

Matthew S. Warner
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207.791.3067

September 3, 2019

Heidi Bauer, Clerk
Superior Court
205 Newbury Street, Ground Floor
Portland, ME 04101

RE: Northeast Patients Group, Inc. d/b/a Wellness Connection of Maine
Docket No. _____

Dear Ms. Bauer:

Enclosed for filing in this matter please find the following:

- 1) Civil Summary Sheet;
- 2) Complaint;
- 3) Check in the amount of \$175 representing the filing fee.

Thank you for your attention to this filing.

Sincerely,



Matthew S. Warner

MSW:smw

Enclosures

SUMMARY SHEET

M.R. Civ. P. 5(h)

This summary sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by the Maine Rules of Court or by law. This form is required for the use of the Clerk of Court for the purpose of initiating or updating the civil docket. (SEE ATTACHED INSTRUCTIONS)

I. County of Filing or District Court Jurisdiction: **Cumberland County**

II. CAUSE OF ACTION (Cite the primary civil statutes under which you are filing, if any.)
Breach of Contract and Declaratory Judgment (14 MRS 5951)

III. NATURE OF FILING

- ☒ Initial Complaint
☐ Third-Party Complaint
☐ Cross-Claim or Counterclaim
☐ If Reinstated or Reopened case, give original Docket Number _____
(If filing a second or subsequent Money Judgment Disclosure, give docket number of first disclosure)

IV. ☐ TITLE TO REAL ESTATE IS INVOLVED

V. MOST DEFINITIVE NATURE OF ACTION. (Place an X in one box only) Check the box that most closely describes your case.

GENERAL CIVIL (CV)

- | | | |
|---|---|---|
| <input type="checkbox"/> Personal Injury Tort | <input checked="" type="checkbox"/> Contract | <input type="checkbox"/> Other Forfeitures/Property Liabilities |
| <input type="checkbox"/> Property Negligence | <input type="checkbox"/> Declaratory/Equitable Relief | <input type="checkbox"/> Land Use Enforcement (80K) |
| <input type="checkbox"/> Auto Negligence | <input type="checkbox"/> General Injunctive Relief | <input type="checkbox"/> Administrative Warrant |
| <input type="checkbox"/> Medical Malpractice | <input type="checkbox"/> Declaratory Judgment | <input type="checkbox"/> HIV Testing |
| <input type="checkbox"/> Product Liability | <input type="checkbox"/> Other Equitable Relief | <input type="checkbox"/> Arbitration Awards |
| <input type="checkbox"/> Assault/Battery | <input type="checkbox"/> Constitutional/Civil Rights | <input type="checkbox"/> Appointment of Receiver |
| <input type="checkbox"/> Domestic Torts | <input type="checkbox"/> Constitutional/Civil Rights | <input type="checkbox"/> Shareholders' Derivative Actions |
| <input type="checkbox"/> Other Negligence | <input type="checkbox"/> Statutory Actions | <input type="checkbox"/> Foreign Deposition |
| <input type="checkbox"/> Other Personal Injury Tort | <input type="checkbox"/> Unfair Trade Practices | <input type="checkbox"/> Pre-action Discovery |
| <input type="checkbox"/> Non-Personal Injury Tort | <input type="checkbox"/> Freedom of Access | <input type="checkbox"/> Common Law Habeas Corpus |
| <input type="checkbox"/> Libel/Defamation | <input type="checkbox"/> Other Statutory Actions | <input type="checkbox"/> Prisoner Transfers |
| <input type="checkbox"/> Auto Negligence | <input type="checkbox"/> Miscellaneous Civil | <input type="checkbox"/> Foreign Judgments |
| <input type="checkbox"/> Other Negligence | <input type="checkbox"/> Drug Forfeitures | <input type="checkbox"/> Minor Settlements |
| <input type="checkbox"/> Other Non-Personal Injury Tort | | <input type="checkbox"/> Other Civil |

CHILD PROTECTIVE CUSTODY (PC)

- ☐ Non-DHS Protective Custody

SPECIAL ACTIONS (SA)

- ☐ Money Judgment
☐ Money Judgment Request Disclosure

REAL ESTATE (RE)

- | | | |
|---|---|---|
| <input type="checkbox"/> Title Actions | <input type="checkbox"/> Foreclosure | <input type="checkbox"/> Misc. Real Estate |
| <input type="checkbox"/> Quiet Title | <input type="checkbox"/> Foreclosure (ADR exempt) | <input type="checkbox"/> Equitable Remedies |
| <input type="checkbox"/> Eminent Domain | <input type="checkbox"/> Foreclosure (Diversion eligible) | <input type="checkbox"/> Mechanics Lien |
| <input type="checkbox"/> Easements | <input type="checkbox"/> Foreclosure - Other | <input type="checkbox"/> Partition |
| <input type="checkbox"/> Boundaries | | <input type="checkbox"/> Adverse Possession |
| | | <input type="checkbox"/> Nuisance |
| | | <input type="checkbox"/> Abandoned Roads |
| | | <input type="checkbox"/> Trespass |
| | | <input type="checkbox"/> Other Real Estate |

APPEALS (AP) (To be filed in Superior Court) (ADR exempt)

- ☐ Governmental Body (80B) ☐ Administrative Agency (80C) ☐ Other Appeals

VI. M.R. Civ. P. 16B Alternative Dispute Resolution (ADR):

- ☐ I certify that pursuant to M.R. Civ. P. 16B(b), this case is exempt from a required ADR process because:
- ☐ It falls within an exemption listed above (i.e., an appeal or an action for non-payment of a note in a secured transaction).
 - ☐ The plaintiff or defendant is incarcerated in a local, state or federal facility.
 - ☐ The parties have participated in a statutory pre-litigation screening process with _____
 - ☐ The parties have participated in a formal ADR process with _____ on _____ (date).
- ☐ This is an action in which the plaintiff's likely damages will not exceed \$50,000, and the plaintiff requests an exemption from ADR pursuant to M.R. Civ. P. 16C(g).

VII. (a) ☒ PLAINTIFFS (Name & Address including county)

or ☐ Third-Party, ☐ Counterclaim or Cross-Claim Plaintiffs

☐ The plaintiff is a prisoner in a local, state or federal facility.

Northeast Patients Group, Inc. d/b/a Wellness Connection of Maine
685 Congress Street
Cumberland County
Portland, Maine 04102

(b) Attorneys (Name, Bar number, Firm name, Address, Telephone Number) If all counsel listed do NOT represent all plaintiffs, specify who the listed attorney(s) represent.

Matthew Warner Bar No. 4823
Timothy Connolly Bar No. 5322
Preti Flaherty Beliveau & Pachios
One City Center
Portland, Maine 04101
(207) 791-3067

VIII. (a) ☒ DEFENDANTS (Name & Address including county)

and/or ☐ Third-Party, ☐ Counterclaim or ☐ Cross-Claim Defendants

☐ The defendant is a prisoner in a local, state or federal facility.

Canwell, LLC
c/o Kenneth A. Keene
128 State Street, #3
Augusta, Maine 04330

**(b) Attorneys (Name, Bar number, Firm name, Address, Telephone Number)
(If known)**

If all counsel listed do NOT represent all defendants, specify who the listed attorney(s) represents.

IX. (a) ☐ PARTIES OF INTEREST (Name & Address including county)

**(b) Attorneys (Name, Bar number, Firm name, Address, Telephone Number)
(If known)**

If all counsel listed do NOT represent all parties, specify who the listed attorney(s) represents.

X. RELATED CASE(S) IF ANY

Assigned Judge/Justice

Docket Number

Date: _____

Matthew Warner

Name of Plaintiff or Lead Attorney of Record

Signature of Plaintiff or Attorney

INSTRUCTIONS FOR COMPLETING SUMMARY SHEET

I. County of Filing / District Court Jurisdiction. For Superior Court cases enter the county name where this complaint is being filed. For District Court cases enter the location of the District Court where this complaint is being filed.

II. Cause of Action. Report the civil statute directly related to the primary cause of action and give a brief description of the cause. If the cause of action is not statutorily based enter N/A.

III. Nature of Filing. Place an "X" in the appropriate box.

Initial Complaint. Check this box if the complaint is being filed as an original proceeding. A filing fee is required.

Third-Party Complaint. Check this box if the original defendant is filing an action against a third party, not part of the original proceeding. A filing fee is required.

Cross-Claim or Counterclaim. Check this box if an original defendant is filing a cross-claim against another original defendant or if an original defendant is filing a counterclaim against a party not part of the original proceeding.

Reinstated or Reopened. Check this box for cases reinstated or reopened in the court. Use the reopening date as the filing date. Indicate the docket number of the original proceeding. This should be filled in for Money Judgment second or subsequent Disclosures, or for post-judgment motions.

IV. Title to Real Estate. Place an "X" in the box if this case is not designated as Real Estate action but Title to Real Estate is involved.

V. Most Definitive Nature of Action. Place an "X" in the appropriate box. If the cause fits more than one nature of action, select the category that best describes the primary cause of action.

VI. Place an "X" in the appropriate box if the case is exempt from alternative dispute resolution as required by M. R. Civ. P. 16B.

VII. (a) Plaintiffs, Third-Party or Counterclaim or Cross-Claim Plaintiffs. Enter names (first, middle initial, last) of all plaintiffs and their address including county of residency. If the plaintiff is a government agency, use only the full name or standard abbreviations. If the plaintiff is an official within a government agency, identify first the agency and then the official, giving both name and title. If there are several plaintiffs, list as many plaintiffs as possible and list the additional plaintiffs on an attachment and note "(see attachment)."

(b) Plaintiff's Attorney. Enter firm name, attorney of record, attorney of record bar number, address and telephone number. If there are several attorneys, list as many as possible and list the additional attorneys on an attachment, noting in this section "(see attachment)." If more than one attorney is listed for a party, a lead attorney must be designated. If all counsel listed do NOT represent all plaintiffs, specify who the listed attorney(s) represent.

VIII. (a) Defendants Enter names (first, middle initial, last) of all defendants and their address including county of residency. If the defendant is a government agency, use only the full name or standard abbreviations. If the defendant is an official within a government agency, identify first the agency and then the official, giving both name and title. If there are several defendants, list as many defendants as possible and list the additional defendants on an attachment and note "(see attachment)".

(b) Defendant's Attorney. Enter firm name, attorney of record, attorney of record bar number, address and telephone number. If there are several attorneys, list as many as possible and list the additional attorneys on an attachment, noting in this section "(see attachment)." If more than one attorney is listed for a party, a lead attorney must be designated. If all counsel listed do NOT represent all defendants, specify who the listed attorney(s) represent.

IX. (a) Parties of Interest. Enter names (first, middle initial, last) of all parties of interest and their address including county of residency. If the party of interest is a government agency, use only the full name or standard abbreviations. If the party of interest is an official within a government agency, identify first the agency and then the official, giving both name and title. If there are several parties of interest, list as many parties of interest as possible and list the additional parties of interest on an attachment and note "(see attachment)."

(b) Party of Interest's Attorney. Enter firm name, attorney of record, attorney of record bar number, address and telephone number. If there are several attorneys, list as many as possible and list the additional attorneys on an attachment, noting in this section "(see attachment)." If more than one attorney is listed for a party, a lead attorney must be designated. If all counsel listed do NOT represent all parties of interest, specify who the listed attorney(s) represent.

X. Related Cases. This section is used to reference relating pending cases if any. If there are related pending cases, insert the docket numbers and the corresponding justices name when appropriate for such cases.

Date, Attorney or Pro se Party Name and Signature. 1. Date the summary sheet. 2. Sign the summary sheet. Type or print the name of the Plaintiff or lead attorney of record. The attorney signing the filing document should sign the summary sheet. The information on the cover sheet is subject to the requirements of M. R. Civ. P. 11. The Maine Rules of Civil Procedure, and all other Court Rules, are found at:

www.courts.maine.gov.

STATE OF MAINE
CUMBERLAND, SS.

SUPERIOR COURT
Civil Action
Docket No. _____

NORTHEAST PATIENTS GROUP, INC.)
d/b/a WELLNESS CONNECTION OF)
MAINE,)

Plaintiff,)

v.)

CANWELL, LLC,)

Defendant.)

COMPLAINT

Northeast Patients Group, Inc. d/b/a Wellness Connection of Maine (“WCM”) contracted with Canwell, LLC in 2015 to, among other things, obtain a high-end processing system with equipment to extract THC and standard operating procedures for using that system and equipment. The purpose of the parties’ agreement was to significantly increase WCM’s capacity to extract THC from cannabis so it could add this THC to a variety of products for use by WCM’s medical cannabis patients. Canwell provided WCM with standard operating procedures for its system and equipment which resulted in incredibly low yields of THC per batch of processed cannabis. As a result, WCM lost large quantities of valuable THC. Eventually, when Canwell failed to take meaningful steps to fix the problems it had caused, WCM terminated the Agreement with Canwell.

Unfortunately, Canwell responded to WCM’s termination by filing a lengthy, speculative, and often inaccurate ‘Request for Arbitration’ in Rhode Island against several of WCM’s financial partners and consultants. The Rhode Island action filed by Canwell attempts to elevate this dispute to something much broader than Canwell’s breach of contract and failure to meet its obligations to WCM under the Agreement. In reality, the facts of this dispute are quite simple: Canwell did not do what it had promised to do and, as a result, WCM has lost enormous sums of money.

Plaintiff Northeast Patients Group, Inc. d/b/a Wellness Connection of Maine further complains against Defendant Canwell, LLC as follows:

PARTIES AND JURISDICTION

1. This is a civil action seeking damages for breach of contract and a declaratory judgment pursuant to 14 M.R.S.A. § 5951, et seq., arising from Canwell's failure to perform under the Alternative Dosage Service Agreement (the "Agreement") it entered into with WCM. A copy of the Agreement is attached as Exhibit A.

2. Northeast Patients Group, Inc. d/b/a Wellness Connection of Maine is a mutual benefit nonprofit corporation organized pursuant to Maine statutory Title 13-B. It holds registration certificates to operate four medical marijuana dispensaries in Maine and is the largest provider of medical marijuana in the state.

3. Canwell, LLC is a Delaware limited liability company headquartered in Warwick, Rhode Island and is self-described as "the holding company of a New England-focused medical and recreational cannabis business."

4. This lawsuit is properly before Maine's Superior Court because it concerns the Alternative Dosage Services Agreement between, *inter alia*, WCM and Canwell, which provides that "[e]ach of the parties hereby submits to the exclusive jurisdiction of the courts of Maine, with respect to any dispute between the parties pertaining to this Agreement." Ex. A, ¶ 13.7.

5. Venue is proper in Cumberland County pursuant to 14 M.R.S. § 501 because WCM operates a dispensary in Portland, Maine and has administrative offices in Westbrook, Maine.

BACKGROUND

6. The State of Maine began issuing medical marijuana dispensary registration certificates in 2010 in an effort to expand Maine's medical marijuana program, following passage

of a statewide citizen's initiative to create medical marijuana dispensaries. Pursuant to legislation passed in 2010 the State awarded eight total dispensary registration certificates. WCM, through a competitive and merit-based process, won four of these registration certificates.

7. By 2012, WCM had begun operating its four dispensary locations in Portland, Brewer, Hallowell (now Gardiner), and Thomaston (now Bath). Throughout its operations, WCM has served many thousands of patients annually.

8. Since its inception, WCM has been organized as a nonprofit mutual benefit corporation because this is what Maine's medical marijuana statute required until 2018. *See* 22 MRSA § 2422(6)(2010) (prior to the 2018 amendment). State law prohibited WCM, or any other registered dispensary, from having shareholders or any other class of owners.

9. In order to open and expand over time, WCM has naturally needed capital. Because WCM was a nonprofit mutual benefit corporation unable to sell shares or equity interests, it could only obtain capital through other forms of investment. This was recognized and contemplated by the State of Maine when it created the selection criteria for dispensaries.

10. WCM has carefully chosen financial partners who can provide not only necessary capital, but also expertise in distinct areas of the cannabis industry. Its earliest such partner was The Wellness Pain & Management Connection, LLC ("WPMC") which provided WCM with loans and contracted with WCM to provide certain necessary consulting services. WCM obtained explicit approval from the Maine Department of Health and Human Services in 2011 before it entered into either a loan or consulting agreement with WPMC.

11. WPMC is WCM's primary long-term financial partner. Acreage Holding's, Inc. (also a defendant in Canwell's Rhode Island action) has acquired majority ownership interest in WPMC.

THE ALTERNATIVE DOSAGE SERVICES AGREEMENT WITH CANWELL

12. In 2015 WCM needed equipment and expertise to expand its cannabis processing operation. The company determined that it could better serve patients and meet market demand by increasing its capacity to extract and refine THC from cannabis plants. This extracted, concentrated and purified THC is used in products such as edibles, capsules, tinctures, vaporizers and topicals.

13. Canwell represented that it was an expert in extraction and refinement of THC from cannabis. Based on Canwell's representations, WCM and its partners begin negotiating the terms for Canwell to provide the necessary systems, equipment, standard operating procedures, and services to WCM.

14. Eventually the parties executed the Alternative Dosage Services Agreement, the effective date of which was October 1, 2015. The Agreement was long-term, effective until September 30, 2038, subject to earlier termination due to mutual written consent of the parties or material breach of a material term of the Agreement. Ex A, § 4.2.

15. Canwell's representations regarding its expertise in extraction and refinement of cannabis are embedded in the Agreement. The Agreement states in particular that Canwell's services to be provided to WCM "incorporate expertise not only from the 'cannabis industry' but from other industries subject to strict governmental guidelines and oversight" and that this expertise encompasses "many new and better practices, standards, inventions, protocols, efficiencies, products and related items." Ex. A, Recitals. The scope of Canwell's claimed expertise is exceedingly broad, covering all of the 'alternative dosage form' matters which the Agreement collectively refers to as the 'Enhancements': "without limitation those relating to improved product quality and diversity, extraction and refinement processes and methodologies,

testing procedures, improved operational and training protocols, design and build-out techniques, improved, new and/or other products, quality control features including clean room standards, and internal research and development activities.” *Id.*

16. Pursuant to the Agreement, Canwell promised to use its expertise to provide to WCM, among other things, a CO2 extraction system, including all necessary equipment; standard operating procedures for using the extraction and refinement system and equipment (“SOPs”); a proprietary processing plan; training for WCM staff related to processing and extraction; specific categories of processing methodologies; and a complete quality control system.

17. Canwell promised that the equipment, systems, and SOPs (along with all other goods and services to be provided) would be provided “in a professional manner and in accordance with prudent industry standards.” *See* Ex. A, § 3.1. Elsewhere in the Agreement, Canwell also represented that its system, equipment and SOPs were so advanced that they would ultimately result in “higher industry standards for the benefit of WCM and” its medical marijuana program. Ex. A, Recitals.

18. The Agreement requires Canwell to update and upgrade its services and equipment to keep pace as “prudent industry standards” evolve. Canwell’s obligations in this regard were to last for the duration of the 23 year agreement.

19. In exchange for the systems, equipment, SOPs, and services to be provided by Canwell, WCM agreed that Canwell would receive 20 percent of WCM’s gross sales of certain products in the form of a royalty over the life of the Agreement.¹

¹ WCM also agreed to pay additional amounts to WPMC, as can be seen from reviewing the Agreement attached to this Complaint.

20. The Agreement also states that “[d]uring the term of this Agreement and for a period of two years thereafter, the parties hereto and their respective successors or assigns shall not pursue contracts or operations similar to that which is contemplated herein within Maine or other States within New England without the prior written consent of Canwell.” Sec. 5.1.

21. The parties did not intend this provision to prevent, and this provision does not prevent, WCM from engaging with other vendors in New England related to any or all aspects of its alternative dosage business. Nor did the parties intend that the noncompetition provision in the Agreement would endure a termination caused by Canwell’s breach and failure to perform.

CANWELL BREACHES THE ALTERNATIVE DOSAGE SERVICES AGREEMENT

22. After executing the Agreement in 2015, Canwell did provide systems, equipment, and SOPs to WCM, but failed to do so in an orderly fashion. Canwell also trained WCM personnel to follow the Canwell SOPs for THC extraction and refinement. WCM relied on Canwell’s claimed expertise throughout this start-up process.

23. For several years, WCM continued to rely on the Canwell’s SOPs, guidance and training to run its extraction and refinement operations. Canwell’s delivery of its services to WCM was not always timely or consistent, but WCM trusted that, in exchange for the large amounts of money that Canwell was receiving under the Agreement, Canwell was performing its overarching obligations and had provided a system, equipment and SOPs which met (and would continue to meet) industry standards.

24. In reality, Canwell had created an extraction process for WCM that was deeply flawed and inefficient, extracting only 20 to 30 percent of THC in any particular batch of cannabis, which was many multiples less than the prudent industry standard. Eventually even Canwell’s own consultant, John Pierce, the designer of the equipment and SOPs, confirmed that the

equipment provided by Canwell should have been obtaining a 90 to 95 percent yield per batch all along.

25. In late summer 2018, WCM began to independently question the efficiency of the processes and equipment provided by Canwell. Canwell did not assist with this inquiry and eventually, several months after WCM first asked about measuring the percentage of total THC actually extracted in the process, Canwell stated that it had never bothered to measure the efficiency of the process and so it had no idea what percentage of THC was being extracted from each batch. This was the first time Canwell admitted that it had not designed WCM's system to meet prudent industry standards in terms of efficiency and output of total THC.

26. On its own, WCM began measuring THC yield and discovered that it was incredibly low as compared to industry standards. WCM demanded that Canwell send someone to help trouble-shoot the problem. Canwell sent its consultant, John Pierce, to WCM's facility but Mr. Pierce was unable to identify any problems and admitted that he did not know why the yield efficiency was so dramatically below industry standards.

27. Canwell's inability or lack of interest in assisting WCM with its incredibly low yields was consistent with Canwell's broader lack of interest in WCM's operations over the life of the Agreement. Canwell was intensely focused on providing services to its client in Rhode Island, to the apparent detriment of WCM, which meant that WCM had to often beg Canwell to provide it with services and consults required by the Agreement. Even when Canwell would agree to provide required services, it would at times only do so on the condition that WCM staff traveled all the way to Rhode Island. This broader dynamic, along with Canwell's lack of expertise, could explain why Canwell was unable or unwilling to diagnose the issues with low THC yield in WCM's process.

28. Despite Canwell's failure to assist WCM at this point, WCM did eventually figure out that the SOPs provided by Canwell were missing a key step which, when followed, dramatically increased the yield to levels consistent with industry standards.

29. Specifically, through its own investigation, WCM learned that Canwell's SOPs failed to instruct WCM to do an initial decarboxylation of their raw plant matter before beginning the extraction process. Decarboxylation involves subjecting cannabis plants to low heat for an extended period of time with the result that THCA in the plant matter is converted to THC, thereby making it easier to extract with CO₂. This increased concentration of THC is then extracted through the remaining processes.

30. By decarboxylating its plant matter prior to extraction, WCM immediately saw its THC yields increase from 20 to 30 percent per batch all the way up to 90 to 95 percent per batch.

31. After discovering that decarboxylation was a necessary step when using the equipment provided by Canwell, WCM inquired further into industry standards and practices among its competitors and other vendors. WCM discovered that high-end extraction equipment and processes (which Canwell had promised to provide) generally should not require decarboxylation of the plant matter prior to extraction because this extra step increases cost and decreases efficiency of the process.

32. After WCM determined, through its own efforts, that Canwell's equipment was deficient and its SOPs were missing key steps in the extraction process, it notified Canwell of this fact. At this point, Canwell attempted to reengage with WCM, but not in a meaningful way and its efforts amounted to too little too late. For example, Canwell recommended that WCM begin decarboxylating its plant matter, but (as outlined above) WCM had already reached this conclusion

on its own initiative sometime earlier after Canwell initially failed to provide meaningful assistance with the low yields.

33. By providing equipment that requires decarboxylation, and by failing to instruct WCM (in the SOPs or otherwise) to decarboxylate its plant matter prior to processing, Canwell caused WCM to lose a substantial volume of THC worth a significant sum of money. To this day Canwell continues to fail to provide satisfactory equipment, SOPs, training and consulting services under the Agreement.

34. Canwell's performance under the Agreement was marred by a number of other failures and breaches as well. To name a few:

- a. Canwell provided WCM with faulty equipment, including a vape cartridge filler, and then refused to replace or repair the equipment.
- b. Canwell failed to provide the full range of support and updated equipment, SOPs, and advice which it was obligated to provide under the Agreement when the State of Maine implemented new requirements for marijuana extraction facilities.
- c. Canwell did not provide meaningful assistance with research and development of new products, product packaging, and recipes for new products despite its obligation to do so, and despite WCM's repeated requests for such assistance.

35. Facing significant losses as a result of Canwell's past and ongoing breaches of the Agreement, WCM attempted to negotiate a resolution that would allow the parties to continue their relationship. After some initial constructive discussions, Canwell rejected any effort by WCM to find a constructive path forward.

36. Canwell did not receive royalty payments under the Agreement for at least several months in 2019 due to its non-performance and breach of the Agreement.

37. Faced with no other practical choice, on July 12, 2019 WCM provided notice to Canwell that it was terminating the Alternative Dosage Services Agreement. The termination was provided pursuant to Section 4.2 of the Agreement which permits termination of the Agreement in the event of “material breach by WCM or Canwell of a material term or condition of this Agreement.” This termination is effective 60 days later, on September 10, 2019, if Canwell fails to cure its non-performance. *See* section 4.2 of the Agreement.

38. WCM intended to wait until September 10 to determine whether a lawsuit would be necessary, but Canwell has forcefully indicated that it does not intend to negotiate a resolution, cure its non-performance, or compensate WCM for its losses caused by Canwell’s breaches. On August 21, 2019, in response to WCM’s termination notice, Canwell filed a ‘Demand for Arbitration’ in Rhode Island Superior Court against WPMC, Acreage Holdings, and several other defendants. Canwell’s court filing in Rhode Island (though it does not and could not include WCM as a party) asserts that the grounds for termination of the Alternative Dosage Services Agreement asserted by WCM are “completely meritless” and “entirely manufactured.”

39. Canwell’s Rhode Island Request for Arbitration is an attempt to litigate the effectiveness of WCM’s termination of the Agreement while avoiding the jurisdiction of Maine courts and without including WCM as a party. The Request for Arbitration falsely speculates that Acreage Holdings caused WCM to terminate the Agreement when, in fact, Canwell’s failure to perform was the real cause. As stated above, Acreage Holdings is the majority owner of WCM’s long-term financial partner WPMC, but any disputes between Acreage and Canwell are immaterial to damage which Canwell has caused WCM.

COUNT I
(DECLARATORY JUDGMENT – 14 MRS §5951, et seq.)

40. WCM repeats the prior paragraphs as if fully set forth herein.

41. WCM terminated the Alternative Dosage Services Agreement by letter to Canwell dated July 12, 2019.

42. The termination was justified by Canwell's material breach of multiple material terms of the Agreement.

43. WCM contends that the termination of the Agreement is lawful and effective as of September 10, 2019 and that WCM is not bound by any restrictions within the Agreement, including exclusivity or non-competition provisions, as of that date.

44. Canwell contends through its Rhode Island Demand for Arbitration and elsewhere that WCM's termination of the Agreement was unlawful and ineffective. Canwell also therefore contends that WCM is still bound, after September 10, by the restrictions contained within the Agreement.

45. A declaration as to the validity of WCM's termination notice and the effectiveness of the Agreement as of September 10 will resolve the controversy around these issues.

46. A declaration as to the whether WCM remains bound by the non-competition and exclusivity restrictions within the Agreement following a termination of the Agreement. for cause due to Canwell's breach

47. The parties also disagree as to the enforceability of the non-competition and exclusivity provisions in the Agreement generally, since WCM contends that these provisions are overbroad and therefore unenforceable as to any and all aspects of WCM's alternative dosage business in New England, and a declaration as to the enforceability of these provisions will resolve this controversy.

**COUNT II
(BREACH OF CONTRACT)**

48. WCM repeats the prior paragraphs as if fully set forth herein.

49. The Alternative Dosage Services Agreement is a valid and enforceable contract (with the caveat that the non-compete provisions are unenforceable in part because they are overbroad).

50. WCM has fully performed its obligations under the Agreement.

51. Canwell has breached its obligations under the Agreement in a number of ways including, among others, by failing to test the SOPs and equipment it provided to WCM, and which WCM relied upon, to ensure that they led to an efficient THC yield per batch.

52. Canwell also breached its obligations under the Agreement by providing WCM with SOPs that were missing key steps necessary for extraction results that meet industry standards, including decarboxylation prior to extraction, and then refusing or failing to address the resulting low yields.

53. Canwell also breached its obligations under the Agreement by providing WCM with equipment that requires decarboxylation of the plant matter prior to extraction, since other vendors in the industry obtain a satisfactory yield of 90 to 95 percent without going through this step in the first place. Canwell has failed to repair, replace, or modify its equipment and extraction system to obtain THC yields consistent with industry standards without the need for an initial decarboxylation of the plant matter.

54. Canwell also breached its obligations under the Agreement by providing WCM with faulty equipment and refusing to replace or repair the equipment.

55. Canwell also breached its obligations under the Agreement by failing to provide the on-going support and updated equipment, SOPs, and advice which it was obligated to provide when the State of Maine implemented new requirements for marijuana extraction facilities. Ex. A, § 3.8.

56. Canwell also breached its obligations under the Agreement by failing to provide assistance with research and development of new products, product packaging, and recipes for new products despite its obligation to do so, and despite WCM's repeated requests for such assistance.

57. WCM has been damaged by Canwell's multiple breaches of contract because it failed to satisfactorily provide equipment and services under the Agreement; and because WCM relied upon and followed Canwell's SOPs, equipment, and guidance, which caused to WCM inadvertently discard enormous quantities of plant matter that contained extractable and valuable THC.

58. Pursuant to the Alternative Dosages Service Agreement, WCM is entitled to special and consequential damages and lost profits resulting from Canwell's breach, and reimbursement of its legal fees and expenses, plus any other remedies that it may have at law. *See* Ex. A, ¶ 11.

DEMAND FOR RELIEF

WCM requests judgment in its favor on its claims against Canwell as follows:

- A. A declaration that Canwell breached the Agreement and that WCM's termination of the Agreement is lawful and effective;
- B. A declaration that the exclusivity and non-competition provisions are no longer effective following WCM's termination of the Agreement;
- C. A declaration that the exclusivity and non-competition provisions in the Agreement are unenforceable in whole or in part;
- D. An award of compensatory damages to compensate WCM for all of its losses caused by Canwell's breaches of the Agreement;
- E. An award of pre and post-judgment interest;

F. An award of WCM's attorneys' fees and costs; and

G. Such other and further relief as the Court deems just and proper.

Dated at Portland, Maine this 3rd day of September, 2019.



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Wellness Connection of Maine

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ALTERNATIVE DOSAGE SERVICES AGREEMENT

This Alternative Dosage Services Agreement (the "Agreement") is effective as of October 1, 2015 (the "Effective Date"), by and among Northeast Patients Group d/b/a Wellness Connection of Maine ("WCM"), Canwell, LLC or its designee ("Canwell"), Wellness Connection Consulting, LLC ("WCC") and Wellness and Pain Management Connection, LLC ("WPMC"). WCM, Canwell, WCC and WPMC are sometimes collectively referred to as the "Parties" or "parties", and each as a "Party" or "party".

RECITALS:

WHEREAS, WCM provides a State of Maine regulated system of patient access to herbal medicine, health and wellness services in addition to a variety of community and educational activities ("WCM Services") in connection with facilities located in the State of Maine (the "Maine Facilities") operated by WCM (collectively, the "Program"); and

WHEREAS, in connection with alternative dosage form aspects of the Program, many new and better practices, standards, inventions, protocols, efficiencies, products and related items have arisen and/or evolved in connection with alternative dosage form matters beyond that which is contemplated in that certain License Agreement dated August 3, 2011 by and between WPMC and WCM (the "WPMC License Agreement") which would benefit WCM, WCM Services, the Maine Facilities and the Program in general, including without limitation those relating to improved product quality and diversity, extraction and refinement processes and methodologies, testing procedures, improved operational and training protocols, design and build-out techniques, improved, new and/or other products, quality control features including clean room standards, and internal research and development activities (collectively, the "Enhancements"); and

WHEREAS, WPMC has the exclusive right to provide WCM with specifications, guidance and/or training with respect to certain alternative dosage products ("Limited Services") for WCM to produce such certain alternative dosage products ("Limited Products") in consideration for fair market value compensation pursuant to the WPMC License Agreement;

WHEREAS, in connection with the WPMC License Agreement, WCM and WPMC desire to engage Canwell to provide the Limited Services in connection with the Limited Products, for the benefit of WCM and the Program; and

WHEREAS, the services and practices of Canwell incorporate expertise not only from the "cannabis industry" but from other industries subject to strict governmental guidelines and oversight thus contributing to higher standards further advancing the Enhancements (collectively, the Enhancements, as further improved by such higher standards, the "Improvements"); and

WHEREAS, the Improvements are presently within the possession of a limited number of persons within New England, and are unique vis-à-vis their counterparts in parts of the country outside New England; and

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WHEREAS, Canwell possesses the Improvements which, when implemented, will better serve and meet the expectations of patients, and allow for higher industry standards for the benefit of WCM and the Program; and

WHEREAS, Canwell (a) has been instrumental in assisting WCM advance with processing methods, particularly in connection with extraction and refinement methodologies, found acceptable by the State of Maine, and (b) is able to provide services and related final products incorporating the Enhancements and Improvements, including without limitation processing, quality control testing and clean room platforms (collectively, the "Enhanced Services and Products"), which Enhanced Services and Products are desired by WCM for the benefit of itself and the Program; and

WHEREAS, WCM and WPMC desire to engage Canwell to provide to WCM (a) the Limited Services in connection with the Limited Products, and (b) the Enhanced Services and Products, in each case to and for the benefit of WCM and the Program and in accordance with this Agreement; and

WHEREAS, WPMC consents to the engagement of Canwell and Canwell's provision of the Limited Services, Limited Products, and Enhanced Services and Products to WCM in accordance with this Agreement.

NOW, THEREFORE, for good and valuable consideration, including the mutual promises and covenants contained in this Agreement, the sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. BACKGROUND.

1.1 WCM.

WCM desires immediate and extensive alternative dosage form processing and quality control assets and practices, and hands-on services relating thereto, so as to capture market share, meet patient demand and create higher standards through: (i) a processing system to be designed and retrofitted to the Gardiner location in 2015 to the extent directed by WCM, and one to be designed and installed at the Auburn 2.0 location in late 2015 / early 2016, subject to assistance from WCM with respect to permitting and trades (if necessary) such as electric and plumbing, and (ii) clean room attributes, professional design, processing equipment delivery and installation, and physical presence relating to advice and guidance specific to the Auburn location with respect to oversight, training and first-year production runs as appropriate and necessary.

1.2 Canwell.

Canwell is a service and products provider with respect to botanical processing practices characterized by the Improvements, including that which relates to advice and guidance as necessary and appropriate relating to: alternative dosage form products; training and staffing; extraction, refinement and quality control system design, installation and oversight; quality

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control measures and protocols; clean room design and installation; alternative dosage form business development strategies; proprietary processing plans, including without limitation that which relates to extraction and refinement; proprietary standard operating procedures manual; and research and development.

1.3 WPMC.

WPMC provides certain consulting services and assistance to WCM pursuant to that certain Agreement made as of August 3, 2011 between WPMC and WCM (the "WPMC Master Services Agreement") beneficial to WCM's efforts to provide a safe and lawful system of patient access to herbal medicine, health and wellness services.

2. ARRANGEMENT.

WCM, WPMC and Canwell desire to, and hereby do, enter into a products and services arrangement to effect, in addition to Canwell's provision of the Limited Services and Limited Products to be provided to WCM under the WPMC License Agreement, Canwell's provision of the Enhanced Services and Products, including, without limitation:

- (i) systems featuring CO2 extraction machines, code-stamped vessels, CO2 pumps, chiller systems, refinement equipment and related parts as necessary and appropriate subject to final design and deployment directed by WCM; and
- (ii) quality control features in Auburn 2.0, including the presence of high pressured liquid and/or gas chromatography equipment and other laboratory equipment and related parts as necessary and appropriate; and
- (iii) systems featuring, as necessary and appropriate and directed by WCM, ISO 14644-1 clean room attributes as described in Exhibit A attached hereto.

3. ENHANCED SERVICES AND PRODUCTS.

In addition to the Limited Services and Limited Products, Canwell shall provide, advise and/or guide, as necessary and appropriate, WCM with respect to the Enhanced Services and Products as described in Sections 3.1 through 3.8 below:

3.1 Processing and Refining System. Canwell shall provide, advise and/or guide, as necessary and appropriate, WCM with or on, as determined by WCM, as applicable, the following, in each case in a professional manner and in accordance with prudent industry standards:

- a. System: Design of a high performance processing system in the Gardiner facility similar to that depicted by Canwell for the benefit of WCM in Exhibit B attached hereto to the extent directed by WCM, and in the Auburn facility, subject to final design and deployment directed by WCM;

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- b. Equipment: Processing related equipment provided and installed by Canwell to include CO2 extraction machines, code-stamped vessels, CO2 pumps, rotary-screw air compressors, collectors and chiller systems and related refinement equipment, as necessary, appropriate and applicable, the components of which shall be deemed new and warranted for one-year after installation;
- c. Packaging: Packaging and labeling processes, methodologies, designs, protocols and/or sourcing as such may be deemed necessary and appropriate and specifically requested by WCM understanding that WCM may have its own packaging, branding and/or related plans and programs in place;
- d. Training: Training relating to alternative dosage form processing, including that which relates to extraction and refinement, by an individual acceptable to both parties;
- e. Plan: Proprietary processing plan, including that which relates to extraction and refinement, and updating, as generally presented by Canwell as described in Exhibit C attached hereto;
- f. SOP: Standard operating procedures manual relating to processing protocols, including that which relates to extraction and refinement;
- g. Staffing: Advice and guidance with respect to establishing optimum staffing plans including profile and job descriptions;
- h. Specificity: Advice and guidance with respect to tailoring products, as guided by WCM, to the nuances of Maine and WCM's patient base; and
- i. Methodologies: Processing methodologies involving Phase I (extraction utilizing CO2 in the liquid phase (1200 psi and 55F) and in a recirculating and non-recirculating fashion as applicable), Phase II: removing water and waxes, collecting terpenes and decarboxylize the acid form into active form, and Phase III (finalization of effective oil for use for all alternative dosage forms, including transformation into a dry product for use in edible production), all as necessary and appropriate and subject to desired changes over time.

3.2 Quality Control System. Canwell shall provide, advise and/or guide, as necessary and appropriate, WCM with or on, as applicable, the following:

- a. System: Design of a quality control testing system subject to final design and deployment directed by WCM;
- b. Equipment: Equipment for quality control testing or measures, including high pressured liquid or gas chromatography equipment as determined by WCM;
- c. Training: Training relating to quality control testing, including that which relates

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to testing and/or profiling equipment;

- d. SOP: Standard operating procedures manual relating to quality control testing protocols; and
- e. Staffing: Advice and guidance with respect to establishing optimum staffing plans including profile and job descriptions.

3.3 Alternative Dosage Form Products. Canwell shall advise, guide, support and/or provide, as necessary and appropriate, WCM on or with processes, recipes and methodologies in connection with manufacturing alternative dosage form products featuring various flavors, fragrances, servings of active and/or delivery mechanisms including without limitation:

- a. Capsules: that are two-piece, enteric coated and filled with flowable liquid under inert atmosphere of dry nitrogen or with powder extract;
- b. Tinctures: that are characterized by biological stability and a stable shelf-life, and a decarboxylated finished product oil specific to different brands and forms;
- c. Topicals: that include creams and lotions based with lavender and/or other fragrances, and featuring various servings of active;
- d. Vaporizers: that include chargers and cartridges (with medicine) enabling active cannabinoid inhalation and consistent dosing without smoke-related toxins; and
- e. Other: all other alternative dosage form products and delivery systems including without limitation extract and oils and all other desired alternative dosage form products (by way of example, and not limitation, sheets, strips, baker's mix, edibles, potables, patches, oils, waxes and other cannabis related products and/or delivery systems) or recipes as desired by WCM.

3.4 Health and Consumer Protection. Canwell shall advise and/or guide, as necessary and appropriate, WCM with respect to operational compliance with Good Manufacturing Practices for Food as applicable.

3.5 Research and Development. Canwell shall allow WCM to benefit from Canwell's research and development activities, as necessary and appropriate and to the extent applicable, which may include the following:

- a. CBD's: Sourcing, extracting and/or working with CBD-dominant strains and products, including emerging strain genetics, as such are freely developed or possessed by Canwell including strains with a high CBD and low THC ratio;
- b. Delivery: New delivery devices and systems as such are freely developed or possessed by Canwell;

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- c. Molecular: Isolation, alteration and recombination activities at the molecular level with items such as THC, CBD's and/or terpenes as such are freely developed or possessed by Canwell; and/or
- d. Studies: Participation in studies or trials involving alternative dosage form products relating to chemotherapy advances, seizure treatment, opiate dependency abatement or otherwise to the extent such are freely developed or possessed by Canwell.

3.6 Local Branding. To the extent directed by WCM, Canwell shall allow branding to be Maine or WCM "centric" sensitive to the local patient base, community and laws, as opposed to generic and mandatory branding arrangements required by providers.

3.7 Safety and Security. Canwell shall advise, guide and/or provide, as necessary and appropriate and applicable, WCM on or with proprietary safety and security plans and practices specific to WCM's processing and quality control system, including measures relating to employee and personal safety matters.

3.8 Other Services and Products. Canwell shall advise, guide and/or support, as necessary and appropriate, WCM with respect to education, prospective legislation and regulatory policies for the State of Maine in connection with alternative dosage forms.

To facilitate and assist the provision of the Limited Services, the Limited Products, and the Enhanced Services and Products to WCM, WPMC shall provide ongoing oversight and strategic coordination with respect to the Limited Services, the Limited Products, and the Enhanced Services and Products, and shall facilitate regular communications between WCM and Canwell with respect to the Limited Services, the Limited Products, and the Enhanced Services and Products and the parties' performance under this Agreement.

4. COMPENSATION AND FAIRNESS; AND TERM AND TERMINATION.

4.1 Compensation and Fairness. In consideration of Canwell's obligations and performance under this Agreement, WCM shall make royalty payments to WPMC (the "Maine Royalty") as provided in this section and based on a percentage of Gross Sales of Products as follows in the below "Compensation Table":

<u>Period</u>	<u>Maine Royalty</u>
October 1, 2015 – September 30, 2023	30.0% of Gross Sales of Products
October 1, 2023 – September 30, 2031	25.0% of Gross Sales of Products
October 1, 2031 – September 30, 2038	22.5% of Gross Sales of Products

"Gross Sales" means sales net of taxes, returns and related rebates. "Products" means any alternative dosage form product, delivery device or hardware infused with or characterized by extract product, processing or manufacturing processes and/or methodologies, and/or

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equipment contemplated in this Agreement, including, without limitation, the Limited Services, the Limited Products, and the Enhanced Services and Products; provided, however, that the Limited Services, the Limited Products, and the Enhanced Services and Products shall not include: (i) recipes utilized and sold by WCM prior to the Effective Date, (ii) any final and packaged product inventory of WCM that is ready for immediate sale and existing as of the Effective Date, (iii) those products and recipes developed and sold by WCM not using or characterized by any of the extract product, processing or manufacturing processes and/or methodologies, and/or equipment contemplated in this Agreement, and (iv) traditional "flower" or "bud" products, meaning all non-alternative dosage form products or services, sold by WCM that are already subject to compensation in favor of WPMC pursuant to the WPMC Master Services Agreement and the compensation formula described in Exhibit A attached thereto. WCM shall deliver quarterly statements of account to WPMC and Canwell within thirty (30) days after the end of March, June, September and December respectively. Together with each statement of account, WCM shall remit the Maine Royalty payments pursuant to the provisions of the Compensation Table and this Section 4 to WPMC. Within five (5) days of receiving any such Maine Royalty payment, WPMC shall (i) retain such amount of the Maine Royalty payment which exceeds the amount that represents twenty percent (20%) of Gross Sales of Products, and (ii) remit payment to Canwell of the balance of such Maine Royalty payment.

Each of the parties to this Agreement acknowledges and agrees that the Maine Royalty, and the apportionment of such Maine Royalty described herein, has been negotiated in good faith, is consistent with norms of reasonable compensation and fair market value, and has taken into account comparable pricing in similar markets, risk factors related to the particular industry, the uniqueness and breadth of the services, and other pertinent factors.

Except as specifically provided for in this Agreement, WPMC and Canwell hereby acknowledge and agree that no further compensation shall be due from WCM to either of such parties in connection with the sale of the Products, and, not in limitation of the foregoing, WPMC and Canwell hereby acknowledge and agree that the Maine Royalty shall not apply to any item sales made by WCM prior to the Effective Date regardless of whether such items consisted of "flower" or "bud" products or byproducts. Canwell hereby confirms that upon such payment of the Maine Royalty to WPMC as provided herein, all payment obligations of WCM with respect to the Maine Royalty shall have been satisfied. In no event shall WCM have any liability whatsoever to Canwell for any failure of WPMC to remit all or any portion of the Maine Royalty to Canwell. WPMC and Canwell each hereby agree to indemnify and hold harmless WCM from and against any damages, losses and liabilities, including without limitation, attorneys' fees and costs, incurred by WCM in connection with any failure of WPMC to remit any portion of the Maine Royalty to Canwell as contemplated herein.

For the avoidance of doubt, each of the parties to this Agreement acknowledges and agrees that (i) nothing herein shall modify in any respect the terms of the WPMC Master Services Agreement, (ii) Exhibit A to the WPMC Master Services Agreement remains in full force and effect, (iii) the compensation payable by WCM in respect of the Limited Products, Limited Services, or Enhanced Services and Products is not and shall not be based on, and shall not be subject to, the compensation set forth on Exhibit A to the WPMC Master Services Agreement.

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4.2 Term and Termination. (a) This Agreement shall commence on the Effective Date, and shall continue in full force and effect for an initial term of 8 years, an automatically renewed and immediately succeeding second term of 8 years, and an automatically renewed and immediately succeeding third term of 7 years, subject to earlier termination as follows: (i) by the mutual written consent of all parties; or (ii) material breach by WCM or Canwell (the "Charged Party") of a material term or condition of this Agreement provided that the Charged Party receive 60 days' prior written notice (the "Termination Notice") from the party hereto alleging such material breach (the "Terminating Party") clearly detailing and describing the concerns and nature of such material breach; provided, however, that such potential termination shall not take effect if the Charged Party has cured such material breach prior to the end of the 60-day period following receipt of the Termination Notice or, if the material breach cannot reasonably be cured by the Charged Party within said 60-day period, the Charged Party within said 60-day period has commenced and maintains reasonable and good faith actions to attempt to cure or address such material breach.

(b) Upon termination of this Agreement, the parties shall immediately return, delete or destroy (at each party's direction), and cease using, all confidential information and intellectual property disclosed or provided under this Agreement including without limitation Intellectual Property and Confidential Information as defined in Section 5, provided however, that either party may maintain a copy of any confidential information or intellectual property disclosed to the extent required to comply with applicable law or regulation. Not in limitation of the foregoing, upon termination of this Agreement: (i) WCM and WPMC shall continue to be obligated to make payments in the manner provided in Section 4.1 for all services actually performed by Canwell up to the effective date of such termination, and shall continue to honor all financial obligations due under this Agreement from such party to Canwell that may remain due and owing, and (ii) except in the event that this Agreement is terminated due to Canwell's material breach, the other parties hereto shall forfeit to Canwell effective as of the effective date of such termination their respective interest(s) or right(s) as described in Section 6.1.

5. LICENSING AND OTHER RIGHTS AND OBLIGATIONS WITH RESPECT TO PRODUCTS, SERVICES AND INTELLECTUAL PROPERTY.

5.1 License. Canwell hereby grants to WCM, and to no other parties to this Agreement, a limited, non-exclusive, non-transferable license to use Canwell's processing and refinement processes, methodologies, Confidential Information as hereinafter defined in this Section 5, plans and other intellectual property whether conveyed in written, document, image, verbal or other form to design, manufacture, extract, process, refine, use, incorporate into other products, apply, sell, distribute, support, advertise and/or promote the Limited Products, Limited Services, and Enhanced Services and Products (collectively, the "Intellectual Property"). Not in limitation of the foregoing, Intellectual Property shall also be deemed to include this Agreement. WCM shall not purchase or license from a third party any of the products or services provided by Canwell, unless Canwell is unable or unwilling to supply WCM with products equivalent or similar to the one offered to be provided by such third party.

In addition to the restrictions on Intellectual Property set forth above and elsewhere in

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this Agreement, this limited license is provided subject to the terms and provisions of this Section 5, and the following restrictions and prohibitions on use of such Intellectual Property: except in the performance of WPMC's, WCM's or WCC's obligations under this Agreement, each of WPMC, WCM and WCC shall not: (a) copy, print, republish, display, distribute, transmit, sell, rent, lease, loan or otherwise make available to any third party in any form or by any means all or any portion of the Intellectual Property; (b) use the Intellectual Property to develop, or as a component of, any information, document, system, process, similar resource (in any media now existing or hereafter developed); (c) create compilations or derivative works of, or any modifications of or improvements to, any Intellectual Property; (d) use any Intellectual Property in any manner that may infringe any copyright, intellectual property right, proprietary right or property right of Canwell or any third party(ies); or (e) remove, change or obscure any copyright notice or other proprietary notice or terms of use contained in the Intellectual Property.

5.2 Ownership. All Intellectual Property that is received, generated, improved, refined, modified, expanded, customized, reduced to practice or derived by Canwell or the other parties hereto in connection with this Agreement, or that is provided to any of the parties hereto by Canwell, including without limitation, this Agreement, or any other matters or properties as part of or in connection with the performance of Canwell's services and/or obligations under this Agreement, shall be, are and shall remain the sole property of Canwell, and no other party will have any rights to encumber, disclose, distribute or use such property other than as expressly set forth in this Agreement without the prior written consent of Canwell; provided, however, that notwithstanding anything herein to the contrary, (i) the intellectual property which is expressly contemplated under the WPMC Master Services Agreement or the License Agreement and has been shared with or provided to WCM by WPMC outside of this Agreement and delivery by Canwell shall not be deemed to be Intellectual Property or Confidential Information that is protected hereby or owned by Canwell (it being understood that the intellectual property relating to the Enhanced Services and Products is not expressly contemplated under the WPMC Master Services Agreement or the License Agreement), and (ii) each party shall retain all right, title and interest to all intellectual property owned by such party. During the term of this Agreement and for a period of two (2) years thereafter, the parties hereto and their respective successors or assigns shall not pursue contracts or operations similar to that which is contemplated herein within Maine or other States within New England without the prior written consent of Canwell.

5.3 Confidential Information - Definition. For purposes of this Agreement, "Confidential Information" shall mean all confidential and/or proprietary information and materials regarding the business or affairs of Canwell, or the manner in which Canwell's services are carried out, or relating to pricing of Canwell's services, or relating to Sections 2 and 3 of this Agreement, that is: (i) disclosed or provided by Canwell to or for the benefit of the other parties hereto in writing, orally or otherwise; (ii) obtained by the other parties hereto from a third party or other source by virtue of or relating to Canwell's or the other parties' position under this Agreement; (iii) developed by Canwell pursuant to this Agreement; or (iv) observed by the other parties hereto during the course of Canwell's performance of services pursuant to this Agreement.

Not in limitation of the foregoing, it is expressly agreed that "Confidential Information" shall include but is not limited to (i) any and all agreements between Canwell and any of the

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parties hereto, including without limitation this Agreement, (ii) any and all agreements between any of the parties hereto and any of Canwell's principals, officers, agents, representatives, members or partners, (iii) any and all agreements between Canwell and the other parties' respective principals, officers, agents, representatives, members or partners, (iv) any and all agreements between Canwell and third parties or sources by virtue of or relating to Canwell's position under this Agreement, (v) the Intellectual Property, and (vi) any and all technical data, trade secrets, know-how, research, marketing, product plans, products, services, partners, vendors, suppliers, subcontractors, markets, software, developments, inventions, processes, formulas, technology, methodologies, techniques, plans, policies and procedures, business strategies, operations and other manuals, designs, drawings, engineering, hardware configuration information, marketing, projections, budget information, finances or other business information disclosed by Canwell to any of the parties hereto, either directly or indirectly in writing, orally, by drawings, observation or otherwise.

5.4 Confidential Information - Exclusions. Confidential Information does not include information that: (i) was already in the possession of the other parties hereto before Canwell's or its principals' or members' disclosure to such other parties and as can be established by such other parties through clear and convincing evidence; (ii) is independently developed by any of the other parties hereto without reference to Canwell's Confidential Information except with respect to those matters described in any licensing agreements between the parties, those matters described in Sections 2 and 3 of this Agreement and/or pricing relating thereto; (iii) is, as of the Effective Date, or subsequently becomes, a matter of public knowledge generally other than by a breach of this Agreement by any of the parties hereto; or (iv) is obtained by any of the parties hereto from a third party under no obligation not to disclose the same.

5.5 Confidential Information - Obligations. Each of WPMC, WCM and WCC agrees to (a) maintain all Confidential Information that it receives in safekeeping and in confidence; (b) not disclose such Confidential Information to any third parties; (c) treat all Confidential Information with the same degree of care with which it treats and protects its own confidential information that it does not wish to disclose to third parties and, in any event, with not less than reasonable care; and (d) limit access to the Confidential Information to only those directors, officers, employees, other personnel, advisors and representatives (collectively, "Representatives") who have a need to know such for the purpose for which such Confidential Information was provided or disclosed (it being understood that such Representatives shall be informed by WPMC, WCM or WCC, as applicable, of the confidential nature of such information and shall be directed to, and agree to, treat such information confidentially and to comply with the requirements of this Section 5).

In the event that any of WPMC, WCM or WCC, or its Representatives, or anyone else to whom it has supplied the Confidential Information or any of the facts or information referred to therein or herein are requested or required (by oral questions, interrogatories, requests for information or document subpoena, civil investigative demand, law, regulation, any formal or informal investigation by any government or governmental agency, authority or otherwise) to disclose (a) any Confidential Information or any of the facts or information referred to therein or herein, (b) any information relating to any of the parties' business arrangement with Canwell (or

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any of Canwell's principals, officers, agents, representatives, members or partners), or (c) such person's opinion, judgment, view or recommendation concerning Canwell as developed from the Confidential Information, each of WPMC, WCM and WCC agrees to (i) determine whether such requests are duly authorized and proper, (ii) immediately notify Canwell of the existence, terms and circumstances surrounding such a request, (iii) consult with Canwell on the advisability of taking legally available steps to resist or narrow such request, including without limitation determining to seek judicial review of such governmental requests or orders before complying, and (iv) if disclosure of such information is required, furnish only that portion of the Confidential Information, which, in the opinion of Canwell's counsel and such other parties' respective counsel, such other party(ies) is legally compelled to disclose and to cooperate with any action by Canwell to obtain an appropriate protective order or other reliable assurance that confidential treatment will be accorded the Confidential Information.

6. **ECONOMIC PARTICIPATION IN MAINE AND OTHER MARKETS; FUTURE CHANGES.**

6.1 **Economic Participation in Maine and Other Markets.** In consideration of WCC's and WPMC's ongoing and good faith efforts and obligations under this Agreement, including without limitation WCC providing an exclusive license to Canwell with respect to all of WCC's intellectual property in connection with edible and topical recipes, and branding and packaging matters, (i) WCC shall own, and Canwell shall issue to WCC, a 4% economic interest, and WPMC shall own, and Canwell shall issue to WPMC, a 3% economic interest (or such other interest or right agreed to in writing between Canwell and WPMC), in the Canwell entity providing the services and products in Maine pursuant to and as contemplated in this Agreement, and (ii) to the extent Canwell enters into other alternative dosage form and processing contracts in States other than Maine similar to that which is contemplated herein, either directly or through another entity, then WCC shall also own, and Canwell shall also issue to WCC, a 4% economic interest, and WPMC shall also own, and Canwell shall also issue to WPMC, a 3% economic interest (or such other interest or right agreed to in writing between Canwell and WPMC), in whatever economic interest exists for Canwell in such contract(s).

6.2 **Future Changes.** All of the parties hereto hereby covenant and agree that this Agreement, as it relates to the Limited Products, the Limited Services, and the Enhanced Services and Products, but in all cases subject to the terms of the WPMC Master Services Agreement, shall apply to any and all existing, renewed, additional or future licenses and operations that WCM, WPMC, WCC or any of their respective affiliates or successors or assigns secure with respect to the State of Maine, whether such licenses relate to adult or medical use, for-profit or not-for-profit entities, or otherwise, subject in all cases to such additional documentation as may be reasonably necessary in connection therewith. In the event that existing, renewed, additional or future licenses relating to WCM, WPMC, WCC or any of their respective affiliates or successors or assigns evolve or change due to changes in current law or otherwise, then this Agreement shall continue with and apply to all such resulting licenses, operations, and licensed entities with respect to the State of Maine.

7. **TRAINING AND ASSISTANCE FOR WCM PERSONNEL.**

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Canwell shall bring in professionals as necessary for WCM staff to be properly trained. Until the earlier of December 31, 2016 or upon WCM staff being fully trained (as reasonably determined by WCM), Canwell shall dedicate to WCM a professional for up to ten (10) days every three (3) months on the licensed premises to create at least three (3) months' worth of extract inventory to the extent such raw or feed material is available from WCM.

8. MAINTENANCE AND REPAIR.

Canwell shall provide ongoing maintenance of equipment and any other infrastructure and systems provided by Canwell to WCM, including any inventory of critical spare parts such as pumps, vessels, chillers and the like, at most favored customer/client fees and prices. Canwell will also have a specialist available to WCM to perform maintenance and repairs, and to be on-call, during the hours of the first-year production runs through December 31, 2016 being physically overseen by Canwell. Canwell acknowledges that technology changes rapidly and that such technological advancements will be made available to WCM to the extent such are freely developed or possessed by Canwell, does not create an unreasonable cost burden, and can be provided in a cost-effective manner.

9. EQUIPMENT.

9.1 Definitions. For purposes of this Agreement, "Equipment" shall mean any and all equipment provided by or on behalf of Canwell for the benefit of and/or use by WCM at any of the Maine Facilities.

9.2 Grant of Right to Use the Equipment. Subject to the terms and conditions of this Agreement as well as any other lease, agreement or contract which Canwell reasonably requires WCM to execute with respect to the Equipment, but which in no event would require payment of any additional rent or fees for such Equipment, Canwell hereby grants to WCM the right to utilize the Equipment at the Maine Facilities during the term of this Agreement for purposes described in this Agreement, purposes ancillary thereto, and for internal control purposes as determined by WCM.

9.3 Title to Equipment. Unless and until WCM purchases the Equipment from Canwell under terms and conditions acceptable to Canwell, title to the Equipment shall at all times remain in Canwell, and such equipment shall not be subjected to any liens, security interests, encumbrances or the like from any person(s) other than Canwell.

9.4 Limited Representations and Warranties. WCM and the other parties hereto acknowledge and agree that Canwell is making no representations or warranties, express or implied, as to design, condition, capacity, workmanship or performance of the Equipment, which is being provided to WCM on an "AS IS, WHERE IS" basis, except as follows: Canwell warrants that to its knowledge such Equipment is (i) fit for its intended purpose and is of merchantable quality, and (ii) is free from defects in materials, workmanship and design.

10. FORCE MAJEURE.

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Notwithstanding anything to the contrary contained herein, the failure by any of the parties hereto to perform any of the terms and conditions of this Agreement resulting from force majeure shall not be considered a breach of this Agreement.

11. REMEDIES.

The rights and obligations set forth and/or imposed by this Agreement are of a unique and special nature. Breach of any of such obligations would injure the parties to this Agreement; such injury is likely to be difficult to measure; and monetary damages, even if ascertainable, are likely to be inadequate compensation for such injury. Therefore, the parties to this Agreement acknowledge and agree that protection of the respective interests in this Agreement would require equitable relief, including without limitation specific performance and preliminary and permanent injunctive relief, in addition to any other remedy or remedies that the parties may have at law or under this Agreement, including without limitation entitlement to special and consequential damages, lost profits, reimbursement by the breaching party or parties of the legal fees and expenses of the injured party or parties prevailing in such suit.

12. NOTICES.

Except as otherwise provided in this Agreement, all notices provided under this Agreement: (i) shall be in writing, referencing this Agreement; (ii) shall be sent via electronic mail (delivery confirmation requested), certified US mail (return receipt requested), courier or facsimile, to such address as is designated by a party in writing to the other parties hereto; and (iii) shall be deemed to have been given five (5) calendar days from the date of postmark if sent via certified US mail, or on the date of delivery confirmation if sent via email, courier or facsimile.

13. MISCELLANEOUS.

13.1 Assignment. This Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and assigns, including without limitation any new companies, licenses and/or licensed operations as described in Section 6.2. Canwell may assign this Agreement without the prior written consent of any of the parties hereto; provided, however, and notwithstanding the foregoing, such assignment must receive the prior written consent of WCM and WPMC, which consent shall not be unreasonably withheld.

13.2 No Joint Venture; Independent Contractors. This Agreement shall not constitute, create, give effect to or otherwise imply a teaming, partnership, joint venture, leader-follower or other joint employment arrangement or other formal business relationship between the parties hereto, and Canwell shall not be deemed an agent, volunteer or employee of any of the parties hereto. Further, nothing herein shall be construed as providing for the sharing of profits or losses arising out of the efforts of any of the parties. Canwell shall not be liable to any of the other parties for any of the costs, expenses, risks or liabilities arising out of WCM's or other parties' efforts and/or activities in connection with (a) this Agreement or (b) any license or permits issued by Maine. Canwell assumes sole and full responsibility for withholding any and all appropriate taxes in connection with fees earned by Canwell under this Agreement. Canwell

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will have no authority to enter into contracts that bind WCM or WPMC or create obligations on the part of WCM or WPMC without the prior written authorization of such party. WCM and the other parties hereto will have no authority to enter into contracts that bind Canwell or create obligations on the part of Canwell without the prior written authorization of Canwell.

13.3 No Rights Granted. Unless expressly stated herein, nothing in this Agreement shall be construed as granting any license or other rights to or under any goodwill, trademark, patent, copyright, formulae or other intellectual property right of one party to the other party, nor shall this Agreement grant any rights in or to one party's intellectual property to another party, except the limited licenses set forth in Section 5.

13.4 Amendments. Any term of this Agreement may be amended, modified or waived only with the written consent of the parties. This Agreement, including any exhibits or appendices hereto, constitutes the sole agreement of the parties and supersedes all oral negotiations and prior writings with respect to the subject matter hereof.

13.5 Waiver. The failure of any party to enforce at any time any of the provisions or terms of this Agreement, or any rights in respect thereof, or the exercise of or failure to exercise by any party any rights or any of its elections herein provided, shall in no way be considered to be a waiver of such provisions, terms, rights or elections or in any way to affect the validity of this Agreement or such party's right to exercise such provisions, terms, rights or elections at any other time.

13.6 Severability. If any provision of this Agreement or the application thereof to any person or entity or circumstance shall, to any extent, be held illegal, invalid and/or unenforceable by a court of competent jurisdiction, then (a) the remainder of this Agreement or the application of such provision to persons or entities or circumstances other than those as to which it is illegal, invalid and/or unenforceable, as the case may be, shall not be affected, (b) each provision of this Agreement shall be legal, valid and enforceable to the extent permitted by law, and (c) the offending provision or application thereof shall be modified or stricken solely to the extent necessary to make it legal, valid and/or enforceable. The illegality, invalidity and/or unenforceability of any provision of this Agreement in any jurisdiction shall not affect the legality, validity and/or enforceability thereof in any other jurisdiction that is not affected by the court's declaration.

13.7 Governing Law and Venue. This Agreement and the performance of all obligations hereunder shall be governed by and construed in accordance with the laws of Maine without reference to its conflict of laws principles. Each of the parties hereby submits to the exclusive jurisdiction of the courts of Maine, with respect to any dispute between the parties pertaining to this Agreement.

13.8 Attorneys' Fees. If a party brings any type of action or proceeding to enforce the terms hereof or declare any rights hereunder, the substantially prevailing party in any action, proceeding or appeal thereon shall be entitled to reasonable attorneys' fees and costs. Such fees and costs may be awarded in the same proceeding or recovered in a separate proceeding. The term "substantially prevailing party" shall be a party who substantially obtains or defeats the

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relief sought, as the case may be, whether by compromise, award, judgment or abandonment by the other party of its claim or defense.

13.9 Survival. In order that the parties hereto may fully exercise their rights and perform their obligations hereunder arising under this Agreement, any provisions of this Agreement that are required to insure such exercise or performance shall survive the termination of this Agreement. Not in limitation of the foregoing, the following sections shall survive termination or cancellation (for any reason whatsoever) of this Agreement: 4.2(b), 5.2, 5.5, 9, 11, 12 and 13.

13.10 Interpretation. This Agreement is the product of negotiation between the parties and shall not be interpreted for or against either party whether or not such party is the drafter.

13.11 Headings. All headings are for reference purposes only and shall not be considered in the construing of this Agreement.

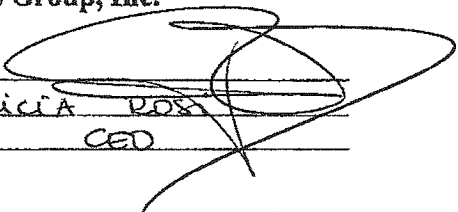
13.12 Counterparts. This Agreement may be executed in one (1) or more counterparts, and by way of scanned email or facsimile transfer, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

(The remainder of this page is intentionally left blank;
signature page immediately follows)

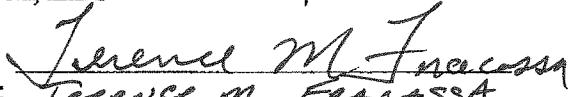
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IN WITNESS WHEREOF the Parties by their duly authorized signatures below have executed and delivered this Agreement as of the Effective Date.


Northeast Patients Group, Inc.

By: 
Name: PATRICIA ROSS
Title: CEO

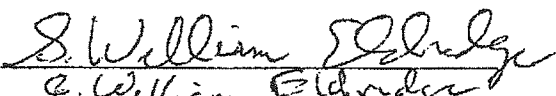
Canwell, LLC

By: 
Name: TERENCE M. FRACASSA
Title: AUTHORIZED MEMBER

The Wellness & Pain Management Connection, LLC

By: 
Name: EDWARD W. RICCI II
Title: DIRECTOR

Wellness Connection Consulting, LLC

By: 
Name: S. William Eldridge
Title: PARTNER



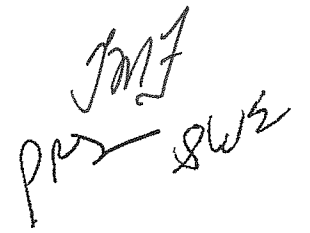
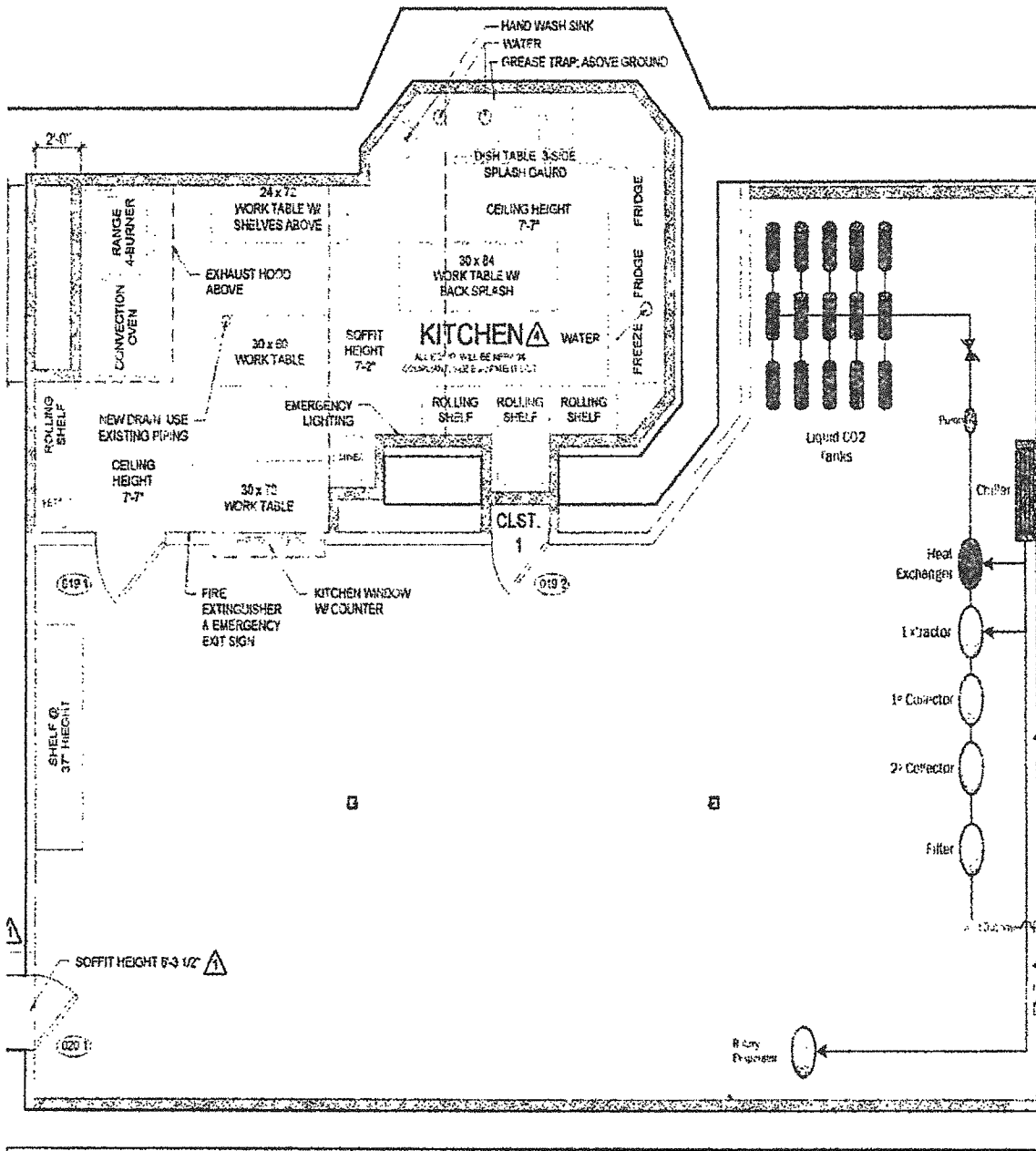


EXHIBIT A: PROCESSING SYSTEM WITH CLEANROOM ATTRIBUTES

1. ISO 8, Class 100,000 clean room with 15-20 air changes per hour in the processing area.
2. A properly pressurized clean room (pressurized to .02"-.04" W.G.) so as to better prevent pestilence and outside debris from entering the process.
3. A more "laminar" flow of clean, conditioned air within the applicable space to wash the production area with clean air and better prevent debris from entering the process.
4. Proper placement of low wall returns aimed at capturing any particulate that may enter through personnel or process, and providing another layer of protection for the product.
5. Clean conditioned air to provide comfort for personnel within the space so as to minimize particulate and bio burden (i.e.: sweat, skin squams) that can be absorbed by the product.
6. The supply of air through HEPA Filters or Fan Powered HEPA units (FFU's), and the recirculation of conditioned air (including mixing the return air with fresh outside air), to better remove existing impurities (oil, duct, etc.) from the space thereby creating a cleaner environment.
7. A clean room environment to provide less waste during processing as a clean (and easy to clean) space will enhance the chance for spilled product(s) to be contained and recycled for use.
8. Carbon/MERV filters to be used as necessary to better remove processing odors.
9. Walls to be modular clean room wall panels creating a smooth, progressive and easy to clean surface that State agencies will favor. Such materials are FDA-compliant, have been tested against some of the harshest cleaning compounds found in the Pharma industry, can easily be cleaned, and can better prevent the growth and spread of mold.
10. A properly designed air delivery system to better assist with controlling mold.
11. A clean room ceiling system with vinyl faced tiles, together with gaskets and sealed light fixtures, to better prevent any particulate or pestilence from entering the space. The ceiling tiles will be comprised of vinyl faced gypsum with sealed edges (or similar features) to be easily "swiffered" for cleaning.

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EXHIBIT B: ROUGH ARCHITECTURAL DESIGN



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EXHIBIT C: PROPRIETARY PROCESSING & REFINEMENT PLAN.

1. PROCESSING AND EXTRACTION

1. OVERVIEW.

- Physical Attributes.
- Expertise.
- Processing Methodology.
- Extraction Methodology.

2. SPECIFIC FEATURES AND CHARACTERISTICS.

- Processing and Extraction Facility.
- Quality Control Testing Facility.
- Health and Consumer Protection.
- Research and Development.
- Local Forms and Branding.
- Safety and Security.
- Tracking Programs and Procedures.

3. DESIGN AND CLEAN ROOM ATTRIBUTES.

- Facility Design and Materials/Equipment (and Diagrams).
- Clean Room Attributes and Materials/Equipment (and Diagrams).

4. PREPARATION, PROCESS, PRODUCTS AND PACKAGING.

- CO2 Processing Schematic.
- Preparation – Clippings and Particle Sizing
- Process – Steps and Equipment.
 - a. Step I – Extraction Process and Equipment.
 - b. Step II – Post-Extraction Process and Equipment.
 - c. Step III – Final Form, Testing and Storage, and Equipment.
- Products – Production and Types.
 - a. Alternative Dosage Form Production Process.
 - b. Alternative Dosage Form Products.
- Packaging and Labeling.
- Maintenance of System and Related Equipment.

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PC