

Norman C. Keyt (4225)
Christopher M. Bistany (29623)
KEYTLaw, LLC
3001 E. Camelback Road, Suite 130
Phoenix, AZ 85016
Phone: 602.424.4158
Fax: 602.265.5964
nck@keytlaw.com
chris@keytlaw.com
Attorneys for Plaintiffs

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**IN THE SUPERIOR COURT OF THE STATE OF ARIZONA
IN AND FOR THE COUNTY OF MARICOPA**

HOLISTIC PATIENT WELLNESS GROUP,
LLC, an Arizona limited liability company,
EAST VALLEY PATIENT WELLNESS
GROUP, LLC, an Arizona limited liability
company, NATURAL REMEDY PATIENT
CENTER, LLC, an Arizona limited liability
company,

Plaintiffs,

vs.

DUKE RODRIGUEZ, an individual; CUMBRE
INVESTMENT LLC, an Arizona limited
liability company; ULTRA HEALTH, LLC, an
Arizona limited liability company; ZONED
PROPERTIES, INC., a Nevada Corporation;
JOHN DOES and JANE DOES I-X; RED
LIMITED LIABILITY COMPANIES I-X;
BLACK CORPORATIONS I-X; and WHITE
PARTNERSHIPS I-X

Defendants.

Case No.:

CVZ014 007302

**VERIFIED COMPLAINT AND APPLICATION
FOR TEMPORARY RESTRAINING ORDER
AND INJUNCTION**

(Breach of Fiduciary Duty; Breach of Contract;
Breach of Covenant of Good Faith and Fair
Dealing; Conversion; Constructive Fraud;
Fraud; Negligent Misrepresentation; Intentional
Interference with Business Expectancy;
Estoppel; Aiding and Abetting a Tort; Civil
Conspiracy; Unjust Enrichment; Specific
Performance; Request for Injunction)

(Jury Trial Demanded)

Plaintiffs, Holistic Patient Wellness Group, LLC (hereafter "HPWG"), East Valley
Patient Wellness Group, LLC ("EVPWG") and Natural Patient Remedy Center, LLC ("NPRC"),
through undersigned counsel, complain and alleges as follows:

Parties, Jurisdiction and Venue

1 1. Plaintiff, HPWG is an Arizona limited liability company licensed to transact
2 business and doing business in Maricopa County Arizona and Greenlee County, Arizona.

3 2. Plaintiff, EVPWG, is an Arizona limited liability company doing business in
4 Maricopa County, Arizona.

5 3. Plaintiff, NPRC, is an Arizona limited liability company licensed to transact
6 business and doing business in Graham County, Arizona.

7 4. Defendant Cumbre Investment, L.L.C. ("Cumbre") is an Arizona limited liability
8 company doing business in Maricopa County Arizona.

9 5. Defendant Ultra Health, LLC ("Ultra Health") is an Arizona limited liability
10 company doing business in Maricopa County Arizona.

11 6. Defendant Zoned Properties, Inc. ("Zoned") is a Nevada corporation, which
12 applied for authority to do business in Arizona with the Arizona Corporation Commission on
13 March, 6, 2014.

14 7. Defendant Duke Rodriguez (hereafter "Rodriguez" or "Defendant Rodriguez") is
15 a resident of Maricopa County, Arizona.

16 8. Upon information and belief Duke Rodriguez was an agent of Stone Path Real
17 Estate LLC, or represented himself to be an agent of Stone Path.

18 9. Upon information and belief, Defendant Duke Rodriguez is the sole member and
19 manager of Ultra Health, LLC and Cumbre Investment, L.L.C.

20 10. Upon information and belief, Cumbre Investment, L.L.C. is the alter ego of Duke
21 Rodriguez. Upon information and belief, Ultra Health, LLC is the alter ego of Duke Rodriguez.

22 11. Upon information and belief, Defendant Duke Rodriguez is an officer or
23 shareholder of Zoned Properties, Inc.

24 12. John Does and Jane Does I-X, Red Limited Liability Companies I-X, Black
25 Corporations I-X and White Partnerships I-X are entities who may be subject to this suit and
26 whose names are unknown to plaintiff at this time and are therefore fictitious names pursuant to
27 Rule 10(f) of the Arizona Rules of Civil Procedure. When the true identities of these entities
28 become known, Plaintiff will move to amend this complaint.

 13. Events complained of herein occurred in, or arose from, transactions and conduct
 occurring in whole or in part in Maricopa County, Arizona.

1 14. This Court has subject matter and personal jurisdiction over Defendants.

2 15. Venue is proper pursuant to A.R.S. § 12-401.

3 **General Allegations**

4 16. HPWG, EVPWG and NRPC are limited liability companies formed for the
5 purpose of dispensing and/or cultivating marijuana in accordance with Arizona state law,
6 regulations and rules.

7 17. HPWG, EVPWG and NRPC filed applications for medical Marijuana Dispensary
8 Registration Certificates with the Arizona Department of Health Services ("ADHS") to dispense
9 marijuana in Clifton, AZ, Gilbert, AZ and Safford, AZ, respectively. On August 9, 2012, ADHS
10 allocated HPWG, EVPWG and NRPC Medical Marijuana Dispensary Registration Certificates
11 for Community Health Analysis Areas #83, #77 and #84 respectively.

12 18. HPWG and NRPC were granted approval to operate a dispensary in Clifton, AZ
13 and Safford, AZ by ADHS after completing additional requirements beyond what was needed to
14 receive a Dispensary Registration Certificate. Among other things, HPWG's and NRPC's
15 dispensaries were required to pass inspection, and further, HPWG and NRPC were required to
16 designate Dispensary Agents.

17 19. In or around the month of February of 2013, Patti Haugland ("Haugland") and
18 Scott Armstrong ("Armstrong"), in their capacity as manager and agent of Stone Path Real
19 Estate LLC ("Stone Path"), respectively, contacted Kathy Sanchez ("Sanchez") and inquired into
20 acting as a realtor for EVPWG. Haugland and Armstrong requested Sanchez allow them (on
21 behalf of Stone Path) to locate a suitable property for EVPWG to operate a medical marijuana
22 dispensary in Gilbert, Arizona. Sanchez authorized Haugland and Armstrong to begin the search
23 for a medical marijuana dispensary location in Gilbert, Arizona for EVPWG. Haugland,
24 Armstrong and Stone Path became EVPWG's agent, and owed a fiduciary duty to EVPWG
25 during this search and any corresponding transactions as a result thereof.

26 20. Again, in or around the month of March of 2013, Scott Armstrong, on behalf of
27 Stone Path, contacted Kathy Sanchez and requested to meet with Sanchez and EVPWG in
28 regards to locating a suitable property for EVPWG to operate a medical marijuana dispensary in
Gilbert, Arizona. This time, Armstrong indicated he would also bring another realtor employed
by Stone Path, by the name of Duke Rodriguez (Defendant Rodriguez). Rodriguez was an
Arizona Real Estate Salesperson, who was to assist in locating a property for EVPWG to operate

1 a medical marijuana dispensary in Gilbert, Arizona. In or around March of 2013, Armstrong and
2 Rodriguez (on behalf of Stone Path) met with Sanchez. Rodriguez orally agreed with Sanchez
3 (in her role as member-manager of EVPWG) to act as a realtor for EVPWG for purposes of
4 leasing facility to operate a medical marijuana dispensary in Gilbert, Arizona.

5 21. Upon information and belief, Rodriguez never intended to locate a suitable
6 property for EVPWG to independently operate a medical marijuana dispensary in Gilbert,
7 Arizona. Rather, he intended to defraud EVPWG and Sanchez, by surreptitiously inserting
8 himself into EVPWG's business affairs.

9 22. Acting as agents for EVPWG, Rodriguez and Armstrong proposed a location for
10 EVPWG to operate a medical marijuana dispensary. The proposed located was 988 S. 182nd
11 Place, in Gilbert, Arizona.

12 23. EVPWG was to enter into a lease for the premises located at 988 S. 182nd Place,
13 in Gilbert, Arizona. However, Rodriguez, in breach of his fiduciary duty to EVPWG, told the
14 owner of 988 S. 182nd Place to name Cumbre Investment LLC as the lessee to the lease
15 agreement. Rodriguez told his principal, EVPWG, that the naming of Cumbre as lessee was
16 temporary, and that Cumbre needed to be the lessee in order for the deal to go through. This was
17 false.

18 24. Upon information and belief, Rodriguez's fraudulent conduct was
19 undertaken with the objective of taking control of the medical marijuana industry in Arizona.

20 25. Upon information and belief, while Rodriguez was locating a suitable property for
21 EVPWG to operate a medical marijuana dispensary in Gilbert, Arizona, he discovered that Kathy
22 Sanchez was also a manager and member of another entity, NRPC. Rodriguez discovered that
23 NRPC was in the process of obtaining a medical marijuana dispensary registration certification
24 to operate a dispensary at 1362 W. Thatcher Blvd., Safford, AZ 85546. With this information,
25 Rodriguez began to surreptitiously insert himself into NRPC's business affairs.

26 26. Rodriguez and his alter ego, Ultra Health, requested that NRPC allow Ultra
27 Health to serve as a property manager for NRPC's medical marijuana dispensary at 1362 W.
28 Thatcher Blvd. Relying on Rodriguez and Ultra Health to act in good faith, NRPC acquiesced.
Upon information and belief, Rodriguez and Ultra Health are not licensed property managers or
property management companies.

27 27. Rodriguez and Ultra Health insisted that they be responsible for transmitting

1 payment to the lender under the debt instrument(s) securing the loan on 1362 W. Thatcher Blvd.
2 Rodriguez and Ultra Health misled NRPC. Rodriguez intentionally failed to transmit three (3)
3 monthly finance payments; causing the debt instrument to go into default. Upon information and
4 belief, Rodriguez, through his role as an officer or shareholder of Zoned, caused Zoned to
5 purchase the debt instrument securing the loan on 1362 W. Thatcher Blvd. Rodriguez and Zoned
6 attempted to place the debt instrument in default, in order to foreclose on the corresponding deed
7 of trust. Upon information and belief, Rodriguez and Zoned's fraudulent conduct was
8 undertaken with the objective of taking control of the medical marijuana industry in Arizona.

9 28. NRPC discovered Rodriguez and Zoned's fraud and brought the loan back into
10 good standing.

11 29. Upon information and belief, while Rodriguez was locating a suitable property for
12 EVPWG to operate a medical marijuana dispensary in Gilbert, Arizona, he discovered that Kathy
13 Sanchez was also a manager and member of another entity, HPWG. Rodriguez, in his role as an
14 Arizona Real Estate Salesperson employed by Stone Path, also became an agent for HPWG. As
15 an agent, acting on behalf of HPWG; Rodriguez owed a fiduciary duty to HPWG.
16 In this role, Rodriguez assisted HPWG in negotiating a leasehold interest for a medical
17 marijuana dispensary in Clifton, Arizona at 400 Chase Creek Road ("400 Chase Creek
18 Property") and later at 234 Chase Creek Road ("234 Chase Creek Property"). The 400 Chase
19 Creek property and 234 Chase Creek property are both owned by TOC.

20 30. Beginning in March of 2013, Rodriguez surreptitiously inserted himself into
21 HPWG's business affairs. Among other things, Rodriguez set out to defraud HPWG by
22 controlling HPWG's leasehold interest in the facility where HPWG intended to operate a
23 medical marijuana dispensary.

24 31. Beginning in March of 2013, upon information and belief, Rodriguez (on behalf
25 of and as an agent of HPWG) began communicating with John Schempf ("Schempf"), the Town
26 Manager for the City of Clifton regarding HPWG entering into a lease with the City of Clifton
27 for 400 Chase Creek Road and later at 234 Chase Creek Road. Upon information and belief,
28 Rodriguez repeatedly misrepresented his affiliation to HPWG.

32. On March 14, 2013, at a Regular Town Council Meeting, the Town Council of
Clifton, AZ, through a motion and a second to the motion authorized the Mayor of Clifton to
execute a lease agreement of the 234 Chase Creek Property with HPWG. This is reflected in the

1 applicable Town Council Minutes.

2 33. Schempf actively participated in the Town Council meeting and referred members
3 of the council to the lease as drafted by the town's legal counsel. The lease Schempf referred to
4 named HPWG as the tenant and lessee to the lease. (See Exhibit A)

5 34. On March 20, 2013, HPWG (through Sanchez in her role as managing member)
6 and the Town of Clifton ("Clifton") began exchanging drafts of the lease agreement for the 234
7 Chase Creek Property, in furtherance of the objectives laid out in the March 14, 2013 Regular
8 Town Council Meeting. Schempf and Clifton knew it was HPWG who was the intended lessee.
(See Exhibit B)

9 35. HPWG's lease of the 234 Chase Creek Property from TOC was to begin April 1,
10 2013. (See Exhibit A)

11 36. Schempf and all others involved in the lease negotiations for the Chase Creek
12 Property understood HPWG's intended use of the premises was to cultivate, sell and dispense
13 medical marijuana.

14 37. Schempf's negotiations with HPWG were documented through email. (See
15 Exhibit C)

16 38. At the time of the negotiations mentioned in the paragraphs above, only HPWG
17 had obtained a conditional-use permit to operate a medical marijuana dispensary in Clifton, AZ,
18 and Schempf conveyed as much through email. (See Exhibit C)

19 39. To date HPWG was and is the only legal entity that was allocated a Medical
20 Marijuana Dispensary Certificate to dispense medical marijuana in Clifton, AZ.

21 40. After the Town Council approved the lease to HPWG, HPWG made a payment to
22 the Town of Clifton on April 2, 2013 as a security deposit and first month's rent for the Chase
23 Creek Property. (See Exhibit D)

24 41. After the Town of Clifton Town Council approved the lease to HPWG, on April
25 25, 2013, HPWG paid the Town of Clifton for a Building Permit regarding the construction and
26 build out of HPWG's medical marijuana dispensary. (See Exhibit E)

27 42. After the Town of Clifton Town Council approved the leasing of property owned
28 by the Town of Clifton to HPWG, on May 10, 2013, Schempf executed a document in his
official capacity, evidencing HPWG's compliance with Local Jurisdiction Zoning.

1 43. On the day the lease agreement for the 234 Chase Creek Property was supposed to
2 be executed (by HPWG and TOC) Defendant Rodriguez informed HPWG that he would take the
3 lease agreement (naming HPWG as lessee) over to representatives of the Town of Clifton (the
4 lessor) for execution. Upon information and belief, Rodriguez proceeded to alter the lease
5 agreement as it was tendered to him by HPWG. Rodriguez changed the name of the lessee
6 designated on the lease agreement (a written instrument under Arizona Law) to his own legal
7 entity (and his alter ego) Cumbre Investment LLC. Rodriguez's actions and conduct constituted
8 criminal document forgery. (See Exhibit F; Cumbre Lease and HPWG Lease, Exhibit A)

9 44. Rodriguez purported to act as HPWG's realtor and is believed to have
10 misappropriated and/or converted HPWG's leasehold interest in the 234 Chase Creek Property
11 through criminal document altering and forgery.

12 45. Despite the existence of the forged lease, HPWG took possession of the 234
13 Chase Creek Property and operated a medical marijuana dispensary within the building located
14 on the Chase Creek Property (at all times complying with Arizona state laws, rules and
15 regulations).

16 46. On April 17, 2014, HPWG was locked out of the 234 Chase Creek Property by
17 Rodriguez and an entity claiming to have entered into a lease for the same premises (the entity
18 being Cumbre Investments, LLC, the alter ego of an individual named Duke Rodriguez).

19 47. When Defendant Rodriguez and Cumbre locked out HPWG and took possession of
20 400 Chase Creek Road, they, or their agents and designees, disabled the video security system in the
21 possession and control of HPWG. Defendant Rodriguez and Cumbre illegally tampered with and
22 hacked the system and redirected the video feed to their own use. As a licensed dispenser of medical
23 marijuana, Plaintiff is required by A.R.S. § 36-2806 and A.C.C § R9-17-318.G, to provide
24 constant video surveillance of the growing area. Defendants changed the video feed without the
25 permission of the Plaintiff. Defendants took possession of HPWG's medical marijuana, intended
26 for patients. Defendants' actions are a felony in the highly regulated medical marijuana industry.

27 48. Defendants actions subjected Plaintiff to revocation of their license to grow medical
28 marijuana.

 49. Despite assurances to the contrary, Rodriguez and Cumbre are not licensed non-
profit medical marijuana dispensaries or licensed non-profit medical marijuana dispensary

1 agents. Therefore, Rodriguez's and Cumbre's possession of the 234 Chase Creek Property and
2 the contents therein, is illegal.

3 50. Defendant Rodriguez's entry into the 234 Chase Creek Property, without an
4 authorized agent of HPWG, who is in fact an authorized medical marijuana dispensary agent by
5 the State of Arizona, puts the HPWG's license to dispense medical marijuana at risk.

6 51. HPWG's license to dispense and/or grow medical marijuana can be revoked by
7 the State of Arizona for the illegal entry into the grow facility by defendants. A.C.C. § R9-17-
8 322.

9 52. HPWG's license to dispense and/or grow medical marijuana is revoked, the State
10 may use that fact as the basis for denying any future application or license to grow medical
11 marijuana under A.C.C. § R9-17-322.

12 COUNT ONE

13 (Breach of Fiduciary Duty/Duty of Loyalty)

14 (Rodriguez)

15 53. Plaintiff incorporates each paragraph above into this claim.

16 54. Duke Rodriguez was a Real Estate Salesperson, licensed by the Arizona
17 Department of Real Estate. Upon information and belief, Rodriguez was hired on as a Real
18 Estate Salesperson by Stone Path, an Arizona Real Estate Broker on January 25, 2013. Stone
19 Path became Rodriguez's designated broker January 25, 2013.

20 55. Beginning in March of 2013, Rodriguez acted as EVPWG's Real Estate
21 Salesperson to locate a suitable property for EVPWG to operate a medical marijuana dispensary
22 in Gilbert, Arizona.

23 56. A Real Estate Salesperson owes a special duty to a client, which is called a
24 fiduciary duty or duty of loyalty. Further, as an agent of its principal, a real estate salesperson
25 stands in a position of trust, which also creates a fiduciary duty.

26 57. This duty requires the Real Estate Salesperson to deal in the utmost good faith on
27 behalf of the client and fully disclose all material facts that may affect the client adversely.

28 58. Defendant Rodriguez breached this duty by among other things: misappropriating
leasehold interests from EVPWG, disclosing confidential information to third parties,
intentionally misleading EVPWG, lying to EVPWG, defrauding EVPWG and failing to make
full disclosure to EVPWG.

1 59. Beginning in March of 2013, Rodriguez acted as HPWG's Real Estate Salesperson
2 to locate a suitable property for HPWG to operate a medical marijuana dispensary.

3 60. Defendant Rodriguez owed a special duty to HPWG.

4 61. Defendant Rodriguez breached this duty to HPWG by among other things,
5 forging documents without the knowledge of HPWG, disclosing confidential information to third
6 parties, misappropriating leasehold interests from HPWG, intentionally misleading HPWG, lying
7 to HPWG, defrauding HPWG and failing to make full disclosure to HPWG.

8 62. Upon information and belief, as of the date of this pleading, Defendant
9 Rodriguez's Arizona Real Estate Salesperson license is inactive and/or suspended. He is no
10 longer affiliated with Stone Path.

11 63. Defendant Rodriguez's breach caused Plaintiffs to be damaged in an amount to be
12 proven at trial, but not less than \$150,000.

13 **COUNT TWO**

14 **(Breach of Contract)**

15 **(Rodriguez)**

16 64. Plaintiff incorporates each paragraph above into this claim.

17 65. Defendant Rodriguez entered into an oral agreement with EVPWG when he acted
18 as a Real Estate Salesperson for EVPWG.

19 66. Defendant Rodriguez entered into an oral agreement with HPWG when he acted
20 as a Real Estate Salesperson for HPWG.

21 67. Defendant Rodriguez breached his oral agreement with EVPWG, in his role as a
22 licensed Real Estate Salesperson by misappropriating leasehold interests from EVPWG,
23 intentionally misleading EVPWG, lying to EVPWG, defrauding EVPWG and failing to make
24 full disclosure to EVPWG.

25 68. Defendant Rodriguez breached his oral agreement with HPWG by forging
26 documents without the knowledge of HPWG, disclosing confidential information to third parties,
27 misappropriating leasehold interests from HPWG intentionally misleading HPWG, lying to
28 HPWG, defrauding HPWG and failing to make full disclosure to HPWG.

 69. Due to Defendant Rodriguez's breaches, Plaintiffs were damaged in an amount to
be proven at trial but not less than \$150,000.00.

 70. Pursuant to A.R.S. § 12-342.01, Plaintiffs are entitled to recover reasonable

1 attorneys' fees arising from this litigation, as well as costs incurred herein.

2 WHEREFORE, Plaintiffs pray for judgment against Defendants Rodriguez and Cumbre
3 as follows:

- 4 (a) For the reasonable value of compensatory damages,
5 (b) For costs and attorneys' fees Pursuant to A.R.S. § 12-342.01,
6 (c) For such other relief as the Court deems just.

7 **COUNT THREE**

8 **(Negligent Misrepresentation)**

9 **(Rodriguez, Ultra Health)**

10 71. Plaintiff incorporates each paragraph above into this claim.

11 72. Defendant Rodriguez and Ultra Health either provided EVPWG, NRPC or
12 HPWG or EVPWG's, NRPC's or HPWG's agents with false or incorrect information, or omitted
13 or failed to disclose material information.

14 73. Defendant Rodriguez and Ultra Health intended EVPWG, NRPC or HPWG or
15 EVPWG's, NRPC's or HPWG's agents to rely on the false or incorrect information provided and
16 Defendant Rodriguez provided it for that purpose.

17 74. Defendant Rodriguez and Ultra Health failed to exercise reasonable care or
18 competence in obtaining or communicating false or incorrect information.

19 75. EVPWG, NRPC or HPWG or EVPWG's, NRPC's or HPWG's agents justifiably
20 relied on Defendant Rodriguez/s false or incorrect information.

21 76. As a result of Defendant Rodriguez's false or incorrect information, HPWG,
22 NRPC and EVPWG were damaged in an amount to be proven at trial but at least \$150,000.00.

23 **COUNT FOUR**

24 **(Breach of Covenant of Good Faith and Fair Dealing)**

25 **(Rodriguez)**

26 77. Plaintiff incorporates each paragraph above into this claim.

27 78. A contract existed between Plaintiffs HPWG and EVPWG and Defendant
28 Rodriguez.

79. Pursuant to those contracts, Plaintiffs HPWG and EVPWG expected Defendant
Rodriguez would comply with his fiduciary duties, perform his professional obligations without

1 impairing the businesses of HPWG and EVPWG, and not convert HPWG's and EVPWG's
2 property, opportunities, interests and expectancies for his personal use.

3 80. Defendant Rodriguez denied HPWG and EVPWG these expected benefits of the
4 contract by his misappropriation of HPWG's and EVPWG's property, opportunities, interests
5 and expectancies.

6 81. Defendant Rodriguez's breach of the covenant of good faith and fair dealing
7 damaged Plaintiffs in an amount to be proven at trial, but at least \$150,000.00

8 **COUNT FIVE**

9 **(Conversion)**

10 **(Rodriguez, Cumbre Investment LLC)**

11 82. Plaintiff incorporates each paragraph above into this claim.

12 83. HPWG had a right to possess the 234 Chase Creek Property and contents therein
13 that was misappropriated by Defendant Rodriguez and Cumbre. HPWG had a right to possess
14 the Medical Marijuana within the 234 Chase Creek Property that was misappropriated by
15 Defendant Rodriguez and Cumbre.

16 84. Defendant Rodriguez intentionally exercised dominion and control over Plaintiff
17 HPWG's property.

18 85. HPWG was deprived possession or use of the property misappropriated by
19 Defendant Rodriguez.

20 86. Defendant Rodriguez's misappropriation damaged HPWG in an amount to be
21 proven at trial, but at least \$50,000.00

22 **COUNT SIX**

23 **(Fraud)**

24 **(Rodriguez)**

25 87. Plaintiff incorporates each paragraph above into this claim.

26 88. Defendant Rodriguez made repeated false representations regarding his conduct
27 in acquiring locations for Plaintiffs HPWG and EVPWG to operate medical marijuana
28 dispensaries in Clifton, Arizona and Gilbert, Arizona.

89. Defendant Rodriguez misrepresented that it was necessary for EVPWG to allow
Rodriguez to name Cumbre as the lessee and/or tenant on the lease for 988 S. 182nd Place.
Defendant Rodriguez misrepresented that he was would take HPWG's lease agreement to the

1 Mayor of the Town of Clifton for his execution of the lease. Instead Rodriguez falsely altered
2 the lease agreement (written instrument) or falsely completed the lease agreement or falsely
3 made a forged lease prior to presenting it to the Mayor of Clifton.

4 90. Defendant Rodriguez's representations were material because they were
5 sufficiently important to influence a reasonable person's action.

6 91. Defendant Rodriguez knew his representations were false.

7 92. Defendant Rodriguez intended that Plaintiffs or Plaintiffs' agents would act upon
8 the representation in the manner reasonably contemplated by Defendant Rodriguez.

9 93. Plaintiffs or Plaintiffs' agents were not aware of the false representations or aware
10 of their falsity.

11 94. Plaintiffs or Plaintiffs' agents relied on the truth of Defendant Rodriguez's
12 representations and their reliance was justified under the circumstances.

13 95. As a result of Defendant Rodriguez's material misrepresentations, Plaintiffs were
14 damaged in an amount to be proven at trial, but at least \$150,000.00

15 COUNT SEVEN

16 (Constructive Fraud)

17 (Rodriguez)

18 96. Plaintiff incorporates each paragraph above into this claim.

19 97. Defendant Rodriguez had fiduciary duty to Plaintiffs HPWG and EVPWG.

20 99. Defendant Rodriguez represented that he was obtaining leasehold interests in real
21 property for Plaintiffs HPWG and EVPWG. Plaintiffs HPWG and EVPWG relied on Defendant
22 Rodriguez's representations and relied on his trustworthiness.

23 99. Defendant Rodriguez's conduct deceived Plaintiffs HPWG and EVPWG.
24 Defendant Rodriguez failed to make a full and truthful disclosure of all facts to Plaintiffs HPWG
25 and EVPWG. Defendant Rodriguez misrepresented and concealed facts from Plaintiffs HPWG
26 and EVPWG.

27 100. Defendant Rodriguez's conduct constitutes constructive fraud.

28 101. Defendant Rodriguez's fraud has damaged Plaintiffs in an amount to be proven at
trial, but not less than \$150,000.00

102. The willful and intentional fraud, as set forth in this complaint is of such an
aggravated or outrageous nature to indicate motive by an evil mind, coupled with an evil hand.

1 103. Plaintiffs HPWG and EVPWG are entitled to an award of exemplary damages
2 based on the inappropriate and willfully fraudulent conduct of Defendant Rodriguez.

3 **COUNT EIGHT**

4 **(Intentional Interference with Contractual Relationship)**

5 **(Rodriguez and Cumbre)**

6 104. Plaintiff HPWG and EVPWG incorporate each paragraph above into this claim.

7 105. A contract existed between HPWG and the Town of Clifton.

8 106. A contract existed between EVPWG and the owner of 988 S. 182nd Place, in
Gilbert, Arizona.

9 107. Defendant Rodriguez and Cumbre knew that contracts existed between HPWG
10 and the Town of Clifton, as well as, between EVPWG and the owner of 988 S. 182nd Place.

11 108. Defendant Rodriguez and Cumbre intentionally interfered with the contracts
12 between HPWG and the Town of Clifton and EVPWG and the owner of 988 S. 182nd Place, and
13 causing HPWG and EVPWG to breach the contracts.

14 109. Defendant Rodriguez and Cumbre acted improperly.

15 110. As a result of Defendant Rodriguez's and Cumbre's conduct, EVPWG and
HPWG were damaged, in an amount to proven at trial, but at least \$150,000.00.

16 **COUNT NINE**

17 **(Aiding and Abetting Tortious Conduct)**

18 **(Ultra Health, Cumbre and Zoned)**

19 111. Plaintiff incorporates each paragraph above into this claim.

20 112. Defendant Rodriguez is the primary tortfeasor whose conduct Ultra Health,
21 Cumbre and Zoned aided and abetted.

22 113. Defendants Ultra Health, Cumbre and Zoned knew that Defendant Rodriguez's
23 conduct constituted fraud and a breach of a duty. Defendants Ultra Health and Zoned knew that
24 Defendant Rodriguez's conduct was a tort.

25 114. Defendant Cumbre substantially assisted and encouraged Defendant Rodriguez in
26 forging documents without the knowledge of HPWG, disclosing confidential information to third
parties, and misappropriating leasehold interests from HPWG.

27 115. Defendants Ultra Health, Cumbre and Zoned substantially assisted and
28 encouraged Defendant Rodriguez in intentionally misleading HPWG, lying to HPWG,

1 defrauding HPWG and failing to make full disclosure to HPWG. Defendants Ultra Health,
2 Cumbre and Zoned substantially assisted Rodriguez in pursuit of a fraudulent scheme.

3 116. Defendants Ultra Health, Cumbre and Zoned's conduct has damaged Plaintiffs in
4 an amount to be proven at trial, but not less than \$150,000.00

5 **COUNT TEN**

6 **(Civil Conspiracy)**

7 **(Rodriguez, Ultra Health and Cumbre)**

8 117. Plaintiff incorporates each paragraph above into this claim.

9 118. Upon information and belief, Defendant Rodriguez, Ultra Health, and Cumbre
10 had an agreement to defraud HPWG, EVPWG and NRPC. The agreement was to surreptitiously
11 convert HPWG's, NRPC's and EVPWG's interest in Arizona Medical Marijuana dispensaries.
12 Among other things, Cumbre and Rodriguez agreed to forge the named lessee to the lease
13 agreement between HPWG and the City of Clifton. The agreement required Defendant
14 Rodriguez and/or Cumbre to forge documents related to the lease agreement between HPWG
15 and the City of Clifton. This is an unlawful purpose and in violation of Arizona Criminal
16 Statutes.

17 119. Defendant Rodriguez and Ultra agreed to defraud NRPC by failing to transmit the
18 monthly payment owed under the debt instrument securing the loan on 1362 W. Thatcher Blvd
19 as they indicated and promised they would.

20 120. Defendant Rodriguez and Cumbre agreed to accomplish an unlawful purpose or
21 to accomplish a lawful object by unlawful means. Defendant Rodriguez and Ultra Health agreed
22 to accomplish an unlawful purpose or to accomplish a lawful object by unlawful means.

23 121. Defendant Rodriguez, Ultra Health and Cumbre accomplished among other torts,
24 conversion, fraud, constructive fraud, negligent misrepresentation, which Defendant Rodriguez,
25 Cumbre and Ultra Health agreed to commit.

26 122. Defendant Rodriguez's, Ultra Health's and Cumbre's accomplished tortious
27 conduct damaged HPWG and NRPC in an amount to be proven at trial, but at least \$150,000.00

28 123. HPWG suffered actual damages as a result of Defendant Rodriguez, Ultra Health
and Cumbre's conduct, in an amount to be proven at trial, but not less than \$50,000.00.

COUNT ELEVEN

(Unjust Enrichment)

(Rodriguez, Cumbre Investment LLC)

124. Plaintiffs incorporate each paragraph above into this claim.

125. Plaintiffs allege this claim as an alternative in the event they are without a remedy at law

126. Defendant Rodriguez and Cumbre were enriched by misappropriating the leasehold interests for the Chase Creek Property and Gilbert Property. Defendant Rodriguez and Cumbre were enriched by misappropriating the marijuana within the Chase Creek Property.

127. Defendant Rodriguez and Cumbre converted the leasehold interests and marijuana to their own use.

128. Plaintiffs allege this claim as an alternative in the event they are without a remedy at law.

129. Defendant Rodriguez and Cumbre were enriched in an amount of at least \$150,000.

COUNT TWLEVE

(Estoppel)

(Rodriguez)

130. Plaintiffs incorporate each paragraph above into this claim.

131. Rodriguez intentionally induced HPWG to believe and have confidence that he was brokering a lease agreement between HPWG and TOC, in which HPWG would be the named lessee. This was a material fact.

132. Rodriguez intentionally induced EVPWG to believe and have confidence that he was brokering a lease agreement between EVPWG and the owner of real property located at 988 S. 182nd Place, in Gilbert, Arizona. This was a material fact.

133. Rodriguez induced HPWG and EVPWG to rely on him, upon the apparent state of the material facts. HPWG and EVPWG justifiably relied on Rodriguez.

134. HPWG and EVPWG were injured and damaged as a result of the reliance caused by Rodriguez, in an amount to be proven at trial but not less than \$150,000.00.

COUNT THIRTEEN

(Injunctive Relief)

(Rodriguez, Cumbre Investment LLC)

135. Plaintiffs HPWG and EVPWG incorporate each paragraph above into this claim.

136. Pursuant to A.R.S. § 12-1801, the Court has the authority to grant injunctive relief.

137. Plaintiffs HPWG and EVPWG have suffered irreparable injury or there is a substantial likelihood that they will continue to suffer substantial irreparable injury as a result of Defendants' forgery, fraud, repeated false representations regarding his conduct in acquiring dispensary locations for EVPWG and HPWG. Furthermore, the April 17, 2014 lockout of HPWG at the 234 Chase Creek Property placed Cumbre in possession and control of Medical Marijuana. Cumbre's possession of the medical marijuana is illegal criminal activity in violation of Arizona and Federal Law.

138. Upon information and belief, Rodriguez and Cumbre will attempt to convert and/or misappropriate EVPWG's interest in the 988 S. 182nd Place if they are not enjoined from doing so.

139. Plaintiffs license to dispense and/or grow medical marijuana can be revoked by the State of Arizona for the illegal entry into the grow facility by defendants. A.C.C. § R9-17-322.

140. If Plaintiff's license to dispense and/or grow medical marijuana is revoked, the State may use that fact as the basis for denying any future application or license to grow medical marijuana under A.C.C. § R9-17-322.

141. Plaintiff has no adequate remedy at law to protect their license from possible revocation by the State and possible bar to ever obtaining another such license, if the illegal actions of defendants are not restrained.

142. The loss of their license or their ability to obtain another license would constitute an irreparable injury, with incalculable damages for Plaintiff.

143. Plaintiff is entitled to a temporary restraining order and permanent injunction against defendants.

WHEREFORE, Plaintiff prays that the court enter a temporary restraining order and permanent injunction against Rodriguez and Cumbre ordering the following:

- 1 (a) That Defendant Rodriguez and Cumbre shall immediately surrender possession
2 of 234 Chase Creek Road to HPWG.
3 (b) That Defendant Rodriguez and Cumbre shall not assert any interest in 234 Chase
4 Creek Road.
5 (c) That Defendant Rodriguez and Cumbre shall not enter the premises located at
6 234 Chase Creek Road
7 (d) That Defendant Rodriguez and Cumbre shall not be allowed to tamper with the
8 security system or video camera system operated by Plaintiff at the Chase Creek
9 Property Property.
10 (e) That Defendants shall not be allowed to tamper with or interfere with, in any
11 fashion, the marijuana located at 234 Chase Creek Road.
12 (f) That Defendant Rodriguez and Cumbre shall not assert any interest in 988 S.
13 182nd Place.
14 (g) That Defendant Rodriguez and Cumbre cancel any lease between Cumbre and the
15 owner of real property located at 988 S. 182nd Place.
16 (h) That Defendant Rodriguez and Cumbre do not interfere with the ongoing
17 business of HPWG or EVPWG in any manner.

18 **PUNITIVE DAMAGES**

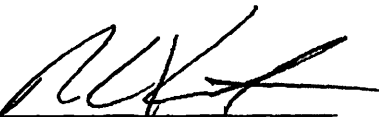
19 144. Defendants engaged in conduct, acts, and omissions to serve their own interests
20 and pursued a course of conduct having reason to know of, yet consciously disregarding a
21 substantial risk that such conduct might significantly injure the rights of Plaintiff. The willful
22 and intentional acts, as set forth in this complaint are of such an aggravated or outrageous nature
23 to indicate motive by an evil mind, coupled with an evil hand.

24 145. Therefore, a punitive damages award against defendant in an amount to be proven
25 at trial is fully justified and warranted and would have the effect of deterring others from
26 committing similar acts and omissions.

27 WHEREFORE, Plaintiffs pray for judgment against Defendants Rodriguez and Cumbre
28 as follows:

- (a) For the reasonable value of compensatory damages, for costs and attorneys' fees
and any additional property and economic damages, incurred to date, and to be incurred
in the future, consistent with the proof of this action;

- 1 (b) For punitive damages to be consistent with proof in this action;
2 (c) For such other relief as the Court deems just.
3

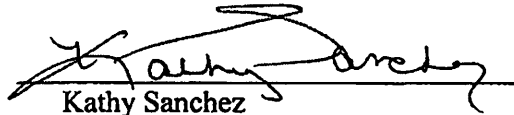
4 By 
5 Norman C. Keyt
6 KEYT Law, LLC
7 Attorney for Plaintiff
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1
2 **VERIFICATION**

3 STATE OF ARIZONA)
4) ss.
5 County of Maricopa)

6 I, Kathy Sanchez, being first duly sworn, say that:

- 7 1. I am the Managing Member of Plaintiffs Holistic Patient Wellness Group, LLC East
8 Valley Patient Wellness Group and Natural Patient Remedy Center Limited Liability
9 Companies in the above entitled matter and as such am authorized to make this
10 verification;
11 2. I have read the foregoing Complaint and know the contents thereof;
12 3. The same is true of my own knowledge, except as to those matters alleged upon
13 information and belief and as to those matters, I believe them to be true.

14 
Kathy Sanchez

15 SUBSCRIBED AND SWORN to before me this 23 day of April, 2014 by Kathy
16 Sanchez.

17 
18 Notary Public

19 —
20 My Commission Expires

21 03/19/2017



GIA GOODMAN
Notary Public - Arizona
Maricopa County
Expires 03/19/2017

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EXHIBIT A

MEDICAL MARIJUANA DISPENSARY LEASE

BY THIS LEASE ("Lease") entered into as of this 1st day of April, 2013, the Town of Clifton, an Arizona municipality ("Landlord") and Holistic Patient Wellness Group, a Medical Marijuana Dispensary and Bakery ("Tenant") (collectively the "Parties") agree as follows:

RECITALS

- A. Landlord warrants and represents that it owns that certain parcel, comprising approximately _____ (1.08) acres of land, located in the Town of Clifton, Arizona, as set forth in the legal description(s) attached hereto as Exhibit A (the "Property").
- B. The Property includes an approximately 1456 square foot buildings and related improvements (the "Premises").
- C. Landlord wishes to lease to Tenant and Tenant wishes to lease from Landlord, under the terms and conditions of this Lease, the Premises.
- D. Tenant intends to use the Premises for the cultivation, sale and dispensing of marijuana for medical purposes as permitted under Arizona law ("Permitted Use").

NOW, THEREFORE, in consideration of the promises, mutual covenants and agreements contained herein, the Parties agree to the following terms and conditions.

LEASE

1. TERMS.

1.1 The Premises. Landlord hereby leases to Tenant the Premises, as described and shown on Exhibit A, which is attached hereto and incorporated herein by this reference.

1.2 Permitted Use. The Premises shall be used for the cultivation, sale and dispensing of marijuana for medical purposes as permitted under Arizona law ("Permitted Use"). The Premises shall not be used or occupied for any other purposes whatsoever without obtaining the prior written consent of Landlord, which consent may be withheld in Landlord's sole and arbitrary discretion. If Arizona law is amended to prohibit the cultivation, sale or dispensing of marijuana for medical purposes, or if federal authorities prosecute or indicate in writing an intent to prosecute Landlord or Tenant for violation of federal anti-drug laws, or to initiate a forfeiture of the Premises for violation of federal anti-drug laws, Tenant agrees that Landlord may immediately revoke its consent for the Permitted Use and Tenant will immediately cease all medical marijuana operations. An alternate use may be approved by mutual agreement of the Parties. In the event no alternate use is agreeable to the Parties, this Lease shall immediately terminate.

1.3 Term. The term of this Lease shall be one (1) year commencing on the date of execution by the Parties hereto (the "Commencement Date") and subject to the following provisions:

1.3.1 Extensions. Upon mutual written agreement by the Parties, this Lease Agreement may be extended for an additional one (1) year term. Tenant shall notify Landlord, in writing, at least three (3) months prior to the expiration of this Agreement of its election to extend the Lease.

1.3.2 Sale of Premises During Term of Lease. If Landlord sells the Premises at any time during the term of this Lease, then this Lease shall terminate on the date of such sale.

1.4 Rent and Other Financial Responsibilities.

1.4.1 Rent. The rental amount shall be of eighteen hundred dollars (\$1,800.00) per month, effective on the Commencement Date.

1.4.2 Security Deposit. A security deposit in the amount of eighteen hundred dollars (\$1,800.00) shall be delivered to Landlord upon the execution of this Lease by Tenant ("Security Deposit"). The Security Deposit shall be held by Landlord, without liability for interest, as security for the performance of Tenant's obligations. The Security Deposit is not an advance payment of rent or a measure of Tenant's liability for damages. Landlord may, from time to time, without prejudice to any other remedy, use all or a portion of the Security Deposit to satisfy past due rent or to cure any uncured default by Tenant. If Landlord so uses the Security Deposit, Tenant shall, on demand, restore the Security Deposit to its original amount. Landlord shall return any unapplied portion of the Security Deposit to Tenant within forty-five (45) days after the later to occur of: (1) the date Tenant surrenders possession of the Premises to Landlord in accordance with this Lease; or (2) the Termination Date. If Landlord transfers its interest in the Premises, Landlord may assign the Security Deposit to the transferee and, following the assignment, Landlord shall have no further liability for the return of the Security Deposit. Landlord shall not be required to keep the Security Deposit separate from its other accounts.

1.4.3 Utilities. Landlord and Tenant agree that this Lease shall be an absolutely triple net lease to Landlord, with Landlord not, except as expressly otherwise set forth in this Lease, to incur any expense (whether for maintenance, Property Taxes, Tenant's Insurance, utilities, structural or other repairs, replacements, capital improvements, or otherwise) in connection with the Property or this Lease other than payments of principal and interest required under any Mortgage. Tenant shall, at its expense, furnish to and pay for any and all utilities, repairs, replacements and services required for Tenant's use of the Premises and Property. Tenant shall timely pay for any and all utility and other costs and perform any and all such maintenance in a safe, lien-free manner and indemnify and hold Landlord harmless for, from and against any and all costs and liabilities (including attorneys' fees and costs) deriving therefrom.

2. MAINTENANCE AND REPAIRS.

2.1 Tenant shall maintain the Premises, including the plumbing, in the same or better condition as it is at the commencement of the term or may be put in during the continuance thereof.

2.2 Except for reasonable wear and tear and damage by fire or other unavoidable casualties, Tenant shall promptly replace all broken glass and make all other minor repairs to the Premises during the term of this Lease. Such replacements and repairs shall be of the same size and quality or better as the original part.

2.3 Tenant will not injure or deface the Premises or any part thereof.

2.4 Tenant will not make any structural or exterior alterations or additions to the Premises without advance written consent of Landlord. Any structural alterations or additions shall require submittal of architectural drawings of the proposed alterations and additions and such other submittals as are required by the Town of Clifton Municipal and technical Codes.

2.5 Tenant, at its cost, shall have the right to make, without Landlord's consent, non-structural alterations to the interior of the Premises that Tenant requires in order to conduct its business on the Premises. In making any alterations Tenant has a right to make, Tenant shall comply with the following:

a. Tenant shall submit reasonably detailed final plans and specifications and working drawings of the proposed alterations and the name of its contractor at least thirty (30) days before the date it intends to commence the alterations.

b. The alterations shall not be commenced until two (2) days after Landlord has received notice from Tenant stating the date of the installation of the alterations is to commence so that Landlord can post and record an appropriate notice of non-responsibility.

c. The alterations shall be approved by all appropriate government agencies and all applicable permits and authorizations shall be obtained before commencement of the alterations.

d. All alterations shall be completed with due diligence in compliance with the plans and specifications and working drawings and all applicable laws.

e. If the estimated cost of the alterations exceeds five thousand dollars (\$5,000), before the commencement of the alterations, Tenant, at its cost, shall furnish to Landlord a performance and completion bond issued by an insurance company qualified to do business in Arizona in a sum equal to the cost of the alterations (as determined by the construction contract between Tenant and its contractor) guaranteeing the completion of the alterations free and clear of all liens and other charges, and in accordance with the plans and specifications.

3. ENTRY BY LANDLORD.

3.1 Landlord reserves the right to enter upon or have its agent enter the Premises for purposes of inspection and to verify compliance with this Lease. Landlord shall notify Tenant at least twenty-four (24) hours prior to any inspection, except when circumstances require immediate action. Landlord shall endeavor to schedule all inspections at such times that would have minimal impact on the operations of the business of Tenant.

3.2 Tenant hereby waives any claim for damage for any injury or inconvenience to, or interference with, Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, or any other loss occasioned by Landlord's entry unless such claim is a direct result from Landlord's willful misconduct. Landlord shall have the right to use any and all means, which Landlord deems proper, to open any doors in an emergency in order to obtain entry to the Premises and any entry into the Premises obtained by Landlord by any of said means, or otherwise, shall not under any circumstances be construed or deemed to be a forcible, unlawful, negligent entry into, and shall not be construed or deemed as conduct intended to cause damage or injury, or a detainer of the Premises or an eviction of Tenant from the Premises or any portion thereof.

4. INDEMNIFICATION AND INSURANCE.

4.1 Disclaimer of Liability. Landlord shall not, at any time, be liable for injury or damage occurring to any person or property from any cause whatsoever arising out of Tenant's use of the Premises.

4.2 Indemnification.

4.2.1 Tenant shall indemnify and hold harmless Landlord, its agents, employees, councilmembers, boards and assignees, from and against any and all liabilities, claims, damages, penalties, costs, charges, losses and expenses for attorneys, expert witnesses and consultants, for any bodily injury, loss or damage to any person or property arising out of or occasioned by the use or occupancy of the Premises by Tenant and from and against all bodily injury, loss, claim, or damage to any person or property anywhere occasioned by any act or omission of Tenant.

4.2.2 Tenant further agrees that if federal authorities prosecute or indicate, in writing, an intent to prosecute Landlord for violation of federal anti-drug laws or to initiate a forfeiture of the Premises for violation of federal anti-drug laws, Tenant shall indemnify and hold harmless Landlord, its agents, employees, Councilmembers, boards and assignees. In the event the Property is forfeited to the federal government, Tenant shall compensate Landlord for the full monetary value of the Property at the time of forfeiture.

4.2.3 If Landlord shall, without fault of Landlord, be made a party to any litigation commenced by or against Tenant for any of the above reasons, then Tenant shall protect, defend and hold Landlord harmless and pay all costs, penalties, charges, damages, expenses, and reasonable attorney's fees incurred or paid by Landlord.

4.2.4 Tenant shall assume all risks of loss, injury or damage of any kind or nature whatsoever to any fixture or other structure belonging to Tenant which may be now or hereafter placed upon or in the Premises and all risks of loss, injury or damage of any kind or nature whatsoever to the contents of such structures or to any goods, merchandise, chattels or any other property now or that may hereafter be upon said leased Premises whether belonging to Tenant or others. If there is such loss, injury or damage resulting from fire or other agency, and whether the same be caused by the negligence of Landlord or any of its employees or agents or otherwise and to save and keep harmless Landlord from all claims and suits growing out of any such loss, injury or damage.

4.2.5 As used herein, the term "person" means any person, firm, corporation, association, partnership, trust, joint venture, or other entity.

4.3 Insurance. Tenant shall, at Tenant's expense, obtain and keep in force during the term of this Lease a policy of comprehensive public liability of a minimum of two million dollars (\$2,000,000.00) insurance insuring Landlord and Tenant against any liability arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. The limit of said insurance shall not, however, limit the liability of Tenant hereunder. Tenant may carry said insurance under a blanket policy, providing, however, said insurance by Tenant shall have a landlord's protective liability endorsement attached thereto. If Tenant shall fail to procure and maintain said insurance, Landlord may, but shall not be required to, procure and maintain same but at the expense of Tenant. Insurance required hereunder, shall be in companies rated A+, AAA or better in "Best's Insurance Guide." Tenant shall deliver to Landlord, prior to occupancy of the Premises, copies of policies of liability insurance required herein or certificates evidencing the existence and amounts of such insurance with loss payable clauses satisfactory to Landlord. No policy shall be cancelable or subject to reduction of coverage except after ten (10) days' prior written notice to Landlord.

5. LICENSING. Tenant shall obtain and pay for all business registrations, licenses, permits, governmental inspections and governmental fees necessary and customarily required for a medical marijuana dispensary. The execution of this Lease shall not constitute the Town of Clifton's approval of any business registrations, licenses, or permits that may be required under the Town of Clifton Municipal Code for the operation of a medical marijuana dispensary. Tenant agrees to obtain proper licensing on its own behalf, which Landlord shall not unreasonably deny. Any lapse in the business registrations, licenses or permits necessary and customarily required may be deemed a default of this Lease Agreement subject to the terms and conditions of Sections 10 and 11. Tenant shall promptly notify Landlord of any such lapse.

6. COMPLIANCE WITH THE LAW. With the exception of the Permitted Use in Section 1.2, Tenant shall not use the Premises or permit anything to be done in or about the Premises which will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. Tenant shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force, and with the requirements of any board of fire insurance underwriters or other similar bodies now or hereafter constituted, relating to, or affecting the condition, use or occupancy of the Premises, excluding structural changes not related to or affected by Tenant's improvements or acts. The judgment of

any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord is a party thereto or not, that Tenant has violated any law, statute, ordinance or governmental rule, regulation or requirement, shall be conclusive of that fact as between Landlord and Tenant.

7. **ASSIGNMENT AND SUBLETTING.** Tenant shall not assign, transfer, mortgage, pledge, encumber, sublet or part with the possession of the whole or any part of the Premises without first obtaining the written consent of Landlord. Such consent shall not be unreasonably withheld.

8. **HOLDING OVER.**

8.1 At the expiration of the Lease, Tenant will peaceably yield the Premises to Landlord together with all additions in good repair except for reasonable use and wear.

8.2 If Tenant remains in possession of the Premises or any part thereof after the expiration of the term of this Lease, with the express written consent of Landlord, such occupancy shall be a tenancy from month to month at a rental in the amount of the last monthly rental amount, plus all other charges payable hereunder and upon the terms set forth herein.

9. **DESTRUCTION OF THE PREMISES.** In the event the Premises are injured or destroyed by fire or through any other cause so as to render the Premises unfit for occupancy or make it impossible for Tenant to conduct its business thereon, then this Lease shall terminate from the date of such damage or destruction. Tenant shall immediately surrender the Premises and all interest therein to Landlord. Tenant shall pay rent only to the time of such surrender and in case of any such destruction or injury; Landlord may re-enter and repossess the Premises, and may dispossess all parties then in possession thereof. If, however, the Premises shall be so slightly injured by any cause aforesaid, as not to be rendered unfit for occupancy, then Landlord shall repair the same with reasonable promptness to the extent such repairs are not covered by Tenant's insurance coverage required herein. In that case, the rent shall not cease or be abated during such repair period. All improvements or betterments placed by Tenant on the Premises shall, however, in any event be repaired and replaced by Tenant at its own expense and not at the expense of Landlord.

10. **DEFAULT.**

10.1 **Tenant's Default.** If Tenant fails to pay any rent due hereunder or fails to keep and perform any of the other terms, conditions or covenants set forth herein, or breaches the provisions of this Lease in any other manner, then an Event of Default shall have been deemed to occur.

10.2 **Landlord Default.** It shall be a default if Landlord fails to perform any of its obligations as set forth in this Lease and does not cure such default within thirty (30) days after written notice from Tenant describing the alleged default.

TENANT

Holistic Patient Wellness Group
1307 E. Southern Ave.
Mesa, AZ 85204
Attn: David and Kathy Sanchez

16. **SEVERABILITY.** The inability or unenforceability of any covenant, term or condition of this Lease shall not affect the validity or enforceability of any other covenant, term or condition of this Lease and such other covenants, terms and conditions shall remain in full force and effect.

17. **ENTIRE CONTRACT.** This Lease contains the entire agreement and understanding between Landlord and Tenant. No other agreements or understandings are binding on the Parties unless set forth in writing and signed by the Parties. Any modification of this Lease shall be in writing and executed by both Parties.

IN WITNESS WHEREOF, the Parties hereto have executed this Lease on the day and at the place first written above.

LANDLORD: Town of Clifton

By: _____

Its: Mayor

Date: _____

TENANT: _____

By: _____

Its: _____

Date: _____

Exhibit A
Legal Description

GREENLEE COUNTY ASSESSOR

PROPERTY PROFILE

Account #: R000001217

Local #:

Parcel #: 20086003

MH Seq #:

MH Space:

Buildings Valuation Summary

Bldg #	Property Type	Abst Code	Occupancy	Actual Value	Assmt Percent	*Assessed Value
1	Commercial	02PI	353 - Retail Store	\$35,841	0.16	\$5,735
2	Commercial	02PI	353 - Retail Store	\$8,999	0.16	\$1,440
Improvements Subtotal:				\$44,840		\$7,174

Total Property Value

\$48,463

\$7,754

*Approximate Assessed Value

Building #: 1 Condo SF Condo % Land: Condo % Bldg: Unit Type: Landscaping \$:
 Property Type: Commercial 0 1 \$0.00
 Quality: Average Nbhd: 0101 Occupancy: Retail Store
 Condition: Average Nbhd Ext: 00
 Perimeter: 141 Nbhd Adj: 1
 Percent Comp: 100.00%

Individual Built As Detail

Built As:	Retail Store	Year Built:	1974
Construction Type:	C	Year Remodeled:	
HVAC:	Heat Pump	% Remodeled:	
Interior Finish:	Drywall	Adj Year Blt:	1974
Roof Cover:		Effective Age:	36
Built As SF:	1241	Mh Make:	
# of Baths:		Tag Length/Width:	X
# of Bdrms:		Tag Length/Width:	X
# of Stories:	1	Mh Skirting LF:	
Story Height:	20	MH Skirting Type:	
Sprinkler SF:		Diameter:	
Capacity:		Height:	

Building Details

**GREENLEE COUNTY ASSESSOR
PROPERTY PROFILE**

Account #: R000001217

Parcel #: 20088003

Local #:

MH Sq #:

MH Space:

Value Details

RCN Cos/SF:	\$90.47	Design Adj %:	0	Func Obs %:	0
Total RCN:	\$112,273.00	Exterior Adj %:	0	Econ Obs %:	0
Phys Depr %:	0.52	Interior Adj %:	0	Other Obs %:	0
Phys Depr \$:	58362	Amateur Adj %:	0		
RCNLD \$:	\$35,841.00	RCNLD Cos/SF	\$28.88	Market/SF:	\$0.00

GREENLEE COUNTY ASSESSOR PROPERTY PROFILE

Account #: R000001217

Parcel #: 20088003

Local #:

MH Seq #:

MH Space:

Building #: 2

Condo SF

Condo % Land:

Condo % Bldg:

Unit Type:

Landscaping \$:

Property Type: Commercial

0

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\$0.00

Quality: Average

Nbhd: 0101

Occupancy: Retail Store

Condition: Average

Nbhd Ext: 00

Perimeter: 300

Nbhd Adj: 1

Percent Comp: 100.00%

Individual Built As Detail

Built As:	Retail Store	Year Built:	1907
Construction Type:	C	Year Remodeled:	
HVAC:	None	% Remodeled:	
Interior Finish:	Drywall	Adj Year Blt:	1907
Roof Cover:		Effective Age:	103
Built As SF:	1515	Mh Make:	
# of Baths:		Tag Length/Width:	X
# of Bdrms:		Tag Length/Width:	X
# of Stories:	1	Mh Skirting LF:	
Story Height:	18	Mh Skirting Type:	
Sprinkler SF:		Diameter:	
Capacity:		Height:	
Built As:	Retail Store	Year Built:	1907
Construction Type:	C	Year Remodeled:	
HVAC:	None	% Remodeled:	
Interior Finish:	Drywall	Adj Year Blt:	1907
Roof Cover:		Effective Age:	103
Built As SF:	1328	Mh Make:	
# of Baths:		Tag Length/Width:	X
# of Bdrms:		Tag Length/Width:	X
# of Stories:	1	Mh Skirting LF:	
Story Height:	18	Mh Skirting Type:	
Sprinkler SF:		Diameter:	
Capacity:		Height:	

Building Details

**GREENLEE COUNTY ASSESSOR
PROPERTY PROFILE**

Account #: R000001217

Local #:

Parcel #: 20088003

MH Seq #:

MH Space:

Value Details

RCN Cost/SF:	\$82.28	Design Adj %:	0	Func Obs %:	0
Total RCN:	\$233,922.00	Exterior Adj %:	0	Econ Obs %:	0
Phys Depr %:	0.8	Interior Adj %:	0	Other Obs %:	0
Phys Depr \$:	140353	Amateur Adj %:	0		
RCNLD \$:	\$8,999.00	RCNLD Cost/SF	\$3.17	Market/SF:	\$0.00

GREENLEE COUNTY ASSESSOR

PROPERTY PROFILE

DW-4412

Account #: R000001217

Parcel #: 20088003

Local #:

MH Seq #:

MH Space:

Appr Year: 2013

Levy: #Name?

of Bldgs: 2

Create On:

Tax Dist: 0310

Map #: 88

LEA: 0101

Active On: 20050101

Assign To: UnAssigned

Initials: ASR

Acct Type: Municipal

Inactive On:

New Growth: #Name?

Last Updated: 11/23/2011

Owner's Name and Address:

Property Address:

CLIFTON TOWN OF

Street: 238 CHASE CREEK ST

PO BOX 1415

City:

CLIFTON AZ 85533

Business:

Sales Summary

Legal Description

SAN FRANCISCO TOWNSITE LOT 4

Land Valuation Summary

Land Type	Ag Code	Abst Code	Square Feet	Unit of Measure	Number Of Units	Value Per Unit	Actual Value	Assmt Percent	*Assessed Value
Exempt	0 0	02RLA	3,484	Square Feet	3484	\$1	\$3,623.00	0.16	\$580
Land Subtotal:					3484		\$3,623.00		\$580

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EXHIBIT B

2/22/2014

Gmail - Lease for 234 and 236 Chase Creek Street



Lease for 234 and 236 Chase Creek Street

Esperanza Castaneda <castaneda@townofclifton.com>
To: kathysanchez71@gmail.com

Wed, Mar 20, 2013 at 12:57 PM

Espie Castaneda, Town Clerk
Town of Clifton
(928)-865-4146

 Medical Marijuana Dispensary Lease 3-8-13.pdf
717K

LEASE

Duke's LEASE WITH
TOWN OF CLIFTON IS
DATED JUNE 1, 2013

2/22/2014

Gmail - Town of Clifton Lease Agreement Revision #1



Town of Clifton Lease Agreement Revision #1

Esperanza Castaneda <castaneda@townofclifton.com>
To: kathysanchez71@gmail.com

Wed, Mar 20, 2013 at 1:45 PM

Kathy

Please update the prior document by replacing page 7 with the attached new version which addresses parking.

Thanks
Espie Castaneda, Town Clerk
Town of Clifton
(928)-865-4146

 Lease Revision #1 Holistic Patient Wellness Group.pdf
83K

2/22/2014

Gmail - Town of Clifton revised Lease agreement



Town of Clifton revised Lease agreement

Esperanza Castaneda <castaneda@townofclifton.com>
To: kathysanchez71@gmail.com

Mon, Mar 25, 2013 at 11:55 AM

Hi Kathy

Attached please find the latest version of the lease agreement for the building rentals.

Espie Castaneda, Town Clerk
Town of Clifton
(928)-865-4146

2 attachments



Medical Marijuana Dispensary Lease 3-8-13 Holistic Patient Wellness Group.docx
33K



Legal Description 234 236 238 Chase Creek Buildings.pdf
172K

INBOX.COM

Subject: FW: RE: Insurance Language
Date: Tuesday, 22 October 2013 17:35
From: "DSanchez" <d.sanchez@inbox.com>
To: "Richard Keyt" <rk@keytlaw.com>, nck@ketylaw.com

-----Original Message-----

From: schempff@townofclifton.com
Sent: Wed, 24 Apr 2013 07:47:21 -0700
To: d.sanchez@inbox.com
Subject: RE: Insurance Language

David,

LEASE for
Clifton
You can see we
were in communications
with John in preparing
the Lease

Our legal and insurance advisors have approved the changes to the lease that Doug proposed. Please print and insert into the lease.

As I mentioned in my voice mail, there is no rush on the lease as you first have to clear the "conditional use" issue. The sooner we get started on that, the better!

John

From: Doug [mailto:Doug@psigllc.com]
Sent: Tuesday, April 23, 2013 2:02 PM
To: schempff@townofClifton.com
Cc: DSanchez (d.sanchez@inbox.com)
Subject: Insurance Language

John:

Attached please find the amended Insurance clause (Section 4.3) of the lease for lessee David Sanchez.

I added our discussed and agreed upon \$1M/2M limits of liability, and also made an A+ rating with Standard and Poor an acceptable alternative to Best's.

You'll see I also added language requiring the addition of the Landlord as an Additional Insured – this is to clarify what seemed to be the intent of the existing “loss payable” verbiage. The cost of the AI cert is negligible, especially in view of your willingness to work with David and I on the above amendments.

If you have any questions please feel free to contact me, and thank you for your consideration of these changes.

Kind Regards,

Doug Banfelder

Commercial Insurance Specialist

Premier Southwest Insurance Group

14500 N Northsight Blvd Ste 101

Scottsdale AZ 85260

PH 480-315-9051

FAX 480-315-9110

Email dougb@psigllc.com

Find Us On FaceBook!



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EXHIBIT D

RECEIPT

T. of Clifton
P.O. BOX 1415
Clifton, AZ 85533
Phone 928-865-4146

17146

DATE 4-2-13

RECEIVED FROM Holistic Patient Center \$ 3600.00
\$1800 C/O Kathy Sanchez DOLLARS

FOR 1 month rent + \$1800 Security Deposit
231-236 Chase Creek

AMOUNT OF ACCOUNT		
THIS PAYMENT		
BALANCE DUE		

☒ CASH
☐ CHECK
☐ M.O.

BY E. Casanova

THANK YOU

June 2013 rent + Deposit

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EXHIBIT E

RECEIPT

Town of Clifton
P.O. BOX 1415
Clifton, AZ 85533
Phone 928-865-4146

DATE 12562 5.17.11

RECEIVED FROM Magistrate - Clifton \$ 533.00

FOR CHEL 5.16.11 DOLLARS

AMOUNT OF ACCOUNT		<input type="checkbox"/> CASH
THIS PAYMENT		<input type="checkbox"/> CHECK
BALANCE DUE		<input type="checkbox"/> M.O.

BY Y.M. Guey THANK YOU

RECEIPT

Town of Clifton
P.O. BOX 1415
Clifton, AZ 85533
Phone 928-865-4146

DATE 12563 5.17.11

RECEIVED FROM Magistrate - Clifton \$ 2.00

FOR Notary Fee DOLLARS

AMOUNT OF ACCOUNT		<input checked="" type="checkbox"/> CASH
THIS PAYMENT		<input type="checkbox"/> CHECK
BALANCE DUE		<input type="checkbox"/> M.O.

BY E.C. THANK YOU

RECEIPT

Town of Clifton
P.O. BOX 1415
Clifton, AZ 85533
Phone 928-865-4146

DATE 12564 5.17.11

RECEIVED FROM Alternative Health Services LLC \$ 20.00

FOR Conditional Use Permit Application # 20-80-011 DOLLARS

AMOUNT OF ACCOUNT		<input type="checkbox"/> CASH
THIS PAYMENT		<input checked="" type="checkbox"/> CHECK
BALANCE DUE		<input type="checkbox"/> M.O.

BY Y.M. Guey THANK YOU

PRODUCT 653T

RECEIPT

Town of Clifton
P.O. BOX 1415
Clifton, AZ 85533
Phone 928-865-4146

12565
DATE 5-17-11

RECEIVED FROM Alternative Health Services LLC \$ 20.00

FOR Continued Use Permit Application 200-67-128

AMOUNT OF ACCOUNT ☐ CASH
THIS PAYMENT ☒ CHECK BY M. Guy
BALANCE DUE ☐ M.O. # 11.61

THANK YOU

RECEIPT

Town of Clifton
P.O. BOX 1415
Clifton, AZ 85533
Phone 928-865-4146

12566
DATE 5-18-11

RECEIVED FROM Inspector to Report Service \$ 10.00

FOR Police Report

AMOUNT OF ACCOUNT ☐ CASH
THIS PAYMENT ☒ CHECK BY Margaret Jones
BALANCE DUE ☐ M.O.

THANK YOU

RECEIPT

Town of Clifton
P.O. BOX 1415
Clifton, AZ 85533
Phone 928-865-4146

12567
DATE 5-18-11

RECEIVED FROM Police Report \$ 5.00

FOR Police Report # 11 000840

AMOUNT OF ACCOUNT ☐ CASH
THIS PAYMENT ☒ CHECK BY Margaret Jones
BALANCE DUE ☐ M.O.

THANK YOU

PRODUCT 653T

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EXHIBIT F

MEDICAL MARIJUANA DISPENSARY LEASE

BY THIS LEASE ("Lease") entered into as of this 1st day of June, 2013, the Town of Clifton, an Arizona municipality ("Landlord") and Cumbre Investment L.L.C., an Arizona limited liability company ("Tenant") (collectively the "Parties") agree as follows:

RECITALS

- A. Landlord warrants and represents that it owns that certain parcel, comprising approximately .08 acres of land, located in the Town of Clifton, Arizona, as set forth in the legal description(s) attached hereto as Exhibit A (the "Property").
- B. The Property includes an approximately one thousand six hundred forty eight (1,648) square foot building and related improvements (the "Premises").
- C. Landlord wishes to lease to Tenant and Tenant wishes to lease from Landlord, under the terms and conditions of this Lease, the Premises.
- D. Tenant intends to use the Premises for the cultivation, sale and dispensing of marijuana for medical purposes as permitted under Arizona law ("Permitted Use").

NOW, THEREFORE, in consideration of the promises, mutual covenants and agreements contained herein, the Parties agree to the following terms and conditions.

LEASE

1. TERMS.

1.1 The Premises. Landlord hereby leases to Tenant the Premises, as described and shown on Exhibit A, which is attached hereto and incorporated herein by this reference.

1.2 Permitted Use. The Premises shall be used for the cultivation, sale and dispensing of marijuana for medical purposes as permitted under Arizona law ("Permitted Use"). The Premises shall not be used or occupied for any other purposes whatsoever without obtaining the prior written consent of Landlord, which consent may be withheld in Landlord's sole and arbitrary discretion. If Arizona law is amended to prohibit the cultivation, sale or dispensing of marijuana for medical purposes, or if federal authorities prosecute or indicate in writing an intent to prosecute Landlord or Tenant for violation of federal anti-drug laws, or to initiate a forfeiture of the Premises for violation of federal anti-drug laws, Tenant agrees that Landlord may immediately revoke its consent for the Permitted Use and Tenant will immediately cease all medical marijuana operations. An alternate use may be approved by mutual agreement of the Parties. In the event no alternate use is agreeable to the Parties, this Lease shall immediately terminate.

J.1.10

JK

1.3 Term. The term of this Lease shall be one (1) year commencing on the date of execution by the Parties hereto (the "Commencement Date") and subject to the following provisions:

1.3.1 Extensions. Upon mutual written agreement by the Parties, this Lease Agreement may be extended for an additional one (1) year term. Tenant shall notify Landlord, in writing, at least three (3) months prior to the expiration of this Agreement of its election to extend the Lease.

1.4 Rent and Other Financial Responsibilities.

1.4.1 Rent. The rental amount shall be one thousand eight hundred dollars (\$1,800.00) per month, effective on the Commencement Date.

1.4.2 Security Deposit. A security deposit in the amount of one thousand eight hundred dollars (\$1,800.00) has been delivered to Landlord by Tenant ("Security Deposit"). The Security Deposit shall be held by Landlord, without liability for interest, as security for the performance of Tenant's obligations. The Security Deposit is not an advance payment of rent or a measure of Tenant's liability for damages. Landlord may, from time to time, without prejudice to any other remedy, use all or a portion of the Security Deposit to satisfy past due rent or to cure any uncured default by Tenant. If Landlord so uses the Security Deposit, Tenant shall, on demand, restore the Security Deposit to its original amount. Landlord shall return any unapplied portion of the Security Deposit to Tenant within forty-five (45) days after the latter to occur of: (1) the date Tenant surrenders possession of the Premises to Landlord in accordance with this Lease; or (2) the Termination Date. If Landlord transfers its interest in the Premises, Landlord may assign the Security Deposit to the transferee and, following the assignment, Landlord shall have no further liability for the return of the Security Deposit. Landlord shall not be required to keep the Security Deposit separate from its other accounts.

1.4.3 Utilities. Landlord and Tenant agree that this Lease shall be an absolutely triple net lease to Landlord, with Landlord not, except as otherwise expressly set forth in this Lease, to incur any expense (whether for maintenance, Property Taxes, Tenant's Insurance, utilities, structural or other repairs, replacements, capital improvements, or otherwise) in connection with the Property or this Lease other than payments of principal and interest required under any Mortgage. Tenant shall, at its expense, furnish to and pay for any and all utilities, repairs, replacements and services required for Tenant's use of the Premises and Property. Tenant shall timely pay for any and all utility and other costs and perform any and all such maintenance in a safe, lien-free manner and indemnify and hold Landlord harmless for, from and against any and all costs and liabilities (including attorneys' fees and costs) deriving therefrom.

2. MAINTENANCE AND REPAIRS.

2.1 Tenant shall maintain the Premises, including the plumbing, in the same or better condition as it is at the commencement of the term or may be put in during the continuance thereof.

2.2 Except for reasonable wear and tear and damage by fire or other unavoidable casualties, Tenant shall promptly replace all broken glass and make all other minor repairs to the Premises during the term of this Lease. Such replacements and repairs shall be of the same size and quality or better as the original part.

2.3 Tenant will not injure or deface the Premises or any part thereof.

2.4 Tenant will not make any structural or exterior alterations or additions to the Premises without advance written consent of Landlord. Any structural alterations or additions shall require submittal of architectural drawings of the proposed alterations and additions and such other submittals as are required by the Town of Clifton Municipal and technical Codes.

2.5 Tenant, at its cost, shall have the right to make, without Landlord's consent, non-structural alterations to the interior of the Premises that Tenant requires in order to conduct its business on the Premises. In making any alterations Tenant has a right to make, Tenant shall comply with the following:

a. Tenant shall submit reasonably detailed final plans and specifications and working drawings of the proposed alterations and the name of its contractor at least thirty (30) days before the date it intends to commence the alterations.

b. The alterations shall not be commenced until two (2) days after Landlord has received notice from Tenant stating the date of the installation of the alterations is to commence so that Landlord can post and record an appropriate notice of non-responsibility.

c. The alterations shall be approved by all appropriate government agencies and all applicable permits and authorizations shall be obtained before commencement of the alterations.

d. All alterations shall be completed with due diligence in compliance with the plans and specifications and working drawings and all applicable laws.

e. If the estimated cost of the alterations exceeds five thousand dollars (\$5,000), before the commencement of the alterations, Tenant, at its cost, shall furnish to Landlord a performance and completion bond issued by an insurance company qualified to do business in Arizona in a sum equal to the cost of the alterations (as determined by the construction contract between Tenant and its contractor) guaranteeing the completion of the alterations free and clear of all liens and other charges and in accordance with the plans and specifications.

3. ENTRY BY LANDLORD.

3.1 Landlord reserves the right to enter upon or have its agent enter the Premises for purposes of inspection and to verify compliance with this Lease. Landlord shall notify Tenant at least twenty-four (24) hours prior to any inspection, except when circumstances

OK
J.H.D.

require immediate action. Landlord shall endeavor to schedule all inspections at such times that would have minimal impact on the operations of the business of Tenant.

3.2 Tenant hereby waives any claim for damage for any injury or inconvenience to, or interference with, Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, or any other loss occasioned by Landlord's entry unless such claim is a direct result from Landlord's willful misconduct. Landlord shall have the right to use any and all means, which Landlord deems proper, to open any doors in an emergency in order to obtain entry to the Premises and any entry into the Premises obtained by Landlord by any of said means, or otherwise, shall not, under any circumstances, be construed or deemed to be a forcible, unlawful, negligent entry into, and shall not be construed or deemed as conduct intended to cause damage or injury, or a detainer of the Premises or an eviction of Tenant from the Premises or any portion thereof.

4. INDEMNIFICATION AND INSURANCE.

4.1 Disclaimer of Liability. Landlord shall not, at any time, be liable for injury or damage occurring to any person or property from any cause whatsoever arising out of Tenant's use of the Premises.

4.2 Indemnification.

4.2.1 Tenant shall indemnify and hold harmless Landlord, its agents, employees, Councilmembers, boards and assignees, from and against any and all liabilities, claims, damages, penalties, costs, charges, losses and expenses for attorneys, expert witnesses and consultants, for any bodily injury, loss or damage to any person or property arising out of or occasioned by the use or occupancy of the Premises by Tenant and from and against all bodily injury, loss, claim, or damage to any person or property anywhere occasioned by any act or omission of Tenant.

4.2.2 Tenant further agrees that if federal authorities prosecute or indicate, in writing, an intent to prosecute Landlord for violation of federal anti-drug laws or to initiate a forfeiture of the Premises for violation of federal anti-drug laws, Tenant shall indemnify and hold harmless Landlord, its agents, employees, Councilmembers, boards and assignees. In the event the Property is forfeited to the federal government, Tenant shall compensate Landlord for the full monetary value of the Property at the time of forfeiture.

4.2.3 If Landlord shall, without fault of Landlord, be made a party to any litigation commenced by or against Tenant for any of the above reasons, then Tenant shall protect, defend and hold Landlord harmless and pay all costs, penalties, charges, damages, expenses, and reasonable attorney's fees incurred or paid by Landlord.

4.2.4 Tenant shall assume all risks of loss, injury or damage of any kind or nature whatsoever to any fixture or other structure belonging to Tenant which may be now or hereafter placed upon or in the Premises and all risks of loss, injury or damage of any kind or nature whatsoever to the contents of such structures or to any goods, merchandise, chattels or any other property now or that may hereafter be upon said leased Premises whether belonging to Tenant or others. If there is such loss, injury or damage resulting from fire or other agency, and

whether the same be caused by the negligence of Landlord or any of its employees or agents or otherwise and to save and keep harmless Landlord from all claims and suits growing out of any such loss, injury or damage.

4.2.5 As used herein, the term "person" means any person, firm, corporation, association, partnership, trust, joint venture, or other entity.

4.3 **Insurance.** Tenant shall, at Tenant's expense, obtain and keep in force during the term of this Lease a policy of comprehensive public liability of a minimum of one million dollars (\$1,000,000.00) per occurrence, two million dollars (\$2,000,000.00) aggregate insurance insuring Landlord and Tenant against any liability arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. The limit of said insurance shall not, however, limit the liability of Tenant hereunder. Tenant may carry said insurance under a blanket policy, providing, however, said insurance by Tenant shall have a landlord's protective liability endorsement attached thereto. If Tenant shall fail to procure and maintain said insurance, Landlord may, but shall not be required to, procure and maintain same but at the expense of Tenant. Insurance required hereunder shall be in companies rated A+ or better in "Best's Insurance Guide," or, alternatively, A+ by Standard and Poor. Tenant shall deliver to Landlord, prior to occupancy of the Premises, copies of policies of liability insurance required herein with certificate naming landlord as Additional Insured, evidencing the existence and amounts of such insurance with loss payable clauses satisfactory to Landlord. No policy shall be cancelable or subject to reduction of coverage except after ten (10) days' prior written notice to Landlord.

5. **LICENSING.** Tenant shall obtain and pay for all business registrations, licenses, permits, governmental inspections and governmental fees necessary and customarily required for a medical marijuana dispensary. The execution of this Lease shall not constitute the Town of Clifton's approval of any business registrations, licenses, or permits that may be required under the Town of Clifton Municipal Code for the operation of a medical marijuana dispensary. Tenant agrees to obtain proper licensing on its own behalf, which Landlord shall not unreasonably deny. Any lapse in the business registrations, licenses or permits necessary and customarily required may be deemed a default of this Lease Agreement subject to the terms and conditions of Sections 10 and 11. Tenant shall promptly notify Landlord of any such lapse.

6. **COMPLIANCE WITH THE LAW.** With the exception of the Permitted Use in Section 1.2, Tenant shall not use the Premises or permit anything to be done in or about the Premises which will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. Tenant shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force, and with the requirements of any board of fire insurance underwriters or other similar bodies now or hereafter constituted, relating to, or affecting the condition, use or occupancy of the Premises, excluding structural changes not related to or affected by Tenant's improvements or acts. The judgment of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord is a party thereto or not, that Tenant has violated any law, statute, ordinance or governmental rule, regulation or requirement, shall be conclusive of that fact as between Landlord and Tenant.

7. **ASSIGNMENT AND SUBLETTING.** Tenant is hereby authorized to assign this lease to Holistic Patient Wellness Group, LLC d/b/a Ultra Health. Tenant shall not assign, transfer, mortgage, pledge, encumber, sublet or part with the possession of the whole or any part of the Premises to any other person or entity without first obtaining the written consent of Landlord. Such consent shall not be unreasonably withheld.

8. **HOLDING OVER.**

8.1 At the expiration of the Lease, Tenant will peaceably yield the Premises to Landlord together with all additions in good repair, except for reasonable use and wear.

8.2 If Tenant remains in possession of the Premises, or any part thereof, after the expiration of the term of this Lease, with the express written consent of Landlord, such occupancy shall be a tenancy from month to month at a rental in the amount of the last monthly rental amount, plus all other charges payable hereunder and upon the terms set forth herein.

9. **DESTRUCTION OF THE PREMISES.** In the event the Premises are injured or destroyed by fire or through any other cause so as to render the Premises unfit for occupancy or make it impossible for Tenant to conduct its business thereon, then this Lease shall terminate from the date of such damage or destruction. Tenant shall immediately surrender the Premises and all interest therein to Landlord. Tenant shall pay rent only to the time of such surrender and in case of any such destruction or injury; Landlord may re-enter and repossess the Premises, and may dispossess all parties then in possession thereof. If, however, the Premises shall be so slightly injured by any cause aforesaid, as not to be rendered unfit for occupancy, then Landlord shall repair the same with reasonable promptness to the extent such repairs are not covered by Tenant's insurance coverage required herein. In that case, the rent shall not cease or be abated during such repair period. All improvements or betterments placed by Tenant on the Premises shall, however, in any event be repaired and replaced by Tenant at its own expense and not at the expense of Landlord.

10. **DEFAULT.**

10.1 **Tenant's Default.** If Tenant fails to pay any rent due hereunder or fails to keep and perform any of the other terms, conditions or covenants set forth herein, or breaches the provisions of this Lease in any other manner, then an Event of Default shall have been deemed to occur.

10.2 **Landlord Default.** It shall be a default if Landlord fails to perform any of its obligations as set forth in this Lease and does not cure such default within thirty (30) days after written notice from Tenant describing the alleged default.

11. **REMEDIES IN DEFAULT.**

11.1 **Event of Default by Tenant.** An event of default by Tenant concerning failure to pay rent as required herein shall be cured within ten (10) days after written notice to Tenant. An Event of Default concerning any default other than failure to pay rent shall be cured within thirty (30) days or, if the default cannot be cured within thirty (30) days, such longer period as is reasonably required not to exceed ninety (90) days, provided Tenant is diligent in its

TENANT

Cumbre Investment, L.L.C.
17015 North Scottsdale Road, Suite 125
Scottsdale, AZ 85255
Attn: Duke Rodriguez

16. **SEVERABILITY.** The inability or unenforceability of any covenant, term or condition of this Lease shall not affect the validity or enforceability of any other covenant, term or condition of this Lease and such other covenants, terms and conditions shall remain in full force and effect.

17. **ENTIRE CONTRACT.** This Lease contains the entire agreement and understanding between Landlord and Tenant. No other agreements or understandings are binding on the Parties unless set forth in writing and signed by the Parties. Any modification of this Lease shall be in writing and executed by both Parties.

IN WITNESS WHEREOF, the Parties hereto have executed this Lease on the day and at the place first written above.

LANDLORD: Town of Clifton

By: John H. Deal
Its: Mayor
Date: 5/28/13

TENANT: Cumbre Investment, L.L.C.

By: Duke Rodriguez
Its: PRINCIPAL
Date: 5/23/13

Exhibit A

Legal Description

City of Clifton, County of Greenlee, State of Arizona

San Francisco Townsite Lot 4 (Property Parcel 200-88-003)



Handwritten signature
JH

GREENLEE COUNTY ASSESSOR

PROPERTY PROFILE

DW 2-4416 1/5

Account #: R000001217

Parcel #: 20088003

Local #:

MH Seq #:

MH Space:

Appr Year: 2013

Levy: #Name?

of Bldgs: 2

Create On:

Tax Dist: 0310

Map #: 80

LEA: 0101

Active On: 20050101

Assign To: UnAssigned

Initials: ASR

Acct Type: Municipal

Inactive On:

New Growth: #Name?

Last Updated: 11/23/2011

Owner's Name and Address:

Property Address:

CLIFTON TOWN OF

Street: ~~238~~ CHASE CREEK ST

PO BOX 1416

City: 234-236-238

CLIFTON AZ 85533

Business:

Sales Summary

Legal Description

SAN FRANCISCO TOWNSITE LOT 4

Land Valuation Summary

Land Type	Ag Code	Abst Code	Square Feet	Unit of Measure	Number Of Units	Value Per Unit	Actual Value	Assmt Percent	*Assessed Value
Exempt	0 0	02RLA	3,484	Square Feet	3484	\$1	\$3,623.00	0.16	\$580
Land Subtotal:					3484		\$3,623.00		\$580

GREENLEE COUNTY ASSESSOR PROPERTY PROFILE

Account #: R000001217

Local #:

Parcel #: 20088003

MH Bsq #:

MH Space:

Buildings Valuation Summary

Bldg #	Property Type	Abst Code	Occupancy	Actual Value	Assmt Percent	*Assessed Value
1	Commercial	02PI	353 - Retail Store	\$35,841	0.16	\$5,735
2	Commercial	02PI	353 - Retail Store	\$8,999	0.16	\$1,440
Improvements Subtotal:				\$44,840		\$7,174

Total Property Value

\$48,463

\$7,764

*Approximate Assessed Value

Building #: 1 Condo SF Condo % Land: Condo % Bldg: Unit Type: Landscaping \$:
 Property Type: Commercial 0 1 \$0.00
 Quality: Average Nbhd: 0101 Occupancy: Retail Store
 Condition: Average Nbhd Ext: 00
 Perimeter: 141 Nbhd Adj: 1
 Percent Comp: 100.00%

Individual Built As Detail

Built As:	Retail Store	Year Built:	1974
Construction Type:	C	Year Remodeled:	
HVAC:	Heat Pump	% Remodeled:	
Interior Finish:	Drywall	Adj Year Bld:	1974
Roof Cover:		Effective Age:	36
Built As SF:	1241	Mh Make:	
# of Baths:		Tag Length/Width:	X
# of Bdrms:		Tag Length/Width:	X
# of Stories:	1	Mh Skirting LF:	
Story Height:	20	MH Skirting Type:	
Sprinkler SF:		Diameter:	
Capacity:		Height:	

Building Details

**GREENLEE COUNTY ASSESSOR
PROPERTY PROFILE**

Account #: R000001217

Parcel #: 20088003

Local #:

MH Seq #:

MH Space:

Value Details

RCN Cost/SF:	\$90.47	Design Adj %:	0	Func Obs %:	0
Total RCN:	\$112,273.00	Exterior Adj %:	0	Econ Obs %:	0
Phys Depr %:	0.62	Interior Adj %:	0	Other Obs %:	0
Phys Depr \$:	58382	Amateur Adj %:	0		
RCNLD \$:	\$35,841.00	RCNLD Cost/SF	\$28.88	Market/SF:	\$0.00

GREENLEE COUNTY ASSESSOR PROPERTY PROFILE

Account #: R000001217

Parcel #: 20088003

Local #:

MH Seq #:

MH Space:

Building #: 2 Condo SF Condo % Land: 0 Condo % Bldg: 1 Unit Type: Landscaping \$: \$0.00
 Property Type: Commercial
 Quality: Average Nbhd: 0101 Occupancy: Retail Store
 Condition: Average Nbhd Ext: 00
 Perimeter: 309 Nbhd Adj: 1
 Percent Comp: 100.00%

Individual Built As Detail

Built As:	Retail Store	Year Built:	1907
Construction Type:	C	Year Remodeled:	
HVAC:	None	% Remodeled:	
Interior Finish:	Drywall	Adj Year Blt:	1907
Roof Cover:		Effective Age:	103
Built As SF:	1615	Mh Make:	
# of Baths:		Tag Length/Width:	X
# of Bdrms:		Tag Length/Width:	X
# of Stories:	1	Mh Skirting LF:	
Story Height:	18	MH Skirting Type:	
Sprinkler SF:		Diameter:	
Capacity:		Height:	
Built As:	Retail Store	Year Built:	1907
Construction Type:	C	Year Remodeled:	
HVAC:	None	% Remodeled:	
Interior Finish:	Drywall	Adj Year Blt:	1907
Roof Cover:		Effective Age:	103
Built As SF:	1328	Mh Make:	
# of Baths:		Tag Length/Width:	X
# of Bdrms:		Tag Length/Width:	X
# of Stories:	1	Mh Skirting LF:	
Story Height:	18	MH Skirting Type:	
Sprinkler SF:		Diameter:	
Capacity:		Height:	

Building Details

**GREENLEE COUNTY ASSESSOR
PROPERTY PROFILE**

Account #: R000001217

Local #:

Parcel #: 20088003

MH Seq #:

MH Space:

Value Details

RCN Cost/SF:	\$82.28	Design Adj %:	0	Func Obs %:	0
Total RCN:	\$233,922.00	Exterior Adj %:	0	Econ Obs %:	0
Phys Depr %:	0.6	Interior Adj %:	0	Other Obs %:	0
Phys Depr \$:	140353	Amateur Adj %:	0		
RCNLD \$:	\$8,999.00	RCNLD Cost/SF	\$3.17	Market/SF:	\$0.00