

**PUNCH EDIBLES**  
**INTERCOLLECTIVE/PRODUCTION AGREEMENT**

This AGREEMENT is entered into this \_\_\_\_ day of \_\_\_\_\_, 201\_\_\_\_, by PUNCH EDIBLES, a California Non-Profit Mutual Benefit Corporation having a principle place of business at 23055 Sherman Way #4821, West Hills, CA 91308, hereinafter referred to as “Producer” and \_\_\_\_\_, having a principle place of business at [address] \_\_\_\_\_, hereinafter referred to as “ Collective.” Collectively referred to herein as “the Parties,” with reference to the following.

**RECITALS**

WHEREAS, the Collective is organized for the purpose of helping to ensure that seriously ill Californians, as defined by Prop. 215, codified as California Health & Safety Code Section 11362.5(b)(1)(A), and by Senate Bill 420, codified as California Health & Safety Code Section 11362.7(h), have the ability to obtain and use marijuana for medical purposes where that medical use is deemed appropriate and recommended by a licensed physician consistent with the requirements of the California Health & Safety Law;

WHEREAS, the Collective through its members associate within the State of California in order to collaboratively, cooperatively and collectively cultivate, transport, process, and distribute medical marijuana to “qualified patients” and their “primary caregivers,” as those terms are defined and understood under Proposition 215 and Senate Bill 420, and in particular California Health & Safety Law Section 11362.775, and to take all other actions necessary to effectuate such cultivation, transportation, processing and distribution of medical cannabis;

WHEREAS, the Collective consists of members who are “qualified patients” and “primary caregivers” entitled to possess and cultivate medical marijuana under the laws of the State of California, including in particular California Health and Safety Code §§ 11362.765, 11362.77 and 11362.775;

WHEREAS, Producer is organized as a business but consists solely of patient-members of collective.

WHEREAS, Producer lawfully processes/cultivates/extracts medical marijuana (the “Product”).

WHEREAS, Collective seeks to obtain Product from producer for the benefit of Collective and Producer seeks to contribute Product to Collective, for the benefit of its patients and members.

This Agreement is intended by the parties to operate as a basic set of operating conditions regarding their respective business relationship. Product specific requirements along with any additional specific business terms and conditions will be mutually agreed to and documented by this Agreement.

**PURPOSE OF AGREEMENT.** It is the intent of the parties that this Agreement shall prevail over the terms and conditions of any purchase order, acknowledgment form, or other instrument.

THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. **SUPPLIER.** Collective hereby appoints Producer as a supplier and provider of the Product as a producer for the Collective. Nothing in this Agreement grants Collective exclusive rights to product.
2. **TERM.** Unless terminated in accordance with Section 2a hereunder, this agreement shall apply for each production cycle and shall automatically renew for subsequent production cycle in accordance with the same terms and conditions as may be revised or amended from time to time as provided elsewhere in this agreement.
  - a. **Termination.** This Agreement may be terminated by either Producer or the Collective at any time and for any reason upon written notice to the other party. There are no express or implied agreements contrary to the foregoing and any such agreement in the future must be in writing and fully executed by both Producer and the Collective. Once this Agreement is terminated,

Producer's right to cultivate plants for the Collective's members is extinguished, except to the extent that the Agreement is terminated in the middle of a production cycle in which case Producer shall be permitted to finish such grow or production cycle for the Collective and its members with the understanding that such grow or production cycle and any medicine derived from it is the property of the Collective and Producer shall be enjoined from utilizing or disposing of it except to the Collective pursuant to this Agreement.

3. **QUANTITY.** Producer shall process and deliver and Collective shall accept and reasonably compensate Producer for any of the Product that may be required by Collective in its business. The parties agree that any projections or estimates in this Agreement are subject to change.
  - a. **PRODUCT QUANTITY.** Producer acknowledges that the Compassionate Use Act allows a patient or a designated producer to any amount of product reasonably related to the patients' needs.
  - b. Notwithstanding patients' rights under the CUA, the California Supreme Court in *People v. Kelley* interpreted the MMPA, codified as California Health & Safety Code § 11362.77, as establishing a *guideline* of quantity amounts for patients of the Collective. Thereunder, a patient generally has a right to possess and grow six (6) mature or twelve (12) immature plants, or 8 ounces of dried marijuana.
  - c. Using the MMPA as a guideline, Producer is allocated the production rights to the product required by the Collective's members in the aggregate. In order that the Collective and Producer demonstrate compliance with quantity limits in an amount commensurate with the aggregated amounts to which the Collectives members are entitled to possess and cultivate, Collective may provide Producer with members names, physician recommendations or identification numbers for \_\_\_\_\_ members of the Collective thereby entitling Producer to produce product that correlates that product to the respective Collective member.
4. **PRICING AND TERMS OF PURCHASE.** Producer shall have the absolute right to establish the prices, charges, and terms governing the compensation for the product (collectively the "Sales Policies"). The Sales Policies in effect from the date of this Agreement until further notice are set forth. At least 60 days prior to any change in the Sales Policies, Producer must give written notice to Collective of the proposed change. Producer and Collective both agree to set prices and terms that will be mutually beneficial for both parties. These sales policies will be based upon cost, overhead, current market conditions and standard industry practices. Payment is due within 30 days of receipt of product.
5. **TAXES.** Producer acknowledges and agrees that the Collective shall have no obligation to and will not withhold any taxes on the compensation paid to Producer hereunder, or to report any income or monies paid to Producer pursuant to this Agreement to the IRS or the California Employment Development Department ("EDD"), and that Producer shall be responsible for all taxes in connection with the compensation hereunder, including without limitation all income, withholding, estimated, self-employment, social security and disability insurance taxes. Instead, Collective will file with the IRS and EDD and provide Producer with a Form-1099 MISC and file a Report of Independent Producer (DE 542) with the EDD within 20 days of making payments totaling \$600 or more to the Producer. Collective hereby assumes the sales tax liability for product and, upon demand, will provide producer with a resale certificate.
6. **TERMINATION.** Either party shall have the right to terminate this Agreement, prior to the expiration of the term (or any renewal term), upon the occurrence of any of the following events:
  - a. Breach or default by the other of any of the terms, obligations, covenants, representations or warranties under this Agreement that is not waived in writing by the non-defaulting party. In such case, the non-defaulting party must notify the other of the alleged breach or default, and the defaulting party shall have a period of 30 days to cure the default.
  - b. The other party is declared insolvent or bankrupt or makes an assignment for the benefit of creditors.
  - c. A receiver or trustee is appointed for the other party.

Promptly upon expiration of the term or other termination (for any reason) of this Agreement, Producer must immediately cease to solicit orders or to represent in any manner that it is associated with Collective.

7. **RELATIONSHIP CREATED.** Producer is not an employee of Collective for any purpose whatsoever; rather, Producer is an independent Producer. Collective shall not have the right to require Producer to collect accounts, investigate customer complaints, attend sales meetings, periodically report to Producer, conform to any fixed or minimum number of hours devoted to selling effort, follow prescribed itineraries, keep records of business transacted, make adjustments, conform to particular promotional or solicitation policies of Producer, or do anything else that would jeopardize the relationship between Collective and Producer.
  - a. All expenses and disbursements, including but not limited, to those for travel and maintenance, entertainment, office, clerical, and general selling expenses, that may be incurred by Producer in connection with this Agreement shall be borne by Producer, and Collective shall not be in any way responsible or liable for them. Producer does not have, and Producer must not hold [himself *or* herself *or* itself] out as having, any right, power, or authority to create any Agreement or obligation, either express or implied, on behalf of, in the name of, or binding upon Collective, or to pledge Collective's credit, or to extend credit in Collective's name, unless Collective consents to such representation or activity in advance in writing.
  - b. Producer shall be solely responsible for and must bear all expenses of supplying or producing, assembling, packaging, shipping and, wherever required, installing the Products, and for all expenses of the operation of the Producer's offices, product, equipment and facilities, and its business activities as a whole.
8. **ACTS OF EMPLOYEES.** Each party is solely responsible for the acts of its respective employees and agents, including any negligent acts. Each party shall hold harmless, defend and indemnify the other against all claims based on acts of its respective employees or agents.
9. **ASSIGNMENT.** This Agreement is personal to Producer and shall not be assigned by Producer without the prior written consent of the Collective. Any such assignment shall be null and void.
10. **NOTICES AND REQUESTS.** Any notice, demand, or request required or permitted to be given under this Agreement must be in writing and deposited in the United States mail, postage prepaid, registered or certified, and addressed to the addressee at the Collective office set forth above. Either party may change that party's address for purposes of this Agreement by written notice given.
11. **DISPUTE RESOLUTION.** Any dispute arising out of or relating to this Agreement, or the breach thereof shall be settled by arbitration in accordance with the rules of the American Arbitration Association, and judgment on the award rendered may be entered in any court having jurisdiction.
12. **NO IMPLIED WAIVER.** The failure of either party at any time to require performance by the other party of any provision of this Agreement shall not affect in any way the full right to require such performance at any subsequent time. The waiver by either party of a breach of any provision of this Agreement shall not be taken or held to be a waiver of the provision itself.
13. **GOVERNING LAW; ENFORCEMENT OF AGREEMENT; ATTORNEY'S FEES AND COSTS.** This Agreement shall be subject to and shall be enforced and construed pursuant to the laws of the State of California. If any provision or term of this Agreement is held to be invalid, void, or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired, or invalidated. In the event of litigation to enforce any of the provisions of this Agreement, the prevailing party may recover court costs and reasonable attorney's fees. Collective shall pay all expenses incurred by Producer in the collection of any commissions that may become due to Producer under this Agreement. Collective shall pay all expenses incurred by Producer in the collection of any delinquent compensation.
14. **EXECUTION COUNTERPARTS.** This Agreement may be executed in one or more counterparts, each of which will be deemed the original, all of which will constitute as one and the same document. The parties agree this Agreement may not be modified except in writing signed by both parties.

**15. ENTIRE AGREEMENT.** This Agreement, including the Exhibits attached to it, constitutes the entire agreement between Collective and Producer concerning the subject matter of this Agreement and supersedes all prior and contemporaneous agreements between the parties. This Agreement may be amended only by an instrument in writing that expressly refers to this Agreement and specifically states that it is intended to amend it. Neither party is relying upon any warranties, representations, or inducements not set forth in this Agreement. In the event of any conflict between the provisions of this Agreement and the provisions contained in any Agreement or sales order form used by Collective, the provisions of this Agreement shall control

EXECUTED ON \_\_\_\_\_, at \_\_\_\_\_.  
[date] [city and state]

\_\_\_\_\_  
AGENT FOR COLLECTIVE

\_\_\_\_\_  
[signature]

\_\_\_\_\_  
[date]

\_\_\_\_\_  
AGENT FOR PUNCH EDIBLES

\_\_\_\_\_  
[signature]

\_\_\_\_\_  
[date]