

REVISED RULES FOR OUR-OF-COURT AUCTION SALE

DATE AND TIME OF OUT-OF-COURT AUCTION SALE:

September 7, 2023 at 11:00 a.m.

AUCTION LOCATION*:

11500 W. Olympic Boulevard, Suite 530, Los Angeles CA 90064.

**Participants may attend remotely via Zoom:*

REMOTE APPEARANCE INFORMATION:

Zoom Link: *[to be provided]*

Dial-in: *[to be provided]*

Meeting ID: *[to be provided]*

Password: *[to be provided]*

RECEIVERSHIP ACTION:

East West Bank v. HERBL, Inc., Santa Barbara Superior Court Case No. 23CV02629 (the “Case”)

ASSETS TO BE PURCHASED:

1. Blackbird NV Operation

Description: All assets of Blackbird Logistics Corp, a Nevada cannabis company that transports cannabis between manufacturers, cultivators, and retailers. Blackbird has multiple local cannabis permits, proprietary technology, vehicles, branding, goodwill, and active leases at warehouse locations, among other things. A more thorough list of assets is attached as **Exhibit A**. Contact WeCann RE for additional information about this auction item.

To participate in the auction sale for this item, at least two (2) business days before the auction, bidders must present Superior Court Receiver Kevin Singer (the “**Receiver**”): (a) a signed copy of these Rules for Out-of-Court Auction Sale Hearing; (b) a cashier’s check in the amount of \$150,000 made out to Receivership Specialists; and (c) proof of funds in an amount equal to or greater than the highest amount the bidder is willing to bid. Bidders that do not present these items at least two (2) business days prior to the hearing may not be allowed to participate.

The first bid will be \$3,000,000, with bidding increments of \$250,000 increases thereafter until a winner/Buyer is determined.

Corporate Headquarters

Los Angeles

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Fax: (310) 552-9066

Irvine

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Irvine, CA 92614
Tel: (949) 238-2801
Fax: (949) 852-4480

San Francisco

One Sansome Street
Suite 3500
San Francisco, CA 94104
Tel: (415) 590-4848
Fax: (415) 946-8837

San Diego

4660 La Jolla Village Dr.
Suite 100
San Diego, CA 92122
Tel: (858) 546-4815
Fax: (858) 646-3097

Ventura/Santa Barbara

1500 Palma Drive
2nd Floor
Ventura, CA 93003
Tel: (805) 267-1283
Fax: (805) 654-0080

Sacramento

980 9th Street
16th Floor
Sacramento, CA 95814
Tel: (916) 449-9655
Fax: (916) 446-7104

Las Vegas

7251 W. Lake Mead Blvd.
Suite 300
Las Vegas, NV 89128
Tel: (702) 562-4230
Fax: (702) 562-4001

Reno

200 S. Virginia Street
Suite 800
Reno, NV 89501
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Fax: (775) 686-2401

Phoenix

2 N. Central Ave.
Suite 1800
Phoenix, AZ 85004
Tel: (602) 343-1889
Fax: (602) 343-1801

2. Assignment of rights to lawsuit: *Herbl Inc. v. Central Coast Agriculture, Inc. dba Raw Garden; Nabione, Inc. dba Nabis, et al.*, Santa Barbara Superior Court Case No. 22CV00077

Description: HERBL has a pending lawsuit against CCA/Raw Garden and rival distributor Nabis for breach of CCA/ Raw Garden's exclusive distribution agreement with HERBL and Nabis' tortious interference with HERBL's contract with CCA/Raw Garden. HERBL's claims are valued in the tens of millions of dollars. Contact the Receiver's Counsel Blake Alsbrook for additional information regarding this auction item.

To participate in the auction sale for this item, at least two (2) business days before the auction, bidders must present the Receiver: (a) a signed copy of these Rules for Out-of-Court Auction Sale Hearing; (b) a cashier's check in the amount of \$175,000 made out to Receivership Specialists; and (c) proof of funds in an amount equal to or greater than the highest amount the bidder is willing to bid. Bidders that do not present these items at least two (2) business days prior to the hearing may not be allowed to participate.

The first bid will be \$3,000,000, with bidding increments of \$250,000 increases thereafter until a winner/Buyer is determined.

3. Santa Ana Permit

Description: Santa Ana Type 11 Distribution License. Contact WeCann RE for additional information regarding this auction item.

To participate in the auction sale for this item, at least two (2) business days before the auction, bidders must present the Receiver: (a) a signed copy of these Rules for Out-of-Court Auction Sale Hearing; (b) a cashier's check in the amount of \$25,000 made out to Receivership Specialists; and (c) proof of funds in an amount equal to or greater than the highest amount the bidder is willing to bid. Bidders that do not present these items at least two (2) business days prior to the hearing may not be allowed to participate.

The first bid will be \$50,000, with bidding increments of \$5,000 increases thereafter until a winner/Buyer is determined.

4. HERBL Software (Athena)

Description: Athena is an all-in-one software with downloadable application that manages distribution/transportation of cannabis products. Contact the Receiver's Senior Project Manager, Jen Gote for additional information regarding this auction item.

To participate in the auction sale for this item, at least two (2) business days before the auction, bidders must present the Receiver: (a) a signed copy of these

Rules for Out-of-Court Auction Sale Hearing; (b) a cashier's check in the amount of \$50,000 made out to Receivership Specialists; and (c) proof of funds in an amount equal to or greater than the highest amount the bidder is willing to bid. Bidders that do not present these items at least two (2) business days prior to the hearing may not be allowed to participate.

The first bid will be \$200,000, with bidding increments of \$25,000 increases thereafter until a winner/Buyer is determined.

ADDITIONAL RULES:

1) All bidders will be required to sign an NDA and provide proof of funds for access to the due diligence.

2) The Receiver plans to conduct the overbid procedure remotely by appearing via Zoom using the information above. Bidders may appear at and participate in the overbidding either in person, at the Receiver's office address listed above, or remotely via Zoom or telephone.

3) The assets are being sold "as is" and "with all faults" based upon the condition of the assets, with no warranties except for transfer of title. The assets are being sold free and clear of all liens, claims, or interests.

4) The bidder or bidders with the highest offer accepted for all or some of HERBL, Inc.'s assets (the "Buyer") agrees that any accepted purchase offer is subject to entering into a Purchase and Sale Agreement with the Receiver, and the Court's approval of the proposed purchase offer. Draft Purchase and Sale Agreements, the terms of which shall be non-negotiable, shall be circulated prior to the auction for review by bidders.

5) The Court presiding over the Case shall retain jurisdiction over any legal disputes relating to or arising out of the Auction Sale and/or sale of the assets between Buyer and the Receiver. Buyer waives any right to a jury trial over any legal disputes relating to or arising out of the Auction Sale and/or sale of the assets, and agrees to any disputes being decided by way of summary proceedings through motion practice. The Court presiding over the Case reserves the right to: amend any of the rules pertaining to the process; cancel the Auction Sale; or cancel any accepted purchase offers in their entirety.

I agree to all of the above rules and procedures:

X _____

(Date)

(Print Name)

If you have any questions, please feel free to give me a call at (310) 552-9064.

Sincerely,

Kevin Singer
Superior Court Receiver