

[Home \(/mmjdisp/index.html\)](#)

[My Account](#) ▾

[Log Out \(/mmjdisp/logout\)](#)

▶ #4557

Criteria 1. Ability to operate a business, including but not limited to education, knowledge, and experience

Criteria 2. Plan for operating a medical marijuana dispensary in the county for which the applicant is seeking a license, including but not limited to a timeline for opening a retail dispensing location

Criteria 3. Proof of financial stability and access to financial resources

Criteria 4. Ability to comply with the security requirements of this chapter and section 329D-7, HRS

Criteria 5. Capacity to meet the needs of qualifying patients

Criteria 6. Ability to comply with criminal background check requirements pursuant to this chapter and sections 329D-7, 329D-12, and 846-2.7, HRS

Criteria 7. Ability to comply with the requirements in this chapter and chapters 329 and 329D, HRS, for inventory tracking, security, and dispensing limits for qualifying patients

Criteria 8. Ability to maintain confidentiality of a qualifying patient's medical condition, health status, and purchases of marijuana or manufactured marijuana products

Criteria 9. Ability to conduct or contract for certified laboratory testing on marijuana and manufactured marijuana products pursuant to this chapter and sections 329D-7 and 329D-8, HRS

Criteria 10. Ability to comply with requirements for packaging, labeling, and chain of custody of products

Criteria 11. A plan for secure disposal of marijuana and manufactured marijuana products

Criteria 12. Ability to ensure product safety, in accordance with this chapter and sections 329D-8, 329D-10, 329D-11, HRS

Criteria 13. No history of having a business license revoked.

Total Merit Criteria Points Awarded to Applicant

HELPFUL INFORMATION FOR FILLING OUT THIS FORM:

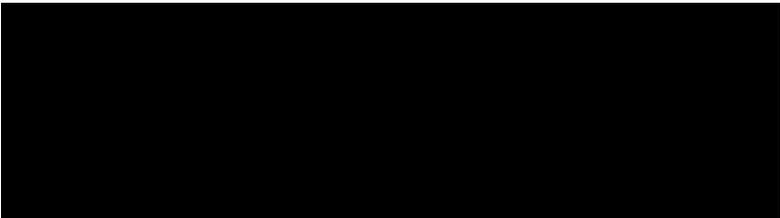
1. You can save your work on this form by checking the 'Save my progress and resume later' box and then clicking the 'Save form and resume later' button
IMPORTANT: Remember to do this every time you leave your application or you will lose the information you have entered.
2. To keep your information secure, remember to log out of your application each time you finish working on it.
3. Use a current version of Google Chrome or Firefox browser when completing this form.
4. Save the form every 20 minutes to avoid timing out. When entering information in a spreadsheet, save and exit the form first.
5. Do not include single or double quote marks (' or ") or more than one period (.) in your document names.

INSTRUCTIONS FOR THE MEDICAL MARIJUANA DISPENSARY LICENSE APPLICATION

Before applying for a medical marijuana dispensary license, applicants must acknowledge that they have read the statute and administrative rules on medic redirected to the statute and administrative rules.

Hawaii Revised Statute (HRS) 329D

Hawaii Administrative Rules (HAR) Chapter 11-850



Disclaimer:

MINIMUM REQUIREMENTS

All individual applicants and applying entities must meet the requirements listed below or the application will not be accepted. Applicants must attach proof sections.

INDIVIDUAL APPLICANT

- * Individual applicant shall be at least 21 years old.
- * Shall be a legal resident of the State of Hawaii for at least five (5) uninterrupted years immediately preceding the date of the license application.
- * Shall not have any felony convictions or any other disqualifying background history.
- * Shall be authorized by the applying entity to submit an application for a dispensary license, and act as the primary point of contact with the department.

APPLYING ENTITY

- * The applying entity must be organized under the laws of the State of Hawaii.
- * Have a Hawaii tax identification number.
- * Have a Department of Commerce and Consumer Affairs Business Registration Division number and suffix.
- * Have a federal employer identification number.
- * Not be less than fifty-one percent held by Hawaii legal residents or entities wholly controlled by Hawaii legal residents who have been legal residents for an application was submitted.
- * Have financial resources under its control of not less than \$1,000,000 for each license applied for, plus not less than \$100,000 for each retail dispensing location statements or escrow accounts, and those financial resources shall have been under the control of the applying entity for not less than ninety days immediately prior to application.
- * Be composed of owners, principals, or members, each of whom is not less than twenty-one years of age and has no felony convictions or any other disqualifying background history.

APPLICATION FEE

The license application fee of \$5,000 by certified check or cashier's check payable to the State of Hawaii, Department of Health, is part of the minimum requirements for Marijuana Dispensary Licensing, Room 337, 601 Kamokila Blvd., Kapolei, HI 96707 or be postmarked by 4:30 pm Hawaii Standard Time on the last day of the application.

Please note the application number on the check. This is found in the heading of the email confirmation you receive upon submittal, and is also visible when the check is processed.

NOTE: ALL QUESTIONS MUST BE ANSWERED TO SUBMIT YOUR APPLICATION UNLESS OTHERWISE INDICATED.

SECTION A: APPLICATION FOR COUNTY

NOTE: An applicant may apply for a license for more than one county, but may only receive one license. Indicating here that you are applying for a license in one county does not mean you are not applying for a license in another county; separate applications must be submitted. The applicant and applying entity must complete a separate application with all required information and a refundable application fee of \$5,000 for each application. The financial resources required (\$1,000,000 plus not less than \$100,000 for each retail dispensing location) only apply toward one license, if granted.

1. For which county are you requesting a license?	County of Hawaii
2. Are you also applying for a dispensary license in another county?	No
2a. If YES, what other county or counties are you applying for a license? (NOTE: A separate application and check will be required for each county.)	

SECTION B: INDIVIDUAL APPLICANT INFORMATION

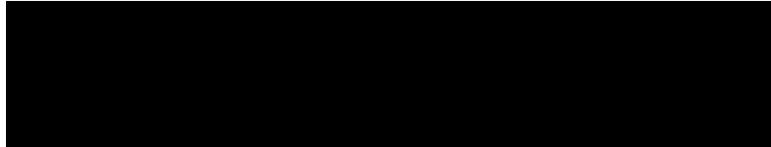
GENERAL INFORMATION

3. Legal Name of Applicant	Steven C Black
----------------------------	----------------

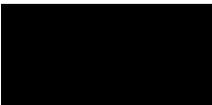
4. Upload Proof of Legal Name of Applicant

Scan and submit a certified copy of AT LEAST ONE (1) of the following:

- * Certified copy of a birth certificate or marriage certificate filed with a state office of vital statistics or equivalent agency in the individual's state of birth or marriage;
- * Valid, unexpired U.S. passport [inside cover and first page only] or U.S. passport card;
- * Consular report of birth abroad Form FS-240, DS-1350 or FS-545 issued by the U.S. Department of State;
- * Valid, unexpired permanent resident card (Form I-551) issued by the Department of Homeland Security (DHS) or the U.S. Citizenship and Immigration Services (USCIS);
- * Unexpired employment authorization document issued by the DHS, Form I-766 or Form I-688B;
- * Unexpired foreign passport with the following: a valid, unexpired U.S. visa affixed, and an approved I-94 form documenting the applicant's most recent admittance into the United States or a DHS admittance stamp on the passport;
- * Certified copy of the Certificate of Naturalization issued by DHS, Form N-550 or Form N-570;
- * Certificate of citizenship, Form N-560 or Form N-561, issued by DHS;
- * Court-issued, certified copy of a divorce decree;
- * Certified copy of a legal change of name order



5. Date of Birth (must be at least 21 years old)



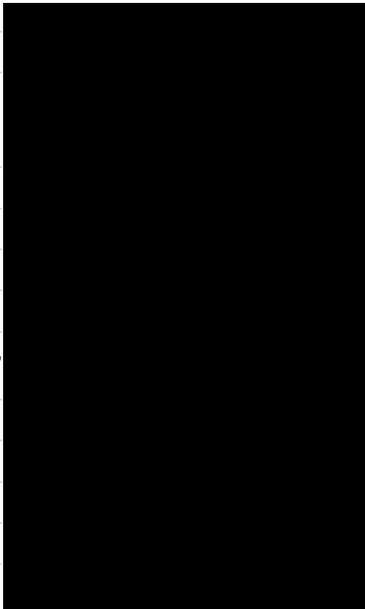
6. Upload Proof of Date of Birth of Applicant

Scan and submit a certified copy of AT LEAST ONE (1) of the following:

- * Certified copy of a birth certificate or marriage certificate filed with a state office of vital statistics or equivalent agency in the individual's state of birth or marriage;
- * Valid, unexpired U.S. passport [inside cover and first page only] or U.S. passport card;
- * Consular report of birth abroad Form FS-240, DS-1350 or FS-545 issued by the U.S. Department of State;
- * Valid, unexpired permanent resident card (Form I-551) issued by the Department of Homeland Security (DHS) or the U.S. Citizenship and Immigration Services (USCIS);
- * Unexpired employment authorization document issued by the DHS, Form I-766 or Form I-688B;
- * Unexpired foreign passport with the following: a valid, unexpired U.S. visa affixed, and an approved I-94 form documenting the applicant's most recent admittance into the United States or a DHS admittance stamp on the passport;
- * Certificate of naturalization issued by DHS, Form N-550 or Form N-570;
- * Certificate of citizenship, Form N-560 or Form N-561, issued by DHS;
- * Valid, unexpired driver's license or government issued photo identification card.



7. Social Security No. or Identifier No. (last 4 digits only):



8. Applicant's Address

9. Daytime Phone No.

10. Fax No.

11. Email

CRIMINAL HISTORY INFORMATION

12. Has the individual applicant ever been convicted of a felony? If YES, STOP, you are not an eligible applicant.

13. Has the individual applicant ever been convicted of a crime?

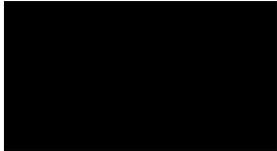
13a. If YES, please describe (e.g., conviction, date, disposition, etc.)

14. Has the individual applicant ever been arrested?

14a. If YES, please describe (e.g., date, disposition, etc.)

Obtain a Criminal History Report

Copy the Validation code from an eCrim report for the individual applicant generated by the Hawaii Criminal Justice Data Center no earlier than December 12, 2015 at 8:00 a.m. (Hawaii-Aleutian Standard Time).



Visit [eCrim.ehawaii.gov \(https://ecrim.ehawaii.gov/ahewa/\)](https://ecrim.ehawaii.gov/ahewa/) to obtain the eCrim report.

15. Enter the eCrim Validation Code here:

16. NOTICE: Pursuant to Chapter 329D HRS and Chapter 11-850 HAR, applicants are required to provide consent to a background check, including fingerprinting, to be conducted by the Department of Health or its designee.

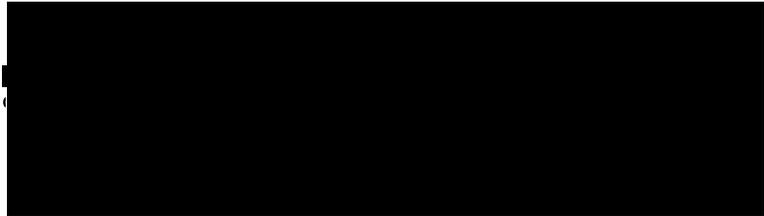


Further information and instructions will be provided on <http://health.hawaii.gov/medicalmarijuana/>. If the information and instructions are not yet posted, please check the website often.

RESIDENCY INFORMATION 17. Is the Applicant a legal resident of the State of Hawaii for at least five years? If NO, STOP, you are not an eligible applicant. Yes

18. Upload Proof of Hawaii Residency:

Scan and submit AT LEAST ONE (1) of the following source documents as proof of Hawaii state residency for at least five years:



- * State of Hawaii tax return Form N-11 without schedules, worksheets, or attachments, and redacted to remove all financial information and all but the last four digits of the individual's social security number;
- * Evidence of voter registration;
- * Ownership, lease, or rental documents for place of primary domicile;
- * Billing statements including utility bills; or
- * Vehicle registration.

19. Authorized to Act on Behalf of Applying Entity

Scan and submit evidence of the authority of the individual to act on behalf of the applying entity, and supporting documentation (e.g. corporate resolution, bylaws, articles of incorporation):



SECTION C: APPLYING ENTITY INFORMATION

20. Name of Applying Entity

21. Applying Entity's Business Address

22. Entity Phone #

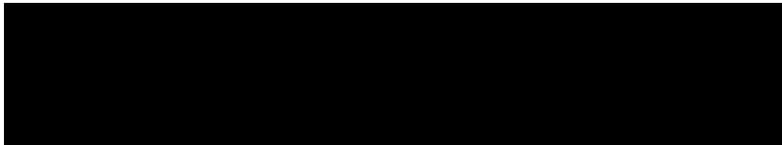
23. Entity Email

24. Entity Fax #

25. Is the applying entity organized under the laws of the State of Hawaii? If the answer is 'NO', STOP, you are not an eligible applicant. Yes

26. Upload Applying Entity Incorporation or Business Status Documentation:

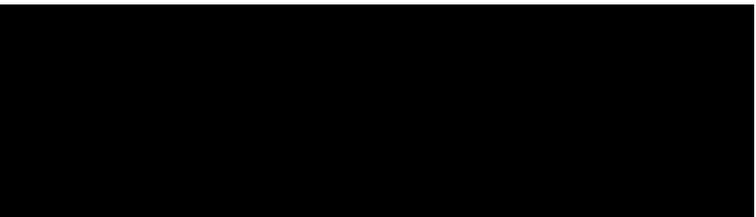
Upload a certified copy of applying entity's incorporation documents in the State of Hawaii.



Visit [Hawaii Business Express \(https://hbe.ehawaii.gov/documents/search.html\)](https://hbe.ehawaii.gov/documents/search.html) for available documents.

27. Provide the entity's Hawaii Department of Commerce & Consumer Affairs Business Registration Division Number & Suffix (file number).

Visit [Hawaii Business Express - Business Name Search \(https://hbe.ehawaii.gov/documents/search.html\)](https://hbe.ehawaii.gov/documents/search.html) to locate your entity's file number.



28. Upload a copy of the entity's Certificate of Good Standing from the Department of Commerce and Consumer Affairs.

29. Hawaii Tax Identification Number:

Provide the number along with a copy of the State of Hawaii Tax Identification Number (see question immediately below).



Visit [Tax ID Search \(https://dotax.ehawaii.gov/tls/app\)](https://dotax.ehawaii.gov/tls/app) for this information.

30. Upload a copy of the entity's State of Hawaii Tax Identification document.

31. Federal Employer Identification Number: Provide the Federal Employer Identification Number.

32. Upload a copy of the entity's Federal Employer Identification Number document.

OWNER(S), PRINCIPAL(S), & MEMBER(S) INFORMATION

33. Enter the total number of Owner(s), Principal(s), and Member(s) of the applying entity here: 3

34. Upload Owner, Principal, and Member Information Spreadsheet

INSTRUCTIONS: Download the EXCEL spreadsheet below, enter the following information in the format required, and upload it to attach it to your application.

Information to be provided:

1) List of Owners, Principals, and Members of the Applying Entity

For each Owner, Principal, and Member of the Applying Entity:

- A) Name, Address, Phone number, and Email Address
- B) Each individual's percent interest in the company
- C) State of primary residence
- D) Number of years each person has lived in Hawaii (the most recent, uninterrupted number of years that the person has been a resident), and
- E) A criminal background check for each Owner, Principal, and Member.

Copy the validation code from an eCrim report for the individual generated by the Hawaii Criminal Justice Data Center no earlier than December 12, 2015 at 8:00 a.m. (Hawaii-Aleutian Standard Time).

Visit [eCrim.ehawaii.gov \(https://ecrim.ehawaii.gov/ahewa/\)](https://ecrim.ehawaii.gov/ahewa/) to obtain the eCrim report.

Please include a signed statement by each Owner, Principal, or Member certifying that the information is complete and accurate. Upload the signed statements in the following question (35.)

2) Other Businesses Holding an Interest

If there are businesses that hold an interest in the company, list the business names and percent interest on a separate tab on the spreadsheet.

[Download Owner Principal Member Information Spreadsheet \(/mmjdisp/templates/Owner_Principal_Member_Report.xls\)](#)

35. Upload Proof of Name, Date of Birth, and Residency for each Officer, Principal, or Member listed on the spreadsheet

1) Proof of Legal Name of Each Owner, Principal, and Member:

Scan and submit a certified copy of **AT LEAST ONE (1)** of the following:

- * Certified copy of a birth certificate or marriage certificate filed with a state office of vital statistics or equivalent agency in the individual's state of birth or marriage;
- * Valid, unexpired U.S. passport [inside cover and first page only] or U.S. passport card;
- * Consular report of birth abroad Form FS-240, DS-1350 or FS-545 issued by the U.S. Department of State;
- * Valid, unexpired permanent resident card (Form I-551) issued by the Department of Homeland Security (DHS) or the U.S. Citizenship and Immigration Services (USCIS);
- * Unexpired employment authorization document issued by the DHS, Form I-766 or Form I-688B;
- * Unexpired foreign passport with the following: a valid, unexpired U.S. visa affixed, and an approved I-94 form documenting the applicant's most recent admittance into the United States or a DHS admittance stamp on the passport;
- * Certificate of naturalization issued by DHS, Form N-550 or Form N-570;
- * Certificate of citizenship, Form N-560 or Form N-561, issued by DHS;
- * Court-issued, certified copy of a divorce decree;
- * Certified copy of a legal change of name order;

2) Proof of Date of Birth

Scan and submit a certified copy of **AT LEAST ONE (1)** of the following:

- * Certified copy of a birth certificate or marriage certificate filed with a state office of vital statistics or equivalent agency in the individual's state of birth or marriage;
- * Valid, unexpired U.S. passport [inside cover and first page only] or U.S. passport card;
- * Consular report of birth abroad Form FS-240, DS-1350 or FS-545 issued by the U.S. Department of State;
- * Valid, unexpired permanent resident card (Form I-551) issued by the Department of Homeland Security (DHS) or the U.S. Citizenship and Immigration Services (USCIS);
- * Unexpired employment authorization document issued by the DHS, Form I-766 or Form I-688B;
- * Unexpired foreign passport with the following: a valid, unexpired U.S. visa affixed, and an approved I-94 form documenting the applicant's most recent admittance into the United States or a DHS admittance stamp on the passport;
- * Certificate of naturalization issued by DHS, Form N-550 or Form N-570;
- * Certificate of citizenship, Form N-560 or Form N-561, issued by DHS;
- * Valid, unexpired driver's license or government issued photo identification card.

3) Proof of Hawaii Residency:

Scan and submit **AT LEAST ONE (1)** of the following source documents as proof of Hawaii state residency for at least five years:

- * State of Hawaii tax return Form N-11 without schedules, worksheets, or attachments, and redacted to remove all financial information and all but the last four digits of the individual's social security number;
- * Evidence of voter registration;
- * Ownership, lease, or rental documents for place of primary domicile;
- * Billing statements including utility bills; or
- * Vehicle registration.

Document size limit is 2 MB. Up to 10 documents may be attached.

SECTION D: FINANCIAL INFORMATION

36. FINANCIAL RESOURCES GENERAL INFORMATION

INSTRUCTIONS: Download the EXCEL spreadsheet below, enter the following information in the format required, and upload it to attach it to your application.

Information to be provided:

1) Financial Resources the applying entity has under its control. List each financial resource, amount of the resource (round to nearest dollar, no cents), and verifying information (account type, account number, account name, name of financial institution, applicant contact information) as shown on the spreadsheet

2) Date Resource/Dollar amount under the applying entity's control

[Download Financial Resources General Information Spreadsheet \(/mmjdisp/templates/Financial_Resources_General.xls\)](#)

Upload the completed Financial Resources General Information Spreadsheet

37. Upload Financial Resources General Information Supporting Source Documents

Upload supporting source documents, i.e. bank statements, escrow account information, balance sheets etc. Supporting source documents for Financial Resources General Information must be provided as proof of the financial resources.

Document size limit is 10 MB. Up to 5 documents may be attached.

38. FINANCIAL RESOURCES - RETAIL DISPENSING LOCATION INFORMATION

INSTRUCTIONS: Download the EXCEL spreadsheet below, enter the following information in the format required, and upload it to attach it to your application.

Data to be provided:

1) Financial Resources the applying entity has under its control for each retail dispensing location allowed (2 locations maximum)

2) Dollar Amount (total aggregate for each retail dispensing location shall be not less than \$100,000, or \$200,000 for 2 locations)

3) Date Resource/Dollar amount under the applying entity's control (resources have been under the Applying Entity's control for not less than 90 days)

[Download Financial Resources - Retail Dispensing Location Information Spreadsheet \(/mmjdisp/templates/Financial_Resources_Retail_Dispensing_Location.xls\)](#)

Upload the completed Financial Resources - Retail Dispensing Location Information Spreadsheet

39. Upload Retail Dispensary Location Supporting Source Documents

Upload supporting source documents, i.e. bank statements, escrow account information, balance sheets etc. Supporting source documents for retail dispensary locations must be provided as proof of the financial resources.

Document size limit is 10 MB. Up to 5 documents may be attached.

SECTION E: MERIT INFORMATION - OPTIONAL

Responses for each criteria shall be no longer than specified for each criteria, double spaced, font size no smaller than 12, and margins no less than 1 inch

(1) Ability to operate a business, including but not limited to education, knowledge, and experience with:

- (A) Regulated industries;
- (B) Agriculture or horticulture;
- (C) Commercial manufacturing;
- (D) Pharmaceutical companies;
- (E) Operating or working in a medical marijuana dispensary business;
- (F) Creating and implementing a business plan, including a timeline for opening a business;
- (G) Creating and implementing a financial plan;
- (H) Retail sales;
- (I) Secure inventory tracking and control;
- (J) Protecting confidential customer information;
- (K) Owning or managing a business that required twenty four hour security monitoring; and
- (L) Any other experience the applicant considers relevant;

Response to (1) shall be no longer than five (5) pages.

Upload Response to (1)

(2) Plan for operating a medical marijuana dispensary in the county for which the applicant is seeking a license, including but not limited to a timeline for opening a retail dispensing location;

Response to (2) shall be no longer than five (5) pages.

Upload Response to (2)

(3) Proof of financial stability and access to financial resources, including but not limited to:

- (A) Legal sources of finances immediately available to begin operating a dispensary;
- (B) A summary of financial statements in businesses previously or currently owned or operated by the applicant;
- (C) A financial plan for operating a medical marijuana dispensary in Hawaii;
- (D) Good credit history; and
- (E) History of bankruptcy by the applicant or entities owned or operated by the applicant;

Response to (3) shall be no longer than five (5) pages.

Upload Response to (3)

(4) Ability to comply with the security requirements of Chapter 11-850 and Section 329D-7, HRS;

Response to (4) shall be no longer than five (5) pages.

Upload Response to (4)

(5) Capacity to meet the needs of qualifying patients, including but not limited to:

- (A) Educating patients on how marijuana can be used to assist patients with debilitating medical conditions and about the marijuana and manufactured marijuana products that will be available in the applicant's retail dispensing locations;
- (B) Producing and maintaining a supply of marijuana that is sufficient to meet the needs of qualifying patients;
- (C) Providing safe, accessible retail dispensing locations; and
- (D) Measuring and improving customer satisfaction;

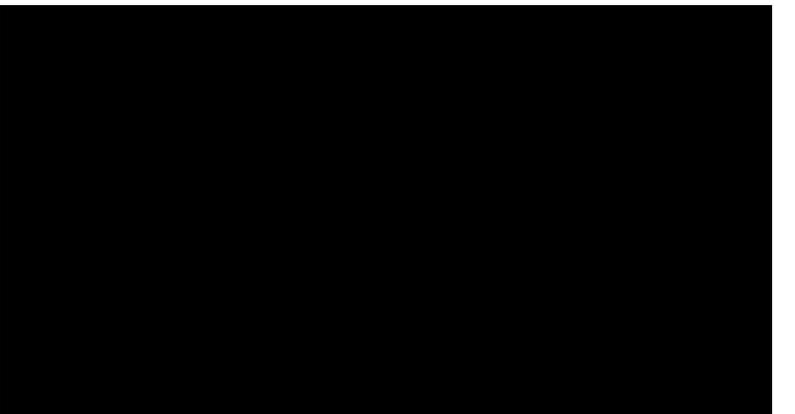
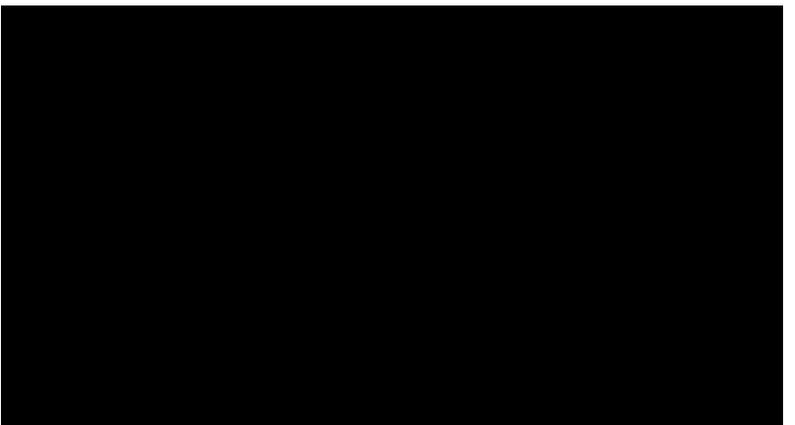
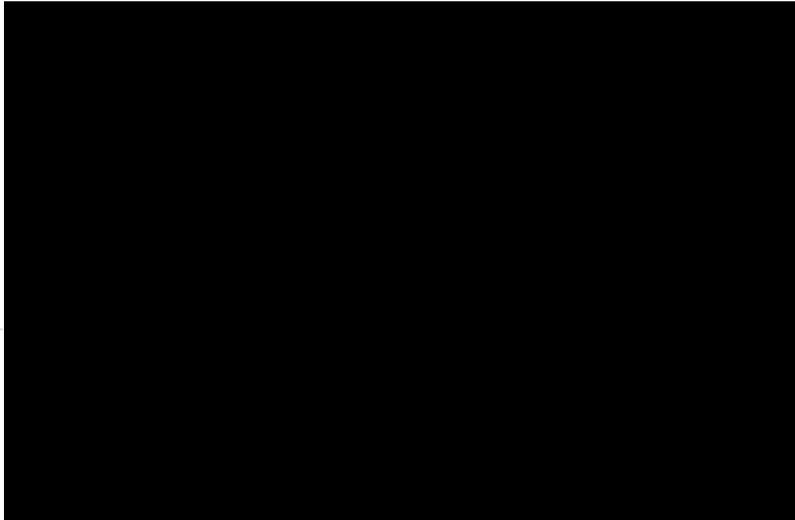
Response to (5) shall be no longer than five (5) pages.

Upload Response to (5)

(6) Ability to comply with criminal background check requirements pursuant to Chapter 11-850 and Sections 329D-7, 329D-12, and 846-2.7, HRS;

Response to (6) shall be no longer than three (3) pages.

Upload Response to (6)



(7) Ability to comply with the requirements in Chapter 11-850 and Sections 329 and 329D, HRS, for inventory tracking, security, and dispensing limits for qualifying patients;

Response to (7) shall be no longer than five (5) pages.

Upload Response to (7)

(8) Ability to maintain confidentiality of a qualifying patient's medical condition, health status, and purchases of marijuana or manufactured marijuana products;

Response to (8) shall be no longer than three (3) pages.

Upload Response to (8)

(9) Ability to conduct or contract for certified laboratory testing on marijuana and manufactured marijuana products pursuant to Chapter 11-850 and Sections 329D-7 and 329D-8, HRS;

Response to (9) shall be no longer than three (3) pages.

Upload Response to (9)

(10) Ability to comply with requirements for packaging, labeling, and chain of custody of products;

Response to (10) shall be no longer than three (3) pages.

Upload Response to (10)

(11) A plan for secure disposal of marijuana and manufactured marijuana products;

Response to (11) shall be no longer than five (5) pages.

Upload Response to (11)

(12) Ability to ensure product safety, in accordance with Chapter 11-850 and Sections 329D-8, 329D-10, 329D-11, HRS.

Response to (12) shall be no longer than five (5) pages.

Upload Response to (12)

(13) No history of having a business license revoked.

Response to (13) shall be no longer than three (3) pages.

Upload Response to (13)

SECTION F: CERTIFICATION AND SUBMITTAL

Certification

By checking the box above and entering the individual applicant's name below, the applicant has electronically signed this application.

Applicant Name Steven C Black

If you have previously submitted an application and this is a revision, enter the unique entry number(s) of your previous submission(s) here.

User ID

User Email

Entry Info

Date Created 29 Jan 2016 - 04:02:29 PM

Date Updated

IP Address

OPERATING AGREEMENT

FOR

**KONA GOLD WELLNESS CENTER LLC
A HAWAII LIMITED LIABILITY COMPANY**

THE SECURITIES REPRESENTED BY THIS AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR THE HAWAII UNIFORM SECURITIES ACT OR REGISTERED OR QUALIFIED UNDER ANY STATE SECURITIES LAWS. SUCH SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, DELIVERED AFTER THE SALE, TRANSFERRED, UNLESS QUALIFIED AND REGISTERED UNDER THE APPLICABLE STATE AND FEDERAL SECURITIES LAWS OR UNLESS, IN THE OPINION OF COUNSEL SATISFACTORY TO THE COMPANY, SUCH QUALIFICATION AND REGISTRATION IS NOT REQUIRED. ANY TRANSFER OF THE SECURITIES REPRESENTED BY THIS AGREEMENT IS FURTHER SUBJECT TO THE OTHER RESTRICTIONS, TERMS AND CONDITIONS WHICH ARE SET FORTH HEREIN.

OPERATING AGREEMENT
FOR
KONA GOLD WELLNESS CENTER LLC
A HAWAII LIMITED LIABILITY COMPANY

THIS OPERATING AGREEMENT is made as of September 22, 2015 but shall be effective as of the Effective Date, by the Company and the Persons executing this Agreement as Members, with reference to the following facts:

A. On September 22, 2015 the Articles of Organization for the Company, a limited liability company organized under the Act of the State of Hawaii, were filed with the Office of the Director of the Department of Commerce and Consumer Affairs of the State of Hawaii.

B. The aforesaid Members desire to adopt and approve an operating agreement for the Company.

Now, therefore, the Members, for and in consideration of the mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby agree to the terms and conditions of this Agreement, as it may from time to time be amended.

ARTICLE I.
CERTAIN DEFINITIONS

Unless otherwise defined in this Agreement, the following terms shall have the meanings set forth below:

1.1 "Act" means the Hawaii Uniform Limited Liability Company Act, Haw. Rev. Stat. Chapter 428, §§428 -101 et seq., as amended from time to time (or any corresponding provisions of any succeeding law). The various sections of the Act are referred to herein as "Section __ of the Act."

1.2 "Additional Capital Contribution" means, for each Member, any Capital Contribution made by such Member under Section 3.4 hereof.

1.3 "Affiliate" means, for any Person, (i) any Person directly or indirectly controlling, controlled by, or under common control with such Person, (ii) any officer, director, general partner, member or trustee of such Person, or (iii) any Person who is an officer, director, general partner, member or trustee of any Person described in the preceding clauses (i) or (ii). For purposes of this definition, the terms "controlling", "controlled by" or "under common control with" shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, or the power to elect at least fifty percent (50%) of the directors, managers, general partners or Persons exercising similar authority concerning such Person.

1.4 "Agreement" or "Operating Agreement" means this Operating Agreement, including all Exhibits attached hereto, as amended from time to time.

1.5 "Articles" means the Company's Articles of Organization filed with the Department, as originally executed and amended, modified, supplemented or restated from time to time, as the context requires.

1.6 "Articles of Termination" means the articles of termination filed in accordance with Section

428-805 of the Act and as that term is otherwise used and referred to in the Act.

1.7 "Assignee" means the owner of an Economic Interest who has not been admitted as a substituted Member in accordance with Article VII.

1.8 "Bankruptcy" means: (a) the filing of an application by a Member for, or his, her or its consent to, the appointment of a trustee, receiver or custodian of his, her or its other assets; (b) the entry of an order for relief with respect to a Member in proceedings under the United States Bankruptcy Code, as amended or superseded from time to time; (c) the making by a Member of a general assignment for the benefit of creditors; (d) the entry of an order, judgment or decree by any court of competent jurisdiction appointing a trustee, receiver or custodian of the assets of a Member, unless the proceedings and the person appointed are dismissed within ninety (90) days; or (e) the failure by a Member generally to pay his, her or its debts as the debts become due within the meaning of Section 303(h) (1) of the United States Bankruptcy Code, as determined by the Bankruptcy Court, or the admission in writing of his, her or its inability to pay his, her or its debts as they become due.

1.9 "Business" means the business of Hawaii medical marijuana dispensary licensee, and any other activity related or ancillary thereto, and any other lawful activity for which a limited liability company may be organized under the Act.

1.10 "Capital Account" means, for any Member, the Capital Account which the Company establishes and maintains for such Member under Section 3.2 and in accordance with the following provisions:

(a) To each Member's Capital Account there shall be credited (i) such Member's Capital Contributions, (ii) such Member's distributive share of Net Profits, and (iii) the amount of any Company liabilities assumed by such Member or secured by any asset distributed to such Member;

(b) From each Member's Capital Account there shall be debited (i) the amount of money and the value of any property distributed to such Member under any provision of this Agreement, (ii) such Member's distributive share of Net Losses, and (iii) the amount of any liabilities of such Member assumed by the Company or which are secured by any property contributed by such Member to the Company; and

(c) To determine the amount of any liability for subparagraphs (a) and (b) above there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and the Regulations.

The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-1(b), and they shall be interpreted and applied in a manner consistent with such Regulations. If the Manager shall determine that it is prudent to modify how the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities secured by contributed or distributed property or assumed by the Company or any Members), are computed to comply with such Regulations, then the Manager may make such modification; provided, however, that any such modification shall not be likely to have a material effect on the amounts distributed to any Person under Article VI hereof upon the dissolution of the Company. The Manager shall also (i) make any adjustments necessary or appropriate to maintain equality between the Capital Accounts of the Members and the amount of capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2) (iv) (q), and (ii) make any appropriate modifications if unanticipated events might otherwise cause this Agreement not to comply with Regulations Section 1.704-1(b). "Capital Accounts" means all such accounts maintained for the Members.

1.11 "Capital Contribution" means, for any Member, the total amount of cash, fair value of expertise and the fair market value of property contributed to the Company by such Member with respect to the Membership Interest in the Company held by such Member, including any Additional Capital Contribution.

1.12 "Code" means the United States Internal Revenue Code of 1986, as amended from time to time, the provisions of successors to that Code and, to the extent applicable, the Regulations.

1.13 "Company" means the limited liability company formed under the Articles and this Agreement.

1.14 "Department" means the Department of Commerce and Consumer Affairs of the State of Hawaii, or any successor agency.

1.15 "Dissolution Event" means (i) with respect to any Member, one or more of the following: the death, insanity, withdrawal, resignation, retirement, expulsion, Bankruptcy or dissolution of any Member, and (ii) with respect to any Manager who is a Member, one or more of the following: the death, insanity, withdrawal, resignation, retirement, expulsion, Bankruptcy or dissolution of any such Member-Manager.

1.16 "Distributable Cash" means the amount of cash which the Manager deems available for distribution to the Members, taking into account all debts, liabilities and obligations of the Company then due, and working capital and other amounts which the Manager deems necessary for the Company's Business or to place into reserves for customary and usual claims with respect to the Business.

1.17 "Economic Interest" means the right to receive distributions of the Company's assets and allocations of income, gain, loss, deduction, credit and similar items from the Company under this Agreement and the Act, but shall not include any other rights of a Member, including, without limitation, the right to vote or participate in the management of the Company, or except as provided in Section 428-408 of the Act, any right to information concerning the Business and affairs of the Company.

1.18 "Effective Date" means the date on which the Articles are filed with the Office of the Director of the Department under Section 428-202 of the Act.

1.19 "Fiscal Year" means the Company's fiscal year, which shall be the calendar year or any shorter period ending on December 31.

1.20 "Majority Interest" means those Members who, in the aggregate, hold a majority of the Percentage Interests which all Members hold.

1.21 "Manager" means the Person so named in the Articles or any Person duly elected by the Members under Article V hereof to serve as a Manager. "Managers" means all of such Persons. The initial Manager shall be Steven C. Black.

1.22 "Member" means each Person who (i) is an initial signatory to this Agreement, has been admitted to the Company as a Member in accordance with the Articles or this Agreement or is an Assignee who has become a Member in accordance with Article VII hereof, and (ii) has not become the subject of a Dissolution Event or ceased to be a Member for any other reason under the provisions of this Agreement. "Members" means all such Persons.

1.23 "Membership Interest" means a Member's entire interest in the Company including the Member's Economic Interest, the right to vote on or participate in the management of the Company, and the right to receive information concerning the Business and affairs of the Company.

1.24 "Net Profits" and "Net Losses" mean, for each Fiscal Year, an amount equal to the Company's taxable income or loss for such Fiscal Year, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately under Code Section 703(a) (1) shall be included in taxable income or loss).

1.25 "Percentage Interest" means the percentage of a Member set forth opposite such Member's name in Exhibit A hereto, as such percentage may be adjusted from time to time under the terms of this Agreement. Percentage Interests shall be determined at least annually, unless otherwise provided herein, in accordance with the relative proportions of the aggregate Capital Contributions of the Members.

1.26 "Person" means an individual, partnership (whether general or limited), limited liability company, corporation, trust, estate, association, nominee or any other entity.

1.27 "Regulations" means, unless the context clearly indicates otherwise, the Income Tax Regulations, including Temporary Regulations, promulgated under the Code, as such Regulations are amended from time to time.

1.28 "Tax Matters Partner" (as defined in Code Section 6231) has the meaning set forth, and shall be the Person so designated, in Section 9.6 hereof.

1.29 "Term" means the term of the Company established by or under Section 2.3 hereof.

1.30 "Transfer" means, as a noun, any voluntary or involuntary transfer, assignment, sale, conveyance, lease, mortgage, security interest, deed, encumbrance, gift, pledge, hypothecation or other disposition; and, as a verb, voluntarily or involuntarily to transfer, assign, sell, convey, lease, mortgage, grant a security interest in, deed, encumber give, pledge, hypothecate or otherwise dispose of.

ARTICLE II. ORGANIZATION

2.1 Formation.

(a) The Members have formed the Company under the Act by filing the Articles with the Department and entering into this Agreement, which is deemed effective as of the Effective Date.

(b) The parties hereto expressly intend that this Agreement shall be the sole statement of agreement among them, and, except to the extent that a provision of this Agreement expressly incorporates federal income tax rules by reference to sections of the Code or Regulations or is expressly prohibited or ineffective under the Act, this Agreement shall govern even when inconsistent with or different from the provisions of the Act or any other law or rule. The Members hereby agree that each Member shall be entitled to rely on the provisions of this Agreement, and no Member shall be liable to the Company or to any Member for any action or refusal to act taken in good faith reliance on the terms of this Agreement. The Members and the Company hereby agree that the duties and obligations imposed upon the Members of the Company as such shall be those set forth in this Agreement, which is intended to govern the relationship among the Company and the Members, notwithstanding any provision of the Act or common law to the contrary.

2.2 Name. The name of the Company shall be "Kona Gold Wellness Center LLC." The Business of the Company may be conducted under that name or, upon compliance with applicable laws, any other name that the Manager deems appropriate or advisable.

2.3 Term. The term of this Agreement commenced on the Effective Date and shall continue until December 31, 2018 on which date the Company shall be dissolved and its Business and affairs wound up in accordance with the Act and this Agreement, unless the Members extend the term of the Company by amendment to this Agreement and the Articles, or unless the Company shall be sooner dissolved and its Business and affairs wound up in accordance with the Act or under Article IX hereof.

2.4 Office and Agent.

(a) General. The Company shall continuously maintain an office and registered agent in the State of Hawaii.

(b) Office. The principal office of the Company shall be at 82-5942 Napoopoo Road, Captain Cook, Hawaii 96704 (mailing address is P.O. Box 827, Kealahou, Hi. 96750), or at such other place within or without the State of Hawaii as the Manager may determine from time to time; provided that the Company, under Section 428-107 of the Act, shall always maintain an office in the State of Hawaii.

(c) Designated Agent for Service of Process. The designated agent for service of process on the Company in the State of Hawaii shall be Steven C. Black, whose address is 82-5942 Napoopoo Road, Captain Cook, Hawaii 96704 (mailing address is P.O. Box 827, Kealahou, Hi. 96750). If the designated agent for service of process ceases to act as such for any reason, then the Manager shall promptly designate a replacement agent for service of process.

2.5 Addresses of the Members and the Manager. The respective addresses of the Members and the Manager are set forth on Exhibit A.

2.6 Purpose: Powers. The purposes of the Company are to operate the Business, engage in any and all activities related or incidental to the Business, and otherwise engage in any lawful act or activity for which a limited liability company can be organized under the Act. The Company has the power to do any and all acts necessary, appropriate, proper, advisable, incidental or convenient to or in furtherance of the purposes of the Company. The Company has, without limitation, any and all powers that may be exercised on behalf of the Company by the Manager under Article V hereof.

ARTICLE III.
CAPITAL CONTRIBUTIONS

3.1 Initial Capital Contributions. Each Member shall contribute such amount as is set forth on Exhibit A as his, her or its initial Capital Contribution. Exhibit A shall be revised from time to time to reflect any Additional Capital Contributions made in accordance with Section 3.4 hereof.

3.2 Capital Accounts. The Company shall establish and maintain an individual Capital Account for each Member in accordance with Regulations Section 1.704-1(b) (2) (iv). If a Member makes a permitted Transfer of all or a part of his, her or its Membership Interest in accordance with this Agreement, such Member's Capital Account attributable to the Transferred Membership Interest shall carry over to the new owner of such Membership Interest under Regulations Section 1.704-1(b) (2) (iv) (1).

3.3 No Interest. No Member shall be entitled to receive any interest on his, her or its Capital Contributions and any Additional Capital Contributions.

3.4 Additional Capital Contributions. No Member shall be required to make any Additional Capital Contributions. Any Member may, with the approval of a Majority Interest, agree to and become obligated to make an Additional Capital Contribution.

3.5 No Rights of Redemption or Return of Capital Contribution. Subject to Section 9.3 hereof, no Member has a right to have such Member's Membership Interest redeemed or to have his, her or its Capital Contribution returned before the termination of the Company, even if the Member dissociates before the termination of the Company. Further, at the termination of the Company, the right to return of the Capital Contribution is subject to Article IX.

ARTICLE IV.
MEMBERS

4.1 Limited Liability. Except as expressly set forth in this Agreement or required by law, no Member shall be personally liable for any debt, obligation or liability of the Company, whether that liability or obligation arises in contract, tort or otherwise.

4.2 Admission of Additional Members. The Manager, with the approval of all of the Members, may admit to the Company additional Members. Any additional Member shall make a Capital Contribution and obtain therefor a Membership Interest, and shall participate in the management, Net Profits, Net Losses and distributions of the Company, on such terms as are determined by the Manager and approved by all of the Members. Notwithstanding the foregoing, Assignees may only be admitted as substituted Members in accordance with Article VII.

4.3 Withdrawals or Resignations. No Member may withdraw or resign from the Company.

4.4 Termination of Membership Interest. Upon (i) the Transfer of a Member's Membership Interest in violation of Article VII, or (ii) the occurrence of a Dissolution Event as to a Member which does not result in the dissolution of the Company under Article VIII, the Membership Interest of such Member shall be terminated by the Manager and thereafter that Member shall be an Assignee only. Each Member acknowledges and agrees that such termination of a Membership Interest upon the occurrence of any of the foregoing events is not unreasonable under the circumstances existing as of the date hereof.

4.5 Competing Activities. The Members and their Affiliates may not engage or invest in, independently or with others, any business activity of any type or description, including, without limitation, those that might be the same as or similar to the Company's Business and that might be in direct or indirect competition with the Company. Neither the Company nor any Member shall have any right in or to such other ventures or activities or to the income or proceeds derived therefrom. The Members shall not be obligated to present any investment opportunity or prospective economic advantage to the Company, even if the opportunity is of the character that, if presented to the Company, could be taken by the Company. Each Member hereby waives any and all rights and claims that it may otherwise have against the other Members and their Affiliates as a result of any of such activities.

4.6 Transactions with the Company. Subject to any limitations set forth in this Agreement and with the prior approval of the Manager, a Member may lend money to and transact other business with the Company. Subject to other applicable law, such Member has the same rights and obligations with respect thereto as a Person who is not a Member.

4.7 Remuneration to Members. Except as otherwise specifically provided in this Agreement, no Member is entitled to remuneration for acting in the Company's Business.

4.8 Members Are Not Agents. Under Section 5.1 hereof and the Articles, the management of the Company is vested in the Manager. The Members shall have no power to participate in the management of the Company, except as expressly authorized by this Agreement or the Articles and except as expressly required by the Act. No Member, acting solely in the capacity of a Member, is an agent of the Company and no Member, unless expressly and duly authorized in writing to do so by the Manager, has any power or authority to bind or act on behalf of the Company in any way, to pledge its credit, to execute any instrument on its behalf or to render it liable for any purpose.

4.9 Voting Rights. Except as expressly provided in this Agreement or the Articles, Members shall have no other voting, approval, or consent rights. Members shall have the right to approve or disapprove matters as specifically stated in this Agreement, including the following:

(a) Approval by a Majority Interest. The following matters shall require the vote, approval, or consent of a Majority Interest (not counting Members who are the subject of a Dissolution Event or an assignor of a Membership Interest):

- (1) A decision to admit a new Member under Section 4.2 hereof;
- (2) Except as provided in Section 7.4, the transfer of a Membership Interest and the admission of the Assignee as a Member of the Company in accordance with Article VII;
- (3) A decision made under Section 8.1 to continue the business of the Company after the occurrence of a Dissolution Event;
- (4) Any amendment of the Articles or, in accordance with Section 12.13 hereof, this Agreement; and
- (5) A decision to compromise the obligation of a Member to make a Capital Contribution or return money or property paid or distributed in violation of the Act.

In all other matters in which a vote, approval, or consent of the Members is required, a vote, consent, or approval of a Majority Interest (or, in instances in which there are defaulting or remaining Members, the non-defaulting or Remaining Members who hold a majority of the Percentage Interests held by all non-defaulting or Remaining Members) shall be sufficient to authorize or approve that act.

(b) Other Voting Rights. Besides the rights granted in Section 4.9(a) hereof, Members may vote, consent, or approve, to the extent and on the terms provided in this Agreement, in the following Sections:

- (1) Section 3.4 on Additional Capital Contributions;
- (2) Section 5.2 on the election and removal of a Manager;
- (3) Section 5.6 on transactions with the Managers and Affiliates of the Managers; and
- (4) Section 5.8(a) on management fees payable to the Managers.

(c) Approval Standard. Except as otherwise specifically provided in this Agreement, all votes, approvals, or consents of the Members may be given or withheld, conditioned, or delayed as the Members may determine in their sole and absolute discretion.

4.10 Meetings of Members.

(a) Date, Time and Place of Meetings of Members: Secretary. Meetings of the Members may be held at such date, time and place within or without the State of Hawaii as the Manager may fix from time to time. No annual or regular meetings of Members are required. At any Members' meeting, the Manager shall preside at the meeting, and shall appoint a Person to serve as secretary to prepare minutes of the meeting, which shall be placed in the minute book of the Company.

(b) Power to Call Meetings. Meetings of the Members may be called by the Manager, or upon the written demand of Members holding more than ten percent (10%) of the Percentage Interests, for the purpose of addressing any matters on which the Members may vote.

(c) Notice of Meeting. Written notice of a meeting of the Members shall be sent or otherwise given to each Member in accordance with Section 4.10(d) not less than ten (10) nor more than sixty (60) days before the date of the meeting. The notice shall specify the date, place and hour of the meeting and the general nature of the business to be transacted. No other business may be transacted at this meeting.

(d) Manner of Giving Notice. Notice of any meeting of the Members shall be given either personally or by first-class mail or facsimile or telegraphic or other written communication, charges prepaid, addressed to each Member at the address of that Member appearing on the books of the Company or given by the Member to the Company for the purpose of notice. Notice shall be deemed to have been given at the time when delivered personally or deposited in the mail or sent by facsimile or telegram or other means of written communication.

(e) Quorum. The presence in person or by proxy of a Majority Interest shall constitute a quorum at a meeting of Members. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the loss of a quorum, if any action taken after loss of a quorum (other than adjournment) is approved by Members holding at least a Majority Interest.

(f) Waiver of Notice or Consent.

(1) The actions taken at any meeting of the Members however called and noticed, and wherever held, have the same validity as if taken at a meeting duly held after a regular call and notice, if a quorum is present either in person or by proxy, and if, either before or after the meeting, each of the Members entitled to vote, who was not present in person or by proxy, signs a written waiver of notice or consents to the holding of the meeting or approves the minutes of the meeting. All such waivers, consents or approvals shall be filed with the Company records or made a part of the minutes of the meeting.

(2) Attendance of a Person at a meeting shall constitute a waiver of notice of that meeting, except when the Person objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened, and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters not included in the notice of the meeting if that objection is expressly made at the meeting.

(g) Action by Written Consent without a Meeting. Any action that may be taken at a meeting of the Members may be taken without a meeting, if a consent in writing setting forth the action so taken, is signed and delivered to the Company within thirty (30) days of the record date for that action by Members having not less than the minimum number of votes that would be necessary to authorize or take that action at a meeting at which all Members entitled to vote on that action at a meeting were present and voted. All such consents shall be filed with the Manager or the secretary, if any, of the Company and shall be maintained in the Company records. Any Member giving a written consent, or the Member's proxy holder, may revoke the consent by a writing received by the Manager or secretary, if any, of the Company before written consents of the number of votes required to authorize the proposed action have been filed.

(h) Meetings by Telephone Conference Call. Members may participate in any Members' meeting through the use of any means of conference telephones or similar communications equipment as long as all Members participating can hear one another. A Member so participating is deemed to be present in person at the meeting.

(i) Record Date. In order that the Company may determine the Members of record entitled to notices of any meeting or to vote, or entitled to receive any distribution or to exercise any rights in respect of any distribution or to exercise any rights in respect of any other lawful action, the Manager, or Members representing more than ten percent (10%) of the Percentage Interests may fix, in advance, a record date that is not more than sixty (60) days nor less than ten (10) days before the date of the meeting and not more than sixty (60) days before any other action.

(j) Proxies. Every Member entitled to vote for the election of the Manager or on any other matter shall have the right to do so either in person or by one or more agents authorized by a written proxy signed by the person and filed with the Manager or secretary, if any, of the Company. A validly executed proxy which does not state that it is irrevocable shall continue in full force and effect unless (i) revoked by the person executing it before the vote under that proxy, by a writing delivered to the Company stating that the proxy is revoked, or by a subsequent proxy executed by, or attendance at the meeting and voting in person by, the person executing the proxy; or (ii) written notice of the death or incapacity of the maker of that proxy is received by the Company before the vote under that proxy is counted; provided, however, that no proxy shall be valid after the expiration of eleven (11) months from the date of the proxy, unless otherwise provided in the proxy.

ARTICLE V.
MANAGEMENT AND CONTROL OF THE COMPANY

5.1 Management of the Company by the Manager. The Business, property and affairs of the Company shall be managed exclusively by the Manager. Except for situations in which the approval of the

Members is expressly required by the Articles or this Agreement, the Manager shall have full, complete and exclusive authority, power and discretion to manage and control the Business, property and affairs of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's Business, property and affairs.

5.2 Election of the Manager.

(a) Number; Term; and Qualifications. The Company shall initially have one (1) Manager. Unless the Manager resigns or is removed, the Manager shall hold office for a term of one (1) year and until a successor shall have been elected and qualified. The Manager shall be elected by the affirmative vote or written consent of Members holding a Majority Interest. A Manager need not be a Member, an individual, a resident of the State of Hawaii or a citizen of the United States.

(b) Resignation. The Manager may resign at any time by giving written notice to the Members. The resignation of the Manager shall take effect upon receipt of that notice or at such later time as shall be specified in the notice. Unless otherwise specified in the notice, the acceptance of the resignation shall not be necessary to make it effective. The resignation of a Manager who is also a Member shall not affect the Manager's rights as a Member and shall not constitute a withdrawal of a Member.

(c) Removal. The Manager may be removed at any time, with or without cause, by the affirmative vote of a Majority Interest at a meeting called expressly for that purpose, or by the written consent of a Majority Interest. Any removal, if such Manager is also a Member, shall not affect the Manager's rights as a Member or constitute a withdrawal of a Member. For purpose of this Section 5.2(c), "cause" shall mean fraud, gross negligence, willful misconduct, embezzlement, a breach of such Manager's obligations under this Agreement or any employment contract with the Company, or any injury or physical or mental illness or disability which results in an incapacity that exists for thirty (30) working days in the aggregate during any consecutive six (6) month period.

(d) Vacancies. Any vacancy occurring for any reason in the position of the Manager shall be filled by the affirmative vote or written consent of a Majority Interest.

5.3 Performance of Duties; Liability of the Manager.

(a) Liability of the Manager. The Manager shall not be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member, unless the loss or damage shall have been the result of fraud, deceit, gross negligence, reckless or intentional misconduct, or a knowing violation of law by the Manager. The Manager shall perform his, her or its managerial duties in good faith, in a manner that it reasonably believes to be in the best interests of the Company and its Members, and with such care, including reasonable inquiry, that an ordinarily prudent person in a like position would use under similar circumstances. A Manager who so performs the duties of Manager shall not have any liability by reason of being or having been a Manager of the Company.

(b) Reliance on Certain Information. In performing his, her or its duties, the Manager shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, of the following persons or groups, unless they have knowledge concerning the matter in question that would cause such reliance to be unwarranted, and provided that the Manager acts in good faith and after reasonable inquiry when the need therefor is indicated by the circumstances:

(1) One or more officers, employees or other agents of the Company whom the Manager reasonably believes to be reliable and competent in the matters presented; or

(2) Any attorney, independent accountant or other person as to matters which the Manager reasonably believes to be within such person's professional or expert competence.

5.4 Devotion of Time. The Manager is not obligated to devote all of his, her or its time or business efforts to the affairs of the Company. The Manager shall devote whatever time, effort and skill that it deems reasonably necessary or appropriate for the operation of the Company.

5.5 Competing Activities. The Manager and his, her or its Affiliates may not engage or invest in, independently or with others, any business activity of any type or description, including without limitation those that might be the same as or similar to the Company's Business and that might be in direct or indirect competition with the Company. The Manager shall be obligated to present any investment opportunity or prospective economic advantage to the Company. The Manager shall not have the right to hold any investment opportunity or prospective economic advantage for his, her or its own account or to recommend such opportunity to Persons other than the Company. The Members acknowledge that the Manager and his, her or its Affiliates own and/or manage other businesses, including businesses that may compete for the Manager's time. The Members hereby waive any and all rights and claims which they may otherwise have against the Manager and his, her or its Affiliates as a result of any of such activities.

5.6 Transactions between the Company and the Manager. Notwithstanding that it may constitute a conflict of interest, the Manager may, and may cause his, her or its Affiliates to engage in any transaction (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service, or the establishment of any salary, other compensation or other terms of employment) with the Company as long as such transaction is not expressly prohibited by this Agreement and as long as the terms and conditions of such transaction, on an overall basis, are fair and reasonable to the Company and are at least as favorable to the Company as those that are generally available from Persons capable of similarly performing them and in similar transactions between parties operating at arm's length, and provided that a Majority Interest of the Members having no interest in such transaction (other than their interests as Members) affirmatively vote or consent in writing to approve the transaction.

5.7 Liability of Manager Limited to Manager's Assets. Under no circumstances shall any director, officer, shareholder, member, manager, partner, employee, agent or Affiliate of the Manager have any personal responsibility for any liability or obligation of the Manager (whether on a theory of alter ego, piercing the corporate veil, or otherwise), and any recourse permitted under this Agreement or otherwise of the Members, any former Member or the Company against a Manager will be limited to the assets of the Manager as they may exist from time to time.

5.8 Payments to the Manager. Except as specified in this Agreement, no Manager or Affiliate of a Manager is entitled to remuneration for services rendered or goods provided to the Company. The Manager and his, her or its Affiliates shall receive only the following payments:

(a) Management Fee. The Company may pay to the Manager a fee for services rendered in connection with the management of the Company in such amount and at such times as the Members and the Manager shall mutually agree. Such fee may be changed from time to time only by an affirmative vote of Members holding at least a Majority Interest of the Members (excluding any Member who is Manager), and no Manager shall be prevented from receiving any fee because the Manager is also a Member of the Company.

(b) Expenses. The Company shall pay or reimburse the Manager or its Affiliates for organizational expenses (including, without limitation, legal and accounting fees and costs) incurred to form the Company and prepare and file the Articles and this Agreement and for any other expenses reasonably incurred in the conduct of the Business that have been approved in writing in advance by the Members.

5.9 Action by Managers. Unless otherwise expressly required by the Act (as a nonwaivable provision), the Articles, or the terms of this Agreement, the vote, approval, or consent of a unanimity of Managers shall be necessary and sufficient for the Managers to take any action on behalf of the Company that the Managers are authorized to take under the Act, the Articles, or this Agreement.

ARTICLE VI.
ALLOCATIONS OF NET PROFITS AND NET LOSSES AND DISTRIBUTIONS

6.1 Allocations of Net Profits and Net Losses. All Net Profits and all Net Losses for any Fiscal Year (or other period) shall be allocated to the Members in proportion to their respective Percentage Interests.

6.2 Allocations of Taxable Income and Taxable Loss. Each item of taxable income, gain, loss, deduction, preference or recapture entering into the computation of Net Profits or Net Losses hereunder shall be allocated to each Member in the same proportion as Net Profits or Net Losses are allocated to such Member.

6.3 Distributions of Distributable Cash by the Company. Subject to applicable law and any limitations contained elsewhere in this Agreement, the Manager shall quarterly distribute Distributable Cash to the Members in proportion to their Percentage Interests. All such distributions shall be made only to the Persons who, according to the books and records of the Company, are the holders of record of the Economic Interests in respect of which such distributions are made on the actual date of distribution. Subject to Section 6.4 hereof, neither the Company nor any Manager shall incur any liability for making distributions in accordance with this Section 6.3.

6.4 Restriction on Distributions. No distribution shall be made if, after giving effect to the distribution: (a) the Company would not be able to pay its debts as they become due in the usual course of business; or (b) the Company's total assets would be less than the sum of its total liabilities.

ARTICLE VII.
TRANSFER AND ASSIGNMENT OF INTERESTS

7.1 Transfer and Assignment of Interests. No Member shall be entitled to Transfer all or any part of his, her or its Membership Interest, except with the prior written consent of all Members, which consent may be given or withheld, conditioned or delayed (as allowed by this Agreement or the Act), as the other Members may determine in their sole and absolute discretion. Transfers in violation of this Article VII shall only be effective to the extent set forth in Section 7.6. After the consummation of any Transfer of all or any part of a Membership Interest, the Membership Interest so Transferred shall continue to be subject to the terms and provisions of this Agreement, and any further Transfers shall be required to comply with all the terms and provisions of this Agreement.

7.2 Further Restrictions on Transfer of Interests. In addition to other restrictions found in this Agreement, no Member shall Transfer all or any part of his, her or its Membership Interest: (i) unless the Member, if requested by the Manager, has furnished to the Company a written opinion of counsel, satisfactory of the Manager, that such Transfer will not require registration of any securities under the Securities Act of 1933 or the Hawaii Uniform Securities Act or the consent of or a permit from appropriate authorities under any other applicable state securities law, (ii) unless the Member complies with all other applicable federal and state securities laws, and (iii) if the Membership Interest to be Transferred, when added to the total of all other Membership Interests Transferred in the preceding twelve (12) consecutive months prior thereto, would cause the tax termination of the Company under Code Section 708(b)(1)(B).

7.3 Substituted Members. An Assignee of a Membership Interest shall have the right to become a substituted Member only if (i) the requirements of Sections 7.1 and 7.2 hereof relating to the consent of the Members and the securities and tax requirements hereof are met, (ii) the Assignee executes an instrument satisfactory to the Manager accepting and adopting the terms and provisions of this Agreement, and (iii) the Assignee pays any reasonable expenses in connection with his, her or its admission as a new Member. The admission of an Assignee as a substituted Member shall not result in the release of the Member who Transferred the Membership Interest from any liability that such Member may have to the Company.

7.4 Permitted Transfers. The Membership Interest of any Member may not be Transferred to any

other Member, except under the restrictions set forth in Section 7.1 hereof. The Economic Interest of any Member may be transferred subject to compliance with Section 7.2, and without the prior written consent of the Members as required by Section 7.1, upon consent of the Manager, which consent shall not be unreasonably withheld or delayed, by the Member (i) by inter vivos gift or by testamentary transfer to any spouse, parent, sibling, in-law, child or grandchild of the Member, or to a trust for the benefit of the Member or such spouse, parent, sibling, in-law, child or grandchild of the Member, or (ii) to any Affiliate of the Member; it being agreed that, in executing this Agreement, each Member has consented to such Transfers.

7.5 Effective Date of Permitted Transfers. Any permitted Transfer of all or any portion of a Membership Interest or an Economic Interest shall be effective as of the date provided in Section 6.3 hereof following the date upon which all of the requirements of Sections 7.1, 7.2 and 7.3 have been met.

7.6 No Effect to Transfers in Violation of this Agreement. Upon any Transfer of a Membership Interest in violation of this Article VII, the transferee shall have no right to vote or participate in the management of the Business, property and affairs of the Company or to exercise any rights of a Member. Such transferee shall only be entitled to become an Assignee and thereafter shall only receive the share of one or more of the Company's Net Profits, Net Losses and distributions of the Company's assets to which the transferor of such Economic Interest would otherwise be entitled. Notwithstanding the immediately preceding sentences, if, in the determination of the Manager, a Transfer in violation of this Article VII would cause the tax termination of the Company under Code Section 708(b)(1)(B), then the Transfer shall be null and void and the purported transferee shall not become either a Member or an Assignee.

ARTICLE VIII. CONSEQUENCES OF DISSOLUTION EVENTS AND TERMINATION OF MEMBERSHIP INTEREST

8.1 Dissolution Event. Upon the occurrence of a Dissolution Event, the Company shall dissolve unless the remaining Members (the "Remaining Members") holding all of the remaining Membership Interests consent within ninety (90) days of the Dissolution Event to the continuation of the Business of the Company. If the Remaining Members consent to the continuation of the Business of the Company, the Company and/or the Remaining Members shall purchase, and the Member whose actions or conduct resulted in the Dissolution Event, or such Member's legal representative (collectively, the "Former Member"), shall sell the Former Member's Membership Interest (the "Former Member's Interest") as provided in this Article VIII.

8.2 Withdrawal. Notwithstanding Section 8.1, upon the withdrawal by a Member in accordance with Section 4.4 hereof, such Member shall be treated as a Former Member and, unless the Company is to dissolve, the Company and/or the Remaining Members shall purchase, and the Former Member shall sell, the Former Member's Interest as provided in this Article VIII.

8.3 Purchase Price. The purchase price for the Former Member's Interest shall be the Capital Account balance of the Former Member; provided, however, that, if any one of the Former Member, such Former Member's legal representative or the Company deems the Capital Account balance to vary from the fair market value of the Former Member's Interest by more than ten percent (10%). such party shall be entitled to require an appraisal by providing notice of the request for appraisal within thirty (30) days after the determination of the Remaining Members to continue the Business of the Company. In such event, the value of the Former Member's Interest shall be determined by a single appraiser, if the parties mutually upon such single appraiser, and if they cannot so agree, then by three (3) independent appraisers, one (1) selected by the Former Member or such Former Member's legal representative, one (1) selected by the Company, and one (1) selected by the two (2) appraisers so named. The fair market value of the Former Member's Interest shall be the average of the two (2) appraisals closest in amount to each other. If the fair market value is determined to vary from the Capital Account balance by less than ten percent (10%), the party requesting such appraisal shall pay all expenses of all the appraisals incurred by the party offering to enter into the transaction at the Capital Account

valuation. In all other events, the party requesting the appraisal shall pay one-half (1/2) of such expense and the other party shall pay one-half (1/2) of such expense. Notwithstanding the foregoing, if the Dissolution Event results from a breach of this Agreement by the Former Member, the purchase price shall be reduced by an amount equal to the damages suffered by the Company or the Remaining Members as a result of such breach.

8.4 Notice of Intent to Purchase. Within thirty (30) days after the Managers have notified the Remaining Members as to the purchase price of the Former Member's Interest determined in accordance with Section 8.3, each Remaining Member desiring to purchase shall notify the Managers in writing of his, her or its desire to purchase a portion of the Former Member's Interest. The failure of any Remaining Member to submit a notice within the applicable period shall constitute an election on the part of the Member not to purchase any of the Former Member's Interest. Each Remaining Member so electing to purchase shall be entitled to purchase a portion of the Former Member's Interest in the same proportion that the Percentage Interest of the Remaining Member bears to the aggregate of the Percentage Interests of all of the Remaining Members electing to purchase the Former Member's Interest.

8.5 Election to Purchase Less Than All of the Former Member's Interest. If any Remaining Member elects to purchase none or less than all of his, her or its pro rata share of the Former Member's Interest, then the Remaining Members may elect to purchase more than their pro rata share. If the Remaining Members fail to purchase the entire Interest of the Former Member, the Company shall purchase any remaining share of the Former Member's Interest. If the Remaining Members and the Company do not elect to purchase all of the Former Member's Interest, such Interest shall be that of an Economic Interest only.

8.6 Payment of Purchase Price. The purchase price shall be paid by the Company or the Remaining Members, as the case may be, by either of the following methods, each of which may be selected separately by the Company or the Remaining Members:

(a) The Company or the Remaining Members shall at the closing pay in cash the total purchase price for the Former Member's Interest; or

(b) The Company or the Remaining Members shall pay at the closing one-fifth (1/5) of the purchase price and the balance of the purchase price shall be paid in two (2) equal annual principal installments, plus accrued interest, and be payable each year on the anniversary date of the closing. The unpaid principal balance shall accrue interest at the current applicable federal rate as provided in the Code for the month in which the initial payment is made, but the Company and the Remaining Members shall have the right to prepay in full or in part at any time without penalty. The obligation of each purchasing Remaining Member, and the Company, as applicable, to pay his, her or its portion of the balance due shall be evidenced by a separate promissory note executed by the respective purchasing Remaining Member or the Company, as applicable. Each such promissory note shall be in an original principal amount equal to the portion owed by the respective purchasing Remaining Member or the Company, as applicable. The promissory note executed by each purchasing Remaining Member shall be secured by a pledge of that portion of the Former Member's Interest purchased by such Remaining Member.

8.7 Closing of the Purchase of the Former Member's Interest. The closing for the sale of a Former Member's Interest under this Article VIII shall be held at 10:00 a.m. at the principal office of Company no later than sixty (60) days after the determination of the purchase price, except that if the closing date falls on a Saturday, Sunday or State of Hawaii legal holiday, then the closing shall be held on the next succeeding business day. At the closing, the Former Member or such Former Member's legal representative shall deliver to the Company or the Remaining Members an instrument of Transfer (containing warranties of title and no encumbrances) conveying the Former Member's Interest. The Former Member or such Former Member's legal representative, the Company and the Remaining Members shall do all things and execute and deliver all papers as may be necessary fully to consummate such sale and purchase in accordance with the terms and provisions of this Agreement.

8.8 Purchase Terms Varied by Agreement. Nothing contained herein is intended to prohibit Members from agreeing upon other terms and conditions for the purchase by the Company or any Member of the Membership Interest, in whole or in part, of any Member in the Company desiring to retire, withdraw or resign as a Member.

ARTICLE IX.
ACCOUNTING: RECORDS: AND REPORTS

9.1 Books and Records. The books and records of the Company shall be kept, and the financial position and the results of its operations recorded, in accordance with the accounting methods followed for federal income tax purposes. The books and records of the Company shall reflect all the Company transactions and shall be appropriate and adequate for the Company's business.

9.2 Tax Information: Annual Reports.

(a) The Manager shall cause to be prepared annually, at Company expense, information necessary for the preparation of the Members' and Assignees' federal and state income tax returns. The Manager shall send or cause to be sent to each Member or Assignee within ninety (90) days after the end of each Fiscal Year such information as is necessary to complete federal and state income tax or information returns, and a copy of the Company's federal, state and local income tax or information returns for that year.

(b) The Manager shall cause to be filed with the Director of the Department the annual report required under Section 428-210(a) of the Act.

9.3 Filings. The Manager, at the Company's expense, shall cause the income tax returns for the Company to be prepared and timely filed with the appropriate authorities. The Manager, at Company expense, shall also cause to be prepared and timely filed, with appropriate federal and state regulatory and administrative bodies, amendments to, or restatements of, the Articles and all reports and instruments required to be filed by the Company with those entities under the Act or other then current applicable laws, rules and regulations.

9.4 Bank Accounts. The Manager shall maintain the funds of the Company in one or more separate bank accounts in the name of the Company, and shall not permit the funds of the Company to be commingled in any fashion with the funds of any other Person.

9.5 Accounting Decisions and Reliance on Others. All decisions as to accounting matters, except as otherwise specifically set forth herein, shall be made by the Manager. The Manager may rely upon the advice of the Company's accountants as to whether such decisions are in accordance with accounting methods followed for federal income tax purposes.

9.6 Tax Matters for the Company Handled by the Manager: Tax Matters Partner. The Manager shall from time to time cause the Company to make such tax elections as it deems to be in the best interests of the Company and the Members. The Manager shall be the Tax Matters Partner. The Tax Matters Partner shall represent the Company (at the Company's expense) in connection with all examinations of the Company's affairs by tax authorities, including resulting judicial and administrative proceedings, and shall expend the Company funds for professional services and costs associated therewith. The Tax Matters Partner shall oversee the Company tax affairs in the overall best interests of the Company, but shall not have the right to agree to extend any statute of limitations without the approval of a Majority Interest. If for any reason the Tax Matters Partner can no longer serve in that capacity, the Members shall designate another Person to be the Tax Matters Partner.

ARTICLE X.
DISSOLUTION AND WINDING UP

10.1 Dissolution. The Company shall be dissolved, its assets shall be disposed of, and its affairs wound up on the first to occur of the following:

- (a) The expiration of the term of the Company as provided in Section 2.3 hereof.
- (b) The happening of any event of dissolution if any is specified in the Articles;
- (c) The occurrence of a Dissolution Event;
- (d) The sale of all or substantially all of the assets of Company;
- (e) The entry of a decree of judicial dissolution pursuant Sections 428-801(5) or (6) of the Act; or
- (f) The issuance of a declaration of termination by the Director of the Department under Section 428-810, unless such Director reinstates the Company under Section 428-811 of the Act.

10.2 Winding Up. Upon the occurrence of any event specified in Section 10.1 hereof, the Company shall continue solely for the purpose of winding up its affairs in an orderly manner, liquidating its assets and satisfying the claims of its creditors. The Manager shall be responsible for overseeing the winding up and liquidation of Company, shall take full account of the liabilities and assets of the Company, shall either cause its assets to be distributed or sold, and if sold (which shall be done as promptly as is consistent with obtaining the fair market value thereof), shall cause the proceeds therefrom, to the extent sufficient therefor, to be applied and distributed as provided in Section 10.3 hereof.

10.3 Order of Payment Upon Dissolution. After determining that all known debts and liabilities of the Company, including, without limitation, debts and liabilities to Members who are creditors of the Company, have been paid or adequately provided for, the remaining assets shall be distributed to the Members in accordance with their positive Capital Account balances, after taking into account income and loss allocations for the Company's taxable year during which liquidation occurs. Such liquidating distributions shall be made by the end of the Company's taxable year in which the Company is liquidated, or, if later, within ninety (90) days after the date of such liquidation.

10.4 Limitations on Payments Made in Dissolution. Except as otherwise specifically provided in this Agreement, each Member shall only be entitled to look solely at the assets of the Company for the return of his, her or its positive Capital Account balance and shall have no recourse for his, her or its Capital Contribution and/or share of Net Profits (upon dissolution or otherwise) against the Manager or any other Member.

10.5 No Action for Dissolution. Except as expressly permitted in this Agreement, a Member shall not take any voluntary action that directly causes a Dissolution Event. The Members acknowledge that irreparable damage would be done to the goodwill and reputation of the Company if any Member should bring an action in court to dissolve the Company under circumstances where dissolution is not required by Section 10.1 hereof. This Agreement has been drawn carefully to provide fair treatment of all parties and equitable payment in liquidation of the Economic Interests. Accordingly, except where the Manager has failed to liquidate the Company as required by this Article X, each Member hereby waives and renounces his, her or its right to initiate legal action to seek appointment of a receiver or trustee to liquidate the Company or to seek a decree of judicial dissolution of the Company on the ground that (a) it is not reasonably practicable to carry on the Business of the Company in conformity with the Articles or this Agreement, or (b) dissolution is reasonably necessary for the protection of the rights or interests of the complaining Member. Damages for breach of this Section 10.5 shall be monetary damages only (and not specific performance), and the damages may be offset against distributions by the Company to which such Member would otherwise be entitled

INDEMNIFICATION AND INSURANCE

ARTICLE XI

11.1 Definitions. For purposes of this Article XI, the following definitions shall apply:

- (a) "Agent" means any Person who is or was a Member, Manager, officer, employee or agent of the Company, or is or was serving at the request of the Company as a manager, director, officer, employee or agent of another foreign or domestic corporation, limited liability company, partnership, joint venture, trust or other enterprise, or was a director, officer, employee or agent of a foreign or domestic corporation that was a predecessor or business entity of the Company or of another enterprise at the request of the predecessor or business entity.

- (b) "Expenses" shall include, without limitation, reasonable attorneys' fees, disbursements and retainers, court costs, transcript costs, fees of accountants, experts and witnesses, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, or being or preparing to be a witness or other participant in a Proceeding.

- (c) "Proceeding" includes any action, suit, arbitration, alternative dispute resolution mechanism, investigation, administrative hearing or other proceeding, whether civil, criminal, administrative or investigative in nature.

11.2 Indemnification of Agents.

- (a) The Company shall have the power to defend and indemnify any Agent who was or is a party or is threatened to be made a party to any threatened, pending or completed Proceeding (other than a Proceeding by or in the right of the Company) by reason of the fact that he, she or it is or was an Agent of the Company, against all Expenses, amounts paid in settlement, judgments, fines, penalties and ERISA excise taxes actually and reasonably incurred by or levied against the Agent in connection with such Proceeding if it is determined, by a court of competent jurisdiction, that the Agent acted in good faith and in a manner that the Agent reasonably believed to be in or not opposed to the best interests of the Company and, with respect to any criminal Proceeding, had no reasonable cause to believe that the Agent's conduct was unlawful. The termination of any Proceeding, whether by judgment, order, settlement or conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the Agent did not act in good faith and in a manner which the Agent reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that the Agent had reasonable cause to believe that the Agent's conduct was unlawful. The Manager shall be authorized, on behalf of the Company, to enter into indemnity agreements from time to time with any Person entitled to be indemnified by the Company hereunder, upon such terms and conditions as the Manager deems appropriate in their business judgment.

- (b) The Company shall have the power to indemnify any Agent who was or is a party or is threatened to be made a party to, or otherwise becomes involved in, any Proceeding by or in the right of the Company to procure a judgment in its favor by reason of the fact that such Agent is or was an Agent of the Company only against Expenses actually and reasonably incurred by the Agent in connection with such Proceeding if it is determined, by a court of competent jurisdiction, that the Agent acted in good faith and in a manner that the Agent reasonably believed to be in or not opposed to the best interests of the Company, except that no indemnification shall be made with respect to any claim, issue or matter as to which the Agent shall have been adjudged liable to the Company unless and only to the extent that the court in which such Proceeding was brought or other court of competent jurisdiction shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the Agent is fairly and reasonably entitled to indemnification for such Expenses which such court shall deem proper.

11.3 Insurance. The Company shall have the power to purchase and maintain insurance on behalf of any Person who is or was an Agent against any liability asserted against such Person and incurred by such Person in any such capacity, or arising out of such Person's status as an Agent, whether or not the Company would have the power to indemnify such Person against such liability under this Article XI or under applicable law.

11.4 Determination of Conduct. If the Company, under Section 11.2 hereof, elects to indemnify an Agent, then any indemnification under Section 11.2 (unless ordered by a court as referred to in such Section 10.2) shall be made by the Company only as authorized in the specific case upon a determination that indemnification of the Agent is proper in the circumstances because the Agent has met the applicable standard of conduct set forth in Section 11.2. Such determination shall be made by the Members by a vote of a Majority Interest, whether or not constituting a quorum, who were not parties to such Proceeding.

11.5 Limitations on Indemnification. No payments under this Agreement shall be made by the Company:

(a) To indemnify or advance funds to any Person with respect to a Proceeding initiated or brought voluntarily by such Person and not by way of defense, otherwise than as required under the State of Hawaii law; or

(b) If a court of competent jurisdiction finally determines that any indemnification or advance of Expenses hereunder is unlawful.

ARTICLE XII. MISCELLANEOUS

12.1 Complete Agreement. This Agreement and the Articles constitute the complete and exclusive statement of agreement among the Members and the Manager with respect to the subject matter herein and therein and replace and supersede all prior written and oral agreements or statements by and among the Members and the Manager or any of them. No representation, statement, condition or warranty not contained in this Agreement or the Articles will be binding on the Members or the Manager or have any force or effect whatsoever. To the extent that any provision of the Articles conflicts with any provision of this Agreement, the Articles shall control.

12.2 Binding Effect. Subject to the provisions of this Agreement relating to transferability, this Agreement will be binding upon and inure to the benefit of the Members and their respective successors and assigns.

12.3 Parties in Interest. Except as expressly provided in the Act, nothing in this Agreement shall confer any rights or remedies under or by reason of this Agreement on any Persons other than the Members and the Manager and their respective successors and assigns; nothing in this Agreement shall relieve or discharge the obligation or liability of any third person to any party to this Agreement; and no provision in this Agreement shall give any third person any right of subrogation or action over or against any party to this Agreement.

12.4 Pronouns: Statutory References. All pronouns and all variations thereof shall be deemed to refer to the masculine, feminine or neuter, or to the singular or plural, as the context in which they are used may require. Any reference to the Code, the Regulations and the Act or other statutes or laws will include all amendments, modifications or replacements of the specific sections and provisions concerned.

12.5 Headings. All headings herein are inserted only for convenience and ease of reference and are not to be considered in the construction or interpretation of any provision of this Agreement.

documents and instruments, and to perform such additional acts, provisions and conditions of this Agreement and the transactions contemplated hereby.

12.11 Additional Documents and Acts. Each Member agrees to execute and deliver such additional documents and instruments, and to perform such additional acts, provisions and conditions of this Agreement and the transactions contemplated hereby.

12.10 Severability. If any provision of this Agreement or the application of such provision to any Person or circumstance shall be held invalid, the remainder of this Agreement or the application of such provision to Persons or circumstances other than those to which it is held invalid shall not be affected thereby.

12.9 Exhibits. All Exhibits attached to this Agreement are incorporated herein and shall be treated as if set forth herein.

12.8 Dispute Resolution. Except as otherwise provided in this Agreement (and specifically excluding any matter that is to be determined by the Manager and/or by the vote of the Members), or waived in writing by all parties, any other dispute, controversy or claim between the parties arising out of this Agreement shall be resolved in the following manner:
(a) Good Faith Negotiations: Mediation. The parties shall first seek to negotiate, in good faith and in timely fashion, a resolution of their dispute. If such negotiations fail to resolve the dispute, then the parties shall determine if they desire to submit the dispute to mediation, and if they elect to seek a resolution by mediation, they shall then submit the dispute to mediation by the Dispute Prevention & Resolution, Inc. ("DPR") under DPR's Mediation Rules, Procedures and Protocol then in effect.
(b) Arbitration. If the parties have not sought mediation or if any mediation has failed to resolve the dispute, then the dispute shall be resolved by arbitration by the DPR in accordance with DPR's Arbitration Rules, Procedures and Protocols then in force. The arbitration shall be conducted in Honolulu, Hawaii, before a panel of three (3) arbitrators, all of whom shall possess the necessary expertise about the subject matter of the dispute to be able to resolve the dispute. The decision of the arbitration panel shall be final and binding, and the arbitration award may be confirmed by a court of competent jurisdiction. The arbitration panel shall not have any power to alter, amend, modify or change any of the terms of this Agreement or to grant any remedy which is either prohibited by the terms of this Agreement or not available in a court of law. The arbitration panel shall award reasonable attorneys' fees and costs to the prevailing or most prevailing party. The provisions of Haw. Rev. Stat. Chap. 658A shall apply to the arbitration, except as follows. The parties waive the application of Haw. Rev. Stat. §§ 658A-15, 658A-17(c), (d), (e) and (g), 658A-19(b), 658A-21(a) and (c), and 658A-25(c), which shall not apply to the arbitration. In lieu of Haw. Rev. Stat. § 658A-19(b), the arbitration panel shall render its award within thirty (30) days of the close of evidence. Haw. Rev. Stat. § 658A-17(f) shall apply to the arbitration, although the parties expressly adopt the provisions of Rule 45 of the Hawaii Rules of Civil Procedure in connection with the arbitration.

12.7 Jurisdiction. Each Member hereby consents to the exclusive jurisdiction of the state and federal courts sitting in the State of Hawaii in any action on a claim arising out of, under or in connection with this Agreement or the transactions contemplated by this Agreement, provided such claim is not required to be arbitrated under Section 12.8. Each Member further agrees that personal jurisdiction over him, her or it may be effected by service of process by registered or certified mail addressed as provided in Section 12.12 hereof, and that when so made shall be as if served upon him, her or it personally within the State of Hawaii.

12.8 Dispute Resolution. Except as otherwise provided in this Agreement (and specifically excluding any matter that is to be determined by the Manager and/or by the vote of the Members), or waived in writing by all parties, any other dispute, controversy or claim between the parties arising out of this Agreement shall be resolved in the following manner:
(a) Good Faith Negotiations: Mediation. The parties shall first seek to negotiate, in good faith and in timely fashion, a resolution of their dispute. If such negotiations fail to resolve the dispute, then the parties shall determine if they desire to submit the dispute to mediation, and if they elect to seek a resolution by mediation, they shall then submit the dispute to mediation by the Dispute Prevention & Resolution, Inc. ("DPR") under DPR's Mediation Rules, Procedures and Protocol then in effect.
(b) Arbitration. If the parties have not sought mediation or if any mediation has failed to resolve the dispute, then the dispute shall be resolved by arbitration by the DPR in accordance with DPR's Arbitration Rules, Procedures and Protocols then in force. The arbitration shall be conducted in Honolulu, Hawaii, before a panel of three (3) arbitrators, all of whom shall possess the necessary expertise about the subject matter of the dispute to be able to resolve the dispute. The decision of the arbitration panel shall be final and binding, and the arbitration award may be confirmed by a court of competent jurisdiction. The arbitration panel shall not have any power to alter, amend, modify or change any of the terms of this Agreement or to grant any remedy which is either prohibited by the terms of this Agreement or not available in a court of law. The arbitration panel shall award reasonable attorneys' fees and costs to the prevailing or most prevailing party. The provisions of Haw. Rev. Stat. Chap. 658A shall apply to the arbitration, except as follows. The parties waive the application of Haw. Rev. Stat. §§ 658A-15, 658A-17(c), (d), (e) and (g), 658A-19(b), 658A-21(a) and (c), and 658A-25(c), which shall not apply to the arbitration. In lieu of Haw. Rev. Stat. § 658A-19(b), the arbitration panel shall render its award within thirty (30) days of the close of evidence. Haw. Rev. Stat. § 658A-17(f) shall apply to the arbitration, although the parties expressly adopt the provisions of Rule 45 of the Hawaii Rules of Civil Procedure in connection with the arbitration.

12.6 Interpretation. If any claim is made by any Member relating to any conflict, omission or ambiguity in this Agreement, no presumption or burden of proof or persuasion shall be implied by virtue of the fact that this Agreement was prepared by or at the request of a particular Member or his, her or its counsel.

12.7 Jurisdiction. Each Member hereby consents to the exclusive jurisdiction of the state and federal courts sitting in the State of Hawaii in any action on a claim arising out of, under or in connection with this Agreement or the transactions contemplated by this Agreement, provided such claim is not required to be arbitrated under Section 12.8. Each Member further agrees that personal jurisdiction over him, her or it may be effected by service of process by registered or certified mail addressed as provided in Section 12.12 hereof, and that when so made shall be as if served upon him, her or it personally within the State of Hawaii.

12.12 Notices. Any notice to be given to or to be served upon the Company or any party hereto in connection with this Agreement must be in writing (which may include facsimile) and shall be deemed to have been given and received when delivered to the address specified by the party to receive the notice. Such notices will be given to a Member or Manager at the address specified in Exhibit A hereto. Any party may, at any time by giving five (5) days' prior written notice to the other parties, designate any other address in substitution of the foregoing address to which such notice will be given.

12.13 Amendments. Any amendments to this Agreement or the Articles shall be in writing and signed by all of the Members. In the absence of any opinion of counsel as to the effect thereof, no amendment to this Agreement or the Articles shall be made which violates the Act or is likely to cause the Company to be taxed as a corporation.

12.14 Reliance on Authority of Person Signing Agreement. If a Member is not a natural person, neither the Company nor any Member will (i) be required to determine the authority of the individual signing this Agreement to make any commitment or undertaking on behalf of such entity or to determine any fact or circumstance bearing upon the existence of the authority of such individual, or (ii) be responsible for the application or distribution of proceeds paid or credited to individuals signing this Agreement on behalf of such entity.

12.15 No Interest in Company Property: Waiver of Action for Partition. No Member or Assignee has any interest in any specific property of the Company. Without limiting the foregoing, each Member and Assignee irrevocably waives during the term of the Company any right that it may have to maintain any action for partition with respect to the property of the Company.

12.16 Attorney's Fees. If any dispute between the Company and the Members, or among the Members, should result in litigation or arbitration, the prevailing party in such dispute shall be entitled to recover from the other party all reasonable fees, costs and expenses of enforcing any right of the prevailing party, including, without limitation, reasonable attorneys' fees and expenses, all of which shall be deemed to have accrued upon the commencement of such action and shall be paid whether or not such action is prosecuted to judgment. Any judgment or order entered in such action shall contain a specific provision providing for the recovery of attorney fees and costs incurred in enforcing such judgment and an award of prejudgment interest from the date of the breach at the maximum rate of interest allowed by law.

12.17 Time is of the Essence. All dates and times in this Agreement are of the essence.

12.18 Remedies Cumulative. The remedies under this Agreement are cumulative and shall not exclude any other remedies to which any Person may be lawfully entitled.

12.19 Special Power of Attorney.

(a) Attorney in Fact. Each Member hereby grants the Manager a special power of attorney irrevocably making, constituting and appointing the Manager as the Member's attorney in fact, with all power and authority to act in the Member's name and on the Member's behalf and in his, her or its stead to execute, acknowledge and deliver, and swear to in the execution, acknowledgment, delivery and filing of, any document or instrument required or desirable to protect and maintain the status of the Company as a limited liability company under the Act and other applicable laws and in any other jurisdictions in which the Company engages in Business, including the preparation and filing of such amendments to the Articles and such other articles, statements, annual reports, assumed name certificates, documents, instruments and publications as may be required by law, including, without limitation, actions to reflect (i) a change in the Company's name; (ii) a change in the Company's designated office; (iii) a change in the Company's designated agent for service of process; (iv) a correction of false or erroneous statements in the Articles; or (v) a change in the time for dissolution of the Company as stated in the Articles and in this Agreement, and (vi) the dissolution and

completion of the winding up and liquidation of the Company in accordance with Article IX hereof, by filing the Articles of Termination in accordance with Section 428-805 of the Act and the laws of any other jurisdiction in which the Manager deems such filing necessary or advisable.

(b) Irrevocable Power. The special power granted in Section 12.19(a): (i) is irrevocable, (ii) is coupled with an interest, and (iii) shall survive a Member's death, incapacity or dissolution.

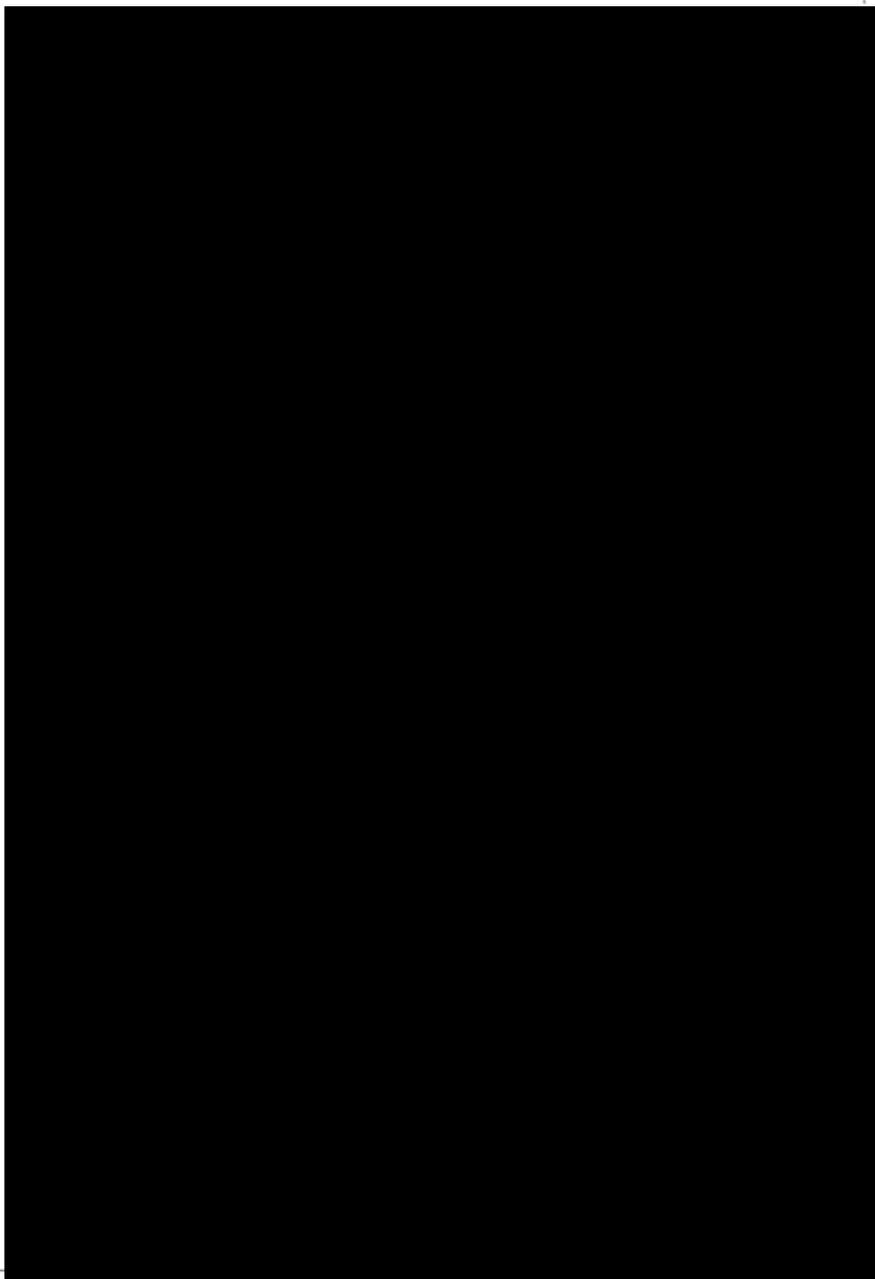
(c) Signatures. The Manager may exercise the special power of attorney granted in Section 12.19(a) by the signature of the Manager or, if applicable, one of its officers or by a facsimile signature of the Manager or, if applicable, one of its officers.

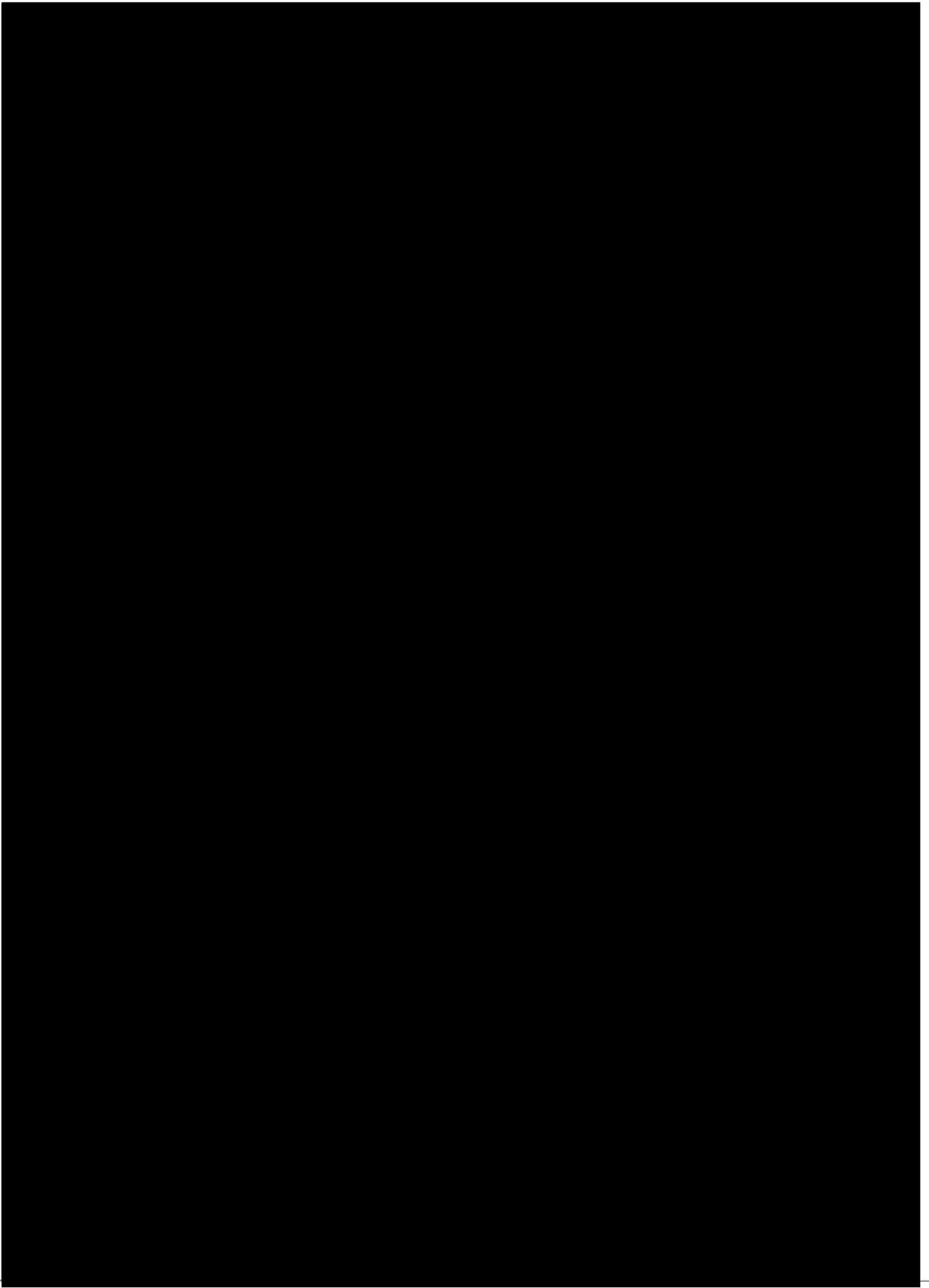
12.20 Governing Law. This Agreement shall be exclusively governed by, and construed in accordance with, the laws of the State of Hawaii, and specifically the Act.

12.21 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

The Members and the Company are executing this Agreement effective as of the Effective Date.

KONA GOLD WELLNESS CENTER LLC





1. Ability to operate a business.

Applicant, Kona Gold Wellness Center LLC, is an established Hawaiian company, led by CEO Steve Black. Mr. Black is a serial entrepreneur having established multiple businesses such as Big Island HydroGarden, a five-year-old Hawaiian company, and SB Greenhouses a company he owned for eight years which grew medical marijuana. Mr. Black has a strong educational background in plant cultivation having studied botany/horticulture at College of the Redwoods, in Eureka, California, as well Plant Biology at Santa Barbara City College, and Horticulture at Butte College.

Mr. Black has enlisted a team of dedicated professionals (See Org Chart, attachment 1) to train operate, manage, and run a successful medical marijuana dispensary operation. Included will be Greg Garriss, COO, Jim Primm, CFO, Stephen Goldner, JD RAC, RA/QA VP. Thomas Hickcox Security VP, and Ben Heloca Cultural Liaison VP (See Staff CVs, attachment 2)

Greg Garriss, Chief Operating Officer, is also a business professional and serial entrepreneur. Mr. Garriss worked as an engineer for over 20 years at GE and Boeing before starting the Aloha Guesthouse Bed & Breakfast in Honaunau, HI and Aina Ku Hina in Keauhou, HI in 2005. Mr. Garriss is also a partner with Mr. Black in Big Island HydroGarden. Mr. Garriss holds a BA in Physics from University of North Carolina at Wilmington.

Jim Primm, Chief Financial Officer, is a certified public accountant with 35 years' experience. Mr. Primm maintains an accounting firm in Kailua Kona, HI, worked previously as an IRS tax agent and holds a BS in Economics and Accounting from Hendrix College.

Former Assistant Chief of Police of the County of Hawaii, Thomas J. Hickcox, will assume the role of Vice President of Security. Mr. Hickcox has 10 years of law enforcement experience and spent a considerable amount of time as an investigator with the Narcotics Vice Section. He testified in the Hawaii Courts as an expert in marijuana. Thomas has a degree in Police Science/Police Administration/graduate of the FBI Academy also worked in joint marijuana investigations with State, County and Federal law enforcement agencies.

Stephen Goldner will serve as Director of Regulatory Affairs and Quality Assurance. Mr. Goldner has over 40 years' FDA industry experience. Mr. Goldner is currently President of Regulatory Affairs Associates, a regulatory consulting firm, and Curelauncher, a clinical trial and patient matching company. He is also a partner in Pinnacle Labs, a cannabis testing lab. Mr. Goldner is credited with the development of methadone, and through his career and consulting firm has successfully submitted over 50 drug and 200 medical device applications with FDA. He holds a BA in Chemistry and a JD from Quinnipiac Law School.

Other notable personnel are Steve Gonsalves a financial advisor with over 30 years' experience; Gary Grimmer a business attorney with over 35 years' experience and Tom Keener CEO of Black Hawk Security.

Please see letters of recommendation written for the Applicant and it's personnel (See attachment 20)

A. Regulated Industry

Applicant personnel have worked in a wide array of regulated industry. Mr. Black and Mr. Garriss have owned companies or worked in areas regulated by OSHA, EPA, and transportation and safety. Mr. Goldner has worked with FDA, Health Canada, EPA, DEA,

OSHA, DTSB, and CPSC. He also built a fully cGMP compliant pilot plant used to manufacture pharmaceuticals for clinical study. Further, Mr. Goldner and Mr. Grimmer are both attorneys skilled and knowledgeable in the law and interpreting regulations.

B. Agriculture or Horticulture

Mr. Black has studied horticulture and botany at several universities and has owned and operated businesses involving cannabis plant cultivation. Ed Rosenthal, 30-year cannabis cultivator, author of “Marijuana Grower’s Handbook” is the Chairman of the Advisory Board. Kenny Morrow, author of “The basic fundamentals of Marijuana Horticulture and Hashish Production” will also aid in all medical marijuana horticultural.

C. Commercial Manufacturing

Mr. Black has owned businesses for the last 15 years that involved the commercial manufacturing of plant products. Mr. Sacarob has 27 years’ experience in commercial farming, and Mr. Goldner has over 30 years of industry experience in the commercial manufacture of pharmaceutical products with his work at Ferndale Labs and ICN Pharmaceuticals. Mr. Garriss has over 35 years of industrial experience manufacturing parts for life critical systems.

D. Pharmaceutical companies

Mr. Goldner with his personal experience, and the collaborative experience of the consultants in his regulatory consulting firm, has over 100 years’ cumulative experience in dealing with the initial development, study, manufacture, approval, and sale of pharmaceutical products. Drug products include treatments for a variety of maladies such as cancer, HCV, HIV, addiction, and overall general health.

E. Operating or working in a medical marijuana dispensary business

Mr. Black and Mr. Garriss own companies involved with development of medical marijuana. Mr. Sacarob has been a cannabis caregiver for over 8 years. VP of Retail Operations Jamie Perrino, owner of Euflora, a Colorado-based medical marijuana dispensary business. Ms. Perrino has extensive experience with initial set-up, dispensary requirements, handling and processing of products and the sale of medical marijuana to patients. Applicant shall also use the services of Ed Rosenthal, author of the Marijuana Grower Handbook, who will aid in staff training along with the Cannabis Training Institute, and consulting firms Oaksterdam and Quantum 9. Applicant has aligned resources including dispensary and cultivation site Letters of Intent. See attachment 10_Letters of Intent.

F. Creating and implementing a business plan, including a timeline for opening a business

Applicant has drafted a business plan related to the development of Kona Gold Wellness Center. (See attachment 3) Further, applicant has created a Gantt chart detailing business development assuming a licensing award on April 15, 2016 and having a facility approved and ready to distribute product by July 15, 2016. (See attachment 4)

G. Creating and implementing a financial plan

Applicant has created an initial financial plan detailing proposed costs and revenues for the first few years of development. (See attachment 5) The financial plan includes revenue calculations, pre-opening costs, monthly financials, annual financials, cash summary, and production table. All financial matters will be overseen by Jim Primm, the CFO, who has 35 years' experience which includes running a CPA firm and being an US IRS agent.

H. Retail Sales

Mr. Black and Mr. Garriss each have extensive knowledge and experience with conducting retail sales and operating a retail outlet. Further, Ms. Perrino and Mr. Knapp have operated medical marijuana dispensaries in Colorado, which provides applicant with unique relevant experience in the retail sales of medical marijuana.

I. Secure inventory tracking and control

Applicant shall utilize an electronic inventory tracking system to monitor inventory and a series of Standard Operating Procedures (SOPs) to instruct personnel in the securing, handling, movement and tracking of stock. Ms. Perrino and Mr. John have existing knowledge and experience with these actions as well as Mr. Goldner in his handling and movement of pharmaceutical products. See attachment 25 for selected vendor and proposal.

J. Protecting confidential customer information

Applicant shall comply with all HIPAA regulations pertaining to the protection of patient information. Staff shall be trained in HIPAA compliance and records of training will be maintained in their personnel files. Ms. Perrino and Mr. Knapp have existing medical marijuana distribution centers, are already familiar with protecting patient information.

K. Owning or managing a business that required 24-hour security

Applicant shall utilize video surveillance and alarms to monitor the dispensary premises on a 24-hour basis. Ms. Perrino is fully knowledgeable and has experience with the monitoring of her own medical marijuana dispensary in Colorado, and Mr. Goldner has the same experience from when he manufactured methadone for Mifflin Labs.

2. Plan for operating a medical marijuana dispensary in the county for which the applicant is seeking a license, including but not limited to a timeline for opening a retail dispensing location.

Applicant is seeking a license in the county of Hawaii. Applicant has assembled a team of industry professionals to address all aspects of starting a new business, acquiring a physical production and retail site, development of SOPs, hiring personnel and implementing training, coordinating with a testing lab, arranging for delivery of product, and opening for business. Further, Applicant has partnered with Euflora dispensary in Denver, Colorado, one of Colorado's first marijuana retail outlets in the country. This partnership provides relevant and timely expertise in the management of running a dispensary, hiring appropriate personnel, operational and security needs, and the best methods for serving patients and caregivers. Please see attachment 21 Cultivation Plan, attachment 22 Good Manufacturing and QC Plan and attachment 23 Processing and Extraction Plan.

Applicant has developed a Gantt chart (attachment 4) detailing pre-license award activities, granting of a license on or around April 15, 2016, execution of all necessary start-up activities, and having a physical establishment with product ready for distribution on or around July 15, 2016.

To prepare for initial start-up, Applicant has enlisted Quantum 9 and Regulatory Affairs Associates, a successful medical marijuana consulting firm and a regulatory consulting firm. These firms have established positive business relationships with cultivation partners, medical marijuana business executives. They have also developed and implemented an appropriate quality system which includes a series of SOPs detailing production center and dispensary operations. (See SOP Index, attachment 6)

Prior to license award, Applicant has obtained letters of intent on property and facilities within Hawaii County that shall be used to produce, manufacture and dispense medical marijuana solely for Applicant's dispensary(s). Applicant shall, not less than 30-days prior to producing or manufacturing marijuana or marijuana products at a licensed production center, list with the Hawaii Department of Health, the address and title of the property and coordinate with the department to inspect the premises for compliance with Hawaii Administrative Rule 11-850-32 and 329D, HRS. The production center shall not possess or begin producing marijuana or marijuana products until the Hawaii Department of Health has approved the facility. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

While coordinating with the Department of Health to inspect the facility, Applicant shall begin purchasing processing and manufacturing equipment for the processing facility. SOP-PUR-200 Equipment and Machinery. The equipment shall be properly installed and validated following an IQ/OQ/PQ [Installation Qualification/ Operational Qualification/ Performance Qualification] process. SOP-QA-200 Equipment Validation. Applicant shall also begin contracting with a local testing lab to sample and test products prior to shipment to the dispensary. SOP-PUR-300 Vendor Contracting; SOP-PRD-103 Cannabis Sampling for

Analytical Purposes; SOP-QA-303 Independent Lab Testing. (See e.g. attachment 7, SC Labs Executive Brochure)

Applicant shall also locate property and/or facilities within Hawaii County that shall be used to dispense medical marijuana. The dispensary shall not be within 750 feet of a playground, public housing project or complex, or a school. Applicant shall, not less than 60-days prior to opening a licensed dispensing location, list with the Hawaii Department of Health the address and title of the property and coordinate with the department to inspect the premises for compliance with Hawaii Administrative Rule 11-850-33 and 329D, HRS. [REDACTED]

To staff the product center and dispensary, Applicant shall hire only qualified individuals. Employees shall be at least 21 years old, pass appropriate background and security checks, and be trained by Applicant on the quality system and procedures for product center or dispensary operations. SOP-GEN-111 Background Checks. Training shall include health, safety and sanitation standards, security, prohibitions and confidentiality requirements, and shall be performed on an annual basis. SOP-GEN-100 Employee Training. All training records shall be

maintained in the employee file and shall be available for inspection by State inspectors. SOP-GEN-200 Record Keeping; Documentation and Data Retention

Entry into the facility during business hours shall only be granted to employees, State of Hawaii Inspectors or other State licensed personnel, and qualified patients or primary caregivers. SOP-GEN-005 Visitor Policy; SOP-GEN-006 Audits Regulatory Inspections; SOP-GEN-010 Patient and Primary Caregiver Access. Qualified Patients and Caregivers will need to present valid government-issued photo identification and a valid medical use of marijuana registration card prior to be granted access into the dispensary.

Once verified as a qualified patient or caregiver, they will need to sign an entry log and a staff member shall escort the patient or caregiver to the secured dispensary room counter. SOP-GEN-010 Patient and Primary Caregiver Access. No more than two customers per employee shall be allowed into the secured dispensary room at any time. All marijuana and manufactured marijuana products shall be maintained behind the counter in glass cabinets or containers that are properly labeled with the names of the products. SOP-GEN-400 Display and Labeling of Medical Cannabis. At no time shall the patient or caregiver have direct access to the product prior to sale. Applicant shall not provide free samples, dispense products pre-made as cigarettes or in a form for smoking or inhaling, or provide any supplies or paraphernalia for use of medical marijuana in smokable or inhalable form. SOP-GEN-401 Sale of Cannabis.

Upon qualification of the patient or caregiver, prior to issuance of any medical marijuana, an employee shall check the BioTrackTHC database to confirm the amount of medical marijuana issued to the patient or caregiver and to determine if the patient or caregiver is eligible to make a purchase. SOP-GEN-402 Verifying Patient Eligibility. Patients and Caregivers shall not receive

more than 4 ounces of medical marijuana within a 15 day period or more than 8 ounces within a 30 day period. Once a patient or caregiver is verified as eligible to purchase, the employee shall assist the purchaser by providing information on the different products available for purchase and how they can be used to assist with various medical conditions. SOP-GEN-101 Employee Training Endocannabinoid System Medicinal Benefits of Cannabis; SOP-GEN-102 Employee Training Cannabinoid Profiles Genetic Strains Medicinal Applications. Once the sale is complete the employee will escort the patient from the dispensary.

At the close of the day, employees shall secure all products in the dispensary. All products shall be removed from the glass cases and stored in a secured and locked safe maintained on the premises. SOP-QA-301 Storage and Distribution. All products shall be weighed and checked against daily sales with the total compared to the starting weight of the product at the beginning of the day. Any differences shall be properly recorded and an investigation instituted to determine the cause for the discrepancy. SOP-QA-008 Corrective and Preventive Actions

The Applicant has already taken steps to ensure the safety of the personnel within the facilities and any liability from handling and distribution a schedule 1 narcotic. Please see attachment 19 for Insurance Form.

3. Proof of financial stability and access to financial resources, including but not limited to:

(A) Legal sources of finances immediately available to begin operating a dispensary

Applicant, Kona Gold Wellness Center, and its CEO, Steve Black, have strong financial stability and access to appropriate resources that shall support operating a dispensary. [REDACTED]

Applicant, Steven Black, currently owns Big Island Hydrogardens, a hydroponic gardening supply store in Kealahou, HI. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Mr. Black has owned Kona Gold Wellness Center in Kailua Kona, HI for over a year, it has been an ownership in name only with no sales or income. The company was formed in lieu of becoming a licensed medical marijuana dispensary. It is a company in good standing

[REDACTED]

(C) A financial plan for operating a medical marijuana dispensary in Hawaii

Applicant has created a financial plan for operating a medical marijuana dispensary in Hawaii. Applicant has created a spreadsheet detailing initial starting costs and projected revenues. (See attachment 5; Kona Financials) The financial plan will follow the dictates of the overall business plan created by Applicant using the finances committed to development and the expertise of the personnel who make up the entity. [REDACTED]

[REDACTED]

[REDACTED]

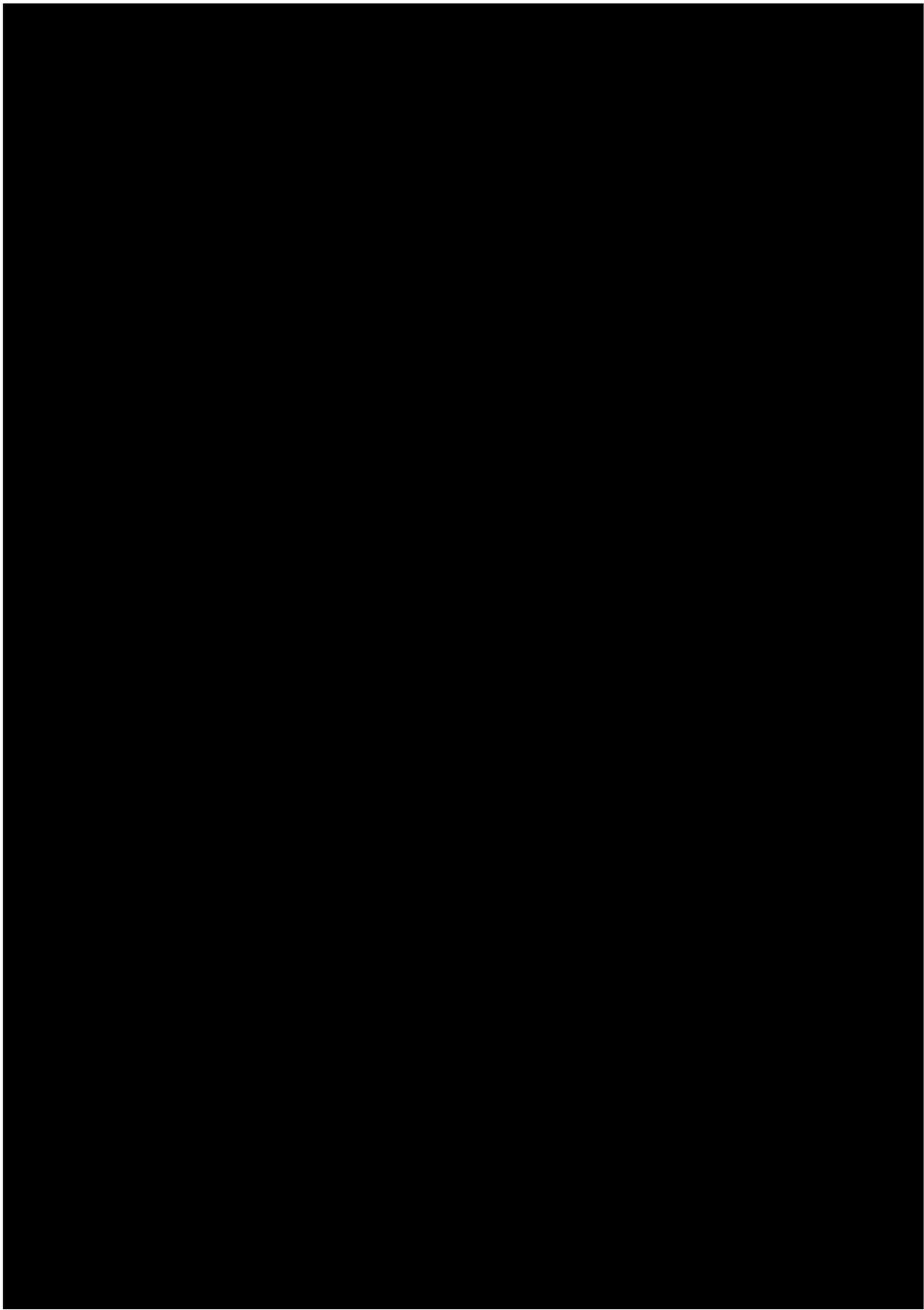
[REDACTED] Black, as CEO, will oversee all business operations, and James Primm, CFO, will monitor all financial activity ensuring compliance to the proposed financial plan for operations and expenses.

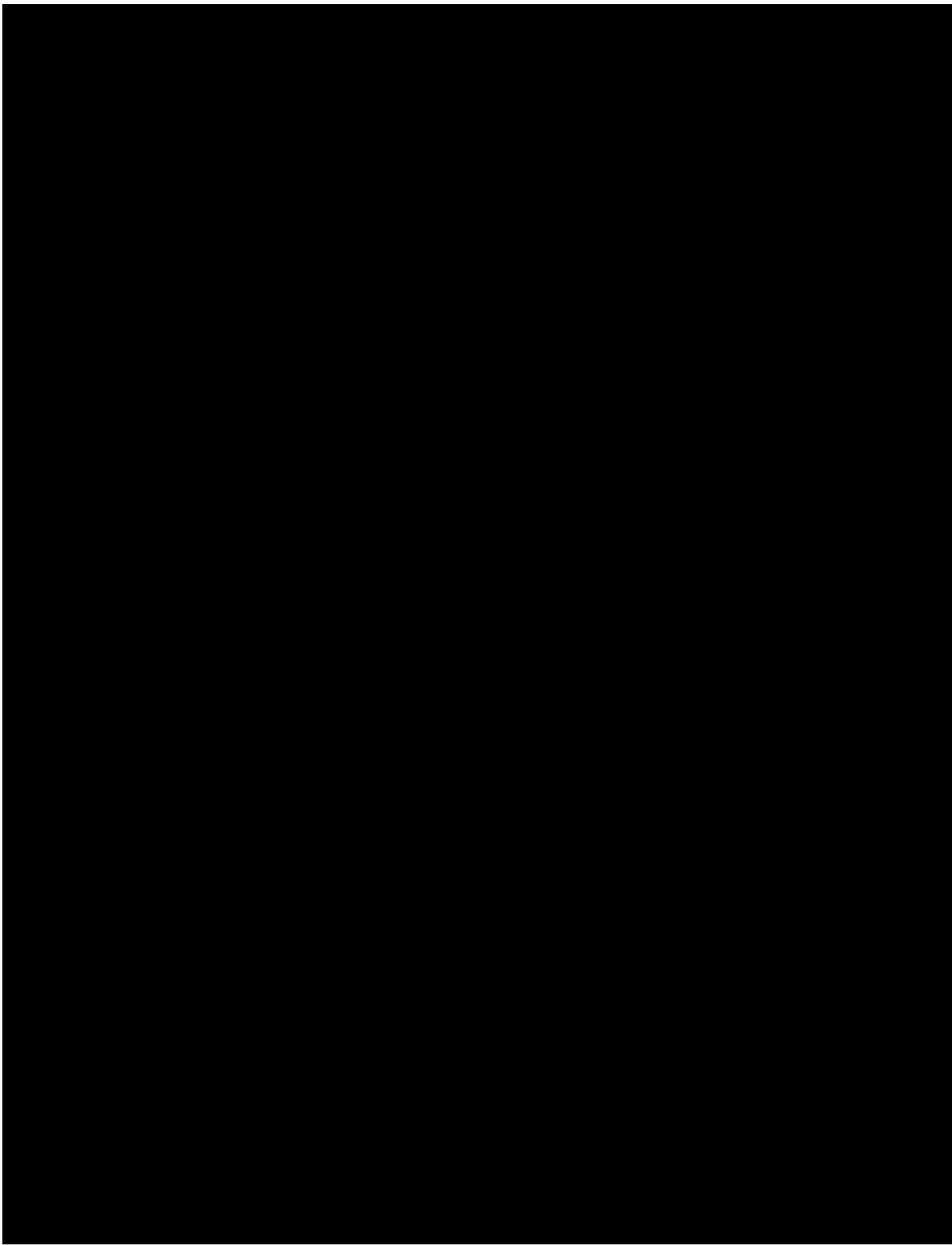
[REDACTED]

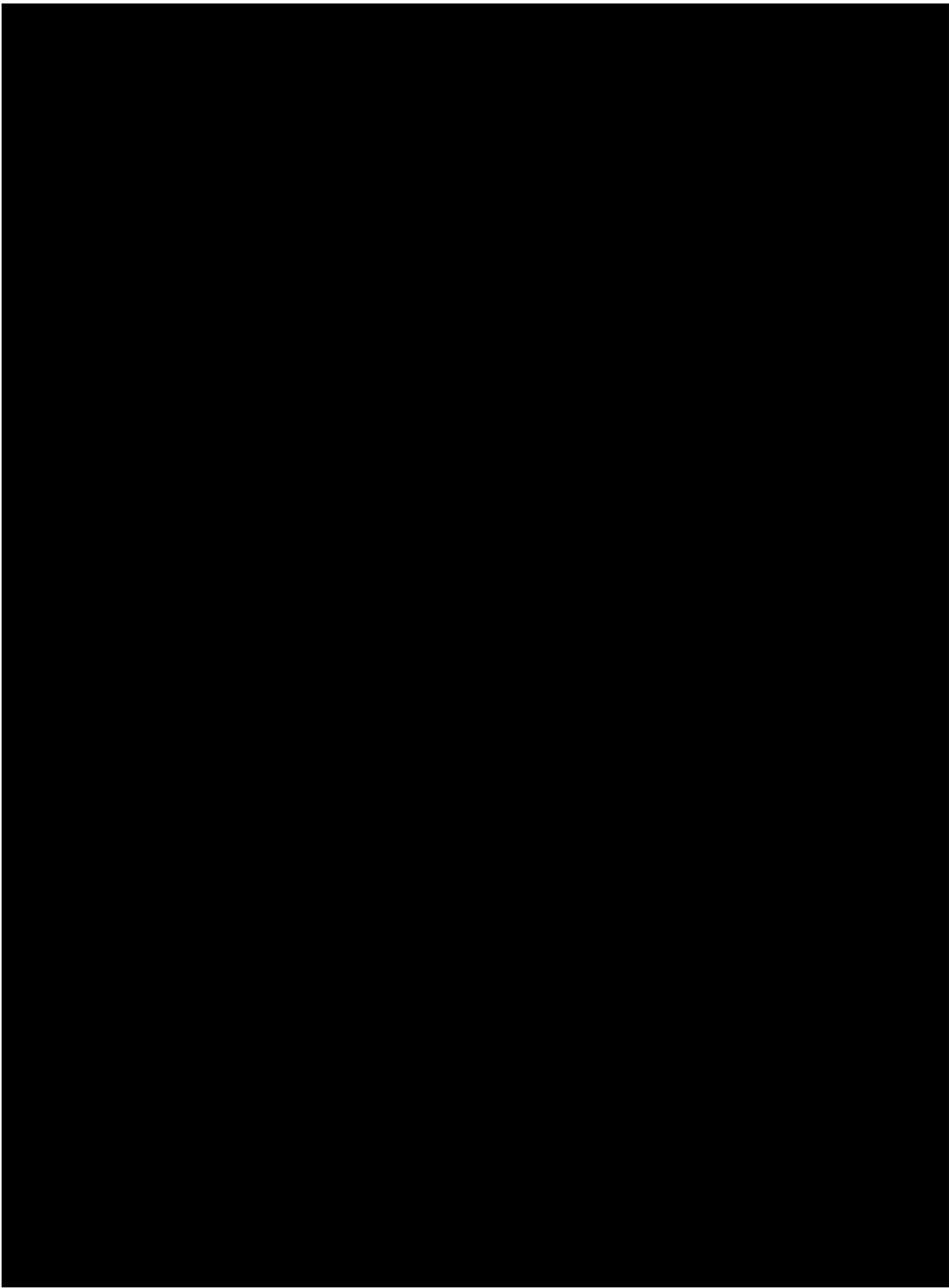
4. Ability to comply with the security requirements of this chapter and section 329D-7, HRS.

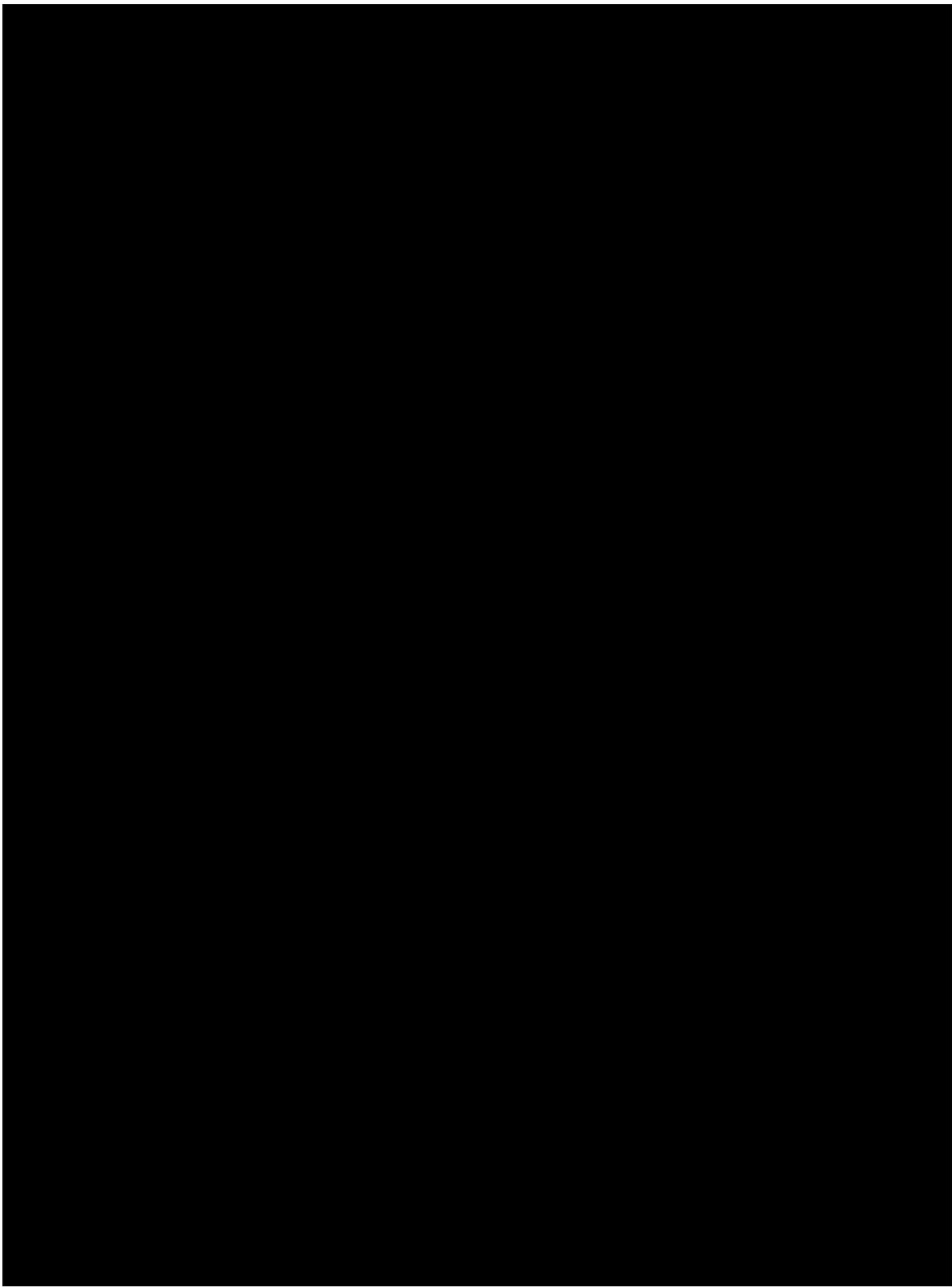
Applicant shall utilize appropriate security devices, alarms, lighting and other measures to comply with all security requirements identified in §§11-850-51 to 11-850-53, and §329D-7, HRS. Please see attachment 24 Security Protocol.











5. Capacity to meet the needs of qualifying patients.

A. Educating patients on how marijuana can be used to assist patients with debilitating medical conditions and about the marijuana and manufactured marijuana products that will be available in the applicant's retail dispensing locations

Dispensary agents will educate patients on how marijuana can be used with debilitating medical conditions and about the marijuana and marijuana products manufactured and available in the retail dispensary locations. This will be every time a patient comes to the retail dispensing locations and a written survey form handed to every customer that provides further information. [give SOP #]. Management will review all written survey forms and determine [SOP#] that patients have been educated, that dispensary agents were effective and helpful to the patients, and retrain and reeducate any dispensary agents found to be deficient in knowledge or aptitude.

The dispensary shall also maintain a pamphlet rack that will contain various brochures that provide information on medical marijuana assisting patients with debilitating disease.

The dispensary agent shall advise patients and caregivers on the specific types of medical marijuana and manufactured marijuana products that are available for purchase within the dispensary. The agent shall identify which products work better with which diseases or symptoms allowing the patient to make informed choices in their own healthcare.

Further, Applicant shall maintain a website that shall allow patients and caregivers to review all the information electronically that is also available in paper form within the dispensary. Applicant shall also post links to studies and published articles that discuss the use of medical marijuana that patients and caregivers can easily access to gain further insight and understanding of the products and their benefits.

Upon initial hire and every twelve months, registered dispensary agents will be educated on the most recent data regarding medical cannabis and their pharmacodynamics impact from classes taught by the Cannabis Training University (CTU) [SOP#]. The Clinical Director is required to complete The “Clinical Cannabinoid Medicine Curriculum” for 12 CME’s and registered dispensary agents are required to complete the course entitled “Cannabis: Chemistry, Effects & Dosage”. The information will be disseminated to all employees at monthly staff meetings. At the end of each staff meeting, each agent will sign a statement of completion. SOP-GEN-100 Employee Training; SOP-GEN-101 Employee Training Endocannabinoid System Medicinal Benefits of Cannabis; SOP-GEN-102 Employee Training Cannabinoid Profiles Genetic Strains Medicinal Applications.

Cannabis Training University is the world’s largest and leading online medical marijuana school and has had thousands of students from over twenty different countries. The online Medical Marijuana Education series offered by Cannabis Training University is the most advanced and complete offered online. The team at Cannabis Training University includes some of the most recognized and knowledgeable members of the medical cannabis community worldwide. Their experts include: marijuana attorneys, accountants, cannabis horticulturists, insurance agents, medical marijuana dispensary managers, marijuana point of sale software companies, cannabis chefs, and canna-business owners and vendors.

In addition, Medical Director shall attend the annual International Cannabinoid Research Society (ICRS) Symposium. The ICRS is dedicated to scientific research in all fields of the cannabinoids, ranging from biochemical, chemical and physiological studies of the endogenous cannabinoid system to studies of the dosage forms of medical cannabis and their pharmacodynamic impact. In addition to acting as a source for impartial information on

Cannabis and the cannabinoids, the main role of the ICRS is to provide an open forum for researchers to meet and discuss their research.

B. Producing and maintaining a supply of marijuana that is sufficient to meet the needs of qualifying patients

Applicant' is committed to producing and maintaining a sufficient supply of marijuana for qualifying patients. The grow facility is designed to produce medical cannabis and related products for 4,000 patients per month at each proposed dispensary. Applicant will reach 50% of the proposed total possible patients within one year of beginning operations with a monthly growth rate of 10% within the first six months of operations and a projected 5% growth thereafter. Applicant will reach its capacity of 4,000 patients per month, and selling the maximum monthly capacity of 235 pounds of marijuana by the beginning of the fourth year of operation. (See Business Plan, attachment 3)

Applicant shall maintain an electronic tracking system for monitoring the sale of medical marijuana. The system will track inventory and purchasing trends that Applicant will use to determine which products are selling more quickly and focus on maintaining those products in sufficient quantity. SOP-PRD-200 Wholesale Inventory Management; SOP-PRD-210 Cannabis Handling Tracking Overview

C. Providing safe, accessible retail dispensing locations

Under the licensing agreement, Applicant shall be allowed to operate two dispensary locations within Hawaii County. The use of two dispensing locations will allow greater access by patients and caregivers based upon their location.

Applicant's dispensaries shall be well kept, utilize video surveillance to monitor all areas of the dispensary inside and out, be patrolled inside and out [including the parking area] by security guards, and shall be well lit at all times. SOP-SEC-001 Security; SOP-SEC-002 Video Surveillance; SOP-GEN-010 Patient and Primary Caregiver Access. The dispensaries shall be accessible to qualified patients and caregivers from 8am-8pm Monday-Saturday.

Patient safety shall be a priority for Applicant who will do everything to ensure that patrons have easy access to the facility, are able to procure products based upon their needs without interference from others, and shall be able to exit dispensary property without fear or concern.

D. Measuring and improving customer satisfaction

Dispensary agents will maintain an open dialog with patrons, ensuring their comfortability with the facility and with understanding the products being sold. Patrons will be asked by dispensary agents if there is anything they can do to help improve the purchasing experience or if there is any additional information that should be provided to allow patrons to make more informed medical choices. SOP-GEN-010 Patient and Primary Caregiver Access; SOP-CS-001 Customer Service Policy

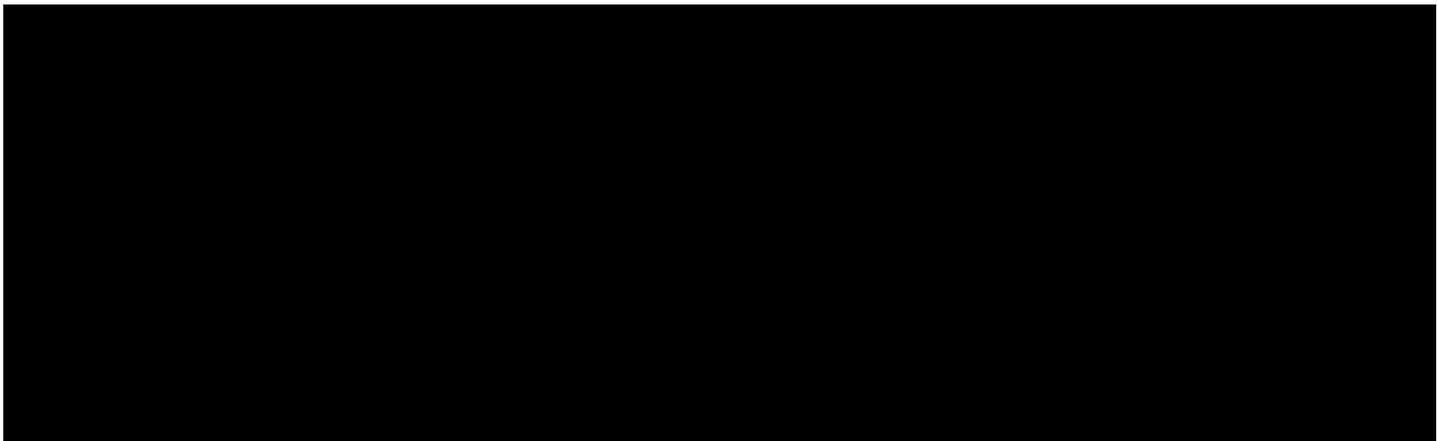
Applicant will maintain a customer complaint form that customers may complete and turn into dispensary staff for review and consideration. QA-Form-1002 Customer Complaint Form. If a customer feels uncomfortable completing the form in person, they could complete an online form which would allow for greater patient anonymity through the Applicant's website.

All comments/complaints made by patrons will be maintained by Applicant and shall be reviewed by management staff on a regular basis. SOP-GEN-500 Management Review.

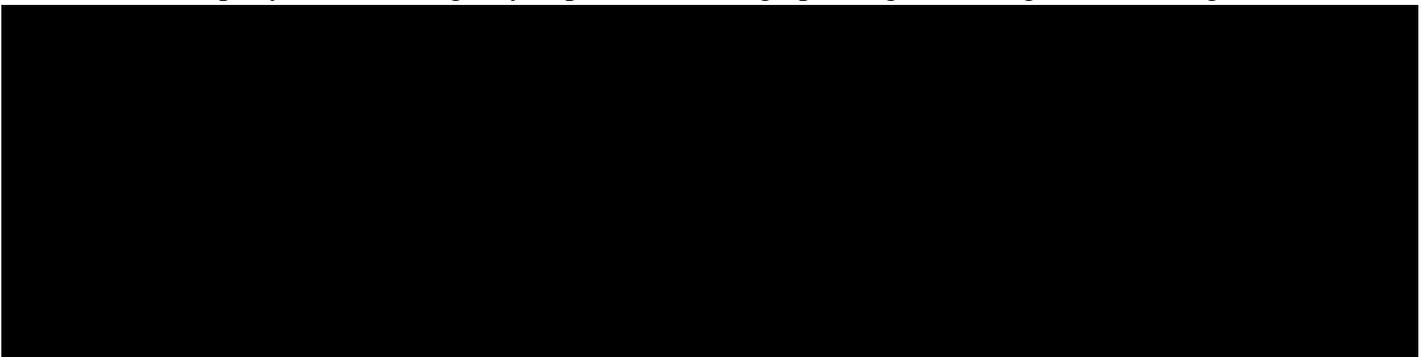
Management will discuss and review the comments as part of the quality control system. Should change need to be made, management shall make the necessary appropriations to enact the proposed change, will update or modify appropriate procedures and train staff in the change.

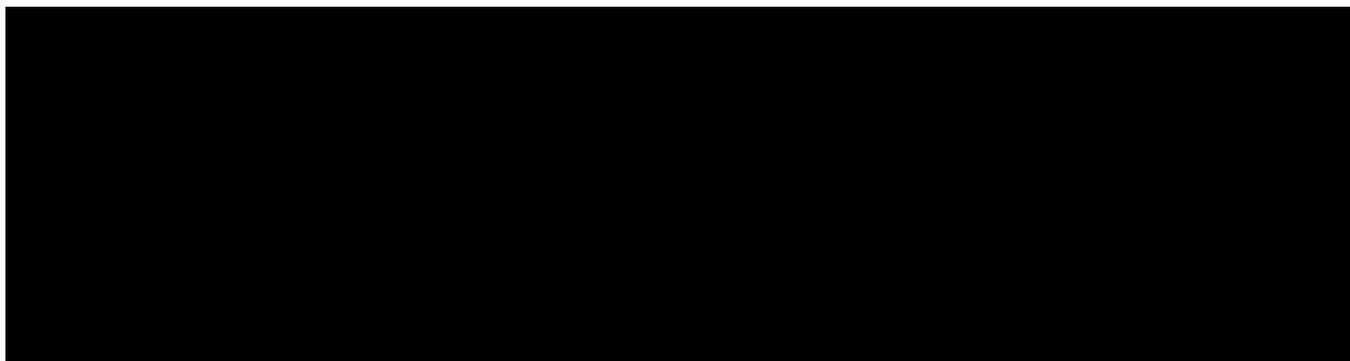
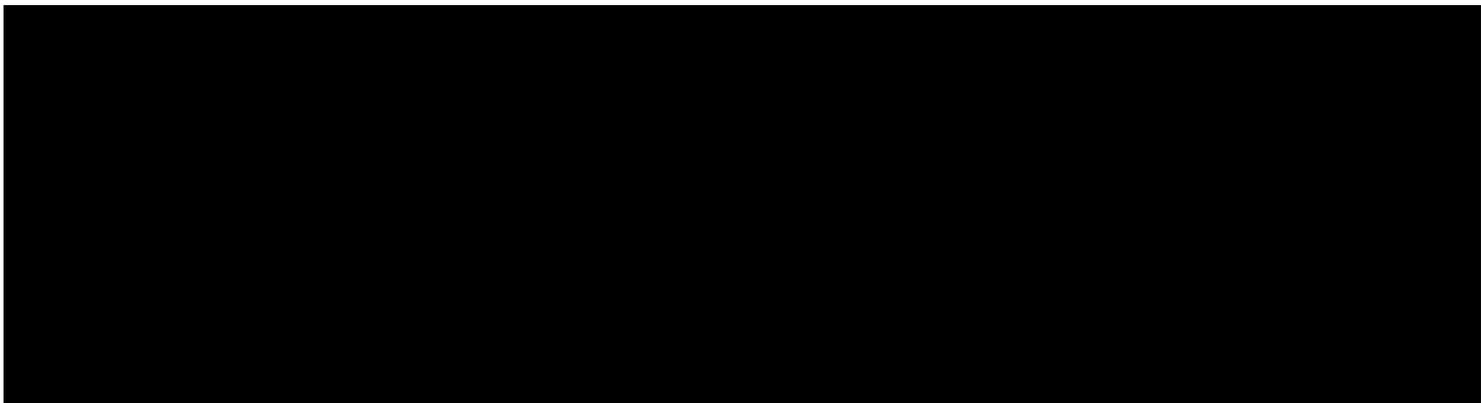
6. Ability to comply with criminal background check requirements.

Applicant shall ensure that all officers, employees, shareholders with at least a 25% interest, subcontractors and persons allowed to enter or remain in a dispensary pursuant to §§ 329D-6, 329D-15 and 329D-16, shall be subject to a criminal background check. If the person is found to have a felony conviction; a conviction related to use, possession, or distribution of drugs; has a conviction for a violent crime; or a conviction involving theft or fraud shall be denied employment with Applicant. §329D-7(8), §329D-12, §846-2.7 & §11-850-17. SOP-GEN-111 Background Checks



Furthermore, as part of employment, all employees and officers are required to consent to a background check that will include fingerprinting. (See attachment 9, Consent Form) Each person shall sign the consent form which shall be retained in their employee file. SOP-GEN-201 Record Keeping – Employee files. Applicant shall utilize the Hawaii Department of Health, FBI and/or third party authorized agency to perform the fingerprinting and background investigation.





7. Ability to comply with the requirements of this chapter [11-850-20] and chapters 329 and 329D, HRS, for inventory tracking, security and sales limits for qualifying patients.

Inventory Tracking

Applicant will utilize an Inventory Control System (ICS) for inventory control, reviews and inventory limit compliance. This software is extremely robust and can be programmed to notify the Executive Team that there is a discrepancy in inventory during reconciliation. SOP-QA-020 Inventory Control System. The ICS shall link to the BioTrackTHC database. Applicant has aligned a inventory tracking software please see attachment 25_BioTack Proposal.

The software tracks every gram of medical cannabis from seed-to-sale. In this manner, every gram of cannabis sold can be tracked from the moment it is acquired to the moment it is sold. A barcode shall be placed on each product. The tracking software also captures the location of each gram.

The software includes:

- Point of Sale
- Inventory Tracking
- Patient or Customer Record Management

Applicant's software also has compliance tools built in that implement how the business owners will stay compliant with reports, lists, forms and manifests that required for operation.

Registered Dispensary Agent's (RDA) are trained that every gram within the facility shall be tracked within the Applicant's Inventory Tracking software. SOP-GEN-100 Employee Training. Applicant has created and uses a perpetual inventory control system that identifies and

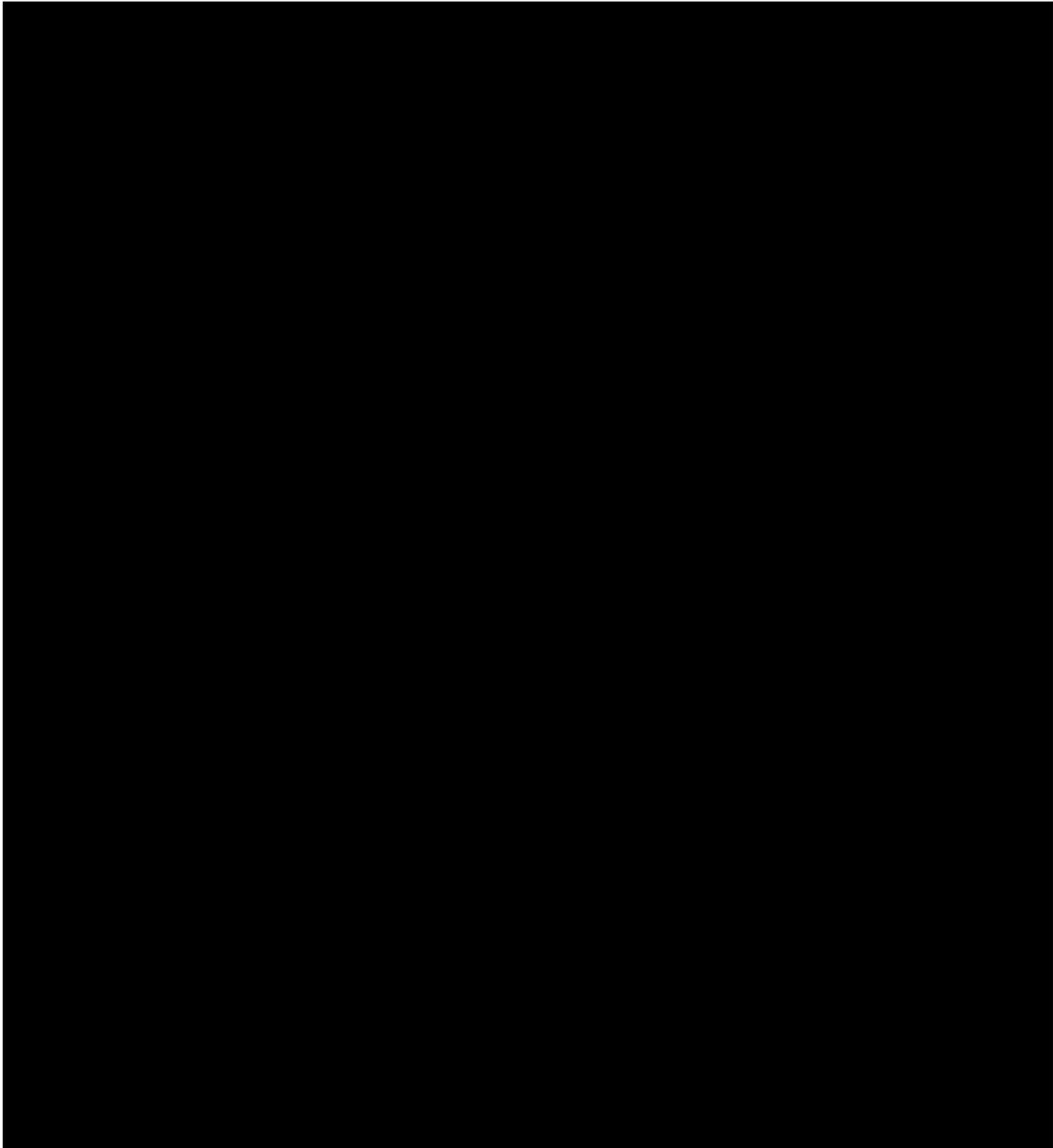
tracks medical cannabis from the time it is delivered or produced to the time it is delivered to a qualifying patient or caregiver.

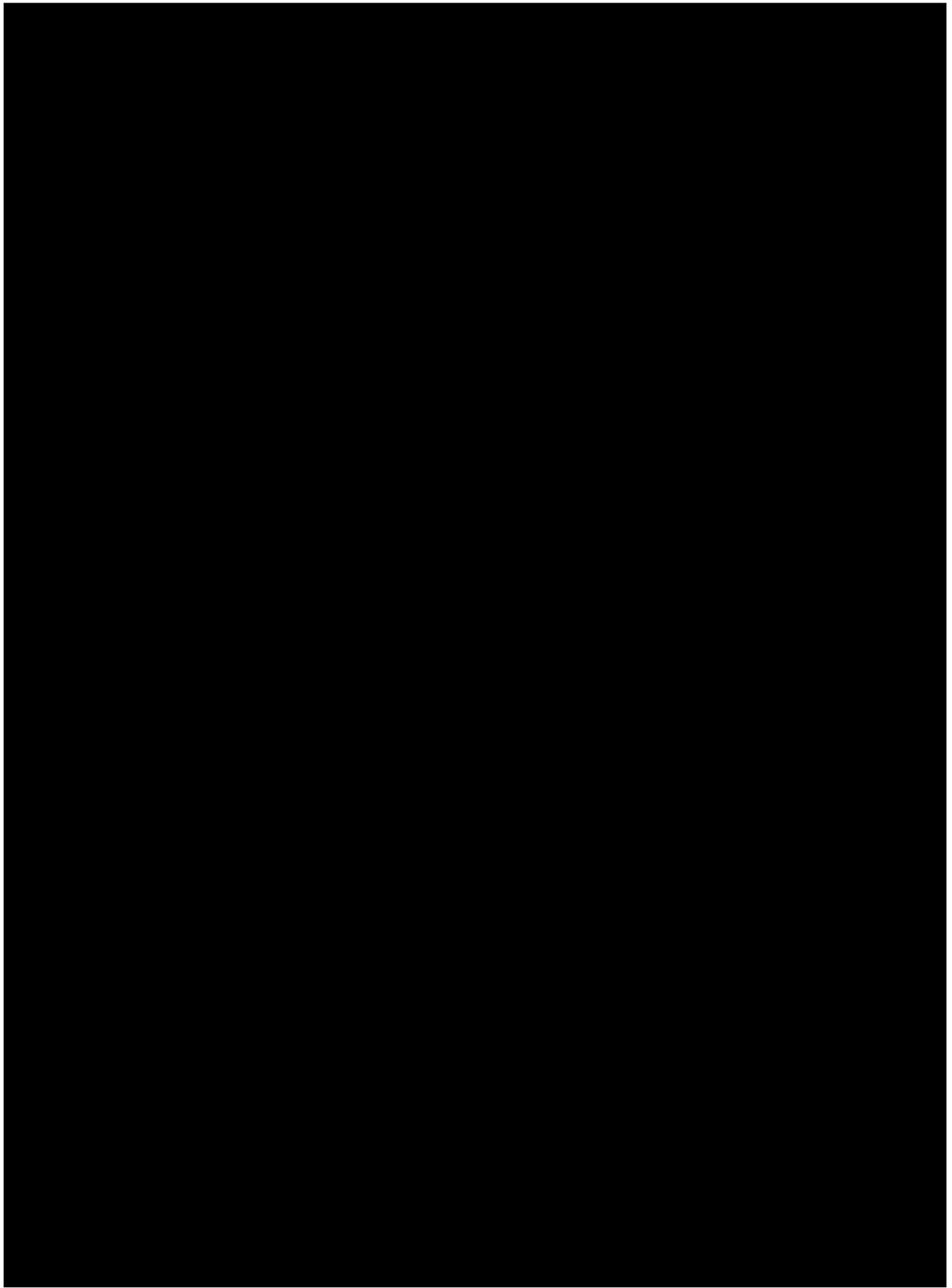
All RDA are trained to perform inventory reconciliation at the start and end of each day to update all records within the Inventory Management Software and the BioTrack THC data network. All cannabis shall be placed in a secure area, constructed of concrete or similar building material that prevents unauthorized entry, one hour prior to opening and one hour after closing.

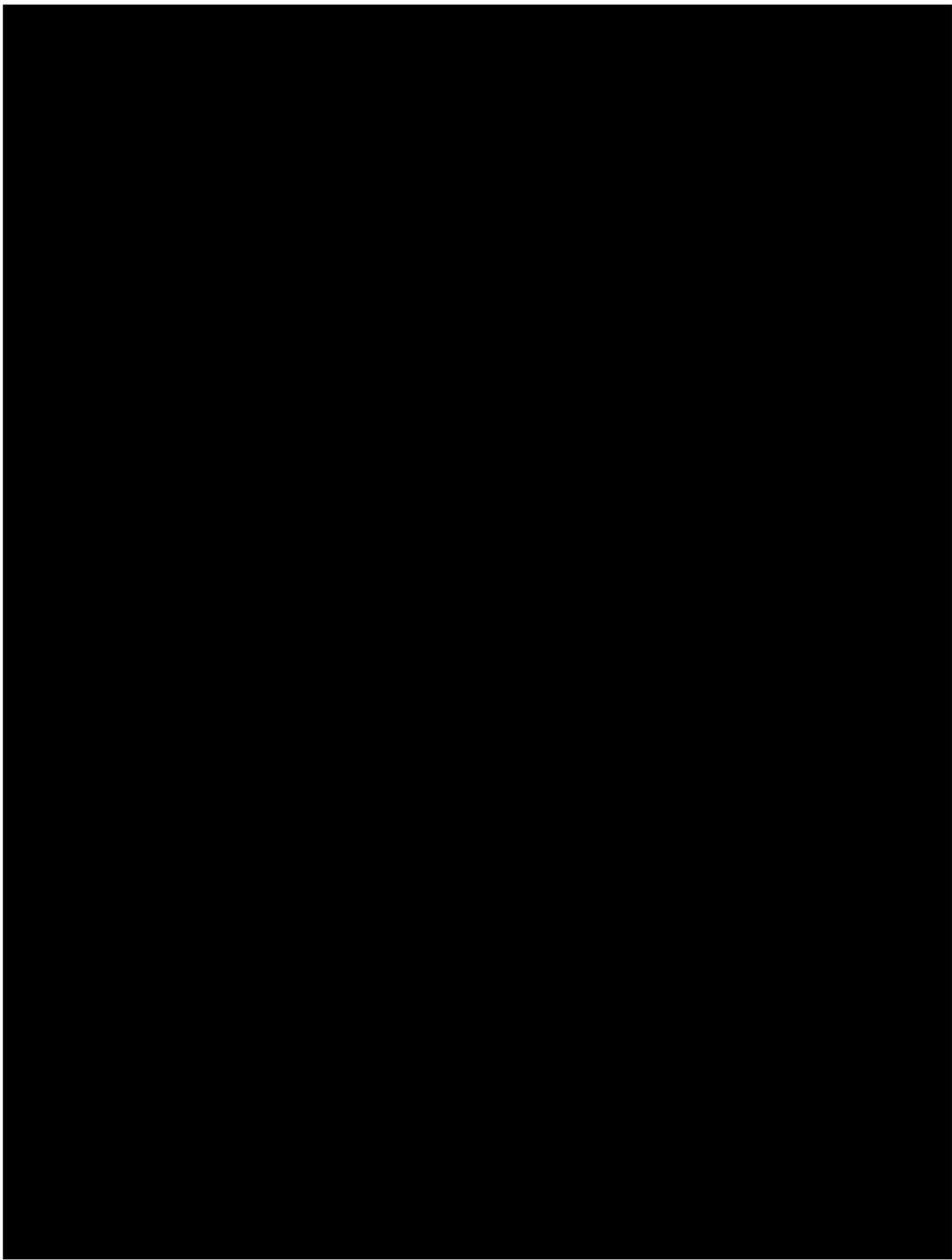
No individual other than a registered dispensary agent may handle the inventory in a display case or elsewhere in the dispensary until dispensed.

If a discrepancy occurs during inventory reconciliation that is larger than 0.15% , the Compliance Director is notified. A formal investigation is launched. SOP-QA-008 CAPA. The Inventory log is queried to identify any abnormalities in the previous days inventory count. If the inventory was recently procured and reconciliation has not taken place then the Inventory Manager is questioned first to identify any errors during the wholesale purchase transaction. SOP-GEN-205 Shipment Discrepancy & Reporting. The chain of custody log from the Point of Sale is reviewed because the chain of custody governs each batch. The batch with the discrepancy is reviewed to identify all chains of custody. The wholesale purchase log is identified to review the signer of the intake form. The chain of custody log is reviewed to identify all inventory reconciliation that has touched the product for weighing purposes. Each container is weighted with the container closed and a whole container weight is stored within the system. Inventory reconciliation personnel are not allowed to open a container. Only the Inventory Manager is able to quality assure each package being reconciled. All transactions involving the batch are reviewed and each RDA who served the batch is questioned.

If the discrepancy has been identified as theft, then the video surveillance is reviewed to determine the theft. Reconciliation for the product is reviewed and each time the batch was served to the patient the video is reviewed. If an employee is identified as the culprit he or she shall be terminated immediately and prosecuted to the full extent of the law.







8. Ability to maintain confidentiality of a qualifying patient's medical condition, health status, and purchases of marijuana or manufactured marijuana products.

Applicant shall maintain the confidentiality of all patients including their medical condition, health status, and the purchase of marijuana or manufactured marijuana products. Confidentiality shall be maintained through full HIPAA compliance. Applicant shall maintain all patient records in electronic format in a level three data center to ensure HIPAA compliance. The data center provides 24x7x365 monitoring against service attacks and intrusions. Applicant, through the HIPAA compliance officer, acting under the direction of the Director of Regulatory Affairs and Quality Assurance, shall maintain a HIPAA manual and related SOP. SOP-OP-100 HIPAA Compliance.

All current employees and vendors shall be required to attend compliance training provided by the compliance officer prior to dispensary initial opening. To signify completion of training all participants must complete a post-test and sign the attestation of attendance and compliance agreement. New employees and vendors will be required to complete the compliance-training module within thirty (30) days of employment. Failure of a new or current employee to complete the required training may be grounds for dismissal. Compliance training will be ongoing and continued participation is required. SOP-GEN-100 Employee Training; SOP-GEN-201 Record Keeping – Employee Files.

In order to access patient information, employees must be given clearance by the compliance officer prior to accessing the system. In order to gain security clearance, the employee must be legally employable and have an active position that requires system access. Employees that do not require system access (i.e. janitors, etc) will not be given passwords or access to the system. Once access is defined, employees will be assigned individual identifiable

passwords. All employees will be required to log into the system using their unique password and the system will log employees off after a specified period of time in which there has been no input from the user. The compliance officer will be responsible for maintaining and managing levels of access and user passwords. Monthly or at least quarterly, the compliance officer will run reports to audit system access.

Applicant shall monitor activities related to the privacy and security of protected health information. Applicant shall audit activities related to the privacy and security of protected health information at regular intervals throughout the year. SOP-GEN-006 Audits – Regulatory Visits, Inspections. It will be the compliance officer’s responsibility to monitor the maintenance of an information release/disclosure log with patient file; complaint register; each time information is accessed; system maintenance activities; document storage; and hardware and software inventories.

The compliance officer shall audit records for potential problems or violations of practice privacy and security policies. The audits shall be scheduled at least every six months and more frequently if a problem is found. When problems are discovered, the compliance officer and management will determine the best course of action. SOP-GEN-500 Management Review. This can include further training directed at solving the problem or disciplinary actions for non-compliant staff or partners. SOP-GEN-100 Employee Training; SOP-GEN-112 Employee Hearings. It shall be the compliance officer’s responsibility to formulate the appropriate corrective action. This may include mandatory educational programs, or activities that must occur or cease in order to reach compliance. The corrective action plan shall be signed and dated by both the individual and compliance officer with a copy to be placed in the employment file. SOP-OP-100 HIPAA Compliance; SOP-GEN-201 Record Keeping – Employee Files.

With respect to the confidentiality of a qualified patient's purchase of marijuana or manufactured marijuana products, the dispensary agent shall place all purchased items into a non-descript brown or white paper bag. The top of the bag shall then be folded and stapled shut. The dispensary agent shall make no marks on the bag and will provide the bag to the qualified patient only after the patient has tendered payment for the medicinal items. SOP-GEN-401 Sale of Cannabis.

9. Ability to comply with the requirements for certified laboratory testing on marijuana and manufactured marijuana products pursuant to this chapter and §§ 329D-7 and 329D-8, HRS

Applicant shall comply with the requirements for certified laboratory testing on marijuana and manufactured marijuana products as required by Hawaiian regulations. Testing of marijuana and marijuana products shall be under the direction of the Director of RA/QA, Stephen Goldner who is co-founder of Pinnacle Labs, a cannabis-testing lab in Michigan. Mr. Goldner is also working with FDA to create the standard test methods for adoption into various Pharmacopoeia and regulatory agencies, and is Chairman of the Laboratory Testing and Pharmacology sections of Focus, the ISO certifying organization for cannabis in the US. The RA/QA Director shall work with the contract lab to schedule and implement testing procedures of all marijuana and manufactured marijuana products to be offered for sale by Applicant.

Applicant shall work with a certified independent testing lab; a lab certified to ISO 17025 standards, for testing of marijuana and manufactured marijuana products. Applicant is working to contract with SC Laboratories a third-party independent testing lab. SOP-PUR-300 Vendor Contracting; SOP-QA-303 Independent Lab Testing. See also attachment 7; SC Lab Executive Brochure. The scope of testing to be performed at SC Labs will include identification and quantification of those components and potential contaminants relevant to public health. Specifically, SC Labs shall test for pesticides, cannabinoids/terpinoids, microbiological testing, volatile organic compounds, and water activity.

Before final contacting with the independent testing lab, the RA/QA Director shall perform a due diligence audit inspection of the testing lab. Specifically, that inspection will confirm the lab possesses the appropriate credentialed personnel to perform the testing needed and that the lab works under Good Laboratory Practices (GLP). Further, confirmation of testing

equipment possessed by the lab shall be established. The Lab shall have a High Performance Liquid Chromatograph (HPLC) with appropriate detector for detecting cannabinoid concentration, pesticides and mycotoxins. It shall utilize a Gas Chromatograph (GC) with suitable detector for detection of residual solvents, terpenes and other pesticides, as well as Atomic Absorption with Mass Spectrometer (MS) Detector for heavy metal analyzation. SOP-PUR-300 Vendor Contracting

The RA/QA Director, following SOP-PRD-103 Cannabis Sampling for Analytical Purposes, shall pull random samples from each lot of marijuana and manufactured marijuana products. Each sample will be appropriately labeled and identified from where in the lot it was pulled. It will then be packaged and shipped to the contract lab for testing. Some samples shall be retained for future testing and stability as needed. SOP-QA-302 Stability Testing and Retained Samples.

While products are pending testing analysis, products shall be placed in quarantine until testing confirms the products are safe for consumption. SOP-PUR-102 Receipt of Incoming Materials; SOP-PRD-106 Storage of Medical Cannabis; SOP-QA-301 Storage and Distribution. The lab shall provide Applicant with a Certificate of Analysis (CofA) for each product sent for testing. The CofA shall identify the proficiency of the test results. The result shall be conveyed as a numerical accuracy percentage, not as a pass/fail result. Pass/fail results shall be calculated by the accuracy thresholds generated by the reproducibility of studies specific to each assay. All CofA's shall be retained by Applicant and can be available for viewing by department personnel. SOP-GEN-204 Record Keeping – Maintaining MSDS, CofA, and Test Reports; SOP-GEN-006 Audits, Regulatory Visits, Inspections.

Once testing confirms the product(s) are safe for consumption, they shall be released from quarantine and made available for purchase. SOP-PRD-106 Storage of Medical Cannabis; SOP-QA-020 Inventory Control; SOP-GEN-401 Sale of Cannabis.

10. Ability to comply with requirements for signage, packaging, labeling, and chain of custody of products.

Applicant shall comply with the requirements established for signage, packaging, labeling and chain of custody for marijuana and manufactured marijuana products. All products are handled with care when they are brought to the packaging area. Dispensary agents are required to sign a chain of custody document identifying the date, time, amount and number of packages they are obtaining to perform pre-packaging tasks. The agent is required to wear plastic gloves to package medical cannabis prior to being placed within the display case. To maintain medical cannabis free of contamination all pre-packaged products will reside within their packaging until the chain of custody is transferred to the patient. SOP-GEN-400 Display and Labeling of Medical Cannabis

The Applicant shall create a package that is plain, opaque; child-resistant and contains the licensee name that produced the medical cannabis finished product or that grew the medical cannabis in the package. It shall have a finished-product lot number and an expiration date. There shall be a clear warning that the contents may be lawfully consumed only by the qualifying patient named on the attached label, and that it is illegal for any person to possess or consume the contents of the package other than the qualifying patient and it is illegal to transfer the package or contents to any person other than for a caregiver to transfer it to a qualifying patient. The label shall bear a clear warning to keep the package and its contents away from children and list the Hawaiian Poison Control Center emergency telephone number. The label shall have the telephone number of the licensee to call to report an adverse patient event. If applicable, the label shall bear any allergen warning or nutrition labeling required by law. If applicable, the label shall bear a listing of the non-medical cannabis ingredients. The label shall

also contain a conspicuous itemization, including weight, of all cannabinoid and terpene ingredients specified for the product and possess a personalized label for the qualifying patient.

The Applicant's packaging shall not bear any resemblance to the trademarked, characteristic or product-specialized packaging of any commercially available candy, snack, baked good or beverage, bear any statement, artwork or design that could reasonably mislead any person to believe that the package contains anything other than a medical cannabis finished product. The packaging shall not bear any seal, flag, crest, coat of arms, or other insignia that could reasonably mislead any person to believe that the product has been endorsed, manufactured, or used by any State, county or municipality or any agency thereof. The packaging shall not bear any cartoon, color scheme, image, graphic or feature that might make the package attractive to children. The information on the Applicant's package is printed in English, in letters at least one-sixteenth of an inch high. The presence of cannabinoid is expressed as a percentage of the total weight of the contents and if the concentration of the cannabinoid is less than 1 percent, the percentage shall be written with a leading zero before the decimal point. For examples of packaging see attachment 3 – Business Plan Page 16 and 17.

The Applicant shall dispense products to qualifying patients or caregivers with packaging that is plain. The package shall not be decorated or elaborate; it shall be simple and ordinary in character. The packaging shall be easy to perceive or understand and clear to any patient. The packaging shall resemble standard pharmacy prescription bottles to help identify that the contents of the package are for medical purposes.

The Applicant's Compliance Director assures all package of medical cannabis for distribution to qualifying patients or caregivers will bear a clear warning label with the following

stated within the warning: **“WARNING: Keep this package and its contents away from children.”** SOP-PRD-105 Packaging and Labeling of Medical Cannabis. The label shall also clearly bear the following phrases: “For medical use only” and “Not for resale or transfer to another person”.

Chain of custody

All shipments are tracked in the Applicant’s Point of Sale/ Inventory Control System. SOP-GEN-200 Cannabis Handling and Tracking. Barcodes are generated by the software and affixed to the products. They are then scanned at various points of travel in order to track and monitor the products. Prior to transportation from the Processing facility, the product is found within the Point of Sale/ Inventory Control System, and a manifest is started. The dispensary agent places the product in a green container indicating usable or a red container indicating contaminated. The manifest is affixed to the container for transport. When the agent delivers the product to the licensed grow location, the product is weighed and captured within the manifest. A licensed grower representative must sign the manifest to complete the chain of custody indicating the weights are correct. When the transportation agent returns to the registered dispensary, he completes the delivery by scanning and uploading the transportation manifest and verifies the delivery as complete. SOP-PRD-303 Product Identification and Traceability.

Within the POS Software, the dispensary agent selects the patient’s items and enters them into the software. A label that contains the certifying physician’s name is one of many pieces of information printed onto the label affixed to each bottle containing cannabis. The Applicant will train each employee on the use of the seed to sale system ensuring knowledge on correct labeling protocol. Monthly refresher courses are mandatory. SOP-GEN-100 Employee Training

11. Secure Disposal & Destruction of Marijuana and Marijuana Products

Applicant disposes of all waste products including testing materials on site with a Terragon Environmental Technologies Micro Auto Gasification System (MAGS) in compliance with the Hawaii Administrative Rules Title 11 Department of Health Chapter 850 Medical Marijuana Dispensaries Subchapter 3 Operations 11-850-42 Disposal or Destruction. The applicant destroys all unused, unsold, contaminated, or expired marijuana or manufactured marijuana products, or waste products resulting from the cultivation or manufacturing process by a means prescribed by the department or the department of public safety narcotics enforcement division administration¹. The following policies and procedures will govern the disposal process for all applicant employees to follow²:

- QA-Form-1008_Cannabis-Destruction-Record
- SOP_SP-001_Sanitation-Program-Overview
- SOP_SP-006_Sanitation-Program-Waste-Disposal
- SOP_SP-007_Sanitation-Program-Disposal-and-Destruction

All destruction of manufactured marijuana products is done in accordance with 11-850-72 (5). The destruction of medical marijuana shall be done in a safe manner utilizing FDA approved hazardous waste approved storage containers. Disposal or destruction of manufactured marijuana products is conducted at all stages of production and sale³. The Applicant ensures **Total Quality Control** ensuring that all litter and waste are properly removed and the operating systems for waste disposal are maintained in an adequate

¹ 11-850-423 (b)

² 11-850-423 (c)

³ 11-850-72 (5)

manner so that they do not constitute a source of contamination in areas where marijuana or manufactured marijuana products are exposed⁴. The Applicant will destroy a batch that does not conform to the testing standards set out in subsection (c) of the Laboratory Standards and Testing as indicated by the certificate of quarantine a non-conforming batch until any retesting pursuant to subsection (d) of the Laboratory Standards and Testing is completed, after which the dispensary license will dispose of or destroy the batch if the results of retesting that the batch is non-conforming⁵.

The Terragon Environmental Technologies Micro Auto Gasification System (MAGS) uses the auto gasification process, which cooks waste reducing it by 95 percent in volume to bio-char and a synthesis gas, which has virtually no odor. The waste is heated to 2,012 degrees Fahrenheit, transfers into a heat exchange zone at 1,292 degrees Fahrenheit and is immediately quenched in water in a Venturi to a temperature of fewer than 176 degrees Fahrenheit. It is a system currently in place in hospitals across the country to dispose safely of hazardous medical products. Bio-char is safe enough to mix with soil as a nutrient.

The MAGS system allows for the disposal of up to a ton of waste per day, far exceeding all Environment Protection Agency (EPA) requirements for safe on-site disposal. By selecting this waste disposal approach, external waste management personnel are never exposed to any marijuana waste.

⁴ 11-850-75 (f)

⁵ 11-850-85 (j)

Waste Disposal Protocol

The waste disposal protocol is compiled using The American Herbal Products Association Cannabis Committee document entitled “Recommendations for Regulators Cannabis Operations” Section 4.6 Disposal and Waste practices, which state that marijuana waste must be disposed of in a manner, which prevents unauthorized use, and such disposal must be documented.

Applicant has implemented a system of control to protect the public from coming in contact with unused, expired, unusable or contaminated marijuana product or by-products⁶. All waste, whether infectious or not, is handled by the same procedures. Hazardous waste may include trim, flowers, stems, and other materials used in the production of medical marijuana. All green waste meaning unused, surplus, returned, or out of date medical marijuana recalled medical marijuana, and any plant debris, including dead plants, all unused plant parts, and roots. It can also include gloves, paper towels, and other items associated with contaminated medical marijuana or the processing of contaminated medical marijuana. The Applicant stores all marijuana waste in a secure location prior to incineration.

The contamination of medical marijuana renders it a potential health hazard to patients. Possible contaminants include natural plant pests and pathogens, human misapplication resulting in heavy metals, pesticides use, and improper sanitation conditions such as dirt,

⁶ 11-850-423 (b)

debris or waste conditions. Also, biohazardous medical marijuana waste is disposed of in compliance with state regulation, as well as by hazardous waste disposal protocol.

- Medical marijuana waste is stored and managed in a secure area prior to incineration; and
- Medical marijuana waste is made unusable prior to leaving the incineration area;

Disposal of Contaminated Product Protocol

Upon receipt of the unused, expired or otherwise unusable medical marijuana product or by-product, the applicant will segregate product(s) from all useable products and immediately contain within the appropriate single use or reusable container. Applicant will comply with all local regulations in regards to the disposal of contaminated products.

Destruction Protocol

The Applicant destroys medical marijuana only if they do so following a method that conforms to all state and local municipal environmental legislation applicable to the location at which it is to be destroyed. The Auto Gasification disposal method does not result in any person being exposed to medical marijuana smoke.

Waste Disposal/Destruction Witnesses Protocol

The destruction of waste products will be done so under continuous video surveillance and in the presence of two persons who are qualified to witness the destruction, if applicable

the **Quality Assurance Manager**. The destruction process outlined above will render the product impossible or improbable for use.

In order to prevent any excess, undesired, recalled, obsolete, adulterated, misbranded or deteriorated medical marijuana from making its way to non-patients or illicit markets, Applicant disposes of all green waste products.

Tracking Protocol

The Applicant maintains a record of the destruction date, the strain name of the substance destroyed and its net weight on the date of destruction pursuant to all tracking requirements in Subchapter 5 Tracking Requirements 11-850-61-62. A brief description of the destruction method is noted, and the names of the witnesses to the destruction and the basis by which they are qualified to be witnesses to the destruction are recorded. A statement signed and dated by each witness stating they have witnessed the destruction of the medical marijuana. All destructions documents are made available to state officials within twenty-four hours of a formal request.

12. Ability to ensure product safety, in accordance with this chapter and sections 329D-8, 329D-10, and 329D-11, HRS.

Applicant shall ensure product safety in accordance with §11-850-20 and §§329D-8, 329D-10, and 329D-11, HRS. Applicant shall utilize laboratory testing to analyze marijuana and manufactured marijuana products to test for purity and strength of content, to ensure that products are free from contaminants and other adulterants that could cause harm or excessive risk to the user, and to ensure consistency between product lots. SOP-PRD-103 Cannabis Sampling for Analytical Purposes; SOP-QA-303 Independent Lab Testing. Applicant shall test all products which will include medical marijuana as well as any capsules, lozenges, pills, oils and extracts, tinctures, ointments and skin lotions, and any other products that may be authorized for sale. To further ensure patient safety, Applicant shall ensure that all products are properly packaged and labeled, and that each product is provided with instructions for use and a ‘use by’ or expiration date. SOP-PRD-105 Packaging and Labeling of Medical Cannabis; SOP-GEN-400 Display and Labeling of Medical Cannabis. Dispensary personnel shall also help to educate qualified patients in the use and storage of their products and provide them with additional educational material in the form of brochures and hand-outs.

The Vice President of Quality Assurance and Regulatory Affairs shall ensure that all marijuana and manufactured medical marijuana products follow Good Manufacturing Practices (GMP). SOP-PRD-301 Production Planning and Risk Management; SOP-PRD- 305 Process Monitoring and Controls During Manufacturing. Applicant shall maintain and implement procedures regarding the use and operation of the Production Center, the growing and cultivation of plants, and the overall processing of marijuana and manufactured marijuana products. The Production Center shall test all raw materials and chemicals used in the processing of marijuana. SOP-QA-201 Raw Material Sampling and Testing. Testing will confirm all MSDS and CoFA

certificates, and check for any contaminants or microbials that could be harmful to users. SOP-GEN-204 Record Keeping – Maintaining MSDS, CofA, and Test Reports. The Production Center shall also test finished products with random sampling in each lot to confirm potency and product content, that no contaminants entered the product during manufacture, and that there is a standard consistency among the product. SOP-PRD-304 Lot Validation. Testing shall confirm that no single dose product contains no more than 10 milligrams of tetrahydrocannabinol or than any package of multiple dose products contains no more than 100 milligrams of tetrahydrocannabinol per pack or container. Products shall be placed in quarantine until relevant testing confirms a lack of contamination, and an appropriate level of potency and consistency. All test results shall be maintained in Applicant’s document control system and shall be available for review or inspection by appropriate Department personnel. Once confirmed, product may be released for shipment. SOP-PRD-307 Release of Production Materials.

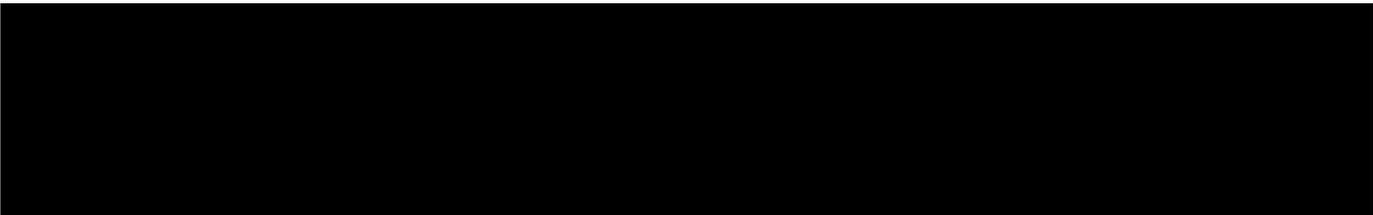
Should testing find that a product or raw material is adulterated, the RA/QA Director shall immediately place the product into restrictive quarantine and issue a CAPA investigation to determine the cause of the adulteration. SOP-QA-008 Corrective and Preventive Actions. Following investigation, if the product can be purged of the adulteration, it may be reprocessed and released. If the adulteration cannot be mitigated, the product shall be maintained in quarantine and scheduled for destruction.

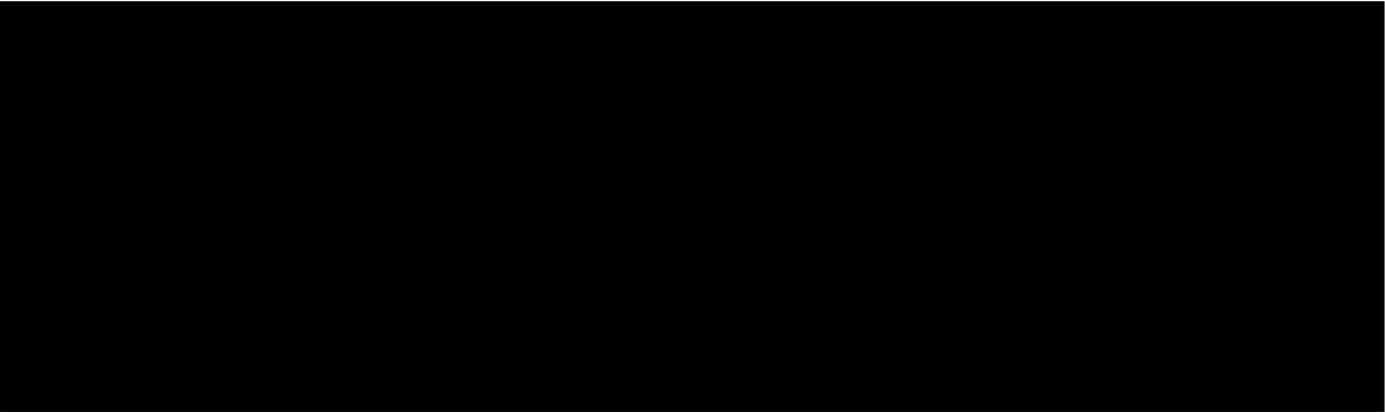
Implementing appropriate quality control, the dispensary shall also review all incoming products and randomly test that all products meet specifications as identified by the Production Center. As product is set for sale and distribution, dispensary personnel shall ensure that all products are properly labeled and identified. Each product shall be labeled “This product may be unlawful outside of the State of Hawaii and is unlawful to possess or use under federal law. This

product has intoxicating effects and may be habit forming. Smoking is hazardous to your health. There may be health risks associated with the consumption of this product. This product is not recommended for the use by women who are pregnant or breast-feeding. Marijuana can impair concentration, coordination, and judgment. Do not operate a vehicle or machinery under the influence of this drug and when eaten or swallowed, the effects of this drug may be delayed by two or more hours.”, and shall contain information on the content and potency of the product. The potency shall not be more than 10 milligrams of tetrahydrocannabinol per single dose product and not more than 100 milligrams for multipack containers.

To insure tracking and traceability of the product, each product shall contain on the labeling the name of the production center where the product was produced, the batch/lot number and the date of packaging. SOP-PRD-303 Product Identification and Traceability. To further track product movement and shipping, each product shall contain a label barcode. The barcode shall be generated by Applicant’s product tracking software. The barcode shall be scanned each time a product is moved between or within specific facilities. The software will update each time the product is scanned and shall allow for Applicant to locate a product’s current location through a query of the software. SOP-QA-020 Inventory Control System

To protect the patient and add to overall product safety, purchased marijuana products shall have a patient label which identifies the qualified patient to whom the product is being sold. Included on the patient label shall be instructions for use and a “use by date” to prevent improper use and use of an expired product. SOP-GEN-401 Sale of Cannabis





All staff shall undergo specific quality control and quality assurance training on all products grown, manufactured and packaged within the production center and dispensary. SOP-GEN-100 Employee Training. They shall be instructed on how to: handle products, properly cultivate plants, harvest materials, and perform extractions. SOP-GEN-104 Employee Training – Cultivation; SOP-GEN-105 Employee Training – Harvesting; SOP-GEN-106 Employee Training – Manicuring, Drying, Curing. They shall also be instructed on how to examine raw materials as well as finished product and identify if a product is adulterated or should be checked for adulteration. SOP-GEN-101 Employee Training – Endocannabinoid System Medicinal Benefits of Cannabis; SOP-GEN-102 Employee Training – Cannabinoid Profiles Genetic Strains Medicinal Applications.

Staff shall follow appropriate hygiene procedures. SOP-GEN-108 Employee Hygiene While in the product center and dispensary, staff members shall wear appropriate gloves, clothing and other safety items (i.e. hair net, facial guard, etc) to protect themselves and to protect products from becoming adulterated through biological or microbial transfer. SOP-SP-002 Gowning and PPE. If an employee is sick, that person shall not be allowed to come into contact with the products in order to protect the product with contamination from the worker.

Applicant shall also insure that product safety is maintained through cleaning and general maintenance of the production center and dispensary. SOP-SP-108 Building Cleanliness. All areas shall be cleaned on a daily basis and as needed in order to protect from contaminants adulterating products. The facilities shall have in place appropriate air filtration systems that shall remove adulterants, particles and other VOCs from the air that could affect the growth, maintenance or overall viability of the products. SOP-ENG-101 Air Handling HVAC; SOP-ENG-102 Lighting, Temperature, CO2

13. No history of having a business license revoked.

The Applicant for this license is Steve Black. Mr. Black is a serial entrepreneur who started his first business, SB Greenhouses in 2002, and has gone on to establish two other businesses, Big Island Hydrogarden in 2011 and Kona Gold Wellness Center in 2015. The last two ventures, which were established in Hawaii, are still operational and are in good standing. None of the businesses owned by Mr. Black have been cited for violation or have had a business license revoked for cause or otherwise.

The Chief Operating Officer for this venture is Greg Garriss. Mr. Garriss worked as an engineer for over 20 years with GE and Boeing before starting his own business, the Aloha Guesthouse in Hanaunau, HI in 2005. He remained owner of the Aloha Guesthouse until moving on to become a co-owner with Mr. Black in 2013 with Big Island Hydrogardens. The Guesthouse is still operational and the new co-venture Big Island Hydrogardens is also still in operation and a business in good standing. Neither business owned by Mr. Garriss has had a license revoked or been cited for violations.

The Chief Financial Officer for this venture is Jim Primm. Mr. Primm is a Certified Public Accountant. He worked previously for the federal government as an IRS Agent, held positions in various banking institutions, and since 1988 operated his own public accounting firm in Hawaii. He is a business owner in good standing and his profession requires he maintain a good moral rectitude. His business license has never been revoked and he continues to work in Hawaii as an accountant and as CFO of Kona Gold Wellness Center.

The executive personnel of this licensing application all have solid business backgrounds, have owned and operated businesses within Hawaii that are all in good standing, and they remain

committed to operating this new venture with the same goal of success. No executive with this company has had a business license revoked or been called into question regarding their business practices.