments to Subtopic 820-10 that clarify existing disclosures as follows: 1) Level of disaggregation. A reporting entity should provide fair value measurement disclosures for each class of assets and liabilities. A class is often a subset of assets or liabilities within a line item in the statement of financial position. A reporting entity needs to use judgment in determining the appropriate classes of assets and liabilities. 2) Disclosures about

GENERAL CANNABIS, INC.
Notes to Consolidated Financial Statements
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inputs and valuation techniques. A reporting entity should provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements. Those disclosures are required for fair value measurements that fall in either Level 2 or Level 3. The new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. These disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The adoption of this ASU did not have a material impact on our consolidated financial statements.

In September 2009, the FASB issued Accounting Standards Update No. 2009-08 *Earnings Per Share - Amendments to Section 260-10-S99*, which represents technical corrections to topic 260-10-S99 *Earnings per share*, based on EITF Topic D-53 *Computation of Earnings Per Share for a Period that includes a Redemption or an Induced Conversion of a Portion of a Class of Preferred Stock* and EITF Topic D-42 *The Effect of the Calculation of Earnings per Share for the Redemption or Induced Conversion of Preferred Stock*. The adoption of this ASU did not have a material impact on our consolidated financial statements, results of operations or cash flows.

In August 2009, the FASB issued Accounting Standards Update No. 2009-05 *Fair Value Measurement and Disclosures Topic 820 - Measuring Liabilities at Fair Value*, which provides amendments to subtopic 820-10 *Fair Value Measurements and Disclosures - Overall* for the fair value measurement of liabilities. This update provides clarification that in circumstances in which a quoted price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using one or more of the following techniques: 1. A valuation technique that uses: a) the quoted price of the identical liability when traded as an asset b) quoted prices for similar liabilities or similar liabilities when traded as assets. 2. Another valuation technique that is consistent with the principles of topic 820; two examples would be an income approach, such as a present value technique, or a market approach, such as a technique that is based on the amount at the measurement date that the reporting entity would pay to transfer the identical liability or would receive to enter into the identical liability. The amendments in this update also clarify that when estimating the fair value of a liability, a reporting entity is not required to include a separate input or adjustment to other inputs relating to the existence of a restriction that prevents the transfer of the liability. The amendments in this update also clarify that both a quoted price in an active market for the identical liability when traded as an asset in an active market when no adjustments to the quoted price of the asset are required are Level 1 fair value measurements. The adoption of this ASU did not have a material impact on our consolidated financial statements, results of operations or cash flows.

In June 2009, the FASB issued standards that establish only two levels of U.S. generally accepted accounting principles (“GAAP”), authoritative and nonauthoritative. The FASB Accounting Standards Codification (the “Codification”) became the source of authoritative, nongovernmental GAAP, except for rules and interpretive releases of the Securities and Exchange Commission (“SEC”), which are sources of authoritative GAAP for SEC registrants. All other non-grandfathered, non-SEC accounting literature not included in the Codification became nonauthoritative. This standard is effective for financial statements for interim or annual reporting periods ending after September 15, 2009. We have begun to use the new guidelines and numbering system prescribed by the Codification when referring to GAAP. As the Codification was not intended to change or alter existing GAAP, it did not have a material impact on our consolidated financial statements.

In May 2009, the FASB issued standards that require management to evaluate subsequent events through the date the financial statements are either issued, or available to be issued. Companies are required to disclose the date through which subsequent events have been evaluated. This standard is effective for interim or annual financial periods ending after June 15, 2009. The Company evaluated its September 30, 2011 financial statements for subsequent events through November 1, 2011, the date the financial statements were available to be issued. Other than the events in Note 19, the Company is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

In April 2009, the FASB issued standards that require disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. This standard also requires those disclosures in summarized financial information at interim reporting periods. This standard applies to all financial instruments within the scope of Statement 107 held by publicly traded companies, as defined by APB 28, and requires

GENERAL CANNABIS, INC.
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that a publicly traded company include disclosures about the fair value of its financial instruments whenever it issues summarized financial information for interim reporting periods. This standard is effective for interim reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. The adoption of this standard did not have a material impact on our consolidated financial statements, results of operations or cash flows.

In April 2009, the FASB issued standards that provide additional guidance for estimating fair value when the volume and level of activity for the asset or liability have significantly decreased and also includes guidance on identifying circumstances that indicate a transaction is not orderly for fair value measurements. This standard is effective for interim and annual periods ending after June 15, 2009. The adoption of this standard did not have a material impact on our consolidated financial statements, results of operations or cash flows.

NOTE 2 GOING CONCERN

As a result of our financial condition at December 31, 2010, we had received a report from our independent registered public accounting firm for our financial statements for the year ended December 31, 2010 that includes an explanatory paragraph describing the uncertainty as to our ability to continue as a going concern. In order to continue as a going concern we must effectively balance many factors and continue to generate revenues sufficient to fund our operations. If we are not able to do this we may not be able to continue as an operating company. There is no assurance that our existing cash flow will continue at its existing rate. Should it decrease, then we may not be able to adequately satisfy our operating expenses and capital requirements.

NOTE 3 BUSINESS COMBINATIONS

Revyv, LLC

On January 11, 2011, we entered into a Reorganization and Asset Acquisition Agreement pursuant to which we acquired substantially all the assets of Revyv, LLC. The assets consisted primarily of the intellectual property associated with the name 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. This business is now operated as General Marketing Solutions, Inc.

The purchase price was \$1,000,000, which pursuant to the Revyv Purchase Agreement consisted of the issuance of 500,000 shares of the Company's common stock. The purchase price was determined based on the value of the associated underlying shares of the Company's common stock, which value of \$2.00 per share, represented the offering price of the Company's Common Stock used in its most recently completed equity transactions prior to the date of the acquisitions in accordance with the following FASB ASC 820-10-35-5, *Principal Market or Most Advantageous Market* guidance.

The following table summarizes the acquisition with a total purchase price of \$1,000,000:

Current assets	\$	—
Domains		18,500
Web Software		501,343
Goodwill		486,403
Total assets acquired		1,006,246
Accrued liabilities assumed		(6,246)
Total purchase price		<u>\$1,000,000</u>

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September 30, 2011

NOTE 4 OTHER CURRENT ASSETS

During November 2010, the Company entered into a marketing services agreement with a third-party firm (the "Marketing Agreement") pursuant to the terms of which, the Company would receive marketing services for a term of two years. Pursuant to the terms of the Marketing Agreement, consideration consisted of a cash payment of \$115,000 and 250,000 Common Stock purchase warrants with a four year contractual term and with each warrant entitling the holder thereof to purchase one share of common stock at a price of \$4.00, which price of \$4.00 represented price of the underlying stock on the date of the agreement as quoted on the OTC Markets, and which cash payment portion will be amortized on a straight-line basis over the term of the Marketing Agreement. As of September 30, 2011, the Company has an outstanding balance of \$42,000 which balance is due October 2011.

Consulting Agreement and Employment Agreement

During November 2010, the Company entered into a three-year Consulting Agreement with Douglas Francis, our President, pursuant to the terms of which the Company would receive merger and acquisition consulting services for a term of three years. The Company valued the agreement at \$1,850,000 which consisted of a cash payment of \$50,000 and a consulting fee of One Million Eight Hundred Thousand Dollars (\$1,800,000) payable, one-half on June 30, 2012 (per an Amendment to the agreement) and the other half on January 10, 2013. Subsequent to the Consulting Agreement being executed, it was contemplated that the Company would consummate an employment agreement with Mr. Francis, pursuant to the terms of which the services received and consideration given pursuant to the Consulting Agreement would be included in the employment agreement such that the employment agreement would supersede the Consulting Agreement.

On August 1, 2011, we entered into an at-will Employment Agreement with Douglas Francis, our President and a member of our Board of Directors. Mr. Francis' employment is effective as of April 1, 2011. Under the terms of the agreement, his compensation is thirty thousand dollars (\$30,000) per month. In the event of termination of the agreement for a reason other than for cause, Mr. Francis will be entitled to severance equal to eighteen (18) months of compensation. See also Termination of a Material Definitive Agreement, below.

On August 1, 2011, we entered into a Termination of Consulting Agreement with Douglas Francis, our President and a member of our Board of Directors, which terminated, effective as of April 1, 2011, his Consulting Agreement with us dated as of November 19, 2010, with no further amounts due under the Consulting Agreement.

Credit Card Processing

During the normal course of business, the Company processes customer payments using a third-party merchant credit card processing system, which payments normally take one to three days to "clear." At September 30, 2011, the Company had \$156,085 in merchant processing which will clear in one to three days.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost and depreciated using the straight-line method over the useful lives of the assets, generally from three to seven years. Property and equipment at September 30, 2011 and December 31, 2010 consist of the following:

	September 30,	December 31,
	2011	2010
Furniture and Computer Equipment	544,537	72,588
Less: Accumulated Depreciation	(114,348)	(70,386)
Property and Equipment, net	<u>\$ 430,189</u>	<u>\$ 2,202</u>

For the nine months ended September 30, 2011 and 2010, depreciation expense totaled \$43,962 and zero, respectively.

GENERAL CANNABIS, INC.
Notes to Consolidated Financial Statements
September 30, 2011

NOTE 6 INTANGIBLE ASSETS

Intangible assets consist of a suite of websites and internet properties consisting of over 250 domain names, a capitalized management contract and customer list, trademarks and goodwill associated with recent acquisitions.

The 250 domains acquired will be used to cross reference and to drive web traffic to our main portals. The vast majority of the domain names were valued \$100; weedporn.com, weedvote.com, weedfreebies.com, weedphotos.com, cannabisclubs.com, medicalmarijuanadispensaries.com and medicalmarijuanaclinic.com were valued between \$500 and \$2,500; legalmarijuanadispensary.com was valued at \$50,000; and weedmaps.com was valued at \$200,000.

The Company's websites and domain names have been determined to have an indefinite useful life based primarily on the renewability of the domain name. Intangible assets with an indefinite life are not subject to amortization, but will be subject to periodic evaluation for impairment.

Intangible assets and accumulated amortization at September 30, 2011 and December 31, 2010 are comprised of the following:

	September 30, 2011	December 31, 2010
Contracts & Customer lists	\$ 21,984,576	\$ 21,984,576
Internet Properties & Domain Names	10,112,943	9,444,582
Trademarks	29,322	29,322
Goodwill	28,198,748	27,712,345
Subtotal	\$ 60,325,589	\$ 59,170,825
Accumulated Amortization	(1,103,158)	—
Total intangible Assets	\$ 59,222,431	\$ 59,170,825

NOTE 7 OTHER ASSETS

Capitalized product software development costs

The Company accounts for the costs of software within its software products in accordance with ASC 985-20 "Costs of Software to be Sold, Leased or Marketed", pursuant to which certain software costs incurred subsequent to the establishment of technological feasibility and subsequent to all research and development activities for any other components of the product or process have been completed are capitalized and amortized over the estimated useful lives of the related software products.

Pursuant to 985-20-25-5 allocated amounts of indirect costs, such as overhead related to programmers and the facilities they occupy are capitalized.

The Company determines technological feasibility pursuant to 985-20-25-2 whereby feasibility is established upon the completion of a working model of the software product and which completeness of the working model have been confirmed by testing.

Upon the general release of the product to customers, development costs for that product are amortized over the expected useful life of the product. The estimated useful life of costs capitalized is evaluated for each specific product and is amortized over three to five years. Amortization is computed on a straight-line basis, which should approximate a per unit method over the total estimated units projected for sale.

GENERAL CANNABIS, INC.
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Pursuant to 985-20-45-1 the amortization expense of capitalized product software costs is charged to cost of sales because it relates to a software product that is marketed to others.

Capitalized product software is included in Other Assets pursuant to 985-20-45-2 whereby capitalized software costs having a life of more than one year are presented as an Other Asset because the costs are an amortizable intangible asset.

The Company began capitalizing software costs in January 2011. As of September 30, 2011 capitalized product software was \$458,259.

Deposits and Prepaid expenses

The balance of other assets includes \$60,000 in deposits and \$56,000 in prepaid expenses.

NOTE 8 ACCOUNTS PAYABLE

Accounts payable at September 30, 2011 included amounts owed to certain vendors related to the ongoing normal course of the Company's operations.

NOTE 9 ACCRUED LIABILITIES

Accrued liabilities at September 30, 2011 and December 31, 2010 are comprised of the following:

	September 30, 2011	December 31, 2010
Obligations on consulting agreements	\$ —	\$ 900,000
Obligations on marketing agreements	—	72,500
Income taxes payable	591,000	62,000
Other	258,844	37,093
Total accrued liabilities	\$ 849,844	\$ 1,071,593

NOTE 10 NOTE PAYABLE

During November 2008, the Company issued a note payable in the amount of \$60,000, which note was unsecured and payable on demand. At September 30, 2011, no principal reduction had taken place and the balance on the note was \$60,000, which included \$5,000 in accrued interest. During the year ended 2008, the Company issued a note payable in the amount of \$90,000, which note was unsecured and had a maturity date of December 31, 2011. At September 30, 2011, the note payable had an outstanding balance of \$10,000 including accrued interest.

At December 31, 2009 the Company had a note payable in the amount of \$50,000. This note was payable on demand and was unsecured. At September 30, 2011, no principal reduction had taken place and the balance on the note was \$50,000.

NOTE 11 NOTE PAYABLE – RELATED PARTY

During November 2010 we acquired 100% of the membership interests of WeedMaps, LLC, a Nevada limited liability Company, pursuant to which we issued Secured Promissory Notes with the aggregate principal amount of \$3,600,000, in the form of four \$900,000 principal amount 0.35% Secured Promissory Notes, two issued to each of the Sellers, half of which principal matures on June 30, 2012, and half of which principal matures on January 10, 2013.

NOTE 12 OTHER LONG TERM ACCRUED LIABILITIES

See Note 4 Other Current Assets for information on the Consulting Agreement entered into between the Company and Douglas Francis, our President.

GENERAL CANNABIS, INC.
Notes to Consolidated Financial Statements
September 30, 2011

NOTE 13 INCOME PER COMMON SHARE

Income per common share is based on the weighted average number of common shares outstanding. The Company complies with *Earnings Per Share*, which requires dual presentation of basic and diluted earnings per share on the face of the statements of operations. Basic per share earnings or loss excludes dilution and is computed by dividing income (loss) available to common stockholders by the weighted-average common shares outstanding for the period. Diluted per share earnings or loss reflect the potential dilution that could occur if convertible preferred stock or debentures, options and warrants were to be exercised or converted or otherwise result in the issuance of common stock that is then shared in the earnings of the entity.

As of September 30, 2011, there were outstanding 250,000 common stock purchase warrants that were not included in the computation of diluted EPS because to do so would have been antidilutive for the period presented. See *Note 4 Other Current Assets* for information on the warrants.

NOTE 14 INCOME TAXES

The Company is currently conducting an analysis of whether our federal and state net operating loss carryforwards (“NOLs”) are subject to a limitation on utilization due to certain ownership change provisions of Section 382 of the Internal Revenue Code (“Section 382”) and similar state provisions. Section 382 imposes a limitation on the amount of income that a corporation may offset with net operating losses and certain other tax attributes following an ownership change.

A portion of our valuation allowance for deferred tax assets of \$250,000 related to federal net operating losses expected to be available for 2011 was restored for the quarter ended September 30, 2011, based on our expected utilization of our NOL’s. The Company has maintained a 100% valuation allowance for the remaining deferred tax asset related to these NOL’s until such time that we have completed our study of the effect of Section 382 on the utilization of these NOLs, although we expects to utilize at least a portion of these NOL’s.

During the nine months ended September 30, 2011 our operating income was \$1.1 million and our net income was \$0.6 million. As such, the Company estimated its income tax liability of \$591,000 as of September 30, 2011, consisting of \$387,000 of federal and \$204,000 of state liabilities, respectively based upon a federal tax rate of 34% and expected state rate of 8.84%. For the year ended December 31, 2010, we had previously recognized an income tax liability of \$62,000. As a result of our estimated income tax liability, we recognized \$529,000 in income tax expense for the nine months ended September 30, 2011.

NOTE 15 RELATED PARTY TRANSACTIONS

All material intercompany transactions have been eliminated upon consolidation of our entities. During the nine months ended September 30, 2011, cash transfers, equity and accounts between the Company and its subsidiaries have been eliminated upon consolidation.

NOTE 16 COMMITMENT AND CONTINGENCIES

On January 27, 2011, the Company entered into a commercial lease agreement for approximately 20,332 square feet of office space in Newport Beach, California. The lease expires on January 31, 2014 and requires monthly payments of \$39,647. The Company is confident that this commercial space will provide adequate space to meet our needs and provide for future growth.

Set forth below is a summary of our current obligations as of September 30, 2011 comprised exclusively of a rental lease obligation to make future payments due by the period indicated below:

GENERAL CANNABIS, INC.
Notes to Consolidated Financial Statements
September 30, 2011

Operating lease payments	Minimum Payments	Monthly Base Rent
October 1, 2011 to December 31, 2011	\$ 118,941	\$ 39,647
FYE 2012	495,288	41,274
FYE 2013	514,812	42,901
FYE 2014	42,901	42,901

NOTE 17 EQUITY TRANSACTIONS

On January 11, 2010, we entered into a Reorganization and Asset Acquisition Agreement pursuant to which we acquired substantially all the assets of Revyv, LLC. As consideration for the purchase, we issued an aggregate of Five Hundred Thousand (500,000) shares of our common stock to Revyv. 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.

NOTE 18 WARRANTS

As of September 30, 2011, there were outstanding 250,000 common stock purchase warrants. *See Note 4 Other Current Assets* for information on the warrants.

The following table summarizes information about common stock warrants outstanding at September 30, 2011.

Outstanding			Exercisable		
Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$ 4.00	250,000	3.12	\$ 4.00	250,000	\$ 4.00
\$ 4.00	250,000	3.12	\$ 4.00	250,000	\$ 4.00

NOTE 19 SUBSEQUENT EVENTS

The Company evaluated its September 30, 2011 financial statements for subsequent events through November 1, 2011, the date the financial statements were available to be issued.

GrowShops.com

On October 19, 2011, General Cannabis launched a new international grow shop directory website GrowShops.com. GrowShops.com is designed to be an international grow shop and hydroponic store finder site, similar to General Cannabis' successful US-based website WeedMaps.com. GrowShops.com is currently accessible in the United States, Canada, Australia, and select European countries and regions such as Germany, the Netherlands, Czech Republic and Spain and is available in six different languages.

Employment Agreements

On August 1, 2011, we entered into an at-will Employment Agreement with James Pakulis, our Chief Executive Officer and Chairman of our Board of Directors. Mr. Pakulis' employment is effective as of August 1, 2011. Under the terms of the agreement, his compensation is thirty thousand dollars (\$30,000) per month. In the event of termination of the

GENERAL CANNABIS, INC.
Notes to Consolidated Financial Statements
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agreement for a reason other than for cause, Mr. Pakulis will be entitled to severance equal to eighteen (18) months of compensation.

On August 1, 2011, we entered into an at-will Employment Agreement with Douglas Francis, our President and a member of our Board of Directors. Mr. Francis' employment is effective as of April 1, 2011. Under the terms of the agreement, his compensation is thirty thousand dollars (\$30,000) per month. In the event of termination of the agreement for a reason other than for cause, Mr. Francis will be entitled to severance equal to eighteen (18) months of compensation. See also Termination of a Material Definitive Agreement, below.

Termination of Consulting Agreement

On August 1, 2011, we entered into a Termination of Consulting Agreement with Douglas Francis, our President and a member of our Board of Directors, which terminated, effective as of April 1, 2011, his Consulting Agreement with us dated as of November 19, 2010, with no further amounts due under the Consulting Agreement.

General Merchant Solutions, Inc.

Prior to August 1, 2011, General Merchant Solutions supplied dispensaries with credit card processing services, however, due to market conditions (specifically lack of reliable financing) we felt it to be in our best interests to discontinue providing merchant services to dispensaries. The remaining credit card processing business proved to be only nominally profitable, and on October 15, 2011, General Merchant Solutions discontinued all retail credit card processing operations. The entity is held as an entity in good standing with no operations.

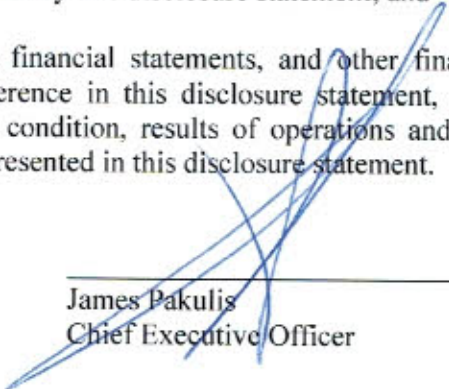
Exhibit C-1

GENERAL CANNABIS, INC.
CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, James Pakulis, certify that:

1. I have reviewed this Quarterly Report of General Cannabis, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

November 3, 2011



James Pakulis
Chief Executive Officer

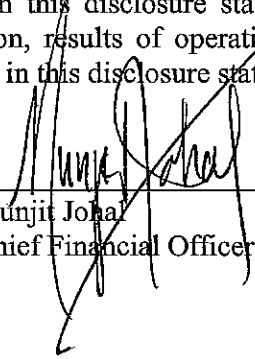
Exhibit C-2

GENERAL CANNABIS, INC.
CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Munjit Johal, certify that:

1. I have reviewed this Quarterly Report of General Cannabis, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

November 3, 2011



Munjit Johal
Chief Financial Officer

Exhibit 10.24

**First Amendment to Agreement and Plan of Reorganization and Merger
dated November 19, 2010**

**FIRST AMENDMENT TO
AGREEMENT AND PLAN OF REORGANIZATION AND MERGER**

This FIRST AMENDMENT TO AGREEMENT AND PLAN OF REORGANIZATION AND MERGER (this “**Amendment**”) is entered into effective as of November 19, 2010, by and among Justin Hartfield, an individual (“**Hartfield**”), and Keith Hoerling, an individual (“**Hoerling**” and, together with Hartfield, each a “**WeedMaps Member**” and collectively the “**WeedMaps Members**”), on the one hand, and General Cannabis, Inc., Nevada corporation (formerly known as LC Luxuries Limited, a Nevada corporation) (“**General Cannabis**”), and WeedMaps Media, Inc., a Nevada corporation (formerly known as LC Merger Corp., a Nevada corporation) (“**WeedMaps Media**”) and a wholly owned subsidiary of General Cannabis, on the other hand. Each of the WeedMaps Members, General Cannabis, and WeedMaps Media shall be referred to herein as a “**Party**” and collectively as the “**Parties.**”

RECITALS

WHEREAS, the Parties, along with WeedMaps, LLC (which has since been merged into WeedMaps Media), are parties to that certain Agreement and Plan of Reorganization and Merger dated November 19, 2010 (the “**Original Agreement**”);

WHEREAS, as a result of clarifying discussions between the Parties, the Parties desire and believe it is in their best interests to amend and restate Section 1.2.1 of the Original Agreement as set forth herein, effective as of the date of the Original Agreement, November 19, 2010.

NOW, THEREFORE, for good and adequate consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

AGREEMENT

1. The introduction paragraph of Section 1.2, and the entirety of Section 1.2.1, of the Original Agreement is hereby amended and restated in its entirety as follows:

“1.2 Purchase Price. In exchange for the Weedmaps Membership Interests, LCLX shall pay (i) Three Million Six Hundred Thousand Dollars (\$3,600,000) in the form of promissory notes as set forth below, and (ii) Sixteen Million Four Hundred Thousand (16,400,000) shares of LCLX common stock, as set forth below (the “**Purchase Price**”), pro-rata to each of the Members in proportion to their shares of the Weedmaps Membership Interests, in the form and payable as follows:

1.2.1 Sixteen Million Four Hundred Thousand (16,400,000) shares of common stock of LCLX (the “**LCLX Shares**” or the “**Stock Consideration**”), to be issued in equal parts to the Members at the Closing so each Member will receive 8,200,000 shares. At the Closing, LCLX and each of the Members will

enter into a Lock-Up Agreement (the “**Lock-Up Agreement**”) whereby each Member will be entitled to sell twenty five percent (25%) of their portion of the Stock Consideration beginning on June 30, 2011, and the remainder on November 30, 2011;”

2. Other than as set forth herein, the terms and conditions of the Original Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the Parties have duly executed this Amendment on February 11, 2011.

“General Cannabis”

General Cannabis, Inc.,
a Nevada corporation

/s/ James Pakulis

By: James Pakulis
Its: Chief Executive Officer

“Weedmaps Media”

Weedmaps Media, Inc.,
a Nevada corporation

/s/ James Pakulis

By: James Pakulis
Its: President

“WeedMaps Members”

/s/ Justin Hartfield

By: Justin Hartfield, an individual

/s/ Keith Hoerling

By: Keith Hoerling, an individual

Exhibit 10.25

**Marketing Service Agreement with Crystal Research Associates, LLC
dated October 5, 2010**

Crystal Research a s s o c i a t e s

Letter of Agreement between Crystal Research Associates, LLC and LC Luxuries Ltd.

Date: October 5, 2010

Crystal Research Associates, LLC (CRA), whose primary office is located at 880 3rd Avenue, 6th Floor, New York, NY 10022, is being contracted to write an Executive Informational Overview[®] (EIO[®]) and accompanying quarterly updates, and to create a video interview to be available on investortube.net, by and for LC Luxuries Ltd., 3416 Via Lido, Suite F, Newport Beach, CA 92663.

CRA will compile the EIO[®] from previously announced, publicly disseminated information in full compliance with Regulation FD (Fair Disclosure) of the U.S. Securities and Exchange Commission (SEC). The EIO[®] shall be an extended report consisting of 30 to 60+ pages, without maximum, augmented with extensive market perspective written by CRA. Upon completing the EIO[®], CRA will submit the document to LC Luxuries Ltd. management for approval. The content of the EIO[®] will be the responsibility of LC Luxuries Ltd., and LC Luxuries Ltd. shall have the right at its sole discretion to edit such content. As well, CRA will create a video interview of LC Luxuries Ltd. to be available on investortube.net. Additionally, in the calendar year following publication of the initial extended EIO[®], CRA shall contact LC Luxuries Ltd. in order to write four (4) quarterly updates of approximately 8-16 pages each, such updates based upon LC Luxuries Ltd. news announcements, focus, and product development. In year two of this Agreement, CRA will update the base EIO[®] and, as well, contact LC Luxuries Ltd. in order to provide four (4) additional quarterly updates.

The final version of the EIO[®] will be delivered in Portable Document Format (via Adobe Acrobat PDF) file to LC Luxuries Ltd. Before release of a final PDF file for distribution, the Company will be required to acknowledge approval of the content of the EIO[®] by having the Chairman, President, or Chief Financial Officer initial, sign, and return by fax or mail to CRA a hard copy.

LC Luxuries Ltd. will choose the quantity of hard copies that will be printed by CRA (ranging from a minimum of 1,000 copies) and CRA will be the sole source of any such reproduction or printing of reports. CRA is contracted with a high-quality printer which standardizes our EIO[®]s. The standardization is critical to ensuring consistent quality of product by our firm. CRA will submit the printing estimate to the Company for approval prior to print. LC Luxuries Ltd. will be responsible for any charges related to printing and shipping. CRA reserves the right to post the approved LC Luxuries Ltd. EIO[®]s, quarterly updates, and video interview on its website, www.crystalra.com, and other distribution mediums at no additional cost to LC Luxuries Ltd.

The duration of this Agreement is two (2) years, inclusive. The cost for the first year, including the initial extended EIO[®] report (which is not to exceed two (2) revisions), the four quarterly (4) updates (which are not a condition precedent to payment of the full fee for the first year), and the video interview of LC Luxuries Ltd., is seventy two thousand five hundred U.S. dollars (US \$72,500) and two hundred fifty thousand (250,000) four year warrants/options of LC Luxuries Ltd. at the current stock price as of the date of this agreement. The first payment and warrant/option paperwork is due upon the signing of this Agreement and consists of a cash fee of forty two thousand five hundred U.S. dollars (US \$42,500). The remaining balance of thirty thousand U.S. dollars (US \$30,000) is to be paid within ten (10) calendar days of receiving the first draft of the initial extended EIO[®] report. In addition, payment for year two of this Agreement is forty two thousand U.S. dollars (US \$42,000) due on October 5, 2011. LC Luxuries Ltd. will be responsible for one roundtrip airfare and related expenses to visit its facilities and conduct due diligence at headquarters.

Please acknowledge your acceptance of these terms by signing and faxing Agreement to (609) 395-9339, and then mailing the original along with the initial payment to Crystal Research Associates, LLC (CRA) at 23 Scottsdale Court, Cranbury, NJ 08512.

LC Luxuries Ltd. - General Counsel
Name: Jim Pakulis
Title: CEO
Date: 11/19/10

Crystal Research Associates, LLC
23 Scottsdale Court, Cranbury, NJ 08512
P: (609) 306-2274 F: (609) 395-9339
www.crystalra.com