

Affidavit review Notes (accounting version)

CW1: Chris Haddad. FusionPharm Consultant Paid \$15,500 from Nov. 12-May 13 to consult on design of pods and oversee construction (he did a bunch of the construction himself) on original 9 pods that were leased to groundswell in 2013. **Never an employee, only a 1099 contractor.** Never paid by fusion for cultivating cannabis, Chris was hired and paid by VF Management for cultivating cannabis in an agreement between VF Management and Groundswell Cannabis Boutique (CG Networks being the business name, groundswell is a DBA).

Responses to information (by section # on the affidavit):

17) FusionPharm bank proceeds had nothing to do with the 'illegal' sale of stock

23) c) Doubt bill ever provided funds for anything other than things needed for his companies and/or construction of pods fusion was doing for him. D) definitely never wrote payroll checks for fusion employees...and certainly not from his accounts...I think they are confused because Haddad and Kelly Blume both worked for Bill in other companies. The **MOST TELLING EVIDENCE** according to Funk is the 'hand up Mona Lisa's skirt' comment, whatever that means???

27) Uhm, never knew a reverse stock split to increase the value of overall holdings 10-fold. Just the cost per individual share. If, in her footnote example #9 on page 8, a preferred holder was to convert a bunch of preferred shares to common and try to trade them, the price of the stock would go right back down. This is a silly statement and example as she has NO concept of public markets

40) b) Doubt it.

c) ? I think the only time this happened was on the pods that were built for Meadpoint and rented and then sold to CG networks. Those pods were rented by Billy (they were non-standard 10' wide boxes and were quite expensive) and then paid for when they were ultimately sold to CG/groundswell. If he bought any other boxes, it was for orders that were sold to Meadpoint anyway (he would have just reimbursed fusion if he didn't pay for them directly). Other customers along the way have been able to do the same thing, by the way, like pay for lights themselves for the pods we built for them.

e) Bullshit. No way that happened.

41) a) The total of the loans from bill exceeded the amount of any other investor by more than 10x. The lack of volume in the stock would mean that it would take 10x longer to liquidate (if it would even be possible) converted shares if the company couldn't repay the note and the size of that liquidation alone would tank the company stock price. Guy Jeanne Pierre (then the company secretary) wrote that note and signed off on it.

b) I don't care which company the \$ came from or which company he wanted the \$ repaid to...not the company's issue...the lender tells us who to repay.

c) True, Fusion had no capability to pay interest and was accruing interest on the notes, as can be seen in the financial statements as reported/recorded. Not sure why Billy would have signed his mom's name...I didn't know about this. Maybe he has power of attorney or a legal right to do so?

42) a) Wrong, these pods were built on site for Meadpoint for rental to Mile High Green Cross and subsequently sold to Mile High Green cross when the CO of the building at vine street took longer to get than expected and Mile High Green Cross got their own building and purchased them. The 2012 lease over multiple years was with Meadpoint, **not fusion**.

B) Cannot be a basis for revenue recognition? Why not?

c) Per Guy, he was not a related party in this transaction

d) Per Guy (and every other lawyer from day 1 to now), bill and/or his mother can sell stock and buy pods from the company...NOTHING wrong with that. I have asked that question so many times...

48) Fusion can't recognize revenue to Meadpoint without there being a 3rd party customer ahead of time? Really, since when aren't distribution companies legal in the U.S.? THIS WOMAN IS A MORON! Even if that was true, with the exception of a few sales pods (for the sales center and taken to shows to sell), Meadpoint ALWAYS had the customer identified ahead of time. The MHGC pods were built on site, where they were to be rented to MHGC and were finished and ready to go in 2011. Just couldn't get a CO on the building in time to get the tenants in there (building department records will verify this).

49) Doubt CW3 (Dudley) would have said this, he should know a distribution agreement is reasonable enough. CW1, Chris Haddad, a pot grower told her that this was 'akin to fusion pharm selling to itself'? Chris haddad is now opining on the legality of FusionPharm revenue in 2011? I've got a janitor that probably wants to chime in too. The 85% calculation is impossible to do as she has done here and Meadpoint didn't always receive the commission/discount, as can be seen in other transactions. Meadpoint didn't find MHGC, I did and I wouldn't have paid Meadpoint the commission on this deal in that event (other, better documented transactions from later clearly show this 'commission vs no commission' issue.

52) That's right, I told the UC and every direct investor who wanted to know that Billy was important to the company via Meadpoint (and vertifresh too) but couldn't be in the company from the very beginning due to his background. And so far, as I'm concerned, he wasn't. Never 'shielded Billy's involvement in the company' from the public. Bullshit.

53) b) I think Billy was very careful never to own over 10% in any entity...not sure why 5% means anything.

55) I Don't care which entities he was using to buy his pods. Other customers have written checks from companies other than the one we sold the pods to as well. This is not uncommon business practice in general.

58) Never any cash into fusion. That would have been an interbank transfer from one well Fargo account (Billy's) into fusions.

62) This is why we cancelled and restated the vertifresh revenue in 2013, they hadn't fulfilled the terms of the licensing agreement and didn't think they would (even though they were, in fact, still running one pod in fusions office in 2014 when the decision was made)

63) This is how Dudley felt too (we shouldn't have recognized the revenue and receivable in 2012) and after further discussion with him, I agreed. Seemed right at the time as the licensing revenue was different than the 'just a straight pod sale revenue'. Pretty funny that her last sentence (no evidence that Vertifresh received any Pharm Pods in connection with the licensing agreement) ignores the fact that she interviewed Kelly and Chris (who grew lettuce in the pods), the deliveries to mad greens, the revenue received from the same, ***the fact that there was one pod still growing and selling lettuce from OUR FACILITY when it was raided***, etc. etc.

68) All of the \$ came in, again, I don't care which entity Billy is using to write the checks.

70-71) Billy never controlled day to day operations of FusionPharm

72) That is what the Meadpoint agreement said (purchase 50 containers in each year in order to maintain exclusive rights). That is also why and how fusion cancelled that agreement in April of 2014 without having to buy Meadpoint out (which we were negotiating to do...see Fred Lehrer emails), rather just terminated it for not meeting the terms. AS DISCLOSED IN THE 3/31/14 FINANCIAL STATEMENTS PRIOR TO THE RAID. Need to see how many pods fusion did sell between 2012 and 2014...might not have been 120 but It's close.

73) a) pick a definition of well received. It was and still would be if the company had any \$ to fund it.

- b) nice opinion funk
- 74) c) fusion never received \$1 from growth and sale of marijuana. Haddad is an idiot.
e) who did I misrepresent on tours through my warehouse? Does she have 1 person saying that? I have read every 302 in existence; nobody ever made this claim and the undercover video proves it (I fully disclosed Billy to them...complete strangers!)
- 76) ? Which sale didn't go to a 3rd party? There are none
- 77) More of the same.
- 78) She doesn't understand the accounting. Really has no Idea.
- 79) Wrong, but even if we'd sold Meadpoint pods without knowing their 3rd party customer, the revenue would have been fine once we shipped/delivered them. Interesting turn of words on CW3 (Dudley)...Meadpoint is an arm's length 3rd party.
- 80) Again, she doesn't understand. They were sold to Meadpoint, and rented to groundswell in 2013 from June-feb 2014 when ground swell bought them.
- 82) True, groundswell paid \$200k for them after renting them for 8 months...and Meadpoint/VF lost \$ on them in the end (a little, but it was worth it as groundswell had bought 5 other pods from fusion that Meadpoint financed...and is still financing by the way...and made \$ on).
- 83) I have reviewed this stupid napkin Chris wrote on when he wanted it signed just to lock in his pay rate for 'growing weed'. However, this was VF management, not fusion. Fusion is nowhere on the document because it wasn't fusion. Fusion did pay Chris, however, to help build the facility and the pods...NOT to grow weed. It took me and Don Novak from groundswell about 6 months to fashion an agreement that would be acceptable to the MED as well as to him and I...that agreement is between VF management and Groundswell...has nothing at all to do with fusion. It is BECAUSE fusion had to be kept away from direct participation in cannabis that we had to go through all of this shit to make this convoluted deal work.
- 84) Chris haddad is an expert on FusionPharms business model? Fusion would NEVER take \$ from direct cannabis participation. This woman is an idiot.
- 85) It didn't. There is a separate entity for a reason you dumb woman. That agreement has NOTHING to do with FusionPharm. I can't believe she can write this shit and give it to a judge? Can't anything be done about this?

87) There was more revenue than that...plus a settlement reached in early 2015 for additional \$ owed by CW. Not true, it didn't end until February of 14 when CG bought the pods...as the settlement agreements will note.

88) This woman is an idiot. Can't believe she can say this shit.

89) No

90) No commission on John Scott as I sourced this deal...not Billy.

91) No commission on this deal either.

94) YES! We were 50/50 partners in VF management...where Chris' job was to grow weed! Not 50/50 partners in FusionPharm. Idiots

95) Maybe so? Not sure. But he was never on the transfer agents list at more than 5% at any one time.

96) Yes, I disclosed Billy's relationship to the company and his background to all potential investors. How, exactly, is this wrong? You just spent have of this document saying that I hid Billy!?

97) What would Chris Haddad know about how many pods FusionPharm could/would sell? B/T/W, that figure was based on 2 large orders we had in the pipeline, Agripharm in Canada (who bought 46, but didn't start receiving them until march/April of '14 due to delays on their building construction in Canada and The Greenaway who we had an LOI to produce 108 for...but they got their license suspended and are still fighting the state of Massachusetts for it to this day).

100) 100% crap. Chris is full of shit.

104) a) According to Chris Haddad bill and I were 50/50 partners in fusion? Seriously? Did you ask the mailman...what about the guy who clears snow in the parking lot? He would know as much as Chris.