

# **Nutmeg Dispensary**

## **Exhibit J**

**Handling PHI & Other  
Confidential Information  
(HIPPA)**

**November 1, 2013**

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# INTRODUCTION

## OVERVIEW

Protecting personal and confidential information of our patient customers and the company has always been a high priority at Nutmeg. This paper reviews the important policies you need to know about handling this information. It defines the types of Confidential Information you may come across, why it is important and what you need to do to protect it.

The Confidential Information you may encounter in the workplace includes the Protected Health Information, or “PHI”, of our customers that fill their prescriptions at Nutmeg. The privacy and security of this PHI is protected by the federal law, the Health Insurance Portability and Accountability Act or “HIPAA,” and by state laws in many cases. This paper focuses on Nutmeg’s obligations under HIPAA.

## GOALS

When you are finished with this paper, you will be able to:

- Define individuals’ rights under HIPAA
- Understand proper application of the use, disclosure and minimum necessary requirements for PHI and other confidential information
- Define the types of confidential information and why it is important to protect it.
- Understand your responsibilities related to protecting the privacy and security of Confidential Information and be able to identify appropriate ways to safeguard this information
- Describe how the Health Information Technology for Economic and Clinical Health (HITECH) Act has tightened HIPAA requirements

## GLOSSARY

Below is a glossary of terms that you will find throughout this paper.

<b>Business Associate</b>	A person or organization that is not a member of a covered entity, but performs certain functions or activities on behalf of a covered entity.
<b>Confidential Information</b>	Information that is not public knowledge and is considered useful to competitors.
<b>Covered Entity</b>	Individuals, organizations and agencies that are considered a health plan, a health care clearinghouse, or a health care provider that conducts certain transactions in electronic form. Examples include doctors, clinics, pharmacies, HMOs and Medicare.
<b>e-PHI</b>	PHI that is transmitted or maintained in electronic form.

<b>HIPAA</b>	HIPAA is the acronym for the Health Insurance Portability and Accountability Act of 1996 and the rules and regulations requiring the protection and safeguarding of individually identifiable health information.
<b>HIPAA Privacy Rule</b>	A rule that protects the privacy of individually identifiable health information. It also gives patients an array of rights with respect to that information.
<b>HIPAA Security Rule</b>	A rule that sets national standards for the security of health information that is held or transferred in electronic form.
<b>Notice of Privacy Practices</b>	A notice to the individual of the uses and disclosures of protected health information, the individual's rights and the covered entity's legal duties with respect to protected health information.
<b>CHD - Cardholder Data</b>	Credit or debit card information that includes the Primary Account Number (PAN), which is the payment card number (credit or debit) that identifies the issuer and the particular cardholder account, and, and at least one of the following: (1) Cardholder name, (2) Expiration Date, or (3) Service Code
<b>PHI – Protected Health Information</b>	Any information about health status, provision of health care, or payment for health care that can be linked to a specific individual.
<b>PII – Personally Identifiable Information</b>	Any personal information that can be used to uniquely identify, contact, or locate a single individual.

**NOTE:** Within this document, you will find further discussion on the terms above.

# A CLOSER LOOK AT HIPAA

## BACKGROUND

The Health Insurance Portability and Accountability Act (HIPAA) was enacted by the U.S. Congress in 1996. It was created to improve the security of health information and requires that national standards be set in respect to the handling and storing of personal health information (PHI). It also aims to improve the effectiveness and efficiency of the health care system, portability and continuity of health insurance coverage, as well as put forward penalties for those that do not comply with the regulations set forth in the Act.

The legal definition of PHI is any individually identifiable health information transmitted or maintained in any medium, including demographic information that is created or received by a health care provider, health plan or health care clearinghouse and relates to past, present or future physical or mental health or condition of an individual, provision of health care to the individual, or payment for the provision of care to the individual, and 3) identifies the individual or includes enough information about the individual so that there is a reasonable basis to believe that the information can be used to identify the individual.

## HIPAA RULES

HIPAA is broken into two categories:

*Privacy Rule* – A rule that federally protects the privacy of PHI that is held by covered entities. It also gives individuals an array of rights with respect to that information. In addition, the rule permits the disclosure of PHI needed for patient care and other important purposes.

*Security Rule* – A rule that sets national standards for the security of health information that is held or transferred in electronic form. It identifies a series of administrative, physical and technical safeguards for covered entities to use to assure confidentiality, integrity and availability of electronic protected health information.

## Individuals' Rights under HIPAA

The HIPAA Privacy Rule gives individuals an array of rights, including those stated below. Covered Entities must comply with these rights.

- Right to obtain a copy of Nutmeg's Notice of Privacy Practices
- Right to obtain a copy of their designated health records
- Right to request an amendment to their health record
- Right to obtain an accounting of disclosures of PHI
- Right to request a restriction of use and disclosures of PHI
- Right to file a complaint regarding handling of PHI
- Right to authorize that PHI be used or disclosed for purposes other than treatment, payment, or healthcare operations

## NUTMEG AND HIPAA

HIPAA requires healthcare providers, like Nutmeg Dispensary, to implement policies and procedures to limit access to PHI to only those individuals who require it, such as our

dispensary facility personnel. It also limits the amount of PHI that these individuals are able to use to perform essential job functions.

In addition to these policies and procedures, HIPAA also requires that healthcare providers supply patients with a Notice of Privacy Practices. This notice informs customers how healthcare providers use and disclose PHI, as well as customers' rights and responsibilities under HIPAA.

Nutmeg has taken many measures to comply with the rules set forth by HIPAA. Some examples include:

- Providing our Notice of Privacy Practices to all patient the first time they receive their prescription; we also make a good faith effort to obtain the customer's acknowledgement that they have received our Notice
- Security reminders (e.g., messages displayed when logging onto computers)
- 420 Soft log-in monitoring
- Personal password management of internal systems
- Protection from malicious software (e.g., use of anti-virus software)

#### WHAT HIPAA MEANS FOR YOU

We, at Nutmeg, should never access, use, discuss, share, or disclose anyone's PHI unless it is needed for legitimate work purposes. We must protect PHI from inappropriate access, use and disclosure, both inside and outside the Company. We do this by ensuring our colleagues are aware of the proper handling of this information and any other form of Confidential Information. We are responsible for securing this information when not using it for business purposes by utilizing administrative, technical, and physical safeguards. These safeguards will be reviewed later in this paper.

Failure to comply with HIPAA rules and regulations and our established policies will result in disciplinary action up to, and including, termination of employment. This could lead to legal action and criminal prosecution.

## THE HIPAA PRIVACY RULE

### OVERVIEW

The HIPAA Privacy Rule establishes a set of standards in relation to the protection of PHI. The standards of this rule concentrate on the use and disclosure of PHI by covered entities and on the individuals' rights to understand and control how their health information is used and disclosed. The HIPAA Privacy Rule applies only to covered entities and business associates.

Most covered entities do not perform all of their health care activities and functions on their own. Instead, they often contract this work out to other people or organizations known as business associates. The activities and functions that are usually handled by business associates are claims processing, data analysis and billing, to name a few.

The Privacy Rule allows covered entities to disclose PHI to business associates if they obtain a written assurance that the business associates will only use this information for the intended purposes, safeguard the information and help the covered entity comply with the Privacy Rule.

One of the main goals of the Privacy Rule is to ensure the protection of PHI, while also permitting the disclosure of PHI needed to provide health care. The disclosure of PHI permitted under the Privacy Rule is limited to the "minimum amount necessary" in order to provide health care while maintaining a level of security in regards to the disclosure of PHI. This ensures that individuals' health information is protected even under emergency circumstances and limits unnecessary access to and disclosure of this information.

Although the "minimum amount necessary" was produced to protect the amount of PHI disclosed to provide health care, it does not apply to the below situations.

Requests by a health care provider for treatment purposes

Disclosure to individuals about their own PHI

When an authorization form is signed by an individual permitting the disclosure of their PHI

When PHI is disclosed to the Department of Health and Human Services for legal purposes

When PHI is disclosed as required by any other law, and limited only to the PHI mentioned in the law

### THE PRIVACY RULE AT WORK

All Dispensary Facility Personnel are responsible for complying with the standards set forth in the Privacy Rule. Whether or not your job functions require the use and disclosure of PHI, we all need to be aware of these standards and when and how they apply.

## APPLYING THE PRIVACY RULE

### EXAMPLES

Situation where PHI can be disclosed:

*Dr. Sousa from the local hospital calls the Dispensary to find out what prescription Mr. Smith has recently filled. Mr. Smith is currently in the emergency room due to an allergic reaction to his new prescription and cannot remember the name of it. Dr. Sousa needs to find out what prescription Mr. Smith has taken so he knows how to properly treat him. Due to the nature of this incident, the Dispensary is allowed to disclose Mr. Smith's PHI so that he can be provided the proper health care.*

Situation where PHI is mistakenly disclosed:

*Jane Smith goes to the Dispensary to pick up her marijuana. Dispensary Manager Artie verifies Jane's identity by asking for her name and birth date. Later, "Jan" Smith goes to the dispensary to pick up her prescription. Artie notices that Jan Smith has the same birth date as Jane Smith and realizes he failed to correctly identify the patient.*

*Artie calls Jane Smith and leaves a message on her answering machine:*

*"Hi! This message is for Jane Smith. This is Artie from Nutmeg Dispensary. I am calling in regards to the prescription you picked up today. I mistakenly gave you XYZ instead of ABC. Can you please return the prescription you picked up and I will give you your prescription for ABC. If you have any questions, feel free to call me at (987) 654-3210. Thank you."*

*Jane Smith returns home and listens to her messages and immediately calls Artie back. She is upset that the name of her medication was disclosed in the message. Her daughter was home at the time, heard the message, and realized her mother was using marijuana to treat her recent cancer diagnosis that she had not informed her about yet.*

*Due to the mistaken disclosure of PHI, Artie must report the incident to the Dispensary or e-mail: [info@NutmegDispensary.com](mailto:info@NutmegDispensary.com)*

# THE HIPAA SECURITY RULE

## OVERVIEW

The HIPAA Security Rule establishes a set of standards for the protection of PHI that is held or transferred in electronic form. The standards of this rule concentrate on the technical and non-technical safeguards that covered entities must follow to secure individuals' electronic protected health information (e-PHI).

Before HIPAA was enacted, security standards and requirements for protecting health information did not exist. Due to the growth of technology and electronic information systems, the shift from paper based processes to electronic applications for storing and sharing documents became increasingly popular. These electronic information systems became highly relied on for the processing and maintenance of an array of administrative and clinically based job functions.

One of the main goals of the Security Rule is to protect the privacy of individuals' health information while allowing covered entities to implement the new technologies of electronic information systems in order to improve the quality and efficiency of patient care.

Under the Security Rule, covered entities must comply with the below safeguards for protecting e-PHI.

- Ensure the confidentiality, integrity and availability of all e-PHI they create, receive, maintain or transmit
- Identify and protect against reasonably anticipated threats to the security or integrity of the information
- Protect against reasonably anticipated, impermissible uses or disclosures
- Ensure compliance by their workforce

## THE SECURITY RULE AT WORK

All Dispensary Facility Personnel are responsible for complying with the standards set forth in the Security Rule. There are certain safeguards, both physical and electronic, that Nutmeg has put in place that will be discussed later on in this paper.

## APPLYING THE SECURITY RULE

### EXAMPLES

Situation where the Security Rule is applied:

*Sarah is a Dispensary Tech for Nutmeg. Lynn is the Dispensary on duty and is currently on the phone with a Doctor. Lynn asks Sarah to log into her computer using Lynn's username and password to obtain some medical information on a patient that the Doctor is calling about.*

*Sarah is aware of the Security Rule and informs Lynn that she is not comfortable with logging onto the computer using Lynn's username and password as it is a violation of the Security Rule.*

Situation where the Security Rule is violated:

*John is a Dispensary facility manager for Nutmeg. He notices the Dispensary logging onto the computer and memorizes the username and password that the Dispensary types in.*

*Later on in the day, John logs onto the computer with the Dispensary's information. He is trying to obtain some medical information on a person he knows. Dave is one of John's colleagues. He notices that John is on the computer looking at medical records and should not be. He approaches John to see what he is looking for. Dave reports this to the Dispensary and the Dispensary reports the incident to his supervisor.*

# RECOGNIZING CONFIDENTIAL INFORMATION

## OVERVIEW

The HIPAA privacy requirements apply to PHI in any form – electronic, physical and oral. However, there are additional types of confidential information that you should be aware of and treat in the same manner as PHI. Information can be considered confidential due to the nature or sensitivity of it. This type of information can be found in your work environment.

Confidential information is not always labeled as such. You need to be aware of these different types of information and know how to handle this information. You need to also recognize that this information must be protected based on how it could be used by others.

Information should be treated as confidential if it may be useful to a competitor, investor in making business or investment decisions it is personal, financial, or health information about an individual you are unsure.

## TYPES OF CONFIDENTIAL INFORMATION

Below are the different types of confidential information you may encounter in your work environment.

### Confidential Information

Confidential Information refers to information that Nutmeg must maintain the confidentiality and ensure its security, including Personally Identifiable Information (PII), which incorporates Protected Health Information (PHI), Cardholder Data (CHD), or Employee Employment Data, and Proprietary Information, which incorporates Financial Records, Intellectual Property, and Protected Business Data. This means such information requires Enhanced Safeguarding. Under Enhanced Safeguarding, dissemination of Confidential Information is highly limited to those workforce members and third parties with a clearly defined need to know. A “need to know” is a demonstrable, compelling, and authorized business need for accessing and using such information.

### ENHANCED SAFEGUARDING

Enhanced Safeguarding is a handling requirement for measures more stringent than those normally required because inadvertent or unauthorized disclosure would create a risk of substantial harm.

### PROPRIETARY INFORMATION

Proprietary Information that is owned by the Company is called “proprietary.” If disclosed to others, proprietary information may be useful to competitors or harmful to Nutmeg or those we serve. Typical examples of proprietary information include sales strategy information, participant mailing lists, vendor price quotes and non-public financial information.

## **INTELLECTUAL PROPERTY**

Intellectual Property includes any Company Property in the form of patents, trademarks, service marks, trade names, trade secrets, and copyrights. This definition incorporates all registered and unregistered designs, copyrightable works (including rights in software, firmware, and hardware), design rights, database rights, domain names, rights in confidential information and all similar property rights anywhere in the world in each case whether registered or not and including any application for registration of the foregoing.

## **FINANCIAL RECORDS**

Financial Records includes all records relating to the finances of the company; stock and debt instruments; accounts and records showing the receipt, management, and disbursement of funds; accounts payable and accounts receivable information; purchase and travel card information; travel and expense information; credit card and merchant account information; and other similar data, including, but are not limited to, receipts, records, minutes of meetings in which financial decisions are made, bank statements, expense vouchers, cancelled checks, debit memoranda, and receipts.

## **PROTECTED HEALTH INFORMATION (PHI)**

Any individually identifiable health information transmitted or maintained in any medium, including demographic information that is (1) created or received by a health care provider, health plan or health care clearinghouse and (2) relates to past, present or future physical or mental health or condition of an individual, provision of health care to the individual, or payment for the provision of care to the individual, and (3) identifies the individual or includes enough information about the individual so that there is a reasonable basis to believe that the information can be used to identify the individual. PHI is a subset of PII because PHI is also linked to an individual, PII is considered PHI when linked with health information and is obtained by or on behalf of a health plan or health care provider. For example, when a patient's name appears on a prescription.

## **PERSONALLY IDENTIFIABLE INFORMATION (PII)**

PII includes any information that relates to an individual, whose identity can be either directly or indirectly inferred, including any information that is linked or linkable to that individual regardless of the citizenship, age, or other status of the individual. This definition incorporates any patient medical records, protected health information, health care provider records, cardholder data, and employee employment data (including payroll and group health plan information). Examples of personally identifiable information include employee badge numbers, Social Security Numbers, driver's license numbers, patient scripts, plan participant data, and credit card numbers. Specifically, it incorporates any piece of information that can potentially be used to uniquely identify, contact, or locate an individual, such as name, address, date of birth, mother's maiden name, telephone number, participant ID number, Rx Number, or patient identifiers.

## CARDHOLDER DATA (CHD)

Credit or debit card information that includes the Primary Account Number (PAN), which is the payment card number (credit or debit) that identifies the issuer and the particular cardholder account, and, and at least one of the following: (1) Cardholder name, (2) Expiration Date, or (3) Service Code (Three- or four-digit number on the magnetic-stripe that specifies acceptance requirements and limitations for a magnetic-stripe read transaction). The Payment Card Industry Data Security Standard (PCI DSS) obligations the Company to protect this information. Note that Cardholder Data is also a type of PII as personal information associated with a credit or debit card

# MISHANDLING CONFIDENTIAL INFORMATION

## OVERVIEW

The mishandling of confidential information is not something that is taken lightly. Any confidential information that is disclosed illegitimately can offer consequences that may include legal action, criminal prosecution and even employment termination.

In most businesses, the handling of confidential information is governed by corporate compliance programs through policies, training, technology and monitoring.

## NEWS ARTICLES

Any misuse or mishandling of confidential information, whether it be from an internal source or stolen, is something that happens far too often. You can find some recent news headlines below.

### Article 1

February 22, 2011

#### **HHS imposes a \$4.3 million civil money penalty for violations of the HIPAA Privacy Rule**

"The U.S. Department of Health and Human Services' (HHS) Office for Civil Rights (OCR) has issued a Notice of Final Determination finding that Cignet Health of Prince George's County, Md., (Cignet) violated the Privacy Rule of the Health Insurance Portability and Accountability Act of 1996 (HIPAA). HHS has imposed a civil money penalty (CMP) of \$4.3 million for the violations, representing the first CMP issued by the Department for a covered entity's violations of the HIPAA Privacy Rule."

(source: <http://www.hhs.gov/news/press/2011pres/02/20110222a.html>)

### Article 2

February 11, 2011

#### **Health Records Stolen From Van, 1.7 Million People Affected**

"The personal information of 1.7 million patients, hospital staff and associated employees

was recently stolen, and city officials are notifying potential victims to warn them about the loss of the files.

The files were reported stolen in late December from a van operated by GRM Information Management Services, when the driver left the van unattended and unlocked."

(source: <http://www.nbcnewyork.com/news/local/Personal-Health-Information-of-17-Million--115963434.html>)

### Article 3

November 30, 2007

#### **TJX Agrees to \$41 Million Settlement with Visa**

"Embattled retailer TJX Companies – the parent of TJ Maxx, Marshalls and other well-known outlets – has agreed to a nearly \$41 million settlement with Visa.

The \$40.9 million settlement will fund payments to banks that issue Visa payment cards and were affected by the massive breach that is widely believed to have begun in 2005. Institutions that accept that agreement will be paid by Dec. 27.

The incident affect upwards of 94 million accounts, according to court filings. TJX has admitted that 45.7 million credit card numbers were exposed to hackers."

(source: <http://www.scmagazineus.com/tjx-agrees-to-41-million-settlement-with-visa/article/99437/>)

# ADMINISTRATIVE, TECHNICAL & PHYSICAL SAFEGUARDS

## SAFEGUARDING CONFIDENTIAL INFORMATION

Nutmeg has policies and procedures in place that help to safeguard Confidential Information. Dispensary Facility Personnel are required to be aware of these policies and procedures as well as comply with them.

## CONFIDENTIAL TRASH

Our obligation to safeguard confidential information includes its correct disposal. Nutmeg will deliver appropriate training programs to new and incumbent members of our workforce who work in, and/or manage, our retail stores relating to the Nutmeg Confidential Trash Handling Program.

Nutmeg has implemented an internal monitoring system. In addition, Nutmeg is obligated to retain an external assessor who is reviewing our Confidential Trash Handling Program.

## KNOW YOUR RESPONSIBILITY

As part of our Confidential Trash Handling Program, Nutmeg designates certain trash bags for proper disposal of confidential information. These trash bags are noted below. All confidential trash is to be stored inside the appropriate identified Confidential Trash containers in a **restricted** location **inside** your store's backroom for pick up.

**Blue trash bags** – used for disposal of Front Store and Dispensary confidential trash, which includes dispensary records, colleague records

**Green trash bags** – used for disposal of Dispensary stock bottles and prescription vials with or without PHI.

**Clear trash bags** – used for disposal of non-confidential information, including food and beverages and only placed in 1.7 gallon containers. PHI or other Confidential Information should **NEVER** be placed in a clear bag, even if only temporarily.

Confidential trash items must **ALWAYS** be placed in a Blue (or Green) bag and NOT be stored near the receiving doors, NOT be placed near other non-confidential trash, NOT be stored outside of the building and **NEVER** be discarded in the store's dumpster.

## MAINTAIN COMPLIANCE

To maintain compliance with the Confidential Trash Policy, all Dispensary Facility Personnel are responsible for ensuring their store has an appropriate pick up schedule and enough CINTAS containers to accommodate the volume of confidential trash produced.

## SAFEGUARDING TIPS

Below are some safeguarding tips to keep in mind when handling confidential information.

**DO** keep a clean desk and dispensary work area by locking up confidential information and properly disposing of confidential documents and magnetic media in blue trash bags when no longer needed.

**DO** accompany visitors in any areas where PHI or other confidential information may be accessible or overheard.

**DO** dispose of confidential trash in blue or green bags and place in the appropriate CINTAS containers in compliance with the Confidential Trash Handling Program.

**DO** take extra care when sending a fax with confidential information.

**DO** place expired (past the required retention period) confidential hardcopy records into blue trash bags and place into CINTAS containers for proper disposal.

– **NOTE:** If your store is planning to dispose a large number of expired records, the FIXX line must be contacted to schedule a “Special Expired Record Pick Up” outside your store’s normal schedule pick up service.

**DON’T**, at any time, dispose of confidential trash in recycle bins, the regular trash or garbage dumpsters (**NEVER!**). Confidential trash should be disposed of in the appropriate blue and green bags and placed inside a CINTAS container.

**DON’T** place any clear trash bags in or near the blue or green trash bags.

**DON’T** place any PHI materials in clear trash bags.

**DON’T** place clear trash bags in any container but a 1.7 gallon one.

**DON’T** share passwords or display them for easy retrieval.

**DON’T** leave confidential information, such as PII, on counters or desks. For example, completed ExtraCare card applications should not be left out. They should go immediately into the designated envelope.

**DON’T** use customer information for social networking. For example, using PII to invite a customer to be your Facebook friend would not be allowed.

**DON’T** speak in a loud voice about confidential information. Someone who does not have a business need to know may overhear.

**Don’t** use personal email addresses for business correspondence. This is the only account protected by our firewall. Personal email addressed accessed from your personal computer, and or smart phone must never be used for correspondence related to Nutmeg business and or PHI. Failure to comply with this policy may result in disciplinary action up to and including termination.

**DON’T** take notes on paper. (i.e. non-standard notebooks or on “recycled paper”) containing PHI on the reverse side. When taking notes in the dispensary, you must NEVER use a document that contains PHI. For example recycling printed reports and using the back side for note taking. All dispensary notes must be retained in the dispensary and disposed of in blue confidential waste bags when no longer needed. You must never take proprietary or confidential information home.

# DOCUMENT RETENTION FOR CONFIDENTIAL INFORMATION

## OVERVIEW

Not only do we have a process for handling and disposing of confidential information, we also have a process for retaining confidential information, such as patient records, charge slips and payroll records, to name a few. Due to the sensitivity of some of these documents, it is your responsibility to know where to keep these documents and for how long. These documents need to be properly stored to meet regulatory requirements.

## PROCEDURE FOR RETAINING PHI

All dispensary documents containing PHI, such as drug invoices, prescription files and transfer books should be properly stored and retained for a specified time. The Dispensary Facility must have a designated space available for the storage of old documents in the back room. It is the Dispensary Manager's responsibility to make sure that a designated space is available and inaccessible from customers or unauthorized personnel.

The Hardcopy Prescription Storage Box will assist with the storing of confidential hardcopy prescriptions and help improve the efficiency of retrieving records. All stored documents should be clearly labeled with the range of prescription numbers and dates of the documents enclosed. The California File Storage Boxes include preprinted spaces allowing colleagues to fill-in date ranges, prescription ranges, prescription type and retention information.

The Dispensary Manager is responsible for proper filing to ensure the security of all documentation.

Below are some points to remember when storing documents containing PHI:

NEVER use warehouse trays for storing of documents. ONLY use the California File Storage Boxes for this purpose.

Clearly label all boxes so that the documents are readily retrievable.

Store all boxes with the information facing out.

## Procedure for Retaining PCI and PII

All documents containing PCI and PII, such as applications, deposit logs and refund slips must be securely boxed and clearly labeled in order to make storage and identification easier. The boxes should be marked with the name of the items/reports contained, the time of items/reports contained and the words "Management Only" should appear on each box.

Below are some points to remember when storing documents containing PCI and PII:  
Boxes used should be appropriately sized for the items being stored.

Boxes should be securely closed with packaging tape to prevent items from becoming loose.

Avoid stacking boxes too high.

Always stack boxes with the heaviest items at the bottom.

## IMPACT OF NEW LAWS AND VIOLATIONS

### OVERVIEW

With the additions and amendments of laws related to the privacy and security of confidential information, HIPAA rules and regulations need to be reviewed and updated to ensure they complies with the requirements of these new laws.

The Health Information Technology for Economic and Clinical Health (HITECH) Act is one of the laws that were signed into effect after HIPAA. The provisions of HITECH include changes to HIPAA Privacy and Security obligations of both covered entities and business associates. These changes mandate that a new set of regulations be issued by the Department of Health and Human Services (HHS).

Another standard that we have to abide by when dealing with confidential information is the Payment Card Industry Data Security Standard (PCI DSS). This standard applies to PCI.

### HOW HITECH AFFECTS HIPAA

Previously, HIPAA rules and regulations only applied directly to covered entities and indirectly to business associates. Due to the improvements made in response to HITECH, changes were made to these rules and regulations and who they applied to.

One of the factors of HITECH makes covered entities and business associates more accountable to HHS and to individuals for proper protection of the private and personal information entrusted to their care.

HITECH focuses on improvements to five major areas of HIPAA.

#### **Business associates**

All of HIPAA rules now apply directly to business associates, including any penalties.

#### **Privacy and security breaches**

Covered entities are now required to notify individuals when their PHI has been compromised and they must maintain a breach log.

#### **Disclosure, sales and accounting of PHI**

Covered entities can no longer use or sell their customers' PHI for purposes of promoting products or services where funding is received from an outside source. Marketing is defined as a communication about a product or service in order to encourage its purchase or use. However, it excludes certain health-related communications, such as recommending alternative therapies or disease management programs.

#### **Health care operations**

Covered entities were previously able to use PHI for marketing purposes if the purpose qualified as "health care operations". The introduction of HITECH tightens this qualification so that it is more specific. In addition, covered entities cannot receive any sort of compensation.

## **Enforcement**

Audits were never previously required by the HHS; however, they were done within their discretion. Under HITECH, periodic audits are mandatory.

## CONSEQUENCES OF HIPAA VIOLATIONS

The Office of Civil Rights (OCR) enforces the rules set forth in HIPAA. The OCR also works with the Department of Justice (DOJ) to refer possible criminal violations of HIPAA.

The OCR enforces the HIPAA Privacy and Security Rules in many ways including:

Investigating complaints that have been filed

Conducting compliance reviews to determine if covered entities are in compliance

Performing education and outreach to foster compliance with the Rules' requirements

Failure to comply with HIPAA Rules can result in civil and criminal penalties. As part of the HITECH, a tiered civil penalty structure was established for HIPAA violations, with penalties ranging from \$100 to \$250,000 per violation, and can include possible imprisonment.

## HOW PCI DSS IMPACTS NUTMEG

Credit or debit card information that qualifies as CHD may appear on mail order forms where the credit card number is provided for co-pays and on credit card transactions. If your role involves you in the processing, transmitting and storage of cardholder data (CHD), then you need to be aware of the internal controls within your role that are in place to protect that data and maintain compliance with the governing standards.

These governing standards are implemented and maintained by the PCI DSS. The PCI DSS was created to help organizations that process card payments prevent credit card fraud. This standard applies to all organizations that process, transmit and store cardholder data.

We should comply with the standards of the PCI DSS. However, we should **never** store a customer's payment card information for future orders; this includes data that is printed on the card, stored on the card's magnetic strip or chip, and personal identification numbers entered by the cardholder. Failure to comply with PCI DSS could result in Nutmeg losing the ability to process credit card payments and being audited or fined.

# YOUR RESPONSIBILITY AS A NUTMEG DISPENSARY FACILITY PERSONNEL

## OVERVIEW

While HIPAA rules and regulations apply only to PHI, the principles of proper access, use, disclosure, safeguarding and disposal apply to all Confidential Information at Nutmeg.

When handling Confidential Information, you must:

Access, use and disclose confidential information for legitimate business purposes only – never for personal reasons

Only the “minimum amount necessary” should be accessed, used or disclosed

Administratively, technically, and physically safeguard when not in use

Properly dispose of Confidential Information in designated bags/containers

## RESPONSIBILITIES

Nutmeg is responsible for protecting the privacy and security of **all** Confidential Information at work. We also have the responsibility of reporting any violations or non-routine disclosures.

Non-routine disclosures and unauthorized disclosures of PHI or any allegation of unauthorized disclosure need to be logged and accounted for and reported to the Privacy Office. This includes any unauthorized disclosures, whether intended, unintended or mistaken, as well as any disclosures to public authorities. Examples include:

- Filled prescriptions that were stolen in a robbery
- A lost computer disk or CD containing PHI
- Customer complaints relating to receiving another customer’s PHI
- A misdirected fax containing any confidential information
- Confidential trash found in a recycle bin or garbage can
- A document containing confidential information that disappears when left at the copier or printer

The Privacy Office will also need to be informed and involved in any mitigation steps that were taken by the Dispensary Manager. This will assist in reviewing process improvement opportunities. Mitigation may include, counseling, sanctions (refer sanctions policy) and/or process changes.

## REPORT ISSUES

Report any violations or concerns about access, use or disclosure of confidential information to your management or e-mail: [Ethics@NutmegDispensary.com](mailto:Ethics@NutmegDispensary.com)

## NOTICE OF PRIVACY PRACTICES

The US Government's Health and Human Services ("HHS") website <http://www.hhs.gov/ocr/privacy/hipaa/understanding/index.html> has a wealth of information on HIPPA, with information focused on both a consumer's perspective and from the perspective of Covered Entities and Business Associates (like Nutmeg). It is highly recommended reading to reinforce what has been covered in this document.

The HHS website has expert updated teaching tools to help educate on the responsibilities of business associates under the HIPPA Privacy Rules and helps develop strategies for assessing and maintain a compliance program with the HIPPA Privacy Rule. This can be found at: <http://www.medscape.org/viewarticle/763251?src=ocr>

The following is from the HSS website explaining to a consumer why a company like Nutmeg may be asking them to sign a Notice of Privacy Practices:

### Notice of Privacy Practices

#### Why you are receiving a Notice from your doctors and health plan

Your health care provider and health plan must give you a notice that tells you how they may use and share your health information and how you can exercise your health privacy rights. In most cases, you should get this notice on your first visit to a provider or in the mail from your health insurer, and you can ask for a copy at any time. The provider or health plan cannot use or disclose information in a way that is not consistent with their notice.

#### Why you are asked to "sign" a form

The law requires your doctor, hospital, or other health care provider you see in person to ask you to state in writing that you received the notice. Often, that means the doctor will ask you to sign a form stating that you received the notice that day.

- The law does not require you to sign the "acknowledgement of receipt of the notice."
- Signing does not mean that you have agreed to any special uses or disclosures of your health records.
- Refusing to sign the acknowledgement does not prevent the entity from using or disclosing health information as the Rule permits it to do.
- If you refuse to sign the acknowledgement, the provider must keep a record that they failed to obtain your acknowledgement.

#### What is in the Notice

The notice must describe:

- the ways that the Privacy Rule allows the covered entity to use and disclose protected health information. It must also explain that the entity will get your permission, or authorization, before using your health records for any other reason.
- the covered entity's duties to protect health information privacy.
- your privacy rights, including the right to complain to HHS and to the covered entity if you believe your privacy rights



have been violated.

- how to contact the entity for more information and to make a complaint.

#### **When and how you can receive a Notice of Privacy Practices**

- Most covered health care providers must give notice to their patients at the patient's first service encounter (usually at your first appointment). In emergency treatment situations, the provider must give the patient the notice as soon as possible after the emergency. It must also post the notice in a clear and easy to find location where patients are able to read it.
- A health plan must give its notice to each new enrollee at enrollment, and send a reminder to every enrollee at least once every three years that the notice is available upon request. A health plan can give the notice to the "named insured," that is, the subscriber for coverage. It does not also have to give separate notices to any covered spouses and dependents.
- A covered entity must give a copy of the notice to anyone who asks for one. If a covered entity has a web site for customers, it must post its notice in an obvious spot there.

# **Nutmeg Dispensary**

## Dispensary Application

Proposal for a Dispensary License  
Under Public Act 12-55, an Act Concerning  
The Palliative Use of Marijuana

November 1, 2013

# Nutmeg Dispensary

4750 Main Street

Bridgeport, CT 06606

Tel: (203) 292-0146

Website: NutmegDispensary.com (not active)

Email: info@NutmegDispensary.com

November 1, 2013

Department of Consumer Protection  
Drug Control Division  
Medical Marijuana Program  
RFA #2013-109377  
165 Capitol Ave, Room 145  
Hartford, CT 06106  
[DCP.MMP@ct.gov](mailto:DCP.MMP@ct.gov)

Commissioner Rubenstein:

Nutmeg Dispensary respectfully submits our application for your review. Please find enclosed an application to license and operate a Dispensary facility at 4750 Main Street, Bridgeport, CT and serving Fairfield County patients.

Nutmeg is seeking zoning approval from Bridgeport Zoning Department for Nutmeg to use this location as a State licensed medical marijuana dispensary. We are going to public hearing on Tuesday, November 25, 2013 and we expect a reply that evening.

We present a unique solution. The management team is an extraordinarily powerful collaboration between the two managing partners and four subject matter experts, we have met all the requirements of the application and have elevated the bar by presenting world-class pharmacy-centric solutions for inventory and information security, dispensary operations and risk management. Nutmeg brings together best-of-class subject matter experts with their varying perspectives, business skills, and financial credibility.

We have answered all questions and have met or exceeded all financial and operational requirements in important and meaningful ways.

We have a great story to tell and look forward to your thorough review of our documents.

Sincerely,

Mark Roberts, Pharmacist

## **EXECUTIVE SUMMARY**

Funding:	\$700k (binding commitment)
Equity:	\$200k (on deposit, immediately available)
Loan:	\$500k (repayment starts in 2 years, 5-year loan, available upon licensing)
Site Control:	Signed Lease agreement w/landlord contingent on CT DCP licensing approval
Management Team:	Mark Roberts., Dispensary Facility Manager Robert Schutlen., Administration Officer & Dispensary Facility Backer Fred Ury., Ury & Moskow, Legal Doug Steinschneider, Information Security & Data Integrity Mark Resko. MCI Security Systems Jo-Ann Brill, Substance Abuse Counseling Services
Zoning:	City of Bridgeport zoning is pending a public hearing Monday, November 25, 2013
Building Specs:	1580 square feet, ample parking spaces
Patients:	Up to 1200 with resources to meet increases in demand
HIPPA:	Fully prepared
Website:	<a href="http://robertschutlen.wix.com/nutmeg-2">http://robertschutlen.wix.com/nutmeg-2</a> (under construction)
Local Law:	<b>Bridgeport Police &amp; Fire Departments have been contacted</b>
Integrity:	First and foremost. No anticompetitive behaviors will be tolerated
About Us:	



## NUTMEG DIFFERENTIATORS

<b>Regulatory Compliance</b>	Nutmeg has in-depth solutions for inventory control, security, information technology, and HIPPA to meet Connecticut's regulatory requirements, along with checklists and spreadsheets to manage all requirements.
<b>Patient Security</b>	Multiple layers of protection provide seamless security of people and data.
<b>MCS Program</b>	Medication Check Service is offered to all patients and includes a review of all medications, traditional and alternative, followed by a consultation on possible interactions.
<b>Patient Education</b>	Nutmeg places a high emphasis on education excellence — providing ample and high quality information to help patients choose products appropriately and understand how to use them effectively and responsibly. Nutmeg will give patients access to the best and most up-to-date clinical studies as reported in the top medical journals.
<b>Patient Feedback</b>	Process in place to create a HIPPA compliant database that tracks patient feedback against various consumption methodologies and ingredient mixes. Nutmeg will manage the feedback from patients regarding the efficacy of different types of marijuana in treating their specific conditions.
<b>UConn Efficacy Study</b>	Working with Michael White, PharmD, Director Pharmacy Practice, UConn / Hartford Hospital Evidence-based Practice Center. Dr. White expertise is in meta-analysis, systematic review and clinical trial projects evaluating comparative effectiveness of different drug, device and alternative treatments. Nutmeg is working with Dr. White currently to agree on data sets to collect for the analysis of the efficacy of medical marijuana on specific disease states. Nutmeg would like to lead the CT based dispensaries in this data collection endeavor.
<b>Counseling Services</b>	Nutmeg is highly focused on educating patients on proper medication practices and thereby avoiding substance misuse issues. In addition to consultation with our dispensaries, Nutmeg offers free one-on-one counseling with Nutmeg's LCSW licensed, substance abuse professional.
<b>Integrity</b>	Doing the right thing, every day for the State and for our

patients. Nutmeg will not be involved with the any industry alliances or anticompetitive practices.

### **Detail Oriented**

Nutmeg has developed the following manuals and outline to help develop and run this business:

1. Facility Security Manual- **46** pages
2. Business Plan- **83** pages
3. Information Security & Data Integrity Manual- **32** pages
4. New Patient Manual v6- **30** pages
5. Operations Manual- **56** pages
6. Staff Training and Employment Manual- **19** pages
7. Handling PHI and Other Confidential Information (HIPPA)- **23** pages

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**A. BUSINESS INFORMATION OF APPLICANT (250 Points)**

Complete the Dispensary Facility Information Form

Attached as **Exhibit A**.

Provide a brief summary (no longer than five double-spaced pages) of the applicant's qualifications, experience and industry knowledge relevant to the development and operation of a dispensary facility

The Nutmeg team has expertise in start-ups, management consulting and retail pharmacy, many expertises are needed to make Nutmeg a long-term success. Mr. Roberts and Schulten will be working with Nutmeg on a full time basis.

The two partners are:

➤ **Mark Roberts, Dispensary Facility Manager**

Mark is a lifelong Connecticut resident, currently residing in Fairfield. His six-year pharmacy career with CVS has been peerless where he has progressed rapidly in responsibility and scope from pharmacy intern to pharmacy manager.

Mark currently manages and oversees an 8-person team in his current role. He takes great pride in his hands-on approach to his company, and will enlist a similar style as a Dispensary Manager at Nutmeg. His superior communication skills have allowed him to develop and maintain trust with his expanding patient base that provides an excellent working relationship with higher management within CVS. Mark's pharmacy has the longest running record of "Store of Excellence" in the lower CT district.

Mark brings the ability to energize others and sees opportunity in expanding his management skills while making a statement in this new and exciting growth business.

➤ **Robert Schulten, Chief Administrative Officer & Nutmeg's Sole Dispensary Facility Backer**

Rob is also a lifelong Connecticut resident, currently residing in Fairfield. Rob has had many management and development roles in his 30 year career working as a management consultant in the banking and industrial industries. In his 16 years with General Electric working for GE Corporate group in Fairfield, he advised and managed many green field new plant start-ups giving him full exposure to skill-sets necessary to lead a new project through development and into production. Rob has consistently been able to pull the right team with the right skill sets together then motivate them to work cohesively which are critical attributes to a new venture's success in both the start-up and operations phases. He is trained in and has taught Six Sigma Quality Course to companies in both the manufacturing and services sectors.

Rob has a chemical engineering degree from Tufts University and an MBA in finance and marketing from the University of Chicago. Rob will be the sole Dispensary Facility Backer for Nutmeg. Having a single source of funding should expedite the licensing process, improve operating flexibility,

and create financial stability.

### **Professional and Advisory Support Team.**

One of the dispensary's key assets is the strength of the team it has recruited to provide expertise and advice to Nutmeg as it makes important decisions about every aspect of operation.

#### ➤ **Fred Ury, Legal Services**

Fred is the founding member of the law firm of Ury & Moskow, LLC located in Fairfield, Connecticut. He is a Board Certified Civil Lawyer and past President of the Connecticut Bar Association (2004-2005). He was admitted to the Connecticut Bar and U.S. District Court for the District of Connecticut in 1977, the New York Bar in 1989 and the United States Supreme Court in 1982. Mr. Ury also represents other attorneys accused of ethical violations and currently heads the Ethics Committee for the American Bar Association.

#### ➤ **Doug Steinschneider, Security and Data Integrity**

Doug has been a trusted Information Technology advisor to Connecticut based companies since 1985. Doug's specialties include data security, sales & marketing, process improvement, compliance, network threat management and implementation of Backup & Disaster Recovery (BDR).

Most applicable for Nutmeg was Doug's involvement in developing and implanting PCI Data Security Standards, the Payment Card Industry data security standard which is a set of requirements designed to ensure that **all** companies that **"process, store or transmit"** credit card information maintain a secure environment. The security standards include:

- Build and Maintain a Secure Network
- Protect Cardholder Data
- Maintain a Vulnerability Management Program
- Implement Strong Access Control Measures
- Regularly Monitor and Test Networks
- Maintain an Information Security Policy

#### ➤ **Jo-Ann Brill, Licensed Professional Clinician with extensive poly-substance abuse experience**

Jo-Ann's 33 year career as a LCSW working in a variety of clinical assignments. Currently she works as a Behavioral Health Evaluator with a local area hospital where she is a psychiatric social worker evaluating psychiatric and substance patients, assessing their immediate needs and coordinating their required services with referring agencies.

#### ➤ **Mark Resko, MCI Security Systems, Fairfield**

Mark's extensive career in professional security installation and system maintenance made him a valuable contributor to the team.

Background information on the management team can be found in the Nutmeg Business Plan, attached as **Exhibit B**, and specifically starting on page 48:

- Pharmacy credentials
  - Mark Roberts, Dispensary Facility Manager
- Resumes for:
  - Mark Roberts
  - Robert Schulten, Administrative Officer and Dispensary Facility Backer
- Letter of Reference:
  - Mark Roberts
  - Robert Schulten, Administrative Officer and Dispensary Facility Backer

Provide a financial statement setting forth the elements and details of all business transactions connected with your application.

For simplicity sake, Nutmeg has one Dispensary Facility Backer, a managing partner in the LLC's Operating Agreement, Robert Schulten.

Nutmeg had a costly and failed Public Hearing in Fairfield where a facility was rented (Dr. Blank's Medical Office) for a period of four months, accounting for over half of the costs year-to-date. The 2014 costs are as follows:

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### Nutmeg Dispensary Costs

Year: 2013

Product	Amount	Date	website
Adobe Converter	\$ 20.19	3/18/13	Your Order number: AD007295288
Google business Application	\$ 10.00	7/1/13	
Google business Application	\$ 10.00	8/1/13	
Google business Application	\$ 10.00	9/1/13	
Google business Application	\$ 10.00	10/1/13	
Home Depot mold & radon	\$ 42.45	7/10/13	
july rent- 400 Main St., Fairfield	\$ 2,224.56	7/10/13	
Sep rent- 400 Main St., Fairfield	\$ 2,901.62	8/28/13	
aug rent- 400 Main St., Fairfield	\$ 2,901.62	8/1/13	
MMJ Business Daily Factbook	\$ 86.00	3/15/13	
Go Daddy Web Names	\$ 80.02	3/19/13	sales@godaddy.com
CT sec of state- name reservation	\$ 70.00	3/19/13	check
CT sec of state- llc	\$ 120.00	7/10/13	check
Google wallet- mmj book on CO rules	\$ 16.87	6/17/13	Your Google Play Order Receipt from Jun 17, 2013
Floor Planner	\$ 14.95	6/24/13	
Cherie Ferguson- typing/formatting	\$ 1,096.00	6/14/13	
Fred Ury- Legal	\$ 1,500.00	11/1/31	
fairfield application	\$ 174.00	9/27/13	
Cabezas DeAngelis- Fairfield land survey	\$ 1,800.00	8/23/13	
Cabezas DeAngelis- Bridgeport land survey	\$ 2,500.00	10/31/13	
Bridgeport Zoning Application	\$ 680.00	10/25/13	
Oct Rent- 400 Main St., Fairfield	\$ 2,901.62	10/1/13	
Home Depot mold & radon	\$ 86.67	7/10/13	
LD Products- printer ink	\$ 116.62	10/28/13	
FexEx Printing- Bridgeport Zoning Application	\$ 201.29	10/25/13	
FexEx Printing- Bridgeport Zoning Application	\$ 113.71	10/24/13	
Home Depot supplies	\$ 3.69	10/21/13	
Home Depot Replacement Lense	\$ 21.25	10/16/13	
LD Products- printer ink	\$ 99.90	10/9/13	
Newegg- computer drive	\$ 79.99	9/23/13	
Amazon- computer drive	\$ 86.99	9/19/13	
4InkJets- printer ink	\$ 21.80	8/28/13	
Discount Inkjet- printer ink	\$ 43.68	8/28/13	
BigDrop423- printer ink	\$ 30.80	7/31/13	
FexEx Printing- Bridgeport Zoning Application	\$ 26.19	10/25/13	
FexEx Printing- Bridgeport Zoning Application	\$ 31.53	10/24/13	
Office Max- Bridgeport Zoning Application	\$ 13.28	10/25/13	
USPS- Postage	\$ 16.84	10/26/13	
Minuteman Press	\$ 141.28	10/29/13	

Dr. Blank TOTAL	\$ 2,224.56
	\$ 2,901.62
	\$ 2,901.62
	\$ 2,901.62
	\$ 10,929.42

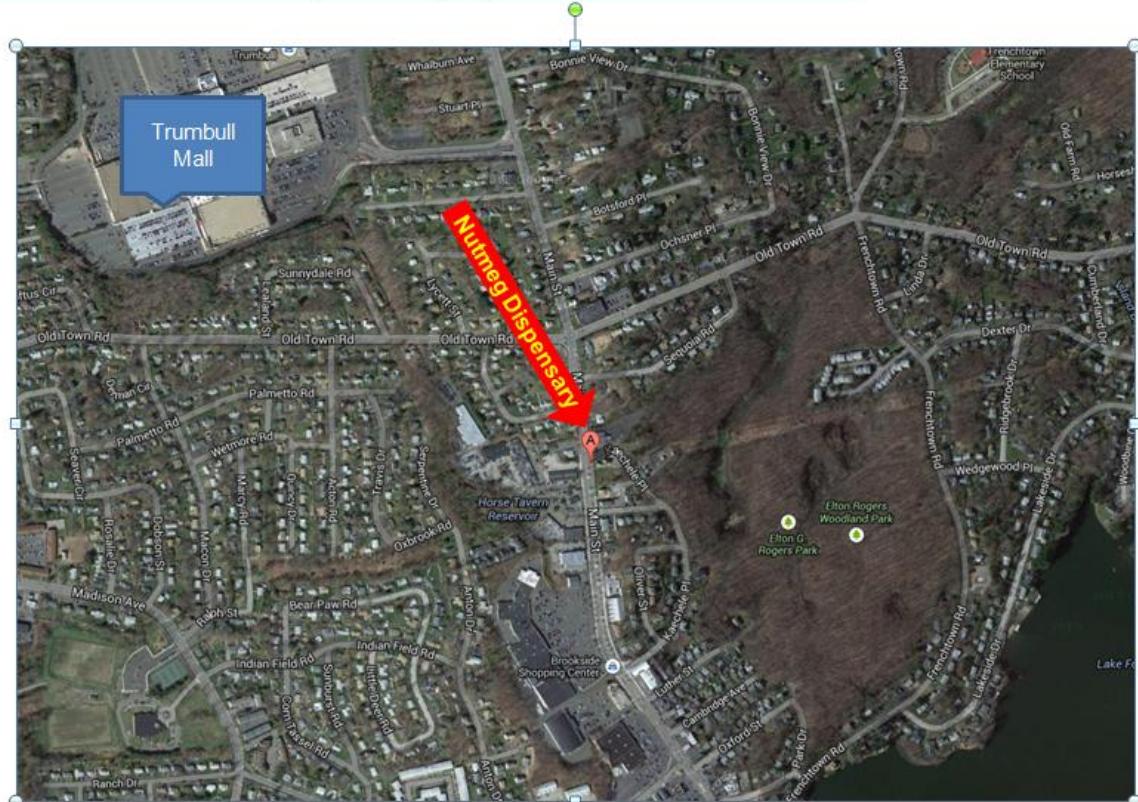
**TOTAL To Date** **\$ 20,305.41**

## B. LOCATION AND SITE PLAN (250 Points)

The location of the proposed dispensary facility

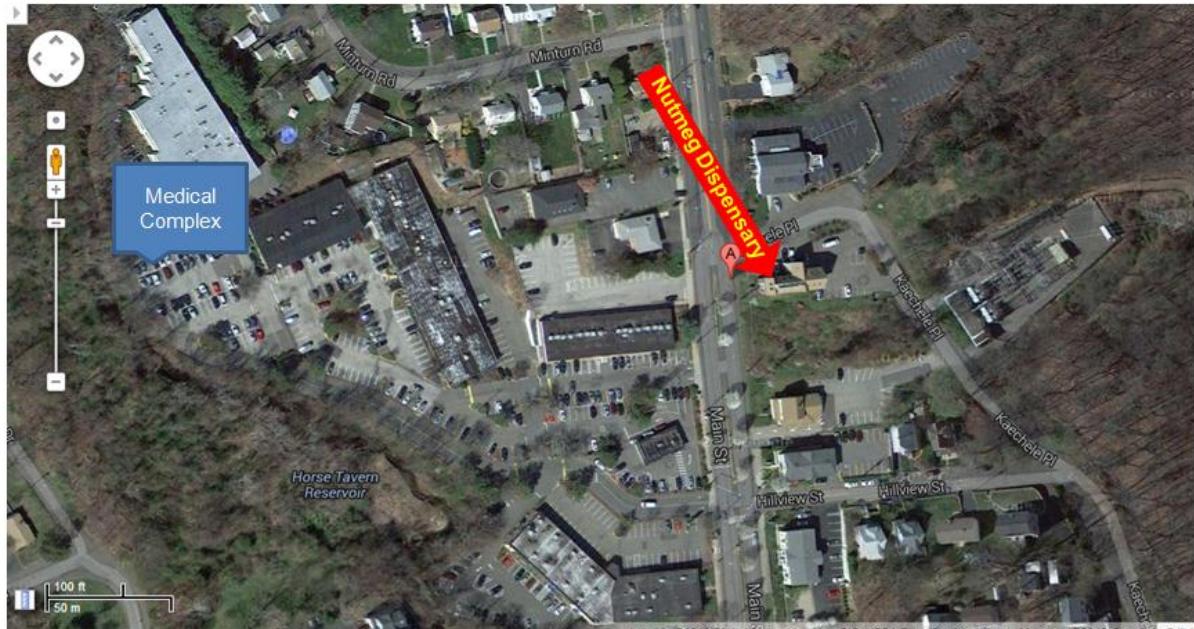
4750 Main Street, Bridgeport, CT 06606

### **4750 Main Street, Bridgeport, CT**



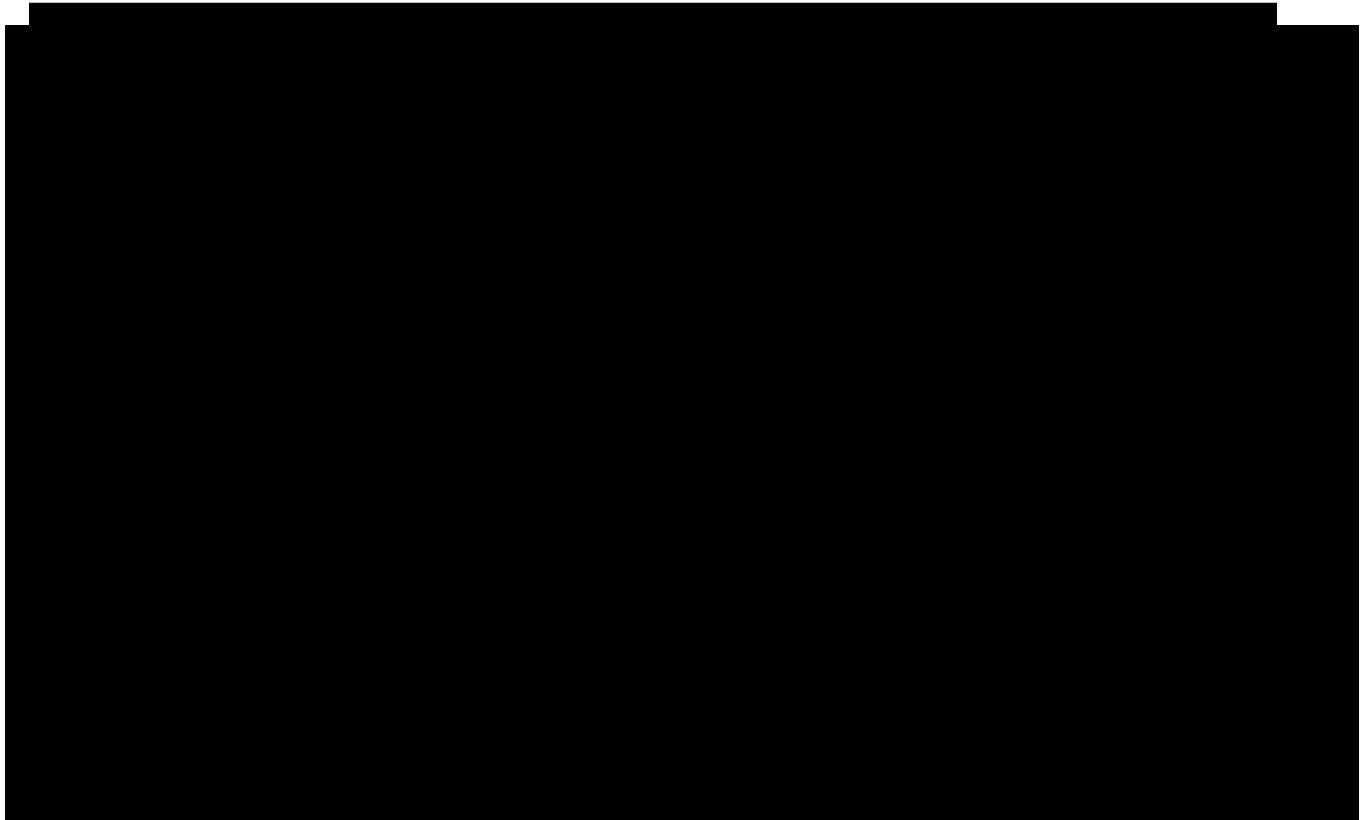
**Stand Alone, Retail Building in Bridgeport's OR- Office/Retail Zone**

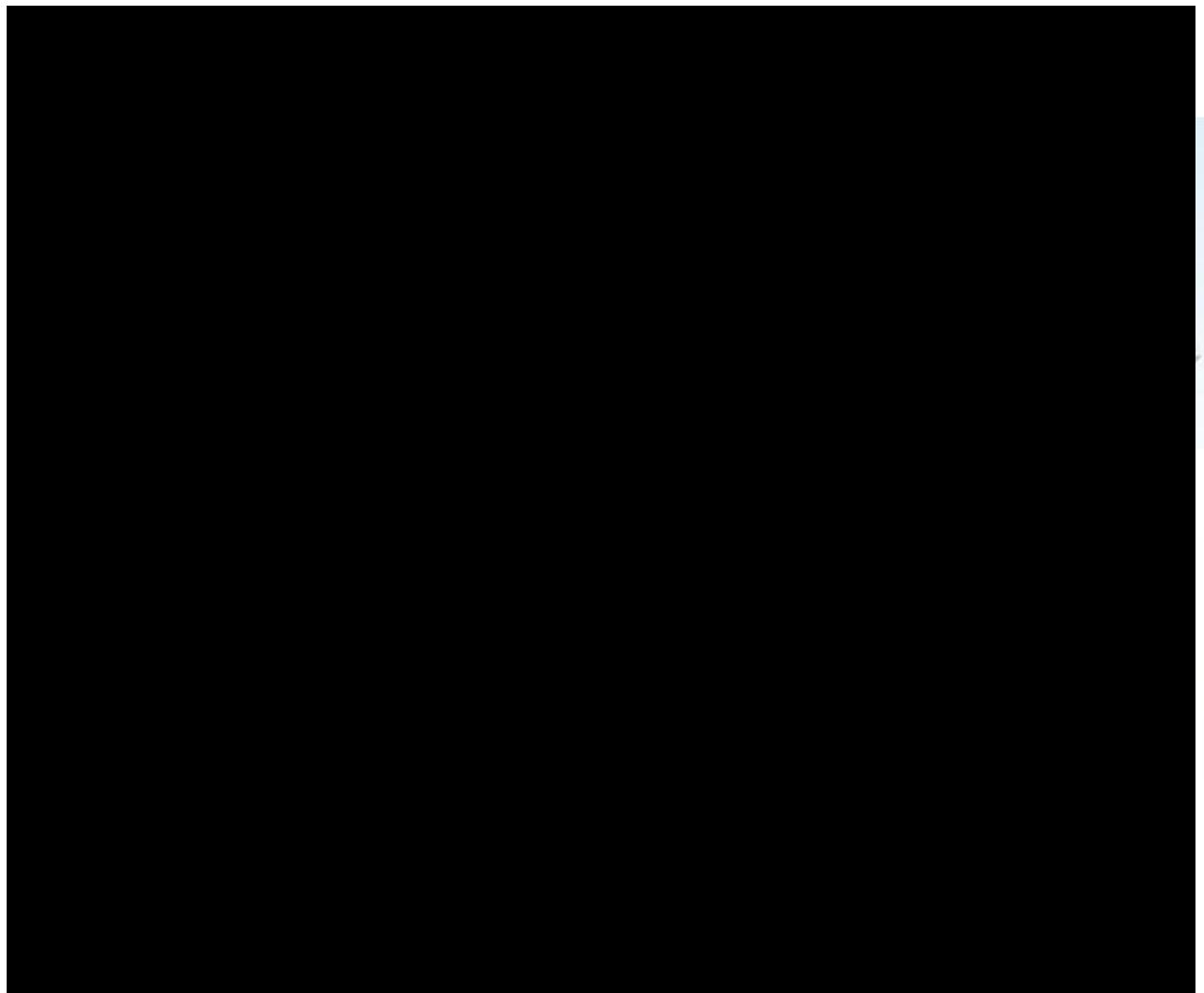
## 4750 Main Street, Bridgeport, CT



**Closer View of the block where Nutmeg is Located**

### Proposed Usage by Function





## Outside Pictures of 4750 Main Street, Bridgeport, CT



North Side of Building



East Side of Building



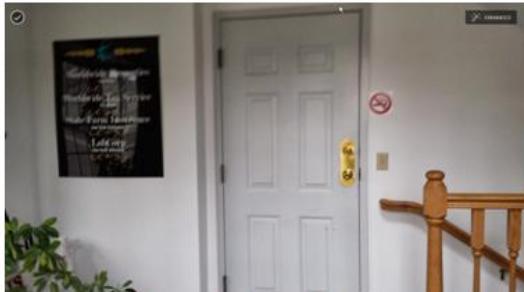
North Side of Building

Steps up to  
Nutmeg's  
Entrance



**Nutmeg has Optioned for Lease the First Floor Area**

## Inside Pictures of 4750 Main Street, Bridgeport, CT



Entry from front of building



Looking from back to front



Looking from front to back

**Ample Space for Nutmeg's Patients and Security Areas**

Documents sufficient to establish that the applicant is authorized to conduct business in Connecticut and that state and local building, fire and zoning requirements and local ordinances are met for the proposed location of the dispensary facility;

**Legal:**

Nutmeg Dispensary, Inc., Nutmeg is a Connecticut limited liability company founded on July 12, 2013 with the purpose of applying for a Dispensary License in CT.

CT Business ID: 11001880.

EIN: 46-3981458

CT DRS Sales and Use Permit No.: 60097896-001

**Zoning:**

Nutmeg is seeking zoning approval from Bridgeport Zoning Department for Nutmeg to use this location as a State licensed medical marijuana dispensary. We are going to public hearing on Tuesday, November 25, 2013 and we expect a reply that evening. Our hope is the DCP will still consider our very serious application.

**Bridgeport Building and Fire Departments:**

Both recommended Nutmeg pass all zoning requirements before proceeding with their inspections. Building did not anticipate any issue since the space was recently occupied with an office use and Nutmeg's use would not be substantially different. Again, Fire did not anticipate any issues since Nutmeg's use is seen as an office type use and no chemicals or flammables will ever be on the premises.

If the property is not owned by the applicant, provide a written statement from the property owner and landlord certifying that they have consented to the applicant operating a dispensary facility on the premises;

Attached, as **Exhibit C** is a fully signed lease. Below is the document certifying that a medical marijuana facility can be operated in the space leased.

Mr. Joseph Voll  
Worldwide Property Management  
4750 Main Street  
Bridgeport, CT 06606

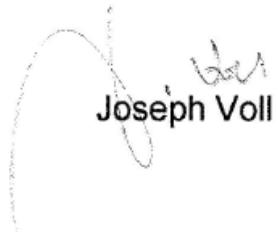
Nutmeg Dispensary  
4750 Main Street  
Bridgeport, CT 06606

October 23, 2013

Sirs:

As property owner and landlord, I hereby certify that I consent to Nutmeg Dispensary operating a licensed medical marijuana dispensary under the regulations of the Connecticut Department of Consumer Protection. I think this medical application is appropriate considering the other tenants in this building where I office my own business.

Regards,

  
Joseph Voll

Joseph C. Voll Worldwide  
Owner and Landlord, 4750 Main Street, Bridgeport, CT 06606

Any text and graphic materials that will be shown on the exterior of the proposed dispensary facility;

From page 36 of the Nutmeg Business Plan, attached as Exhibit B:



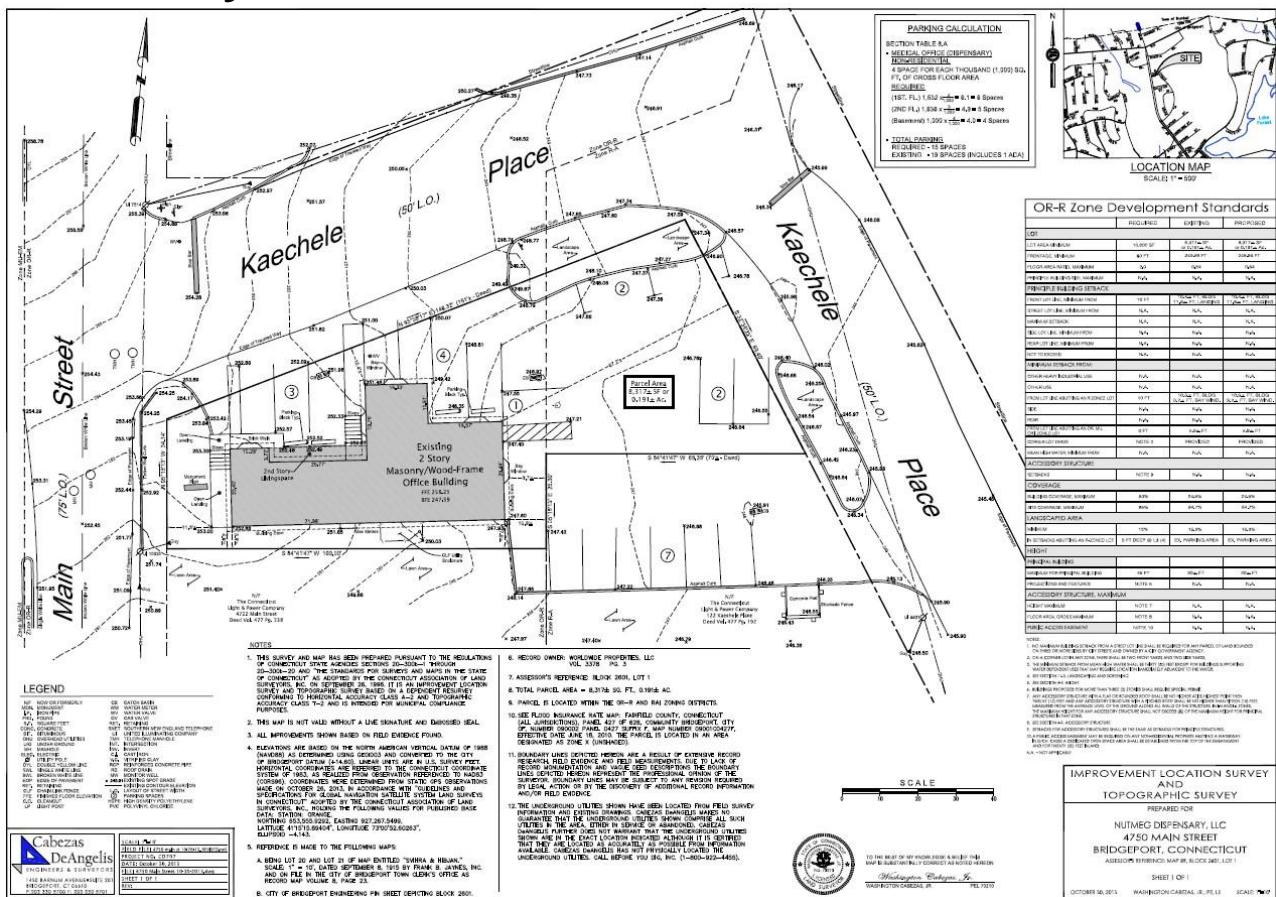
Photographs of the surrounding neighborhood and businesses sufficient to evaluate the proposed dispensary facility's compatibility with commercial or residential structures already constructed, or under construction, within the immediate neighborhood;

Again, from the Nutmeg Business Plan, attached as **Exhibit B** please review the section titled "Site Location" which has two aerials of the facility, showing the surrounding medical office buildings. Also included in that section are pictures of the outside and inside of the building, pictures of the building with current and proposed signage, and pictures of the neighborhood standing at the entrance to Nutmeg. To the backside of the dispensary (eastward), there is a large park.

A site plan drawn to scale of the proposed dispensary facility showing streets, property lines, buildings, parking areas, and outdoor areas, if applicable, that are within the same block as the dispensary facility;

An A-2 survey was developed as a part of the process for the City of Bridgeport to grant Nutmeg a letter of zoning compliance. See below:

## A-2 Survey of 400 Post Road





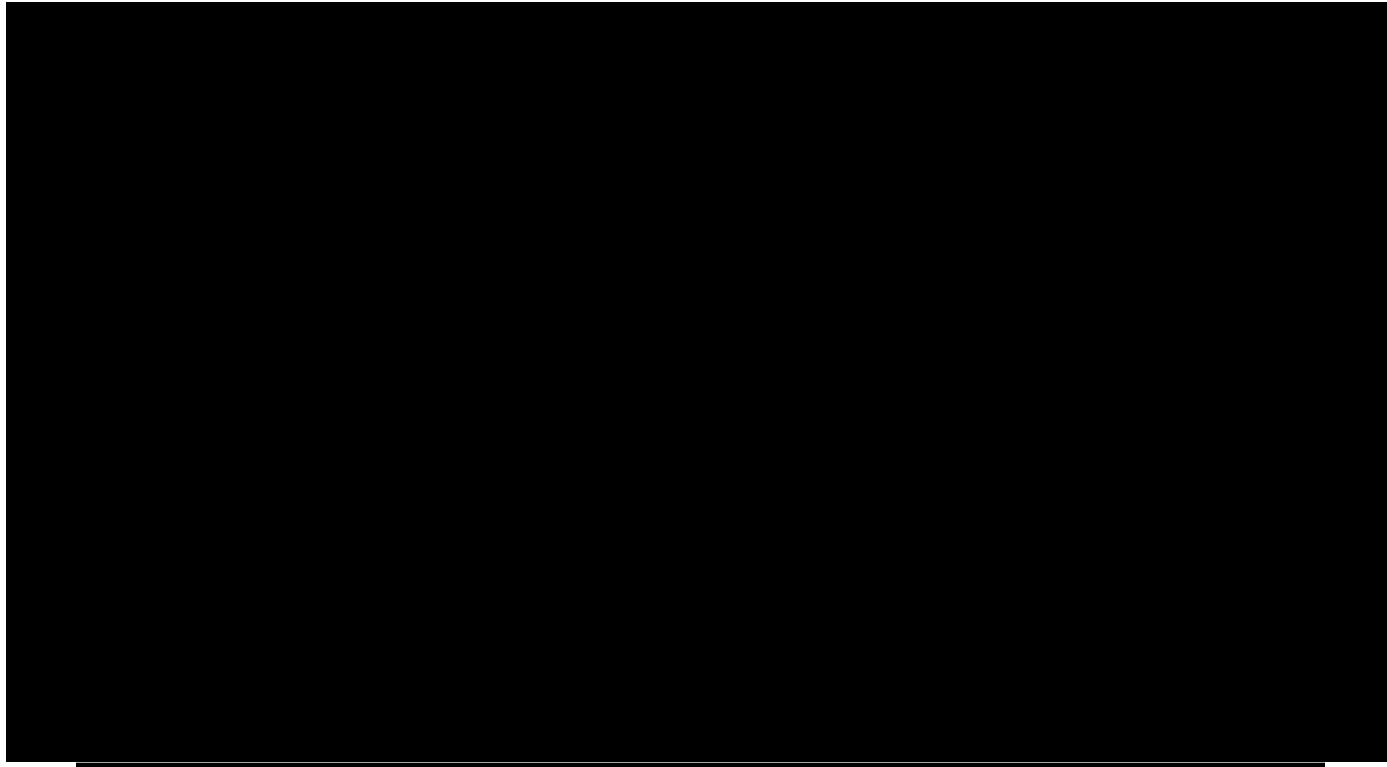
For further details, please see Nutmeg Business Plan, Section titled "Site Selection" attached as **Exhibit B**.

A map that identifies all places used primarily for religious worship, public or private school, convent, charitable institution, whether supported by private or public funds, hospital or veterans' home or any camp or military establishment that are within 1000 feet of the proposed dispensary facility location;

Please see Nutmeg Business Plan, Section titled "Limited Neighborhood Impact" attached as **Exhibit B**, starting on page 42.

A blueprint, or floor plan drawn to scale, of the proposed dispensary facility, which shall, at a minimum, show and identify the following:

## Proposed Usage by Function



Please see Nutmeg Business Plan, attached as **Exhibit B**, Section titled "Facility Layout".

- a. The location and square footage of the area which will constitute the dispensary department from which marijuana and marijuana products will be sold;  
Tan area on graphic above, dispensary area is 714 SF.
- b. The square footage of the overall dispensary facility;  
1580 SF
- c. The square footage and location of areas used as storerooms or stockrooms within the dispensary department;  
Safe Room is 39 SF, Surveillance Room is 83 SF
- d. The size of the counter that will be used for selling marijuana and marijuana products within the dispensary department;  
The counter, in dark red above, is 124 inches long by 24 inches wide.
  - e. The location of the dispensary facility sink and refrigerator, if any; There is one sink located in the dispensary's toilet facility. The refrigerator, is in the kitchen area (both bathroom and kitchen are in the dispensary area). An additional refrigerator may be installed in the Safe Room if required for edibles.
- f. The location of all approved safes and approved vaults that will be used to store

marijuana and marijuana products;

Two safes and Nutmeg's cash management system (see Nutmeg Facility Security Manual, page 13 for details) will be behind an access controlled and locked door in Safe Room in the dispensary area.

- g. The location of the toilet facilities; The toilet facility for the dispensary is in the dispensary area in the above graphic
- h. The location of a break room and location of personal belonging lockers; Kitchen will serve as the break room. Lockers will be made available for staff to lock and store their belongings.
- i. The location and size of patient counseling areas, if any; Most counseling will be done over-the-counter by the dispensary on duty. For additional counseling needs, the reception area will serve as a counseling room at times when the dispensary is closed. This will be suitable since only one-on-one counseling is anticipated.
- j. The locations where any other products or services, in addition to marijuana and marijuana products, will be offered, if any; and  
**Just over the counter.**
- k. The location of all areas that may contain marijuana and marijuana products showing the location of walls, partitions, counters and all areas of ingress and egress.

At night, all marijuana and marijuana products will be stored in the Safe Room with the dispensary area.

During operating hours, marijuana will be taken from the Safe Room and put into the under counter narcotics locker for ease of dispensing. The quantity stored in the under counter narcotics locker is limited so that it will need to be refreshed periodically during the day. At night, all products in the narcotic counter will be emptied and placed into the two safes in the Safe Room.

Upon sale, a customer will take marijuana or marijuana product from the dispensing counter, through the reception area and out the front (public) entrance, to the parking lot and their car.

The public will enter Nutmeg through a small entryway at the front of the building. They will leave the same way. All outside doors will be commercial grade, with commercial grade lock, will be alarmed and surveilled. Access control requiring both a key and a password will be needed to gain access through these two doors.

### **C. PROPOSED BUSINESS PLAN (500 Points)**

A detailed description of all products intended to be offered by the dispensary facility during the first year of operation;

Nutmeg plans to offer only marijuana and paraphernalia. The marijuana products sold will depend on what is available from the Producers. There will be a limited selection of paraphernalia that might include pipes, vaporizers, papers, books and small safes for secure storage. The paraphernalia will largely be sold from a book that the dispensary will show customers and explain usage, pros and cons.

A detailed description of all services to be offered by the dispensary facility during the first year of operation;

**MCS Program**

Medication Check Service is offered to all patients and includes a review of all medications, traditional and alternative, followed by a consultation on possible interactions.

**Patient Education**

Nutmeg places a high emphasis on education excellence — providing ample and high quality information to help patients choose products appropriately and understand how to use them effectively and responsibly. Nutmeg will give patients access to the best and most up-to-date clinical studies as reported in the top medical journals.

**Patient Feedback**

Process in place to create a HIPPA compliant database that tracks patient feedback against various consumption methodologies and ingredient mixes. Nutmeg will manage the feedback from patients regarding the efficacy of different types of marijuana in treating their specific conditions.

**UConn Efficacy Study**

Working with Michael White, PharmD, Director Pharmacy Practice, UConn / Hartford Hospital Evidence-based Practice Center. Dr. White expertise is in meta-analysis, systematic review and clinical trial projects evaluating comparative effectiveness of different drug, device and alternative treatments. Nutmeg is working with Dr. White currently to agree on data sets to collect for the analysis of the efficacy of medical marijuana on specific disease states. Nutmeg would like to lead the CT based dispensaries in this data collection endeavor.

**Counseling Services**

Nutmeg is highly focused on educating patients on proper medication practices and thereby avoiding substance misuse issues. In addition to consultation with our dispensaries, Nutmeg offers free one-on-one counseling with Nutmeg's Licensed Clinical Social Worker (LCSW), substance abuse professional.

A detailed description of the process that a dispensary facility will take to ensure that access to the dispensary facility premises will be limited only to employees, qualifying patients and primary caregivers;

**For Patients and Caregivers:**

Qualified patients or their registered caregiver will pass from the well-lit and surveilled parking lot, and first enter Nutmeg's vestibule. After entering the building through the commercial grade steel front door with commercial locks, patients step through to find themselves in the reception area. Patients will give to the receptionist their CT State issued medical marijuana registry card, it will be swiped to verify the patient's credentials and determine that the identity of the patient matches all the patient's credentials. For proof of identity, the patient must provide an additional form of non-expired photo identification that may include CT driver's license, US passport, military or dependent ID. The Nutmeg receptionist will use the dispensary's workstation terminal to retrieve the patient's records from the Patient Management/POS Software used by Nutmeg to track its patients' information. The receptionist will be able to retrieve the following information for registered patients:

- A photo of the patient
- A copy of their CT driver's license
- Purchase history
- Record key information including registration certificate expiration date, and month-to-date purchase volume.
- Nutmeg management has the ability to prohibit sales to a specific registration certificates
- All important patient information including: name, phones, email, mailing address, physician information, electronic certification verification and expiration, birth date, designated caregiver status, diagnosis information/symptoms, favorites, preferred contact method, permission to communicate, and paperwork status.

Once an existing patient of Nutmeg has been verified, the receptionist will (i) evaluate whether the patient is in good standing (i.e., he or she has not violated any of Nutmeg's policies or procedures) and (ii) ascertain the amount of medical marijuana which is available to the patient based upon the allowable limits within any one month period. (This confirmation of the amount of medical marijuana available to the patient is also conducted at the dispensing counter by the Dispensary Technician – a double-check ensuring full compliance with Connecticut regulations).

If the patient has an appointment and a valid CT State registry card with matching photo identification, but is a new patient then that patient (or caregiver) will be then buzzed through the second security door, admitting them to the dispensary area where they can finish their registration process. Nutmeg will allow patients to provide the majority of the required registration information on-line from our website to expedite the process for first time patients visiting Nutmeg.

**It is important to note, the two doors leading into the reception area and the door into the dispensary area cannot both be opened at the same time. For security**

**reasons, the entrance door cannot be opened if a visitor is being buzzed through to the dispensary. This prevents unwanted visitors from entering. Since patients will be scheduled by appointment only, Nutmeg does not expect this entry process to inconvenience patients.**

Upon exiting the dispensary, the patient will reverse the course outlined above. At all times, in the hallways, common areas and parking lot, the patient will be visible on security cameras and their movements recorded.

**Access Control for Employees:**

As an additional **layer** of security, beyond what is required in the CT DCP regulations, Nutmeg will install an Access Control System at all doors to the facility. The system will monitor who goes where and when and is an integral part of Nutmeg's overall security system. In order to ensure internal security, staff members will be assigned individual IDs cards that, based on their individual security clearance, will either grant or deny entry into sensitive areas (front and back doors, Surveillance Room and Safe Room). This will also allow for a very effective audit trail of all company personnel. Non-company personnel will be denied access through the facility, unless cleared, and properly logging-in and escorted by an authorized employee. Access control augments Nutmeg's comprehensive security management system will provide compliance, operational efficiency and audit control over Nutmeg's security and business operations.

Please note entrances to all sensitive areas are protected by the dual key entry system that includes both an electronic card entry and keyed commercial lock. This alarm code will change monthly and will be known only by the dispensary manager and the administration officer. It will take a properly authorized electronic card to get through the second door from the reception area into the dispensary reception area, therefore Nutmeg does not expect this entry process to inconvenience patients.

A detailed description of the features, if any, that will provide accessibility to qualifying patients and primary caregivers beyond what is required by the Americans with Disabilities Act;

Nutmeg will make the following changes to the facility to make it more compliant. The building was constructed in 1986, but many features of the facility have been changed to be more ADA compliant:

- There is existing handicap parking and we will re-sign it to make it stand out better
- New door knobs at the front door will be replaced with lever handle

A detailed description of any air treatment or other system that will be installed and used to reduce off-site odors;

If necessary a small self-contained carbon filtration system will be installed in the Safe Room, where smells may accumulate due to the duration of storage. Smell, if any, is expected to be de minimis because the dispensary receives “sealed” containers. If smell is an issue and extends beyond the Safe Room, then Nutmeg will install an in-line carbon filtration system into the current HVAC system. Nutmeg, though it leases a portion of a larger office facility, has its own separate HVAC system, so installing a carbon air cleaning system is relatively simple.

A detailed description of the process by which marijuana and marijuana products will be delivered to a dispensary facility from the producer, including the protocols that will be used to avoid any diversion, theft or loss of marijuana;

Delivery and diversion issues are well covered in both Nutmeg's Operations Manual, attached as **Exhibit I, (see** page 10) and.

### **Receiving Process.**

For security reasons, the date and time for receiving from a producer will be handled exclusively by the dispensary facility manager. Once secured inside Nutmeg, the product will be scanned into the inventory system so that the producer's identification number is collected for each salable unit. Once all units have been scanned, totals will be checked against the invoice or shipping manifest. All salable units are to be locked securely in the safe. The dispensary facility manager will then sign or initial invoice documents. Receiving will always be done in what is defined as the "Safe Room" on the facility floor plan.

A detailed description of the training and continuing education opportunities that will be provided to dispensary facility employees;

This is contained in Nutmeg's Staff Training & Employment Manual attached as **Exhibit F**.

A detailed description of any processes or controls that will be implemented to prevent the diversion, theft or loss of marijuana.

Nutmeg understands the importance of security and we have developed the **many layers** of protections for our facility's security and for our information & data as well. Please see Nutmeg Security Manual, attached as **Exhibit D** that covers the facility's physical security. Specifically, to prevent diversion, theft or loss, many layers of protection are in place minimize that possibility. We also outline our response in the event of loss. The items covered in the Nutmeg Security Checklist, starting on page 3, includes, Surveillance & Alarm Systems, Access Control, defined processes in place, physical features, hardware, and the importance of a well-trained staff.

Nutmeg feels so strongly about patient and financial information security, we have a separate manual devoted exclusively to it. Please see in our "Security & Data Integrity Manual", attached as **Exhibit E**.

## D. PROPOSED MARKETING PLAN (250 Points)

Provide a copy of the applicant's proposed marketing plan and include any web templates and educational materials such as brochures, posters, or promotional items.

From page 20 of the Nutmeg Business Plan:

### Marketing and Sales.

*Our mission statement "Making people's life better is what inspires us." determines our approach to marking and sales.*

1. **Branding and positioning.** Under the guidance of Nutmeg's experienced retail pharmacist, Nutmeg will utilize a service-oriented approach to differentiate ourselves by promoting both healing and a healthy lifestyle. We also believe the overwhelming portion of those seeking medical marijuana will be responsive to this wellness-based approach, so our brand will reflect this. Our dispensary facility personnel will be professional in appearance, and see themselves as a positive, integral part of the community.

Nutmeg's approach is designed to better meet the needs of patients who seek a modern, clean, safe and professionally managed medical facility. General differentiators that appeal to patients will include the following:

- **Focus on Healing** - Nutmeg emphasizes health and healing.
- **Helping the Greater Good**- We will actively ask patients to participate in our UConn Efficacy Study so that they can give-back to other patients by providing how effective various stains with varying ingredients help their disease symptoms.
- **Service Orientation** - Nutmeg's staff will be seasoned and expert pharmacy managers and technicians who are very experienced in working with people and their illnesses. We are truly committed to service, quality and providing a high degree of information to patients in a consultative format.
- **Low Profile** - Acceptable to local businesses and neighbors while providing an easy and positive patient experience. Minor impact to both harmony and traffic in the surrounding neighborhood.
- **Streamlined and Cost Effective** - Low overhead and consistent application of technology provides a reliable, repeatable and low cost customer experience.
- **High Quality Medical Marijuana** - Producers will compete based on both quality and price to guarantee to our patients that they receive the best medical marijuana in Connecticut.
- **Reliance on Merchandising** - Nutmeg will take a personalized approach to dispensing so service is tailored to each patient's individual medical needs.
- **Use of Current Technology** - Nutmeg will utilize point-of-sale software and bar-coding technology to help manage its transactions and track inventory.

This technology provides more information and control to help us make better decisions about how to better serve patients, reduce errors, and transact efficiently.

**2. Competition.** Nutmeg faces competition from illegal sales of marijuana, although this is very difficult to quantify because it is a prohibited activity but not to be underestimated since total cost of delivery to the patient is far lower. Legal medical marijuana must be price competitive with illegal sales and should prevail given the guaranteed quality due to laboratory testing and certification.

**3. Pricing Strategy.** In order to prevent diversion of medicine to the illegal market, Nutmeg will set its average marijuana price at the mid-point range of current (illegal) market prices for medical marijuana in Connecticut. Through its pricing practices, Nutmeg will support state law by discouraging diversion.

Pricing will reflect the type of marijuana, quantity purchased and quality. Various price points will be offered so that all demographics will have a variety of product choices.

**4. Marketing Objectives.** In view of data and opportunities presented within this plan, the following summarizes general objectives for the dispensary in the next one to two years of operation:

- **Increase Patient Education** – Nutmeg will support patients by providing the access to high quality research as found in the most respected medical journals.
- **Highest Standards** - Nutmeg plans to increase attract patients by providing exceptional service at a fair price.
- **Increase Brand Awareness** - Our design and service-based programs, based on best practices of leading successful dispensaries, will make us a destination for patients throughout Fairfield County.
- **Internet Presence** - Nutmeg's web page will offer patients FAQ's, directions and pictures of the facility and the enrollment process. See: <http://robertschulten.wix.com/nutmeg-2>

**5. Marketing / Promotional Strategy.** The best way to attract patients and build awareness is through word of mouth referrals. Our goal is to give the best value in terms of marijuana, education and other services so that our patients develop a sense of loyalty and provide word-of-mouth referrals.

- **Exclusive Patient Focus** - Nutmeg's exclusive focus will be on the patients and their safety. Nutmeg will not be part of any "alliance" in Connecticut since we believe this undermines the fair trade practices being instituted by the DCP.
- **Viral Marketing** - Satisfied patients are the most effective means to promote Nutmeg.

6. **Sales Strategy.** As a service-based organization focused on patient wellness, our approach to sales must clearly reflect that orientation. Accordingly, sales will be consultative and focused on patient care - not retail product selling in the traditional sense. A strong emphasis will be placed on customer service and product knowledge to ensure that patients are provided with accurate and useful information.

This is critical, since doctors do not recommend the type or form of marijuana to patients - only that they are approved for its medicinal use. Therefore, our staff will be highly trained, on a continuing basis, to advise patients on the different types of marijuana and how to help a patient choose appropriately for their needs.

At the same time, the dispensary facility must also operate efficiently in order to remain financially viable and deliver on its long-term mission. Therefore, the dispensary will provide ongoing training to its staff to ensure that they are properly prepared to provide excellent service and do so with expediency. Nutmeg will monitor their performance by tracking transaction data for all staff.

Individual technician feedback, coupled with regular department meetings, will be used as training opportunities to continually improve dispensary facility staff capabilities.

## E. FINANCIAL STATEMENTS AND ORGANIZATIONAL STRUCTURE (500 Points)

Documents such as the articles of incorporation, articles of association, charter, by-laws, partnership agreement, agreements between any two or more members of the applicant that relate in any manner to the assets, property or profit of the applicant or any other comparable documents that set forth the legal structure of the applicant or relate to the organization, management or control of the applicant

- We will evaluate the financial soundness and funding sources of the applicant to assess the extent and nature of external sources that may influence the manner in which the applicant operates and manages its business.
- We will evaluate the applicant, backers and key personnel for appropriateness of credentials, training, qualifications, experience, competence and past legal and regulatory compliance that may be relevant to their ability to: (i) carry out their designated roles for the applicant; and (ii) successfully complete work on projects of a similar size and scope, in the same or comparable line of business, to those required by this RFA.

There are a variety of documents to be presented here, they include:

- Articles of Incorporation are shown below
- Please see **Exhibit G**, “Operating Agreement of Nutmeg Dispensary, LLC” which outlines the responsibility of both members.
- Commitment letter from Robert Schulten to Nutmeg Dispensary, executed copy shown below.



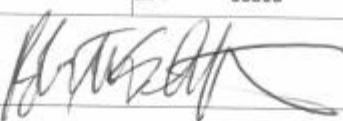
## SECRETARY OF THE STATE OF CONNECTICUT

MAILING ADDRESS: COMMERCIAL RECORDING DIVISION, CONNECTICUT SECRETARY OF THE STATE, P.O. BOX 150470, HARTFORD, CT 06115-0470  
DELIVERY ADDRESS: COMMERCIAL RECORDING DIVISION, CONNECTICUT SECRETARY OF THE STATE, 30 TRINITY STREET, HARTFORD, CT 06106  
PHONE: 860-509-6003 WEBSITE:

### ARTICLES OF ORGANIZATION LIMITED LIABILITY COMPANY - DOMESTIC

C.G.S. §§34-120; 34-121

USE INK. COMPLETE ALL SECTIONS. PRINT OR TYPE. ATTACH 8 1/2 X 11 SHEETS IF NECESSARY.

<b>FILING PARTY (CONFIRMATION WILL BE SENT TO THIS ADDRESS):</b> NAME: ROBERT M. SCHULTE ADDRESS: 105 WATERVILLE ROAD		<b>FILING FEE: \$120</b> MAKE CHECKS PAYABLE TO "SECRETARY OF THE STATE"
CITY: SOUTHPORT STATE: CT ZIP: 06890		
<b>1. NAME OF LIMITED LIABILITY COMPANY - REQUIRED:</b> (MUST INCLUDE BUSINESS DESIGNATION I.E. LLC, LLC, ETC.) NUTMEG DISPENSARY, LLC		
<b>2. DESCRIPTION OF BUSINESS TO BE TRANSACTED OR PURPOSE TO BE PROMOTED - REQUIRED:</b> ATTACH 8 1/2 X 11 SHEETS IF NECESSARY MEDICAL MARIJUANA DISPENSARY		
<b>3. LLC'S PRINCIPAL OFFICE ADDRESS - REQUIRED:</b> (NO P.O. BOX) PROVIDE FULL ADDRESS. "SAME AS ABOVE" NOT ACCEPTABLE. ADDRESS: 105 WATERVILLE ROAD		
CITY: SOUTHPORT STATE: CT ZIP: 06890		
<b>4. MAILING ADDRESS, IF DIFFERENT THAN #3: PROVIDE FULL ADDRESS. "SAME AS ABOVE" NOT ACCEPTABLE.</b> ADDRESS: CITY: STATE: ZIP:		
<b>5. APPOINTMENT OF STATUTORY AGENT FOR SERVICE OF PROCESS - REQUIRED:</b> (COMPLETE A OR B NOT BOTH) ■ A. IF AGENT IS AN INDIVIDUAL, PRINT OR TYPE FULL LEGAL NAME:  ROBERT M. SCHULTE		
<b>BUSINESS ADDRESS</b> (P.O. BOX NOT ACCEPTABLE) IF NONE, MUST STATE "NONE"		<b>CONNECTICUT RESIDENCE ADDRESS</b> (P.O. BOX NOT ACCEPTABLE)
ADDRESS: NONE		ADDRESS: 105 WATERVILLE ROAD
CITY:		CITY: SOUTHPORT
STATE:		STATE: CT
ZIP:		ZIP: 06890
<b>SIGNATURE ACCEPTING APPOINTMENT:</b> 		

B. IF AGENT IS A BUSINESS:  
PRINT OR TYPE NAME OF BUSINESS AS IT APPEARS ON OUR RECORDS:

CT BUSINESS ADDRESS (P.O.BOX UNACCEPTABLE)

ADDRESS:

CITY:

STATE:

ZIP:

SIGNATURE ACCEPTING APPOINTMENT ON BEHALF OF AGENT:

PRINT NAME & TITLE OF PERSON SIGNING:

6. MANAGER OR MEMBER INFORMATION-REQUIRED: (MUST LIST AT LEAST ONE MANAGER OR MEMBER OF THE LLC.)  
ATTACH 8 1/2 X 11 SHEETS IF NECESSARY.

NAME	TITLE	BUSINESS ADDRESS (No. P.O Box) IF NONE, MUST STATE "NONE"	RESIDENCE ADDRESS: (No. P.O Box)
MARK G. ROBERTS	DISPENSARY MANAGER	NONE	28 KENWOOD AVENUE FAIRFIELD, CT 06824
ROBERT M. SCHULTEN	ADMINISTRATIVE OFFICER	NONE	105 WATERVILLE ROAD SOUTHPORT, CT 06890

7. MANAGEMENT - PLACE A CHECK NEXT TO THE FOLLOWING STATEMENT ONLY IF IT APPLIES

MANAGEMENT OF THE LIMITED LIABILITY COMPANY SHALL BE VESTED IN A MANAGER OR MANAGERS

8. EXECUTION: (SUBJECT TO PENALTY OF FALSE STATEMENT)

DATED THIS 9TH DAY OF JULY 2013

NAME OF ORGANIZER (PRINT OR TYPE)	SIGNATURE
ROBERT M. SCHULTEN	

AN ANNUAL REPORT WILL BE DUE YEARLY IN THE ANNIVERSARY MONTH THAT THE ENTITY WAS FORMED/REGISTERED AND CAN BE  
EASILY FILED ONLINE @  
CONTACT YOUR TAX ADVISOR OR THE TAXPAYER SERVICE CENTER AT THE DEPARTMENT OF REVENUE SERVICES AS TO ANY  
POTENTIAL TAX LIABILITY RELATING TO YOUR BUSINESS, INCLUDING QUESTIONS ABOUT THE BUSINESS ENTITY TAX.  
TAX PAYER SERVICE CENTER: (800) 382-9463 OR (860) 297-5962 OR GO TO

## Robert M. Schulten Commitment Letter

### The Commitment Letter

The following outlines the Dispensary Backer, Robert M. Schulten's, commitment to Nutmeg Dispensary, Inc.:

This Commitment Letter is intended to set forth the general loan parameters, as agreed to by the Borrower, Nutmeg Dispensary, Inc. ("Nutmeg"), a Connecticut Corporation and the Lender, as defined below, as they relate to the financing of Nutmeg in its efforts to establish a medical marijuana Dispensary under Public Act 12-55, An Act Concerning the Palliative Use of Marijuana. The following sets forth the terms and conditions upon which the Lender will make the loan to Nutmeg:

**Lender:** Robert M. Schulten  
**Borrower:** Nutmeg Dispensary, Inc., Mark G. Roberts  
**Loan Amount:** Up to a maximum of \$700,000.00 to be used for the purpose of establishing and operating a Medical Marijuana Dispensary.  
**Loan Terms:** A five (5) year, unsecured loan at an interest rate of twelve percent (12%) per annum.  
**Contingencies:** The Lender shall have no obligation to commit any funds to Nutmeg until:

1. Nutmeg has secured the necessary licenses, permits and approvals to establish and operate a Medical Marijuana Dispensary in the State of Connecticut, in accordance and in compliance with the laws of the State of Connecticut.
2. The Lender signs a Promissory Note and Loan Agreement pertinent to the operation of the Dispensary.
3. Nutmeg has provided to the Lender all relevant material and financial projections requested by the Lender and no adverse change or material disruption shall have occurred from the date of this Commitment Letter.
4. Both parties agree that any expense incurred in the execution of this instrument will be the sole responsibility of each party, respectively.

**General Terms:** It is agreed that this Commitment Letter is subject to the terms and conditions set forth herein and that the Lender shall have no obligation to fund the loan unless all of the conditions contained herein are fully satisfied.

We, the undersigned, hereby agree to the above terms and conditions of this Commitment Letter.

Date: 10/2/2013

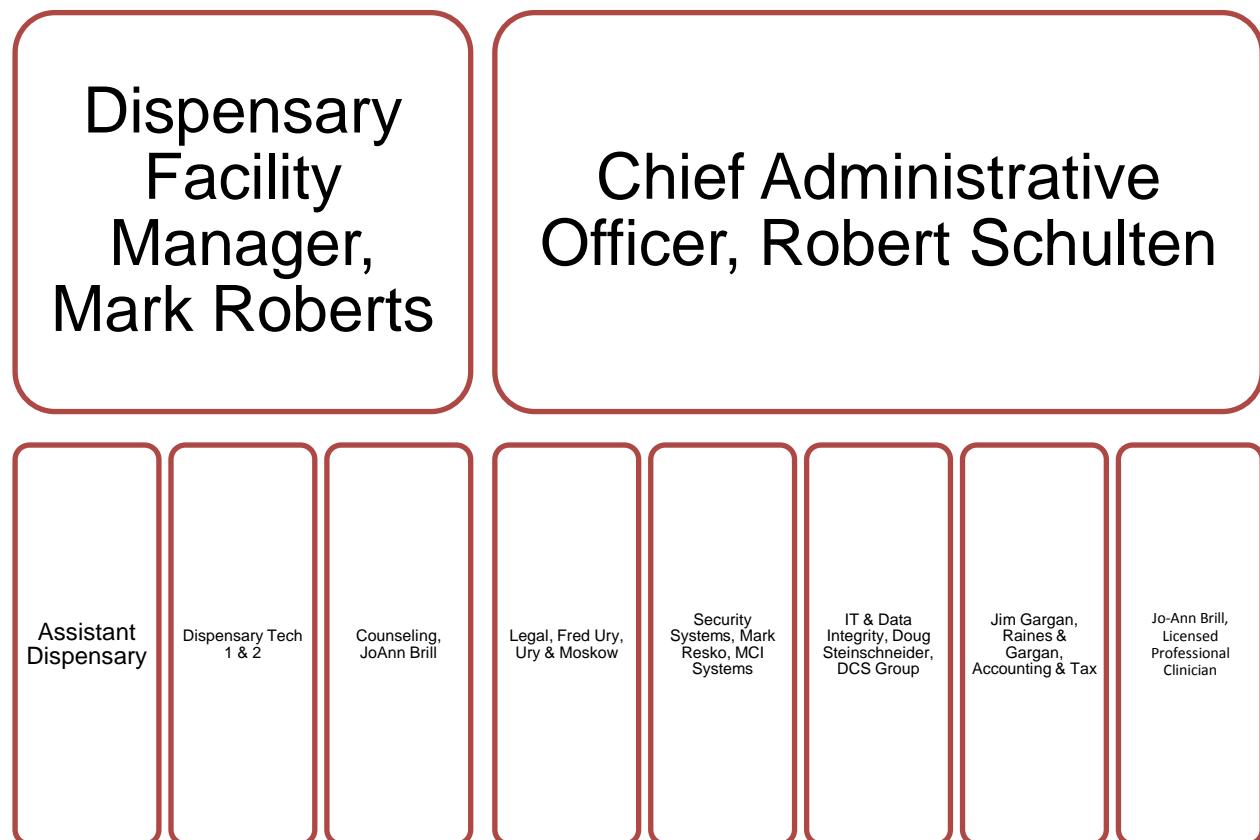
By:

LENDER  
  
\_\_\_\_\_  
Robert M. Schulten

By:

NUTMEG DISPENSARY, INC.  
  
\_\_\_\_\_  
Mark G. Roberts  
Its: Dispensary Manager, duly authorized

A current organizational chart that includes position descriptions and the names and resumes of persons holding each position to the extent such positions have been filled. To the extent such information is not revealed by their resume, include additional pages with each resume setting out the employee's particular skills, education, experience or significant accomplishments that are relevant to owning or operating a dispensary facility;



Resumes for Mark Roberts & Robert Schulten are included in the Nutmeg Business Plan, attached as Exhibit B, page 56. Thumbnails below:

**Management.** Nutmeg will be managed by the Dispensary Manager and the Chief Administration Officer ("CAO").

#### ➤ **Mark Roberts, Dispensary Facility Manager**

Mark is a lifelong Connecticut resident, currently residing in Fairfield. His six-year pharmacy career with CVS has been peerless where he has progressed rapidly in responsibility and scope from pharmacy intern to pharmacy manager.

Mark currently manages and oversees an 8-person team in his current role. He takes great pride in his hands-on approach to his company, and will enlist a similar style as a Dispensary Manager at Nutmeg. His superior communication skills have allowed him to develop and maintain trust with his

expanding patient base that provides an excellent working relationship with higher management within CVS. Mark's pharmacy has the longest running record of "Store of Excellence" in the lower CT district.

Mark brings the ability to energize others and sees opportunity in expanding his management skills while making a statement in this new and exciting growth business.

➤ **Robert Schulten, Chief Administrative Officer & Nutmeg's Sole Dispensary Facility Backer**

Rob is also a lifelong Connecticut resident, currently residing in Fairfield. Rob has had many management and business development roles in his 30 year career working as a management consultant in the banking and industrial industries. In his 16 years with General Electric working for GE Corporate group in Fairfield, he advised and managed many green field plant start-ups giving him full exposure to skill-sets necessary to lead this new project from development to operation.

Rob has a chemical engineering degree from Tufts University and an MBA in finance and marketing from the University of Chicago. Rob will be the sole Dispensary Facility Backer for Nutmeg. Having a single source of funding should expedite the licensing process, improve operating flexibility, and speed once Nutmeg is operating.

## C. Professional and Advisory Support Team.

One of the dispensary's key assets is the strength of the team it has recruited to provide expertise and advice to Nutmeg as it makes important decisions about every aspect of operation.

### 1. Connecticut-Based Advisory Team

➤ **Fred Ury, Legal Services**

Fred is the founding member of the law firm of Ury & Moskow, LLC located in Fairfield, Connecticut. He is a Board Certified Civil Lawyer and past President of the Connecticut Bar Association (2004-2005). He was admitted to the Connecticut Bar and U.S. District Court for the District of Connecticut in 1977, the New York Bar in 1989 and the United States Supreme Court in 1982. Mr. Ury also represents other attorneys accused of ethical violations and currently heads the Ethics Committee for the American Bar Association.

➤ **Doug Steinschneider, DCS Group, Security and Data Integrity**

Doug has been a trusted Information Technology advisor to Connecticut based companies since 1985. Doug's specialties include data security, sales & marketing, process improvement, compliance, network threat management and implementation of Backup & Disaster Recovery (BDR). See his website at: <http://www.dcsgroupllc.com/#!>

Most applicable for Nutmeg was Doug's involvement in developing and implanting PCI Data Security Standards, the Payment Card Industry data security standard which is a set of requirements designed to ensure that all companies that "process, store or transmit" credit card information maintain a secure environment. The security standards include:

- Build and Maintain a Secure Network
- Protect Cardholder Data
- Maintain a Vulnerability Management Program
- Implement Strong Access Control Measures
- Regularly Monitor and Test Networks
- Maintain an Information Security Policy

➤ **Jo-Ann Brill, Licensed Professional Clinician with extensive poly-substance abuse experience**

Jo-Ann's 33 year career as a LCSW working in a variety of clinical assignments. Currently she works as a Behavioral Health Evaluator with a local area hospital where she is a psychiatric social worker evaluating psychiatric and substance patients, assessing their immediate needs and coordinating their required services with referring agencies.

➤ **Mark Resko, MCI Security Systems, Fairfield**

Mark's extensive career in professional security installation and system maintenance made him a valuable contributor to the team.

The name, title and a copy of the resume of the person who will be responsible for all information security requirements, including the requirement that patient information remain confidential;

Robert Schulten, Chief Administration Office and Dispensary Facility Backer, in conjunction with Doug Steinschneider, DCS Group, DCS Group, Security and Data Integrity

Robert Schulten's resume is on page 58 of Nutmeg's Business Plan, attached as **Exhibit B.**

A copy of all compensation agreements with dispensary facility backers, directors, owners, officers, other high-level employees or any other person required to complete Appendices B, C or E. For purposes of this RFA, a compensation agreement includes any agreement that provides, or will provide, a benefit to the recipient whether in the form of salary, wages, commissions, fees, stock options, interest, bonuses or otherwise;

There is no compensation agreement on wages, commissions, fees, stock options, or bonuses. The Nutmeg Business plan provides for wages for both Mark Roberts and Robert Schulten but only after 6 months of operation, a time suitable to get this new business up and running efficiently.

Interest of both members of Nutmeg are covered in the Nutmeg Operating Agreement (**Exhibit G**), and are Mark Roberts, 50%; Robert Schulten, 50%.

Describe the nature, type, terms, covenants and priorities of all outstanding bonds, loans, mortgages, trust deeds, pledges, lines of credit, notes, debentures or other forms of indebtedness issued or executed, or to be issued or executed, in connection with the opening or operating of the proposed dispensary facility

Commitment letter from Robert Schulten to Nutmeg Dispensary, executed copy shown below.

### The Commitment Letter

The following outlines the Dispensary Backer, Robert M. Schulten's, commitment to Nutmeg Dispensary, Inc.:

This Commitment Letter is intended to set forth the general loan parameters, as agreed to by the Borrower, Nutmeg Dispensary, Inc. ("Nutmeg"), a Connecticut Corporation and the Lender, as defined below, as they relate to the financing of Nutmeg in its efforts to establish a medical marijuana Dispensary under Public Act 12-55, An Act Concerning the Palliative Use of Marijuana. The following sets forth the terms and conditions upon which the Lender will make the loan to Nutmeg:

**Lender:** Robert M. Schulten

**Borrower:** Nutmeg Dispensary, Inc., Mark G. Roberts

**Loan Amount:** Up to a maximum of \$700,000.00 to be used for the purpose of establishing and operating a Medical Marijuana Dispensary.

**Loan Terms:** A five (5) year, unsecured loan at an interest rate of twelve percent (12%) per annum.

**Contingencies:** The Lender shall have no obligation to commit any funds to Nutmeg until:

1. Nutmeg has secured the necessary licenses, permits and approvals to establish and operate a Medical Marijuana Dispensary in the State of Connecticut, in accordance and in compliance with the laws of the State of Connecticut.
2. The Lender signs a Promissory Note and Loan Agreement pertinent to the operation of the Dispensary.
3. Nutmeg has provided to the Lender all relevant material and financial projections requested by the Lender and no adverse change or material disruption shall have occurred from the date of this Commitment Letter.
4. Both parties agree that any expense incurred in the execution of this instrument will be the sole responsibility of each party, respectively.

**General Terms:** It is agreed that this Commitment Letter is subject to the terms and conditions set forth herein and that the Lender shall have no obligation to fund the loan unless all of the conditions contained herein are fully satisfied.

We, the undersigned, hereby agree to the above terms and conditions of this Commitment Letter.

Date: 10/2/2013

By:

LENDER  
  
Robert M. Schulten

NUTMEG DISPENSARY, INC.

By:

  
Mark G. Roberts  
Its: Dispensary Manager, duly authorized

Provide audited financial statements for the previous fiscal year, which shall include, but not be limited to, an income statement, balance sheet, statement of retained earnings or owners' equity, statement of cash flows, and all notes to such statements and related financial schedules, prepared in accordance with generally accepted accounting principles, along with the accompanying independent auditor's report. If the applicant was formed within the year preceding this application, provide certified financial statements for the period of time the applicant has been in existence and any pro forma financials used for business planning purposes;

Please see **Exhibit M**, "Audited Financial Statement for 2013 YTD". Nutmeg Dispensary started in July, 2013.

Three year financial projections can be found in the Nutmeg Business Plan, attached as **Exhibit B**, and specifically starting on page 63, Nutmeg Dispensary 3-year Income Statement, Balance Sheet and Cash Flow Statements.

Provide complete copies of all federal, state and foreign (with translation) tax returns filed by the applicant for the last three years, or for such period the applicant has filed such returns if less than three years.

Please see the attached **Exhibit L**, "Tax Returns for Mark Roberts".

Provide complete copies of the most recently filed federal, state and foreign (with translation) tax returns filed by each: (i) dispensary facility backer; and (ii) each backer member identified in Section B of Appendix B.

Please see the attached **Exhibit K**, "Tax Returns for Robert Schulten".

## **F. BONUS POINTS (250 points)**

**Employee Working Environment Plan:** Describe any plans you have to provide a safe, healthy and economically beneficial working environment for your employees, including, but not limited to, your plans regarding workplace safety and environmental standards, codes of conduct, healthcare benefits, educational benefits, retirement benefits, and wage standards.

Workplace safety and employment expectations are outlined in detail in Nutmeg's Staff Training & Employment Manual that is attached as **Exhibit D**. In addition, for employee safety policies, procedures and training see Nutmeg's Facility Security Manual that is attached as Exhibit A (See pages 26-33).

**Compassionate Need Plan:** Describe any compassionate need program you intend to offer. Include in your response:

- The protocols for determining which patients will qualify for the program;
- The discounts available to patients eligible for the compassionate need program;
- The names of any other organizations, if any, with which you intend to partner or coordinate in connection with the compassionate need program, including any producer applicant; and
- Any other information you think may be helpful to the Department in evaluating your compassionate need program.

Compassion Care discounts are outlined in Nutmeg's New Patient Manual, attached as **Exhibit H**. The excerpt from page 14 is as follows:

### **Compassion Discount Program**

1. Nutmeg will occasionally offer discounted marijuana or marijuana products, either as incentives or as assistance for those with lesser ability to pay, such as seniors (65 years of age or over), veterans and patients on disability.
2. State, Federal and Military Disability Patients- 5% discount once per month (ID required)
3. Cancer and AIDS Compassionate Care Program- 10% discount once per month (ID required)
4. Nutmeg's Medication Check Service will be provided to all patients

**Research Plan:** Provide the Department with a detailed proposal to conduct, or facilitate, a scientific study or studies related to the medicinal use of marijuana. To the extent it has been determined, include in your proposal, a detailed description of:

- The methodology of the study;
- The issue(s) you intend to study;
- The method you will use to identify and select study participants;
- The identify of all persons or organizations you intend to work with in connection with the study, including the role of each;
- The duration of the study; and
- The intended use of the study results.

Nutmeg is working with UCONN's School of Pharmacy, Dr. Michael White, to develop a database to help evaluate the efficacy of medical marijuana. Nutmeg's goal will be to roll out this data collection methodology to all CT based dispensaries. This will be done in tight conjunction with the DCP.

Nutmeg places great emphasis on researching and developing product and dosing methodologies that best fit the needs of patients. We will use patient feedback forums including anonymous web-based tools, pharmacist consultations, and direct feedback documentation to assess patient satisfaction. Results of the proposed research study with UCONN's School of Pharmacy will be shared with doctors state wide to help them administer to their patients needs better.

The outline of the proposed study, as presented to UCONN is as follows:

### **UCONN: Medical Marijuana Efficacy Analysis**

#### **Background:**

CT was the 16<sup>th</sup> State to approve legislation regarding the production and distribution of medical marijuana for palliative uses. The CT Department of Consumer Protection (DCP) will oversee a two-tier system of producers, which will be responsible for the growth and manufacture of medical marijuana into various dosage forms and dispensary facilities, which will dispense the products made by producers to the public.

The soon to be licensed CT medical marijuana dispensary facilities are ideally situated in the supply chain to collect objective and subjective data from both producers and patients.

#### **Goal:**

The research goal is to formulate a scientifically rigorous methodology to evaluate the efficacy and adverse effects of marijuana strains including variation in:

- Tetrahydrocannabinol (THC)
- Tetrahydrocannabinol acid (THCA)

- Cannabidiols (CBD)
- Cannabidiolic acid (CBDA)
- Any other active ingredient that constitutes at least 1% of the marijuana dispensed

Evaluate the efficacy and adverse effects of treating the 11 disease states approved by the Department of Consumer Protection in regards to variation in dosage form, (vaporizers, topical applications, baked products, etc.), dosage frequency and administration.

The pharmacologic effects of medical marijuana are believed to be dose-related and subject to considerable variability among patients. More research is needed to determine proper dosage levels and administration techniques to achieve optimal therapeutic benefit. This research will help guide physicians by evaluating indications, contraindications, dosages and possible drug interactions.

### **Available Data Sets**

The dispensary is ideally suited to collect the necessary data since it has access to all data collected per the regulations and through interactions with patients. The data can be categorized into four major groups by source:

1. Supplied by Producer to Dispensary (per regulations):
  - The name and address of the producer
  - The brand name of the marijuana product that was registered with the department pursuant to section 21a-408-59 of the Regulations of Connecticut State Agencies
  - A unique serial number that will match the product with a producer batch and lot number so as to facilitate any warnings or recalls the department or producer deem appropriate
  - The date of final testing and packaging
  - The expiration date
  - The quantity of marijuana contained therein
  - A terpenes profile and a list of all active ingredients, including:
    - a) tetrahydrocannabinol (THC)
    - b) tetrahydrocannabinol acid (THCA)
    - c) cannabidiol (CBD)
    - d) cannabidiolic acid (CBDA)
    - e) any other active ingredient that constitute at least 1% of the marijuana batch used in the product.
  - A pass or fail rating based on the laboratory's microbiological, mycotoxins, heavy metals and chemical residue analysis; and
  - Such other information necessary to comply with state of Connecticut labeling requirements for similar products not containing marijuana,
2. Supplied by Doctor to Dispensary (per regulations):
3. Supplied by Dispensary (per regulations):
  - Drug Enforcement Administration Pharmacy number
  - The serial number of assigned to each marijuana product dispensed to a patient, as assigned by the dispensary facility
  - Patient Birth date

- Patient Sex code
- New or refill code
- Quantity
- Days supply
- Drug Enforcement Administration Prescriber identification number
- Date order written, which shall be the date the written certification was issued
- Number of refills authorized
- Order origin code, which shall be provided by the department
- Patient last name
- Patient first name
- Patient street address
- State
- Drug name, which shall be the brand name of the marijuana product
- The date of dispensing the marijuana
- The quantity of marijuana dispensed
- The name and registration certificate number of the qualifying patient and, where applicable, the primary caregiver
- The name of the certifying physician
- Such directions for use as may be included in the physician's written certification or otherwise provided by the physician
- Name of the dispensary
- Name and address of the dispensary facility
- Any cautionary statement as may be required by Connecticut state statute or regulation

4. Supplied by Patient to Dispensary (by interview):

- a. TBD but may include:
  - i. Daily dose
  - ii. Frequency
  - iii. Method of intake
  - iv. Other medications, dosage and frequency
  - v. Other alternative medicines, dosage and frequency
  - vi. Metric of efficacy
  - vii. Metric of side effects
  - viii. Overall satisfaction with product

### **Implementation**

- Patients will need to elect-in
- Monthly patient survey will be taken preferentially by the dispensary but may also be available on-line for patient convenience.
- Monthly downloads to UConn for analysis
- Efficacy and side-effect metrics need to be developed

**Community Benefits Plan:** Provide the Department with a detailed description of any plans you have to give back to the community either at a state or local level if awarded a dispensary facility license.

Nutmeg is very excited about coordinating the UConn Efficacy Study. Our time, efforts and programming expertise will be donated pro bono to this extremely worthy cause. Nutmeg would be honored to lead this effort Statewide

Nutmeg will donate 2% of profits annually to fund the UConn Efficacy Study, which we believe will help all patients State-wide and possibly even nationally. In addition, the Nutmeg team will provide substantial “sweat equity” in the form of developing this program from its current inception state until we help roll it out to all dispensaries in the State. We believe we can accomplish statewide data collection, a very meaningful and significant accomplishment, in the first 6 months of operation if other dispensaries are in a position to cooperate.

**Substance Abuse Prevention Plan:** Provide a detailed description of any plans you will undertake, if awarded a dispensary facility license, to combat substance abuse in Connecticut, including the extent to which you will partner, or otherwise work, with existing substance abuse programs.

## **The Most Important Service Nutmeg Provides is Education & Counseling.**

### **Opportunities for Consultation:**

Nutmeg has appointed our dispensaries, including Mark Roberts, our dispensary facility manager, to be the on-site-resources for patients needing counseling and education about the pros and cons of medical marijuana, methods of administration, legal aspects and current research. As there is no officially approved training course in administration of medical marijuana, Nutmeg will endeavor to identify and consolidate a variety of high quality resource materials and research as found in the most respected medical journals

Nutmeg believes that the best way to provide counseling and education to our patients is through one-on-one interviews and information sessions. Furthermore, Nutmeg's patient management software (as described in Nutmeg's Operations Manual- attached as Schedule E) will allow us to identify Nutmeg patients with specific medical conditions. As such, should we become aware of research helpful to a particular subgroup of our patients (cancer patients, for example), we can provide them with specific information pertaining to their condition, either by e-mail or hand delivery to them on their next visit to Nutmeg.

During Nutmeg's hours of operation, Nutmeg's dispensaries will be our on-hand to answer questions and provide one-on-one consultations. The Dispensary will be staffed by a minimum of two people at all times, patients will make an appointments, allowing for adequate time for the dispensary to provide consultation. Extra time will be scheduled for first time visitors to our facility.

### **Opportunities to Participate in Substance Abuse Programs:**

I In addition to our one-on-one dispensary consultation, Nutmeg offers free one-on-one consultation, assessment and referral with Nutmeg's licensed professional substance abuse professional, Jo-Ann Brill. Jo-Ann has 30 years experience in substance abuse counseling experience and is a Licensed Clinical Social Worker (LCSW) Jo-Ann is currently employed in the behavioral health emergency room of a local area hospital where she is a psychiatric social worker evaluating psychiatric and substance patients, assessing their immediate mental health needs or substance abuse issues and coordinating their required services with referring agencies. This service will be provided on an appointment only basis.

A patient can expect from Nutmeg a 50-minute session during which time a formal assessment is conducted. Once an evaluation is completed treatment recommendations will be made. Each patient will have an individualized treatment plan in place and the appropriate intervention will be made at that time.

Nutmeg's reference library will have available a number of publications published by DMHAS that cover a range of substance abuse issues.

## **G. ATTACHED EXHIBITS**

### **Attached Exhibits**

1. Dispensary Facility Information Form-**Exhibit A**
2. Business Plan- **Exhibit B**
3. Executed Lease for 4750 Main Street, Bridgeport - **Exhibit C**
4. Facility Security Manual- **Exhibit D**
5. Information Security & Data Integrity Manual- **Exhibit E**
6. Staff Training and Employment Manual- **Exhibit F**
7. Operating Agreement of Nutmeg Dispensary, LLC- **Exhibit G**
8. New Patient Manual- **Exhibit H**
9. Operations Manual- **Exhibit I**
10. Handling PHI and Other Confidential Information (HIPPA) - **Exhibit J**
11. Tax Returns of Nutmeg Dispensary Members-
  1. Robert Schulten- **Exhibit K**
  2. Mark Roberts- **Exhibit L**
12. Audited Financial Statement for 2013 YTD- **Exhibit M**



# Medical Marijuana Program

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## Appendix A Dispensary Facility License Information Form

### Section A: Business Information

1. Applicant business type:

<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Corporation	<input checked="" type="checkbox"/> Limited Liability Co.	<input type="checkbox"/> Partnership	<input type="checkbox"/> Limited Liability Partnership	<input type="checkbox"/> Unincorporated Association	<input type="checkbox"/> Other: _____
--	--------------------------------------	---	--------------------------------------	--	---	---------------------------------------

2. Legal Name of Applicant: Nutmeg Dispensary LLC

3. Trade Name of Applicant: Nutmeg Dispensary

4. Applicant's Business Address: 4750 Main Street

5. City: Bridgeport      6. State: CT      7. Zip Code: 06606

8. Daytime Telephone Number: (203) 414-6520      9. E-mail Address: [markrobz@aol.com](mailto:markrobz@aol.com)

10. Applicant's Mailing Address (if different than business address):  
28 Kenwood Avenue      11. City: Fairfield

12. State: CT      13. Zip Code: 06824      14. Daytime Telephone Number: (203) 414-6520      15. Fax Number: (203) 255-6748

### Section B: Contact Information

All communications from the department regarding this application will be sent to your primary contact and alternate contact, if one is designated. We will assume that you receive all communications sent to your designated contact(s) and it will be your responsibility to notify us if any of their contact information changes.

16. Name of Primary Contact: Robert Schulten	17. Primary Contact Title: Dispensary Facility Backer
18. Primary Contact E-mail Address: <a href="mailto:robert.schulten@gmail.com">robert.schulten@gmail.com</a>	19. Primary Contact Telephone Number: (203) 209-0146
20. OPTIONAL - Name of Alternate Contact: Mark Roberts	21. Alternate Contact Title: Dispensary Facility Manager
22. Alternate Contact E-mail Address: <a href="mailto:markrobz@aol.com">markrobz@aol.com</a>	23. Alternate Contact Telephone Number: (203) 414-6520

### Section C: Formation/Incorporation Information

24. Date of Formation/Incorporation: July 12, 2013	25. Place of Formation/Incorporation: Connecticut
26. Registered with the Connecticut Secretary of State: <input type="checkbox"/> Yes <input type="checkbox"/> No	27. Sale and Use Tax Permit Number: 60097896-001 <b>Provide a copy of your Sale and Use Tax permit with your application.</b>



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## Section D: Proposed Dispensary Facility Information

28. Proposed Dispensary Facility Address: 4750 Main Street			29. City: <b>Bridgeport</b>
30. State: <b>CT</b>	31. Zip Code: <b>06606</b>	32. Telephone Number: <b>(203) 292-0146</b>	33. Fax Number: <b>(203) 255-6748</b>
34. Own or Lease Property: <input type="checkbox"/> Own <input checked="" type="checkbox"/> Lease <b>Provide a copy of the lease, deed or other documents evidencing the right to occupy if you are awarded a license.</b>		35. Name of Property Owner: <b>Joseph Voll, Worldwide Property Management</b>	

## Section E: Business Association Information

36. Are you associated with any other dispensary facility license applicant or producer license applicant: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If yes, provide the name of all applicants with whom you are associated. Attach additional pages if necessary.	
37. Applicant Name:	38. Applicant Type: <input type="checkbox"/> Dispensary Facility <input type="checkbox"/> Producer
39. Applicant Name:	40. Applicant Type: <input type="checkbox"/> Dispensary Facility <input type="checkbox"/> Producer

## Section F: Proposed Dispensary Department Hours

41. State the proposed dispensary department hours of operation for each day. The dispensary department is where marijuana will be sold.	
Monday <u>10</u> to <u>6</u>	Friday <u>10</u> to <u>7</u>
Tuesday <u>10</u> to <u>6</u>	Saturday <u>9</u> to <u>2</u>
Wednesday <u>          </u> to <u>          </u>	Sunday <u>          </u> to <u>          </u>
Thursday <u>10</u> to <u>7</u>	

## Section G: Proposed Dispensary Facility Hours

42. State the proposed dispensary facility hours of operation for each day. The dispensary facility includes areas where non-marijuana products and services will be offered.	
Monday <u>10</u> to <u>6</u>	Friday <u>10</u> to <u>7</u>
Tuesday <u>10</u> to <u>6</u>	Saturday <u>9</u> to <u>2</u>
Wednesday <u>          </u> to <u>          </u>	Sunday <u>          </u> to <u>          </u>
Thursday <u>10</u> to <u>7</u>	



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## Section II: Other Business Names & Addresses

List all names under which the applicant has done business or has held itself out to the public as doing business. Do not limit your response to business operations in Connecticut. Attach additional pages if necessary.

43. Name: <b>None</b>	44. Time Period:

List all addresses, other than those listed in response to Section A, that the applicant owns, has owned or from which it has conducted business during the previous five years and give the approximate time periods during which such locations were owned or utilized. Attach additional pages if necessary.

45. Address: <b>None</b>	46. Time Period:

## Section I: Dispensary Facility Backers

Provide the following information for each dispensary facility backer. A dispensary facility backer is any person (including any legal entity) with a direct or indirect financial interest in the applicant, except it shall not include a person with an investment interest provided the interest held by such person and such person's co-workers, employees, spouse, parent or child, in the aggregate, does not exceed five per cent of the total ownership or interest rights in the applicant and such person will not participate directly or indirectly in the control, management or operation of the dispensary facility if a license is granted.

Create additional copies of this page if necessary.

**Each backer identified in response to this section must complete and sign Appendix B.**

47. Name: <b>Robert Schulten</b>	48. Percentage of ownership <b>50%</b>
<b>Mark Roberts</b>	<b>50%</b>



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## Section J: Directors, Owners, Officers and Other High-Level Employees

Provide the following information for each individual, including each dispensary facility backer, who will:

- directly or indirectly have control over, or participate in the management or operation of, the dispensary facility; or
- who currently receives, or who reasonably can be expected to receive, within one calendar year, compensation from the applicant exceeding \$100,000.

Create additional copies of this page if necessary.

**Each person identified in response to this section must complete and sign Appendix C.**

49. Name (First, Middle, Last):	50. Title:	51. Role:
Mark Roberts	Dispensary Facility Manager	Dispensary Facility Manager
Robert Schulten	Chief Administration Officer	Dispensary Facility Backer

## Section K: Financial Statement

Set forth all expenses greater than \$10,000 incurred in connection with the establishment of your business and the sources of the funds for each. Attach additional pages if necessary. The Department may require backup documentation.

52. Expense Item: Dr. Blank, Fairfield Lease Option	53. Cost: \$ 10,929.42	54. Source of Funds: Dispensary Facility Backer
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	

## Section L: Security System

Identify the company or companies that will provide security services for the dispensary facility if a license is awarded. If more than two companies will provide security services, complete this section for each such additional company.

55. Primary Security Company Name: **MCI Security**

56. Primary Security Company Address (including Apartment or Suite #):  
221 Windsor Road

57. City: **Fairfield**



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58. State: CT	59. Zip Code: 06824	60. Telephone Number: (203) 377-5555	61. Fax Number: (203) 336-1500
62. E-mail Address: <a href="mailto:mci221@optonline.net">mci221@optonline.net</a>			
63. Backup Security Company Name (if applicable):			
64. Backup Security Company Address (including Apartment or Suite #):			65. City:
66. State:	67. Zip Code:	68. Telephone Number:	69. Fax Number:
70. E-mail Address:			
71. Attach a detailed description of the security plan to be offered by the security company or companies. Be sure to include a discussion of each of the required elements set forth in Section 21a-408-62 of the Regulations of Connecticut State Agencies.			

## Section M: Legal Proceedings

72. Has the applicant ever had any petition filed by or against it, or otherwise sought relief under, any provision of the Federal Bankruptcy Act or under any State insolvency law in the last ten year period?  Yes  No

**If the answer above is “yes”, attach a statement providing the details of such proceeding or petition.**

73. Has the applicant ever had a professional license, permit or registration in Connecticut, or any other State, suspended, revoked or otherwise subjected to disciplinary action?  Yes  No

**If the answer above is “yes”, attach a statement providing the date(s), the type of license, permit or registration at issue, and a description of the circumstances relating to each suspension, revocation or other disciplinary action.**

74. Is the applicant a party to any legal proceedings where damages, fines or civil penalties may reasonably be expected to exceed \$500,000 above any insurance coverage available to cover the claim?  Yes  No

**If the answer above is “yes”, attach a statement describing the litigation, including the title and docket number of the litigation, the name and location of the court before which it is pending, the identify of all parties to the litigation, the general nature of the claims being made and the impact an unfavorable opinion may have on the applicant or the applicant’s operations.**

75. Has the applicant ever had any fines or other penalties over \$10,000 assessed by any regulatory agency?  Yes  No

**If the answer above is “yes”, attach a statement providing the details of such fines or penalties.**

## Section N: Criminal Actions

76. Has the applicant ever been convicted of a crime or received a suspended sentence, deferred sentence, or forfeited bail for any offense in criminal or military court or are any such charges pending?  Yes  No

**If the answer above is “yes”, attach a statement providing the date(s) of conviction(s), name of individual(s) involved, the court(s) where the case(s) were decided, a description of the circumstances relating to each offense or for the pending charges and the outcome of the proceedings.**



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## Section O: Criminal Background Check

I understand that the department may review criminal background records for purposes of evaluating the applicant's suitability to participate in the medical marijuana program. As the duly authorized representative of the applicant, I hereby authorize the release of any and all information of a confidential or privileged nature to the department and its agents.

77. Signature:

78. Date Signed:

November 1, 2013

I hereby certify that the above information is correct and complete.

I fully understand that if I knowingly make a statement that is untrue and which is intended to mislead the Department of Consumer Protection or any person designated by the Department in the performance of their official function, I will be in violation of Section 53a-157b of the Connecticut General Statutes. As the duly authorized representative of the applicant, I hereby make the above certifications on behalf of the applicant.

79. Signature:

80. Date Signed:

November 1, 2013



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## Appendix B Dispensary Facility Backer Information Form

This form must be completed by each person or entity identified as a dispensary facility backer in Appendix A, section I.

### Section A: Backer Information

1. Backer business type:

<input checked="" type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Corporation	<input type="checkbox"/> Limited Liability Co.	<input type="checkbox"/> Partnership	<input type="checkbox"/> Limited Liability Partnership	<input type="checkbox"/> Unincorporated Association	<input type="checkbox"/> Other: _____
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2. Legal Name of Backer:

**Mark Roberts**

3. Trade Name of Backer (if applicable):

4. Street Address (including Apartment or Suite #):

**28 Kenwood Avenue**

5. City:

**Fairfield**

6. State:

**CT**

7. Zip Code:

**06824**

8. Daytime Telephone Number:

**(203) 414-6520**

9. Fax Number:

**(203) 255-6748**

10. E-mail Address:

**MarkRobertsPharmD@gmail.com**

### Section B: Backer Members

If you selected anything other than "Sole Proprietorship" in response to Section A, identify the members of your organization. A member is any person with a direct or indirect ownership interest greater than 5%. Attach additional pages if necessary.

Each member of a backer identified in response to this section must complete either:

- Appendix C if they are also a director, owner, officer or other high-level employee of the applicant; or
- Appendix E in all other instances.

11. Name (First, Middle, Last):	12. Percentage of ownership



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## Section C: Licenses, Permits and Registrations

Provide information regarding all state licenses, permits or registrations ever held, current or expired, by you. Attach additional pages if necessary.

13. State CT	14. Issue Date (month/year): 02/12 Expiration Date (month/year): 01/14	15. Type: PHARMACIST	16. Number: PCT.0010778
17. State	18. Issue Date (month/year): Expiration Date (month/year):	19. Type:	20. Number:

## Section D: Legal Proceedings

21. Have you, or has any entity over which you exercised management or control, had any petition filed by or against you, or otherwise sought relief under, any provision of the Federal Bankruptcy Act or under any State insolvency law in the last ten year period?

Yes  No

If the answer above is "yes", attach a statement providing the details of such proceeding or petition.

22. Have you, or has any entity over which you exercised management or control, ever had a professional license, permit or registration in Connecticut, or any other State, suspended, revoked or otherwise subjected to disciplinary action?

Yes  No

If the answer above is "yes", attach a statement providing the date(s), the type of license, permit or registration at issue, and a description of the circumstances relating to each suspension, revocation or other disciplinary action.

23. Are you a party to any legal proceedings where damages, fines or civil penalties may reasonably be expected to exceed \$500,000 above any insurance coverage available to cover the claim?

Yes  No

If the answer above is "yes", attach a statement describing the litigation, including the title and docket number of the litigation, the name and location of the court before which it is pending, the identify of all parties to the litigation, the general nature of the claims being made and the impact an unfavorable opinion may have on your ability to serve as a backer for the applicant.

24. Have you, or has any entity over which you exercised management or control, ever had any fines or other penalties over \$10,000 assessed by any regulatory agency?

Yes  No

If the answer above is "yes", attach a statement providing the details of such fines or penalties.

## Section E: Criminal Actions

25. Have you ever been convicted of a crime or received a suspended sentence, deferred sentence, or forfeited bail for any offense in criminal or military court or do you have any charges pending?  Yes  No

If the answer above is "yes", attach a statement providing the date(s) of conviction(s), name of individual(s) involved, the court(s) where the case(s) were decided, a description of the circumstances relating to each offense or for the pending charges and the outcome of the proceedings.



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## Section F: Criminal Background Check

I understand that the department may review criminal background records for purposes of evaluating my suitability to participate in the medical marijuana program. As the backer, or duly authorized representative of the backer, I hereby authorize the release of any and all information of a confidential or privileged nature to the department and its agents.

26. Signature:

27. Date Signed:

11/01/2013

I hereby certify that the above information is correct and complete.

I fully understand that if I knowingly make a statement that is untrue and which is intended to mislead the Department of Consumer Protection or any person designated by the Department in the performance of their official function, I will be in violation of Section 53a-157b of the Connecticut General Statutes.

28. Signature:

29. Date Signed:

11/01/2013



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## Appendix B Dispensary Facility Backer Information Form

This form must be completed by each person or entity identified as a dispensary facility backer in Appendix A, section I.

### Section A: Backer Information

1. Backer business type:

<input checked="" type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Corporation	<input type="checkbox"/> Limited Liability Co.	<input type="checkbox"/> Partnership	<input type="checkbox"/> Limited Liability Partnership	<input type="checkbox"/> Unincorporated Association	<input type="checkbox"/> Other:
---	--------------------------------------	--	--------------------------------------	--	---	---------------------------------

2. Legal Name of Backer:

**Robert Schulten**

3. Trade Name of Backer (if applicable):

4. Street Address (including Apartment or Suite #):

**105 Waterville Road**

5. City:  
**Southport**

6. State:  
**CT**

7. Zip Code:  
**06890**

8. Daytime Telephone Number:  
**(203) 209-0146**

9. Fax Number:  
**(203) 255-6748**

10. E-mail Address:  
**robert.schulten@gmail.com**

### Section B: Backer Members

If you selected anything other than "Sole Proprietorship" in response to Section A, identify the members of your organization. A member is any person with a direct or indirect ownership interest greater than 5%. Attach additional pages if necessary.

Each member of a backer identified in response to this section must complete either:

- Appendix C if they are also a director, owner, officer or other high-level employee of the applicant; or
- Appendix E in all other instances.

11. Name (First, Middle, Last):	12. Percentage of ownership



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## Section C: Licenses, Permits and Registrations

Provide information regarding all state licenses, permits or registrations ever held, current or expired, by you. Attach additional pages if necessary.

13. State	14. Issue Date (month/year):  Expiration Date (month/year):	15. Type:	16. Number:
17. State	18. Issue Date (month/year):  Expiration Date (month/year):	19. Type:	20. Number:

## Section D: Legal Proceedings

21. Have you, or has any entity over which you exercised management or control, had any petition filed by or against you, or otherwise sought relief under, any provision of the Federal Bankruptcy Act or under any State insolvency law in the last ten year period?

Yes  No

If the answer above is "yes", attach a statement providing the details of such proceeding or petition.

22. Have you, or has any entity over which you exercised management or control, ever had a professional license, permit or registration in Connecticut, or any other State, suspended, revoked or otherwise subjected to disciplinary action?

Yes  No

If the answer above is "yes", attach a statement providing the date(s), the type of license, permit or registration at issue, and a description of the circumstances relating to each suspension, revocation or other disciplinary action.

23. Are you a party to any legal proceedings where damages, fines or civil penalties may reasonably be expected to exceed \$500,000 above any insurance coverage available to cover the claim?

Yes  No

If the answer above is "yes", attach a statement describing the litigation, including the title and docket number of the litigation, the name and location of the court before which it is pending, the identify of all parties to the litigation, the general nature of the claims being made and the impact an unfavorable opinion may have on your ability to serve as a backer for the applicant.

24. Have you, or has any entity over which you exercised management or control, ever had any fines or other penalties over \$10,000 assessed by any regulatory agency?

Yes  No

If the answer above is "yes", attach a statement providing the details of such fines or penalties.

## Section E: Criminal Actions

25. Have you ever been convicted of a crime or received a suspended sentence, deferred sentence, or forfeited bail for any offense in criminal or military court or do you have any charges pending?  Yes  No

If the answer above is "yes", attach a statement providing the date(s) of conviction(s), name of individual(s) involved, the court(s) where the case(s) were decided, a description of the circumstances relating to each offense or for the pending charges and the outcome of the proceedings.



# Medical Marijuana Program

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## Section F: Criminal Background Check

I understand that the department may review criminal background records for purposes of evaluating my suitability to participate in the medical marijuana program. As the backer, or duly authorized representative of the backer, I hereby authorize the release of any and all information of a confidential or privileged nature to the department and its agents.

26. Signature:

27. Date Signed:

11/01/2013

I hereby certify that the above information is correct and complete.

I fully understand that if I knowingly make a statement that is untrue and which is intended to mislead the Department of Consumer Protection or any person designated by the Department in the performance of their official function, I will be in violation of Section 53a-157b of the Connecticut General Statutes.

28. Signature:

29. Date Signed:

11/01/2013



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## Appendix C Directors, Owners, Officers or Other High-Level Employees Background Information Form

To be completed by all persons identified in your response to Appendix A, section J.

### Section A: Personal Information

1. Name (First, Middle, Last): Mark G. Roberts		
2. Street Address (including Apartment or Suite #): 28 Kenwood Avenue, Apt. #3		
3. City: Fairfield	4. State: CT	5. Zip Code: 06824
6. Title: Dispensary Facility Manager	7. Telephone Number: (203) 414-6520	8. E-mail Address: MarkRobertsPharmD@gmail.com
9. Date of Birth: [REDACTED]	10. Social Security Number: [REDACTED]	11. Gender: <input checked="" type="checkbox"/> Male <input type="checkbox"/> Female

### Section B: Employment Information

12. Current or Most Recent Employer: CVS Pharmacy	13. Date of Employment: Start Date: June 1, 2004 End Date: 11/01/2013	
14. Employer Address (including Apartment or Suite #): 2610 E Main Street		
15. City: Bridgeport	16. State: CT	17. Zip Code: 06610
18. Telephone Number: (203) 368-0944	19. Fax Number:	20. E-mail Address: Not available

### Section C: Pharmacy Business Experience

21. Do you have any experience controlling, managing, operating or working for a pharmacy? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
22. Are you currently associated with a pharmacy in any state? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
23. If you answered "yes" to question 21 or 22, attach a statement setting forth, for each pharmacy with which you have been associated, the following information: <ul style="list-style-type: none"><li>• The pharmacy name;</li><li>• The pharmacy's location;</li><li>• All titles and responsibilities held by you at the pharmacy, including the time frame for each;</li><li>• The dates of your association with the pharmacy;</li><li>• Whether you currently have a role at the pharmacy and, if not, when your involvement terminated and why; and</li><li>• Whether the pharmacy was ever alleged to have violated the laws or regulations of the state in which it operates during the time period when you were associated with the pharmacy and, if so, how those allegations were resolved.</li></ul>



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## Section D: Marijuana Business Experience

24. Other than the applicant, do you have any experience controlling, managing, operating or working for a marijuana business?

Yes  No

25. Other than the applicant, are you currently associated with a marijuana business in any state or country?

Yes  No

26. If you answered "yes" to question 24 or 25, attach a statement setting forth the following information for each marijuana business with which you have been associated:

- The business name;
- The business location;
- All titles and responsibilities held by you at the business, including the time frame for each;
- The dates of your association with the business;
- Whether you currently have a role at the business and, if not, when your involvement terminated and why; and
- Whether the business was ever alleged to have violated the laws or regulations of the state or country in which it operates during the time period when you were associated with the business and, if so, the nature and resolution of those allegations.

## Section E: Other Relevant Business Experience

27. Do you have any experience controlling, managing, operating or working for any other business that you believe may be relevant to the department's evaluation of the applicant with whom you are associated?

Yes  No

28. If you answered "yes" to question 27, attach a statement setting forth the following information for each such business with which you have been associated:

- The business name;
- Products or services offered;
- The business location;
- All titles and responsibilities held by you at the business, including the time frame for each;
- The dates of your association with the business;
- Whether you currently have a role at the business and, if not, when your involvement terminated and why;
- Whether the business was ever alleged to have violated the laws or regulations of the state or country in which it operates during the time period when you were associated with the business and, if so, the nature and resolution of those allegations; and
- How this experience is relevant to the department's evaluation of the RFA response of the applicant with whom you are associated.

## Section F: Licenses, Permits and Registrations

Provide information regarding all state licenses, permits or registrations ever held, current or expired, by you. Attach additional pages if necessary.

29. State  CT	30. Issue Date (month/year):  Expiration Date (month/year): 01/31/2014	31. Type:  Pharmacist	32. Number:  PCT.0010778
33. State	34. Issue Date (month/year):  Expiration Date (month/year):	35. Type:	36. Number:



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## Section G: Legal Proceedings

37. Have you, or has any entity over which you exercised management or control, had any petition filed by or against you, or otherwise sought relief under, any provision of the Federal Bankruptcy Act or under any State insolvency law in the last ten year period?

Yes  No

**If the answer above is “yes”, attach a statement providing the details of such proceeding or petition.**

38. Have you, or has any entity over which you exercised management or control, ever had a professional license, permit or registration in Connecticut, or any other State, suspended, revoked or otherwise subjected to disciplinary action?

Yes  No

**If the answer above is “yes”, attach a statement providing the date(s), the type of license, permit or registration at issue, and a description of the circumstances relating to each suspension, revocation or other disciplinary action.**

39. Are you a party to any legal proceedings where damages, fines or civil penalties may reasonably be expected to exceed \$500,000 above any insurance coverage available to cover the claim?

Yes  No

**If the answer above is “yes”, attach a statement describing the litigation, including the title and docket number of the litigation, the name and location of the court before which it is pending, the identify of all parties to the litigation, the general nature of the claims being made and the impact an unfavorable opinion may have on the applicant or the applicant’s operations.**

40. Have you, or has any entity over which you exercised management or control, ever had any fines or other penalties over \$10,000 assessed by any regulatory agency?

Yes  No

**If the answer above is “yes”, attach a statement providing the details of such fines or penalties.**

## Section H: Criminal Actions

41. Have you ever been convicted of a crime or received a suspended sentence, deferred sentence, or forfeited bail for any offense in criminal or military court or do you have any charges pending?  Yes  No

**If the answer above is “yes”, attach a statement providing the date(s) of conviction(s), name of individual(s) involved, the court(s) where the case(s) were decided, a description of the circumstances relating to each offense or for the pending charges and the outcome of the proceedings.**

## Section I: Criminal Background Check

I understand that the department may review criminal background records for purposes of evaluating my suitability to participate in the medical marijuana program. I hereby authorize the release of any and all information of a confidential or privileged nature to the department and its agents.

42. Signature:

43. Date Signed:

11/01/2013



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I hereby certify that the above information is correct and complete.

I fully understand that if I knowingly make a statement that is untrue and which is intended to mislead the Department of Consumer Protection or any person designated by the Department in the performance of their official function, I will be in violation of Section 53a-157b of the Connecticut General Statutes.

44. Signature:

45. Date Signed:

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## Appendix C Directors, Owners, Officers or Other High-Level Employees Background Information Form

To be completed by all persons identified in your response to Appendix A, section J.

### Section A: Personal Information

1. Name (First, Middle, Last): Robert Schulten		
2. Street Address (including Apartment or Suite #): 105 Waterville Road		
3. City: Fairfield	4. State: CT	5. Zip Code: 06890
6. Title: Dispensary Facility Backer	7. Telephone Number: (203) 209-0146	8. E-mail Address: Robert.Schulten@gmail.com
9. Date of Birth:	10. Social Security Number: [REDACTED]	11. Gender: <input checked="" type="checkbox"/> Male <input type="checkbox"/> Female

### Section B: Employment Information

12. Current or Most Recent Employer: Berkeley Quantitative	13. Date of Employment: Start Date: June 1, 2004 End Date: 11/01/2013	
14. Employer Address (including Apartment or Suite #): 140 Sherman Street		
15. City: Fairfield	16. State: CT	17. Zip Code: 06824
18. Telephone Number: (203) 331-1200	19. Fax Number:	20. E-mail Address: Not available

### Section C: Pharmacy Business Experience

21. Do you have any experience controlling, managing, operating or working for a pharmacy? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
22. Are you currently associated with a pharmacy in any state? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
23. If you answered "yes" to question 21 or 22, attach a statement setting forth, for each pharmacy with which you have been associated, the following information: <ul style="list-style-type: none"><li>• The pharmacy name;</li><li>• The pharmacy's location;</li><li>• All titles and responsibilities held by you at the pharmacy, including the time frame for each;</li><li>• The dates of your association with the pharmacy;</li><li>• Whether you currently have a role at the pharmacy and, if not, when your involvement terminated and why; and</li><li>• Whether the pharmacy was ever alleged to have violated the laws or regulations of the state in which it operates during the time period when you were associated with the pharmacy and, if so, how those allegations were resolved.</li></ul>



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## Section D: Marijuana Business Experience

24. Other than the applicant, do you have any experience controlling, managing, operating or working for a marijuana business?

Yes  No

25. Other than the applicant, are you currently associated with a marijuana business in any state or country?

Yes  No

26. If you answered "yes" to question 24 or 25, attach a statement setting forth the following information for each marijuana business with which you have been associated:

- The business name;
- The business location;
- All titles and responsibilities held by you at the business, including the time frame for each;
- The dates of your association with the business;
- Whether you currently have a role at the business and, if not, when your involvement terminated and why; and
- Whether the business was ever alleged to have violated the laws or regulations of the state or country in which it operates during the time period when you were associated with the business and, if so, the nature and resolution of those allegations.

## Section E: Other Relevant Business Experience

27. Do you have any experience controlling, managing, operating or working for any other business that you believe may be relevant to the department's evaluation of the applicant with whom you are associated?

Yes  No

28. If you answered "yes" to question 27, attach a statement setting forth the following information for each such business with which you have been associated:

- The business name;
- Products or services offered;
- The business location;
- All titles and responsibilities held by you at the business, including the time frame for each;
- The dates of your association with the business;
- Whether you currently have a role at the business and, if not, when your involvement terminated and why;
- Whether the business was ever alleged to have violated the laws or regulations of the state or country in which it operates during the time period when you were associated with the business and, if so, the nature and resolution of those allegations; and
- How this experience is relevant to the department's evaluation of the RFA response of the applicant with whom you are associated.

## Section F: Licenses, Permits and Registrations

Provide information regarding all state licenses, permits or registrations ever held, current or expired, by you. Attach additional pages if necessary.

29. State	30. Issue Date (month/year):  Expiration Date (month/year):	31. Type:	32. Number:
33. State	34. Issue Date (month/year):  Expiration Date (month/year):	35. Type:	36. Number:



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## Section G: Legal Proceedings

37. Have you, or has any entity over which you exercised management or control, had any petition filed by or against you, or otherwise sought relief under, any provision of the Federal Bankruptcy Act or under any State insolvency law in the last ten year period?

Yes  No

**If the answer above is “yes”, attach a statement providing the details of such proceeding or petition.**

38. Have you, or has any entity over which you exercised management or control, ever had a professional license, permit or registration in Connecticut, or any other State, suspended, revoked or otherwise subjected to disciplinary action?

Yes  No

**If the answer above is “yes”, attach a statement providing the date(s), the type of license, permit or registration at issue, and a description of the circumstances relating to each suspension, revocation or other disciplinary action.**

39. Are you a party to any legal proceedings where damages, fines or civil penalties may reasonably be expected to exceed \$500,000 above any insurance coverage available to cover the claim?

Yes  No

**If the answer above is “yes”, attach a statement describing the litigation, including the title and docket number of the litigation, the name and location of the court before which it is pending, the identify of all parties to the litigation, the general nature of the claims being made and the impact an unfavorable opinion may have on the applicant or the applicant’s operations.**

40. Have you, or has any entity over which you exercised management or control, ever had any fines or other penalties over \$10,000 assessed by any regulatory agency?

Yes  No

**If the answer above is “yes”, attach a statement providing the details of such fines or penalties.**

## Section H: Criminal Actions

41. Have you ever been convicted of a crime or received a suspended sentence, deferred sentence, or forfeited bail for any offense in criminal or military court or do you have any charges pending?  Yes  No

**If the answer above is “yes”, attach a statement providing the date(s) of conviction(s), name of individual(s) involved, the court(s) where the case(s) were decided, a description of the circumstances relating to each offense or for the pending charges and the outcome of the proceedings.**

## Section I: Criminal Background Check

I understand that the department may review criminal background records for purposes of evaluating my suitability to participate in the medical marijuana program. I hereby authorize the release of any and all information of a confidential or privileged nature to the department and its agents.

42. Signature:



43. Date Signed:

11/01/2013



# Medical Marijuana Program

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I hereby certify that the above information is correct and complete.

I fully understand that if I knowingly make a statement that is untrue and which is intended to mislead the Department of Consumer Protection or any person designated by the Department in the performance of their official function, I will be in violation of Section 53a-157b of the Connecticut General Statutes.

44. Signature:



45. Date Signed:

11/01/2013



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## Appendix D Dispensary Facility Manager Information Form

This form must be completed and signed by the person who will serve as the dispensary facility manager if the applicant is awarded a dispensary facility license.

### Section A: Dispensary Facility Manager Information

1. Name (First, Middle, Last): <b>Mark G. Roberts</b>		
2. Home Address (including Apartment or Suite #): <b>28 Kenwood Avenue</b>		3. City: <b>Fairfield</b>
4. State: <b>CT</b>	5. Zip Code: <b>06824</b>	6. Date of Birth: <b>[REDACTED]</b>
8. Social Security Number: <b>[REDACTED]</b>		7. Telephone Number: <b>(203) 414-6520</b>
10. E-mail Address: <b>MarkRobertsPharmD@gmail.com</b>		9. Gender: <input checked="" type="checkbox"/> Male <input type="checkbox"/> Female
11. Connecticut Pharmacist License Number: <b>PCT.0010778</b>		

### Section B: Employment Information

12. Current or Most Recent Employer: <b>CVS Pharmacy</b>		13. Date of Employment: Start Date: <b>06/01/2004</b> End Date: <b>11/01/2013</b>
14. Employer Address (including Apartment or Suite #): <b>2610 E Main Street</b>		
15. City: <b>Bridgeport</b>		16. State: <b>CT</b> 17. Zip Code: <b>06610</b>
18. Daytime Telephone Number: <b>(203) 368-0944</b>	19. Fax Number: <b>(203) 255-6748</b>	20. E-mail Address: <b>markrobz@aol.com</b>

### Section C: Pharmacy Business Experience

21. Do you have any experience controlling, managing, operating or working for a pharmacy? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
22. Are you currently associated with a pharmacy in any state? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
23. If you answered "yes" to question 22 or 23, attach a statement setting forth, for each pharmacy with which you have been associated, the following information: <ul style="list-style-type: none"><li>• The pharmacy name;</li><li>• The pharmacy's location;</li><li>• All titles and responsibilities held by you at the pharmacy, including the time frame for each;</li><li>• The dates of your association with the pharmacy;</li><li>• Whether you currently have a role at the pharmacy and, if not, when your involvement terminated and why; and</li><li>• Whether the pharmacy was ever alleged to have violated the laws or regulations of the state in which it operates during the time period when you were associated with the pharmacy and, if so, the nature and resolution of those allegations.</li></ul>		



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## Section D: Criminal Actions

24. Have you ever been convicted of a crime or received a suspended sentence, deferred sentence, or forfeited bail for any offense in criminal or military court or do you have any charges pending?  Yes  No

If the answer above is "yes", attach a statement providing the date(s) of conviction(s), name of individual(s) involved, the court(s) where the case(s) were decided, a description of the circumstances relating to each offense or for the pending charges and the outcome of the proceedings.

## Section E: Criminal Background Check

I understand that the department may review criminal background records for purposes of evaluating my suitability to participate in the medical marijuana program. I hereby authorize the release of any and all information of a confidential or privileged nature to the department and its agents.

25. Signature:

26. Date Signed:

11/01/2013

I hereby certify that the above information is correct and complete.

I fully understand that if I knowingly make a statement that is untrue and which is intended to mislead the Department of Consumer Protection or any person designated by the Department in the performance of their official function, I will be in violation of Section 53a-157b of the Connecticut General Statutes.

27. Signature:

28. Date Signed:

11/01/2013



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## Appendix E Backer Members

### Authorization for Release of Personal History Form

This form must be completed and signed by any member of a Backer that is not required to complete Appendix C.

#### Section A: Member Information

1. Name (First, Middle, Last):

Robert M. Schulten

2. Street Address (including Apartment or Suite #):

105 Waterville Road

3. City:

Southport

4. State:

CT

5. Zip Code:

06890

6. Daytime Phone Number:

(203) 209-0146

7. Fax Number:

(203) 255-6748

8. E-mail Address:

[robert.schulten@gmail.com](mailto:robert.schulten@gmail.com)

#### Section B: Criminal Actions

9. Have you ever been convicted of a crime or received a suspended sentence, deferred sentence, or forfeited bail for any offense in criminal or military court or do you have any charges pending?  Yes  No

If the answer above is "yes", attach a statement providing the date(s) of conviction(s), name of individual(s) involved, the court(s) where the case(s) were decided, a description of the circumstances relating to each offense or for the pending charges and the outcome of the proceedings.

#### Section C: Criminal Background Check

I understand that the department may review criminal background records for purposes of evaluating my suitability to participate in the medical marijuana program. I hereby authorize the release of any and all information of a confidential or privileged nature to the department and its agents.

10. Signature:

11. Date Signed:

11/01/2013

I hereby certify that the above information is correct and complete.

I fully understand that if I knowingly make a statement that is untrue and which is intended to mislead the Department of Consumer Protection or any person designated by the Department in the performance of their official function, I will be in violation of Section 53a-157b of the Connecticut General Statutes.

12. Signature:

13. Date Signed:

11/01/2013

## Attachment #1- Appendix A, Section C, question 27- Sales and use permit

A change of address has been applied for Nutmeg's Bridgeport location, the location listed was not approved by the Town of Fairfield zoning.

 **STATE OF CONNECTICUT**  
**DEPARTMENT OF REVENUE SERVICES**  
TWENTY-FIVE SIGOURNEY STREET, SUITE 2 HARTFORD, CONNECTICUT 06106-5032

Corr ID: 1300018325528  
Date: 09/16/2013

Dear Taxpayer:

Attached is your sales and use tax or room occupancy tax permit. Please display it conspicuously for your customers to see. Any permit previously issued by the Connecticut Department of Revenue Services (DRS) for the specific location noted on the permit is now void and should be destroyed.

Any change in ownership or form of organization requires a new permit. If your business is sold, transferred, or discontinued, return this permit at once to:

Department of Revenue Services  
Registration Section  
25 Sigourney St Ste 2  
Hartford CT 06106-5032

Enter the last day of business and the name of the successor, if applicable, on the back of the permit. Sign the permit as indicated.

Business and individual taxpayers can use the Taxpayer Service Center (TSC) at [www.ct.gov/tsc](http://www.ct.gov/tsc) to file a variety of tax returns, update account information, and make payments online.

You may not assign or transfer this permit. Display this permit conspicuously for your customers to see.

Department of Revenue Services State of Connecticut 25 Sigourney St Ste 2 Hartford CT 06106-5032 R603 (Rev. 07/09)		<b>Sales and Use</b> <b>Tax Permit</b>										
The person named below is licensed under the Sales and Use Tax Act. This permit is good only for the named premises and at the location shown. If there is any change in ownership, the permit is null and void.				Use only at this location      Lic Nbr: 1044947								
<table border="1"><tr><td>Date issued</td><td>Expiration Date</td><td>Business Start Date</td><td>Commissioner Tax Registration Number</td></tr><tr><td>09/13/2013</td><td>01/31/2019</td><td>02/03/2014</td><td>60097896-001</td></tr></table>				Date issued	Expiration Date	Business Start Date	Commissioner Tax Registration Number	09/13/2013	01/31/2019	02/03/2014	60097896-001	NUTMEG DISPENSARY LLC NUTMEG DISPENSARY 400 POST RD FAIRFIELD CT 06430-6244
Date issued	Expiration Date	Business Start Date	Commissioner Tax Registration Number									
09/13/2013	01/31/2019	02/03/2014	60097896-001									
 Kevin B. Sullivan Commissioner of Revenue Services				This license may not be transferred or assigned.								

**Attachment #2- Appendix A, Section D, question 34- Lease & right to occupy documentation**

The lease is attached as Exhibit C of Nutmeg's application.

Attached below the Landlord's confirming that Nutmeg's use is appropriate for his building and the lease option contingent on Nutmeg's successful licensing from the DCP:

Mr. Joseph Voll  
Worldwide Property Management  
4750 Main Street  
Bridgeport, CT 06606

Nutmeg Dispensary  
4750 Main Street  
Bridgeport, CT 06606

October 23, 2013

Sirs:

As property owner and landlord, I hereby certify that I consent to Nutmeg Dispensary operating a licensed medical marijuana dispensary under the regulations of the Connecticut Department of Consumer Protection. I think this medical application is appropriate considering the other tenants in this building where I office my own business.

Regards,

Joseph Voll

\_\_\_\_\_  
Owner and Landlord, 4750 Main Street, Bridgeport, CT 06606



Industrial & Commercial. A Yankee Tradition Established in 1954

## Offer to Lease and Acceptance

Offer: 4750 Main Street, Bridgeport, CT

October 28, 2013

On behalf of proposed Lessee, Robert Schulten, dba, Nutmeg Dispensary, the following is an offer to lease a different space at the referenced premises as follows:

**Tenant:** Robert Schulten, dba, Nutmeg Dispensary  
105 Waterville Road, Southport, CT 06890

**Address:** 4750 Main Street, Bridgeport, CT

**Landlord:** Mr. Joseph Voll  
4750 Main Street  
Bridgeport, CT 06606

**Size:** 1580 SF

**Rental Rate:** \$20 per SF plus tenant's share of net operating expenses.

**Current Occupant:** Vacant

**Initial Term:** Three years with a single, two-year option period

**Short-term Lease Reservation:** Upon signature of both parties of this Offer to Lease and Acceptance, Nutmeg Dispensary will pay a \$1000.00 Lease Reservation Fee. Landlord agrees upon acceptance of this offer that it will not enter into a lease with any other party. Landlord may show the property for back-up purposes in the event that Tenant is not granted a license in the State of Connecticut. Nutmeg will advise landlord of the date of the licensee application submission to the state and when or if the application has been accepted or rejected. Tenant will not pay CAM expenses during the **Short term Lease Reservation** period.

**Renovation allowance:** None. Tenant may contract directly with contractors for work to be done. Landlord must approve in writing any and all renovations before the start of work.

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Rent  
Commencement

Rent will commence 11/14 *new*

Will start 3 months after renovations begin. This is the necessary time to bring the space up to the necessary standards required by the CT DCP. Tenant will pay CAM expenses during the three months allowed for renovations. The date to begin full rent and CAM payments shall be no later than April 1, 2014.

CAM Charges:

Tenant pays pro rata share of net operating expenses.

Brokerage:

Colonial Realty is hereby recognized as the procuring broker and will be paid a commission per separate agreement.

This Agreement is intended to be binding only as to the short-term lease reservation as stated above. The parties agree that the terms of this Agreement shall be incorporated into a lease which landlord shall prepare and present to the tenant at any time after this date. This Agreement will not give rise to any right or obligation other than the short term lease reservation, based on any legal or equitable theory (including any right to continue negotiations), it being intended that only a subsequent formal written contract, if executed and delivered by both Landlord and Tenant will bind Landlord and Tenant as to the balance of the terms of this Agreement.

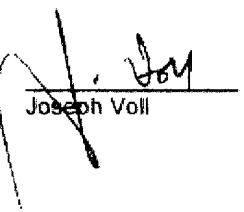
Please do not hesitate to call with any questions.

Sincerely,

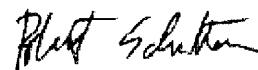


Terry L. Nelson  
Vice President

Agreed and Acknowledged:

Landlord:  Joseph Voll

Robert Schulten



Colonial  
REALTY

## Attachment #3- Appendix A, Section L, question 71- MCI Security Proposal

### Mark Resko-MCI Systems LLC

Mark Resko ([www.mcisystems.com](http://www.mcisystems.com)), 221 Windsor Road, Fairfield, CT 06824  
The following letter was received from MCI

26 March 2013

Mr. Rob Schulten  
RE: Alarm systems for medical marijuana dispensary

To quote line item prices mandates detailed plans for completely new construction or renovation of existing. I will explain the pluses and minuses of each Connecticut line item mandate. Please note they appear to be just that mandates as Commissioner has already been approached with changes received and denied. For example, voice dialers for communication.

**Item #1:** Perimeter alarm would consist of basic industrial grade magnetic switches hardwired back to a control panel with "partitions." In this example, I would use a Napco (brand in your home) model 9600. If windows are included, they may require contacts. Typical cost per door/window in 2,000 sq. ft. would be \$50.00 to \$80.00 per "opening." Extreme switches for doors or windows called "biased" devices can cost as much as above just for materials, but not suggested by State of CT.

Average cost of master control is \$400.00. It has eight (8) separate partitions allowing discrete control through a doorway. For example, storage door within always ON to access with a code only authorized individual's have.

Keypads--large LCD display approximately \$250.00 installed OR a biometric reader either a finger print or traditional code or both may be utilized at \$800.00 plus or minus per unit.

**Item #2:** Motion detection. The average cost of these devices is \$80.00 plus wiring back to control at \$40.00 to \$50.00 depending on actual requirements to get back, for example, on a surface/above a surface (dropped ceiling) in pipe, but this is not covered in State's overview, so maybe not an issue.

**Item #3:** Video cameras. The big issue with any camera including TV studio units at \$100,000.00 is light. They shower a set with lighting to produce fine 2 million or so pixels on a TV with no grain or noise. Pan to audience and picture goes gray and grainy.

The State wants Class A+ detail, we start with light inside/outside and work with a good knowledgeable lighting (scene) electrician. That has his/her lumens in full control; cameras will not have any problems.

#### **Two types of cameras:**

Analogue—color 420TVL (TV lines) to maximum 700TVL, typical 600TVL to 650TVL

Not high-definition, but solid pictures with solid light. Not going to catch license plate numbers easily or pattern in fabric. Night or low light picture can revert to black/white. One manufacturer has a light intensifier camera at approximately \$550.00 +/- depending on lens that does produce

color at night at 650TVL but problem, not what they are (I think) looking for, with clear concise pin it down to freckle, as I understand.

Digital mega pixel cameras from formats 720p to maximum 1080p and some in between. At 1080p over 2M pixels are simultaneously captured and retransmitted in a progressive manner on monitor/TV for direct view as opposed to the analogue units outputting interlaced pictures.

You are in the \$700.00 to \$800.00 range again lenses are a factor and require dimensions, parking lot layouts and interiors for proper sizing.

Quick example, outside entry to parking lot should/could be only one-way in/out a 20ft. space or as required. Camera #1 with wide-angle lens looks at a vehicle as it drives to this space (main road) as well as its movement throughout entry to parking.

Camera #2 telephoto lens beams onto actual entry area for license plate identification and/or driver.

One camera can as with all digital video be enlarged for detail recognition, but reaches a point of blurry if stretched too far. Outside layout lighting necessary.

**My Item:** Injected here with the “two alarm” companies installing duplicate systems. Who gets the “pole position” to hang their camera at the exact location as specified in their proposal to find it has been taken with a completely different piece of equipment from Company B? Location wars?

It applies to alarm system’s location of a contact on a door as well. Company A can’t install a magnetic contact next to Company B’s even though it is the correct location “they can cancel each other out” or cause false alarms in both systems when armed.

Two may be better than one only if Company A and Company B work together honestly for client with equal competitive pricing and no funny business. But, it may be looked as “collusion” by State. A thin area here. We have installed TV/access et al systems in FAA flight control operations with less intervention from that Capitol Hill “crew” a lovely bunch of coco(nuts)! Some clarification by CT.

**Item #4:** Twenty-four hour recordings with 30 days storage. With the digital cameras as described they typically wire data back to a network video recorder (NVR) located onsite over the Internet for remote viewing.

An interesting format used by our feature camera/NVR manufacturer OpenEye® is called “Radius”. If every facility used this brand they (The State) could scroll with one format on one screen every independent outlet (grow farm, etc) in CT....why make it easy for them.? But for you with two separate CCTV systems (companies) (if really required?) both could be viewed simultaneously, or if your operation expanded anywhere in CT/country.

We are using this in the new church on Black Rock Turnpike just south of the Merritt Parkway expanding to just under 96,000 sq. ft. So many recorders in a stack “Radius” collates everything. Windows 7 will permit multiple programs side by side. So, maybe I am over marketing this feature. iPhone APP’s are always free for the taking and permit access. DVR’s and cameras may be monitored for health of equipment.

Cloud storage offsite with trained personnel monitoring your facility with report of intrusion is quite popular with many industrial/commercial applications and could interface with State, police department, et al.

The approximate cost of NVR's is dependent on hard drive space and number of cameras required (input). \$1,700/\$2,500/\$3,500/\$5500

Labor to install requires mounting on building at safe distances off ground. We own our own aerial truck and access around proposed facility should be open, flat terrain. Put some distance between side of building and adjacent structure/trees.

Any added hardware costs for cameras, mounting brackets if required, remains to be seen. Most outside cameras have brackets. However, remote locations, for example, camera on a pole requires trenching by primary contractor well below frost line and direct burial style Category 6a cable.

There isn't any mention of high-impact/bullet-proof equipment, quite expensive.

**Item #5:** Duress alarm. Always a part of software in any alarm included in price of keypad.

**Item #6:** Panic alarm. Always part of keypad software with additional manual buttons installed any location.

**Item #7:** Hold-up alarm: same as duress/panic. Individual under gunpoint would have to make a proper distinction of what they may think is happening, however, another button can be installed at any location.

Cost of buttons \$5.00 to \$10.00 for button and wire. \$40.00 per button to hardwire to panel.

**NOTE:** Two alarm company's doubles the number of buttons. Bad idea; a life threat to employee. Discuss this further later.

**Item #8:** Automatic voice dialer: This mandate, and appears it is, because the commissioner has already been called on it with no luck is short of either insane or the entire commission has been sequestered in a house with an alarm installed in the 1970's and do not know that all alarm panels tie into a variety of communication services and must be monitored at a central station. Police across the land said, "Guys, this isn't fair!" voice dialers were loading down police department's desks.

They exist for temperature/flood alerts with up to four inputs for various devices and are one-way devices they do not know if call got through to plumber, so they dial over and over. Police departments loved that with eight to ten calls for one event with no zone identification, so a 32-zone system has one alarm for all, as an example. Central monitor also watches system health with voltage, batteries etc. Cannot do with voice dialer as its internal software in alarm so there is no "log" that does something to trigger another something that calls out to whom? Maybe the Commissioner! Can be done but with multiple units a lot of old fashioned relays and ingenuity. In business almost 50 years, I've done this many times; use the technology and make it work. But will our 21<sup>st</sup> century alarm contract hold up? Probably invent a new contract just for this!

Devices---\$150.00 plus whatever to piece together per unit maybe \$250.00 to \$300.00

**Item #9:** Fail notification surveillance---OK OpenEye's® "report Star" monthly cost \$5.95 per month

**Item #10:** Well, a 1080p video signal is 1920X1080 or 2,073,600 pixels, beats 9600dpi. This needs clarification whose printer is it onsite/offsite and a function of the printer not DVR? jpeg is used over Internet crushing some content—cost?

**Item #11:** Date/time—yes

**Item #12:** Standby—yes

System's locations more discussion. Should two separate systems share same space, same breaker, same generator setup?

CCTV doesn't have battery backup automatically. It needs a UPS system to immediately run system but absolutely needs generator set to run for longer periods.

UPS--\$150.00 to \$700.00/\$800.00 to a system; we haven't sold yet that will run a home for days. "Richard Gray's" power system, check it out!

**Item #12e:** Well lighted for cameras and general security:

**Item 12f:** jpeg, bmp, gif—jpeg./gif. are video compression algorithms. jpeg is used on Internet. bmp. is a non-compressed video display. NVR's aren't going to export video in all three formats, jpeg mostly. We would have to find the software/hardware to conform.

Approximate time in a 2,000 sq. ft. open frame wood/masonry drop ceilings or attic---four to five days prewire two men, first man at \$89.00 per hour, second man at \$60.00 per hour

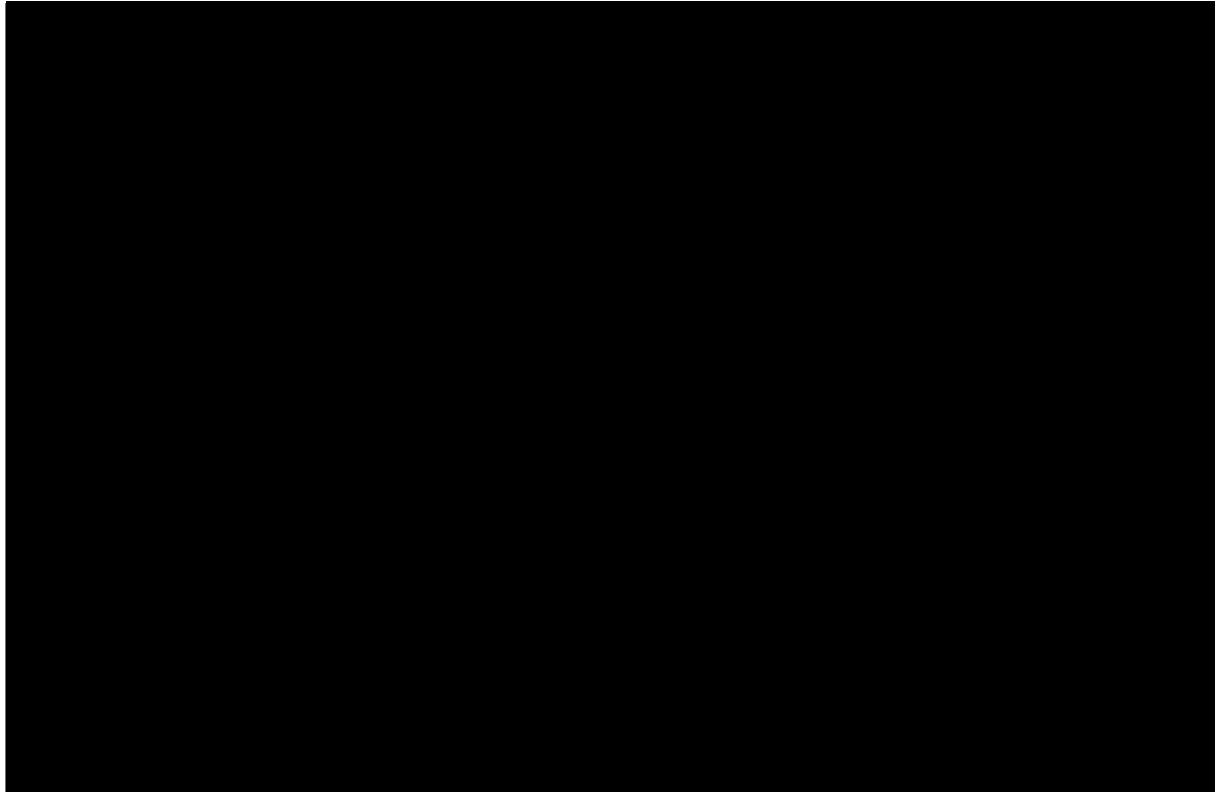
Complete: two days generally one technician at above rates

Pricing does not include tax if applicable

Total Estimated MCI Price:

## **MCI Security Cost Outline**

26-Mar-13



**Attachment #4- Appendix C, Section C, question 23- Mark Roberts Relevant Experience**

The pharmacy name; **CVS Pharmacy**

The pharmacy's location; **2610 East Main Street, Bridgeport, CT**

All titles and responsibilities held by you at the pharmacy, including the time frame for each;

- **Pharmacy Manager, Performed daily management of medication dispensary, supervision of all aspects of day-to- day in-store business operations. Advised and educated patients on medication management including the benefits and side effects of particular medications. April 2010 to present.**
- **Staff Pharmacist, Implemented a community outreach program to allow inner city Bridgeport High School students the opportunity to work alongside a pharmacist and observe daily operations. Assisted in the training and development of pharmacy teammembers to receive their national certification, July 2007 to March 2010..**
- **Pharmacy Intern, Filled and processed prescriptions, counseled patients, recommended drug therapy, and oversaw inventory management. June 2004 to June 2007.**

The dates of your association with the pharmacy; **July 2004 to current**

Whether you currently have a role at the pharmacy and, if not, when your involvement terminated and why; **Currently employed by CVS, 2610 East Main Street, Bridgeport, CT.**

Whether the pharmacy was ever alleged to have violated the laws or regulations of the state in which it operates during the time period when you were associated with the pharmacy and, if so, how those allegations were resolved. **No, Never**

**Attachment #5- Appendix C, Section E, question 28- Robert Schulten Relevant Experience**

The business name; **General Electric Company Headquarters, Fairfield, CT**  
Products or services offered ; **Wide variety of financial and industrial products globally, from credit card services to aircraft engines to home appliances.**

**The business location; global, 50% in US, 50% offshore**

All titles and responsibilities held by you at the business, including the time frame for each;

- GE Commercial Finance, July 2001 to January 2007, planned, organized and executed new industry lines for the Corporate Lending Group
- General Electric Company, Corporate Headquarters, Fairfield, CT, Manager, Corporate Initiatives Group, 1998 to 2001, drove new business initiatives & programs across GE business

The dates of your association with the business;**1991 to 2001**

Whether you currently have a role at the business and, if not, when your involvement terminated and why ; **I moved on for better opportunity and better pay**

Whether the business was ever alleged to have violated the laws or regulations of the state or country in which it operates during the time period when you were associated with the business and, if so, the nature and resolution of those allegations ; **No, integrity is critically important to all GE personnel**

How this experience is relevant to the department's evaluation of the RFA response of the applicant with whom you are associated. **Rob is a lifelong Connecticut resident, currently residing in Fairfield. Rob has had many management and development roles in his 30 year career working as a management consultant in the banking and industrial industries. In his 16 years with General Electric working for GE Corporate group in Fairfield, he advised and managed many green field new plant start-ups giving him full exposure to skill-sets necessary to lead a new project through development and into production. Rob has consistently been able to pull the right team with the right skill sets together then motivate them to work cohesively which are critical attributes to a new venture's long-term success. He is trained and has taught Six Sigma Quality Course to companies in both the manufacturing and services sectors.**

**Rob has a chemical engineering degree from Tufts University and an MBA in finance and marketing from the University of Chicago. Rob will be the sole Dispensary Facility Backer for Nutmeg. Having a single source of funding should expedite the licensing process, improve operating flexibility, and speed once Nutmeg is operating.**

# **Nutmeg Dispensary**

## **Exhibit B**

### **Business Plan**

November 1, 2013

# EXECUTIVE SUMMARY

Funding:	\$700k (binding commitment)
Equity:	\$200k (on deposit, immediately available)
Loan:	\$500k (repayment starts in 2 years, 5-year loan, available upon licensing)
Site Control:	Signed Lease agreement w/landlord contingent on CT DCP licensing approval
Management Team:	Mark Roberts., Dispensary Manager Robert Schutlen., Administration Officer & Disp Facility Backer Fred Ury., Legal Doug Steinschneider, Information Security & Data Integrity Mark Resko.- Security Systems Jo-Ann Brill, Licensed Professional Clinician
Zoning:	<b>Pending City of Bridgeport Certificate of Zoning Approval</b>
Building Specs:	1580 square feet, ample parking spaces
Patients:	Up to 1000 with resources to meet increases in demand
HIPPA:	Fully prepared
Website:	<a href="http://robertschutlen.wix.com/nutmeg-2">http://robertschutlen.wix.com/nutmeg-2</a>
Local Law:	Nutmeg is working with Bridgeport Police & Fire Departments
Integrity:	First and foremost. No anticompetitive behaviors will be tolerated
About Us:	



## **NUTMEG DIFFERENTIATORS**

<b>Regulatory Compliance</b>	This is a given. Nutmeg has in-depth solutions for inventory control, security, information technology, and HIPPA to meet Connecticut's regulatory requirements, along with checklists and spreadsheets to manage all requirements.
<b>Patient Security</b>	Multiple layers of protection provide seamless security of people and data.
<b>MCS Program</b>	Medication Check Service is offered to all patients and includes a review of all medications, traditional and alternative, followed by a consultation on possible interactions.
<b>Patient Education</b>	Nutmeg places a high emphasis on education excellence — providing ample and high quality information to help patients choose products appropriately and understand how to use them effectively and responsibly. Nutmeg will give patients access to the best and most up-to-date clinical studies as reported in the top medical journals.
<b>Patient Feedback</b>	Process in place to create a HIPPA compliant database that tracks patient feedback against various consumption methodologies and ingredient mixes. Nutmeg will manage the feedback from patients regarding the efficacy of different types of marijuana in treating their specific conditions.
<b>UConn Efficacy Study</b>	Working with Michael White, PharmD, Director Pharmacy Practice, UConn / Hartford Hospital Evidence-based Practice Center. Dr. White expertise is in meta-analysis, systematic review and clinical trial projects evaluating comparative effectiveness of different drug, device and alternative treatments. Nutmeg is working with Dr. White currently to agree on data sets to collect for the analysis of the efficacy of medical marijuana on specific disease states. Nutmeg would like to lead the CT based dispensaries in this data collection endeavor.
<b>Counseling Services</b>	Nutmeg is highly focused on educating patients on proper medication practices and thereby avoiding substance misuse issues. In addition to consultation with our dispensaries, Nutmeg offers free one-on-one counseling with Nutmeg's Licensed Clinical Social Worker (LCSW), substance abuse professional.

**Integrity** Doing the right thing, every day for the State and for our patients. Nutmeg will not be involved with the any industry alliances or anticompetitive practices.

**Detail Oriented** Nutmeg has developed the following manuals and outline to help develop and run this business:

1. Facility Security Manual- 46 pages
2. Business Plan- 82 pages
3. Information Security & Data Integrity Manual- 39 pages
4. New Patient Manual v6- 55 pages
5. Operations Manual- 52 pages
6. Staff Training and Employment Manual- 25 pages
7. Handling PHI and Other Confidential Information (HIPPA)- 25 pages

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# I. EXECUTIVE SUMMARY

## A. OVERVIEW.

The Nutmeg Dispensary (“Nutmeg”) has the leadership, experience and financial strength to plan, develop and run a medical marijuana dispensary in CT. We are committed to a partnership mentality to deliver all requirements under the DCP regulations and to reliably educate and service our customer base. We have compiled an in-depth plan and have put together an experienced team with two pharmacists and numerous start-up professionals who are subject matter experts in finance, legal, information technology, administration and security. Nutmeg has found a superior site in the commercial district of Fairfield, the site has property owner approval and is currently under Fairfield Plan and Zoning consideration, and it will provide patients with comfortable and secure surroundings. Our commitment is to meet or exceed regulatory requirements by providing superior controls, having extensive documented processes in place to prohibit diversion and to provide patients a consistency of service, quality and product.

When open, Nutmeg will maintain a clean, modern facility that dispenses medical marijuana to licensed patients in a service-focused environment, without error. Dispensary Facility Personnel will be well trained, and strive to serve patients and their caregivers courteously, responsively and always with their dignity in mind.

While delivering on our mission, we acknowledge that we must remain legally compliant, financially sound and responsive to the community in which we operate.

This plan represents a realistic and achievable vision of a model of what Nutmeg can provide to the State of CT, patients and the neighborhood in which we reside.

## B. OBJECTIVES.

During the first year, business goals for Nutmeg are to:

- Open the Nutmeg Dispensary and serve an average of 250 patients per month during the first six months of operation. If needed by patient demand, Nutmeg can realistically service up to 1200 patients per month, appropriately staffed with additional Dispensary Facility Personnel.
- Generate at least \$66,000 in average monthly revenue by the end of the first full year with sales.
- Increase revenue from \$792,000 (annually) during 2014 to \$3.1 million by 2015.
- Hire employees who are happy, motivated and actively contribute to a good working atmosphere for patients and other employees.
- Develop and maintain a loyal patient following.
- Provide patients exceptional education & counseling resources.

## C. MISSION.

It would be a privilege for Nutmeg Dispensary to dispense medical marijuana while meeting all safety and reporting requirements while providing patients a safe and cost effective medical alternative.

**Making people's life better is what inspires us.**

#### **D. VISION.**

Nutmeg envisions being a patient-oriented organization that provides Connecticut patients in need with safe access to high-quality marijuana and educational resources.

Nutmeg maintains the highest standards of professional operation and truly serves the needs of patients in lower Connecticut. We view this as a once in a lifetime opportunity to provide an innovative medical alternative with professional counseling. We can make a difference in helping people live better and healthier lives.

#### **E. OUR COMMITMENTS.**

- Operate with complete adherence to state and local ordinances and maintain a solid working relationship with all government authorities, including law enforcement and the DCP.
- Our promise is to never to reduce competition in our market and to not participate in any anti-competitive practices.
- Maintain financial viability to support our ongoing mission as an organization whose purpose is to serve our patients and caregivers.
- Be a good neighbor to local residents and businesses.
- Educate our patients on the proper, legal and responsible use of marijuana.

#### **F. CORE VALUES.**

Nutmeg believes in:

- **Product Offering** – We will dispense only safe, high-quality medical marijuana.
- **Repeatable & Reliable Processes** - Map all physical and information processes to improve efficiency, eliminate waste and reduce error. Major business processes are safety, regulatory reporting, operations, employee recruitment and retention, customer satisfaction, compliance and accounting, essentially all physical and information flows.
- **Compassion** - Service our patients professionally with sensitivity to their needs in a clean environment where they feel safe and secure.
- **Responsiveness** - Make sure all patient questions are answered honestly and intelligently. In our dealings with DCP, employees and the community, all questions will be answered in a swift and timely fashion.

- **Transparency** - Our financial data will be regularly audited by an independent accounting firm.
- **Community Service** - Conduct varied and ongoing outreach activities to serve the needs of our community.
- **Education** - Provide facts and information to help patients understand the responsible and effective use of medical marijuana.
- **Be a “Good Neighbor”** - work with the community, the town and local police as a responsible service provider.

## **G. KEYS TO SUCCESS.**

Important keys to our success include:

- Partnership mentality with the DCP, patients and neighbors.
- Customer Satisfaction - patients have a choice. If we educate and engage, patients will return. An informed Dispensary Manager and Dispensary Technicians that are friendly, professional, well dressed, respectful and compassionate which will compliment the relaxed, clean pharmacy feel of the dispensary.
- We will position Nutmeg as a responsible business in the community and develop close working relationships with civic, business and government leaders.
- Highly detailed planning and execution is critical. We will put in place the staffing, training and infrastructure required and we will apply industry Six Sigma (quality) best practices to dispensary operations.
- Financials, especially cash flow, must be well planned and managed. Nutmeg has adequate financial resources to provide long-term stability of service to our patients.
- Accountability & Integrity - Dispensary Manager and Dispensary Backer are both Town of Fairfield residents and long-time Connecticut residents with deep roots in the community.

## II. ORGANIZATION SUMMARY

### A. LEGAL ENTITIES.

Legally named Nutmeg Dispensary,LLC, Nutmeg is a Connecticut limited liability company founded on July 12, 2013 for the purpose of applying for a Dispensary License in CT.

CT Business ID: 11001880.

EIN: 46-3981458

CT DRS Sales and Use Permit No.: 60097896-001

Certificate of Organization is below:



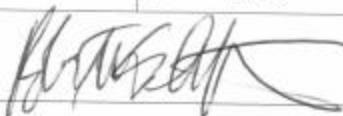
## SECRETARY OF THE STATE OF CONNECTICUT

MAILING ADDRESS: COMMERCIAL RECORDING DIVISION, CONNECTICUT SECRETARY OF THE STATE, P.O. BOX 150470, HARTFORD, CT 06115-0470  
DELIVERY ADDRESS: COMMERCIAL RECORDING DIVISION, CONNECTICUT SECRETARY OF THE STATE, 30 TRINITY STREET, HARTFORD, CT 06106  
PHONE: 860-509-6003 WEBSITE:

### ARTICLES OF ORGANIZATION LIMITED LIABILITY COMPANY - DOMESTIC

C.G.S. §§34-120; 34-121

USE INK. COMPLETE ALL SECTIONS. PRINT OR TYPE. ATTACH 8 1/2 X 11 SHEETS IF NECESSARY.

<b>FILING PARTY (CONFIRMATION WILL BE SENT TO THIS ADDRESS):</b> NAME: ROBERT M. SCHULTEN ADDRESS: 105 WATERVILLE ROAD		<b>FILING FEE: \$120</b> MAKE CHECKS PAYABLE TO "SECRETARY OF THE STATE"
CITY: SOUTHPORT STATE: CT ZIP: 06890		
<b>1. NAME OF LIMITED LIABILITY COMPANY - REQUIRED:</b> (MUST INCLUDE BUSINESS DESIGNATION I.E. LLC, LLC, ETC.) NUTMEG DISPENSARY, LLC		
<b>2. DESCRIPTION OF BUSINESS TO BE TRANSACTED OR PURPOSE TO BE PROMOTED - REQUIRED:</b> ATTACH 8 1/2 X 11 SHEETS IF NECESSARY MEDICAL MARIJUANA DISPENSARY		
<b>3. LLC'S PRINCIPAL OFFICE ADDRESS - REQUIRED:</b> (NO P.O. BOX) PROVIDE FULL ADDRESS. "SAME AS ABOVE" NOT ACCEPTABLE ADDRESS: 105 WATERVILLE ROAD		
CITY: SOUTHPORT STATE: CT ZIP: 06890		
<b>4. MAILING ADDRESS, IF DIFFERENT THAN #3: PROVIDE FULL ADDRESS. "SAME AS ABOVE" NOT ACCEPTABLE</b> ADDRESS:		
CITY: STATE: ZIP:		
<b>5. APPOINTMENT OF STATUTORY AGENT FOR SERVICE OF PROCESS - REQUIRED:</b> (COMPLETE A OR B NOT BOTH) <input checked="" type="checkbox"/> A. IF AGENT IS AN INDIVIDUAL. PRINT OR TYPE FULL LEGAL NAME: ROBERT M. SCHULTEN		
<b>BUSINESS ADDRESS</b> (P.O. BOX NOT ACCEPTABLE) IF NONE, MUST STATE "NONE"		<b>CONNECTICUT RESIDENCE ADDRESS</b> (P.O. BOX NOT ACCEPTABLE)
ADDRESS: NONE		ADDRESS: 105 WATERVILLE ROAD
CITY:		CITY: SOUTHPORT
STATE:		STATE: CT
ZIP:		ZIP: 06890
SIGNATURE ACCEPTING APPOINTMENT: 		

B. IF AGENT IS A BUSINESS:  
PRINT OR TYPE NAME OF BUSINESS AS IT APPEARS ON OUR RECORDS:

CT BUSINESS ADDRESS (P.O.BOX UNACCEPTABLE)

ADDRESS:

CITY:

STATE:

ZIP:

SIGNATURE ACCEPTING APPOINTMENT ON BEHALF OF AGENT:

PRINT NAME & TITLE OF PERSON SIGNING:

6. MANAGER OR MEMBER INFORMATION-REQUIRED: (MUST LIST AT LEAST ONE MANAGER OR MEMBER OF THE LLC.)  
ATTACH 8 1/2 X 11 SHEETS IF NECESSARY.

NAME	TITLE	BUSINESS ADDRESS (No. P.O Box) IF NONE, MUST STATE "NONE"	RESIDENCE ADDRESS: (No. P.O Box)
MARK G. ROBERTS	DISPENSARY MANAGER	NONE	28 KENWOOD AVENUE FAIRFIELD, CT 06824
ROBERT M. SCHULTEN	ADMINISTRATIVE OFFICER	NONE	105 WATERVILLE ROAD SOUTHPORT, CT 06890

7. MANAGEMENT - PLACE A CHECK NEXT TO THE FOLLOWING STATEMENT ONLY IF IT APPLIES

MANAGEMENT OF THE LIMITED LIABILITY COMPANY SHALL BE VESTED IN A MANAGER OR MANAGERS

8. EXECUTION: (SUBJECT TO PENALTY OF FALSE STATEMENT)

DATED THIS 9TH DAY OF JULY 2013

NAME OF ORGANIZER (PRINT OR TYPE)	SIGNATURE
ROBERT M. SCHULTEN	

AN ANNUAL REPORT WILL BE DUE YEARLY IN THE ANNIVERSARY MONTH THAT THE ENTITY WAS FORMED/REGISTERED AND CAN BE  
EASILY FILED ONLINE @  
CONTACT YOUR TAX ADVISOR OR THE TAXPAYER SERVICE CENTER AT THE DEPARTMENT OF REVENUE SERVICES AS TO ANY  
POTENTIAL TAX LIABILITY RELATING TO YOUR BUSINESS, INCLUDING QUESTIONS ABOUT THE BUSINESS ENTITY TAX.  
TAX PAYER SERVICE CENTER: (800) 382-9463 OR (860) 297-5962 OR GO TO

## **B. STARTUP SUMMARY.**

Following are some of the milestones Nutmeg has accomplished thus far:

- Nutmeg is securing an appropriate site with approvals from zoning and building officials in the City of Bridgeport in a 2 story, professional office building with easy access to the Merritt Parkway. Street address is 4750 Main Street, Bridgeport, CT 06606.
- Engaged a highly qualified team to serve as advisors with expertise in legal, financial, pharmacy operations, security and more.
- Prepared a comprehensive application package and business plan that addresses all areas required to fund and operate a legally compliant, sustainable organization that can fully deliver on our mission.
- Developed Website: <http://robertschulten.wix.com/nutmeg-2>. Nutmeg has reserved the right to use www.NutmegDispensary.com.

## **C. STARTUP FUNDING.**

Nutmeg's financing plan has been crafted to carefully use the \$700,000 funding to sustain expenses in both in start-up and 5 years of operations. Nutmeg actively sought and found space that requires little additional build-out expense. It is Nutmeg's strategy to operate cost effectively, ideally in the lowest quartile of costs for like ventures, so that we can provide the most cost effective solution to our patients over the long term.

Nutmeg is positioned with access to adequate funding to operate for 5 years, regardless of market conditions.

Nutmeg's start-up cost is estimated at \$162,000 and the Dispensary Backer has made \$200,000 available as equity. The projected start-up costs are:

<b>Nutmeg Start-up Costs</b>	
Design and fit-out of dispensary facilities (1)	\$20,000
Security modifications and apparatus	\$18,000
Fixtures, office equipment/furniture, and installation	\$12,500
Approved safes & cash mgmt solutions from CSS	\$4,000
IT Consulting	\$13,500
Pre-Opening Payroll	\$16,000
Computer hardware, software, POS, label printer, scanner	\$5,000
Starting inventory	\$10,000
Legal and other professional fees	\$4,000
Promotion	\$2,000
Utility Deposit	\$2,000
Education materials, stationery, displays	\$4,000
Rental security deposit	\$3,000
Rent during build-out and previous to opening	\$12,500
Supplies	\$3,000
Signage	\$500
License & Application Preparation	\$9,000
Working Capital	\$5,000
Insurance	\$4,000
Contingency (15%)	\$14,000
<b>TOTAL</b>	<b>\$162,000</b>

(1) Landlord will contribute \$14,630 in capital improvements

The \$200,000 in start-up funds will be spent in the period between the license award date and the day Nutmeg opens to the public, currently estimated in 1Q2014. An additional \$500,000 in available capital will sustain Nutmeg through the next 60 months of operations, but projections of patient and sales volumes indicate that only a fraction, less than 40%, of this available capital will be required. After careful review of the budgets for several similarly structured dispensaries, now operational in Maine and recent financial estimates for the newly operating Rhode Island dispensaries (Marijuana Business Factbook by Medical marijuana Business Daily published 3/2013), we believe that our figures reflect accurate and realistic estimates.

<b>Nutmeg Income Forecast</b>	YEAR- 2014	YEAR- 2015	YEAR- 2016
<b>REVENUE:</b>			
Number of Patients	300	750	1500
Number of Visits	3900	8000	12000
Avg Sale per Patient Visit	\$300	\$250	\$225
Patients/Day	15	31	46
Patients/Hr	1.9	3.8	5.8
PNG Gross sales	\$1,170,000	\$2,000,000	\$2,700,000
Paraphernalia Gross sales	\$58,500	\$100,000	\$135,000
<b>TOTAL REVENUE</b>	<b>\$1,228,500</b>	<b>\$2,100,000</b>	<b>\$2,835,000</b>

<b>COGS:</b>			
COGS- PNG Sales (65%)	\$760,500.00	\$1,300,000.00	\$1,755,000.00
COGS- Paraphernalia (60%)	\$35,100.0	\$60,000.0	\$81,000.0
Margin Gross- PNG Sales	\$409,500.00	\$700,000.00	\$945,000.00
Margin Gross- Paraphernalia	\$23,400.0	\$40,000.0	\$54,000.0
Gross before expenses	\$432,900.00	\$740,000.00	\$999,000.00
<b>EXPENSES:</b>			
Payroll w/Fringes	\$218,000	\$412,500	\$553,125
Consultants	\$17,500	\$19,250	\$21,175
Equipment	\$7,760	\$6,984	\$6,286
Supplies	\$16,000	\$4,200	\$4,410
Office Expenses	\$20,100	\$1,680	\$1,764
Utilities	\$12,000	\$12,600	\$13,230
Insurance	\$8,000	\$8,800	\$9,680
Interest	\$40,000	\$40,000	\$40,000
Depreciation/Amortization	\$2,000	\$2,000	\$2,000
Leasehold Expenses	\$89,000	\$91,670	\$94,420
Bad Debt	\$0	\$0	\$0
Payment – Loan Principle	\$0	\$40,000	\$40,000
Marketing	\$11,000	\$7,550	\$12,128
<b>TOTAL EXPENSES:</b>	\$441,360	\$647,234	\$798,218
<b>DIFFERENCE:</b>	<b>(\$8,460)</b>	<b>\$92,766</b>	<b>\$200,782</b>

<b>Nutmeg Personnel Needs</b>	<b>Year- 2014</b>	<b>Year- 2015</b>	<b>Year- 2016</b>
<b>Personnel</b>			
<b>Full Time Equivalent- FTE</b>			
Administration- FTE	1	1	2
Dispensary- FTE	1	1.5	1.5
Dispensary Techs- FTE	2	2.5	4
<b>TOTAL:</b>	<b>4</b>	<b>5</b>	<b>7.5</b>
<b>Personnel</b>			
<b>Payroll w/ fringes</b>			
Administration	\$70,000	156,250	156,250
Dispensary	\$70,000	156,250	234,375
Dispensary Techs	\$78,000	100,000	162,500
<b>TOTAL:</b>	<b>\$218,000</b>	<b>\$412,500</b>	<b>\$553,125</b>

Nutmeg's income statement shows a sound progression from a small loss situation in 2014 to a solid performance in the second full fiscal year, 2015. With an emphasis on a slow, sustainable growth of 38 new patients each month, the organization will neither overextend its resources nor underutilize its potential.

## **D. NUTMEG DISPENSARY FINANCIAL DIAGNOSTICS.**

Below is an analysis of the financial structure of Nutmeg, given the projects on cash flows, patient volumes and margins:

FINANCIAL DIAGNOSTICS	VALUE	FINDINGS
<b>General Financing Assumptions</b>		
Owner's Cash Injection into the Business	100.0%	Owner's injection is above average
Cash Request as percent of Total Required Funds	10.8%	Cash request seems reasonable with respect to total request
<b>Loan Assumptions</b>		
Commercial Loan Interest Rate	12.0%	Interest rate seems reasonable
Commercial Loan Term in Months	60	Loan term seems within range for this type of loan
Commercial Mortgage Interest Rate	12.0%	Interest Rate seems reasonable
Commercial Mortgage Term in Months	120	Loan term seems within range for this type of loan
Loan Payments as a Percent of Projected Sales	0.0%	Calculated loan payments as a percent of sales seem reasonable
<b>Income Statement</b>		
Gross Margin as a Percent of Sales	33.8%	Gross margin percentage seems reasonable
Owner's Compensation Lower Limit Check	\$84,000	An owner's compensation amount has been established
Owner's Compensation Upper Limit Check	128.7%	Owner's compensation may be too high relative to profitability of business
Advertising Expense Levels as a Percent of Sales	0.0%	Advertising as a percent of sales may be too low
Profitability Levels	\$65,244	The business is showing a profit
Profitability as a Percent of Sales	5.6%	The projection does not seem highly unreasonable
FINANCIAL DIAGNOSTICS	VALUE	FINDINGS
<b>Cash Flow Statement</b>		
Desired Operating Cash Flow Levels	\$27,230	The financial projection does not provide the desired level of cash flow
Line of Credit Drawdowns	\$27,230	The business will need at least this level of a line of credit
Accounts Receivable Ratio to Sales	0.9%	Accounts receivable amount as a percent of sale seems reasonable
FINANCIAL DIAGNOSTICS (cont.)	VALUE	FINDINGS
<b>Balance Sheet</b>		
Does the Base Period Balance Sheet Balance?		The balance sheet does balance
Does the Final Balance Sheet Balance		The balance sheet does balance
Debt to Equity Ratio	11.3%	The debt to equity ratio seems reasonable
<b>Breakeven Analysis</b>		
Breakeven Levels	\$336,213	The sales projection exceeds the projected breakeven sales level

## **E. NUTMEG DISPENSARY BREAKEVEN ANALYSIS.**

BREAKEVEN ANALYSIS	DOLLARS	PERCENT
Annual Sales Revenue	\$1,157,000	100%
Cost of Sales	\$765,400	66.15%
<b>Gross Margin</b>	<b>\$391,600</b>	<b>33.85%</b>
Salaries and Wages	\$187,457	
Fixed Operating Expenses	\$89,671	
<b>Total Fixed Business Expenses</b>	<b>\$277,128</b>	
<b>Breakeven Sales Calculation</b>	<b>\$277,128</b>	<b>33.85%</b>
<b>Breakeven Sales in Dollars</b>	<b>\$818,787</b>	

## **F. DISPENSARY FACILITY BACKER**

Nutmeg has received a commitment from a single Dispensary Facility Backer, Robert M. Schulten, for \$700,000 that it feels is a competitive advantage since there will be no issues sourcing funds when required and no internal conflicts on how they are spent.. The structure of the financing is a \$200,000 equity stake to fund the initial phase of this project and a, \$500,000 loan amount payable over a 10-year period at a fixed interest rate of twelve percent. A copy of the commitment letter from Mr. Schulten is included with this Plan, along with a statement from a financial institution attesting to his ability to fund the project.

## **G. COMPARISON WITH RHODE ISLAND DISPENSARIES.**

In order to make sure the assumption used in this analysis are reasonable, Nutmeg has reviewed a variety of costs categories reported by the two Rhode Island medical marijuana Facilities that have opened to date, Slater and Greenleaf. Similarities and discrepancies are reviewed below the chart:

<b>NUTMEG START-UP COSTS COMPARISON TO RHODE ISLAND</b>		<b>SLATER</b>	<b>GREENLEAF</b>	<b>NUTMEG</b>
Initial startup expenses:				
Build-out	\$ 1,600,000	\$ 120,000	\$ 162,000	\$ 20,000
Working Capital	\$ 660,000	N/A		
Equipment	\$ 500,000	\$ 25,000		
Payroll	\$ 440,000	N/A		
TOTAL From above	\$ 1,600,000	\$ 56,000	\$ 61,000	\$ 25,000
Difference between totals	\$ 0	\$ 81,000	\$ 39,000	\$ 16,000
Startup expenses during 1st 10 months operations:				
Security	\$ 1,100,000	\$ 535,541	\$ 75,000	
Payroll	\$ 434,375	N/A		
Leasehold expenses	\$ 291,120	\$ 241,872		
Cannabis growing	\$ 73,333	\$ 50,000		
Office Expenses	\$ 97,200	N/A		
Supplies	N/A	\$ 26,130		
Community Outreach	\$ 72,842	\$ 20,800		
Equipment	N/A	N/A		
Consultants	N/A	\$ 10,088		
Utilities	\$ 28,800	N/A	\$ 7,280	

<b>NUTMEG START-UP COSTS COMPARISON TO RHODE ISLAND (cont.)</b>		<b>SLATER</b>	<b>GREENLEAF</b>	<b>NUTMEG</b>
Startup expenses during 1st 10 months operations (cont.):				
Caregiver Excess Medicine			\$ 171,875	
TOTAL From above	\$ 997,670	\$ 528,045		
Difference between totals	\$ 102,330	\$ 7,496		
Funding Amount	\$ 1,600,000	\$ 200,000	\$ 700,000	
Funding Source	investor/board	principal/mgmt	investor/mgmt	
Revenue in first full year	\$ 2,600,000	\$ 1,250,000	\$ 1,023,750	
Cannabis sales	\$ 2,400,000	\$ 1,250,000	\$ 975,000	
Paraphernalia & other	\$ 240,800	\$ 12,000	\$ 48,750	
Revenue in second full year	TBD	TBD	\$ 2,250,000	
Expected growth rate in second full year	50%	50%	131%	
Break-even (both centers are non-profits)	2nd yr	1st yr	1st yr	

<b>NUTMEG START-UP COSTS COMPARISON TO RHODE ISLAND (cont.)</b>		<b>SLATER</b>	<b>GREENLEAF</b>	<b>NUTMEG</b>
Number of patients in first full fiscal year	1000	550	300	
Number of patient visits in first full fiscal year	4300	9900	3900	
Size of center (SF)	13750	2800	1580	
Size of Retail (dispensary) (SF)	5000	2800	0	
Number of full time equivalent workers (first full year)	23	9.25	5	

A variety of similarities and differences are apparent between Slater and Greenleaf and between Nutmeg and the two Rhode Island facilities. Please note, the data is not comparable and the data sets are not well defined, therefore any of the following observations are preliminary at best:

## 1. Differences.

- Biggest difference is the Rhode Island facilities are non-profits, meaning they must have no income or risk losing their non-profit status. This factor pushes all potential profitability and into an alternate category; for example, personnel costs may appear excessive given the volume of business (especially during the ramp-up period) or possibly working capital rises to a higher level than it might otherwise.
- Nutmeg's second year growth assumption at 131% growth is much larger than both the Rhode Island facilities' estimate of 50%. Nutmeg's estimated number of patients in year 1 is conservative and this allows for strong year two growth. Nutmeg's low year one patient volume still leads to an income deficit of only \$8k.
- Greenleaf patients visited the facility 18x/yr, whereas Slater's visited only 4.3x/year. Nutmeg assumes patients will visit 13x/yr., just over 1x/month.
- Nutmeg's funding is 3½ times larger than Greenleaf and the RI dispensary. We believe Nutmeg is overcapitalized and Greenleaf is undercapitalized, which increases the risk of Greenleaf's failure if they are unable to get to a positive cash flow position quickly.
- Nutmeg has assumed an almost 50% improvement in revenue per patient. We are comfortable with this estimate; the average household income in Fairfield County is \$90.5k versus only \$67.2 in Newport County, where Portsmouth, RI is located and from which Greenleaf attracts customers.
- Greenleaf lists \$171,875 as the cost of Caregiver Excess Medicine during the first 10 months of operation. Greenleaf bought inventory to sell from Caregivers (rather than grow it themselves, the route Slater chose). This may be another example of attempting to limit profitability by purchasing a larger than necessary inventory and meet the IRS standards for a non-profit organization.
- Greenleaf's 9.25 FTE's includes 2.5 people in horticulture and 2 in operations as they develop the capability to grow marijuana. Adjusting for FTE's, Greenleaf's headcount comes down to 4.75 FTE's, comparable to Nutmeg's 5.0 FTE's.

## 2. Similarities.

- For the purpose of this presentation, Greenleaf is just a dispensary, whereas Slater is a combination Producer and Dispensary, similar to Nutmeg.

- The size of Nutmeg's facility is comparable to Greenleaf's validating our facility size for the anticipated customer flow.

## **H. LONG-TERM VIABILITY.**

Nutmeg will ensure its long-term viability through a continuing focus on three key pillars of operation:

1. **Staying true to its mission** - "It would be a privilege for Nutmeg Dispensary to dispense marijuana for the State of CT and meet all regulatory requirements, including safety and reporting, while providing patients a safe and cost effective alternative." We will publish this mission prominently for our patients, employees and the general community. Management will actively use our mission as a yardstick by which to measure our actions and performance.
2. **Actively Seek Feedback** - Successful organizations are those where all involved feel a sense of ownership and pride, and actively participate in shaping the direction and future of the organization. We will conduct ongoing efforts to seek feedback from patients, employees, advisors, government officials and the general community on key matters involving Nutmeg. Examples will include periodic surveys, open meetings and actively encouraging submission of feedback.
3. **Financial Viability** - We cannot fulfill our mission unless we have sufficient resources to continue operations. We are committed to providing services at a fair market value and generating a funding surplus. Our board of directors will review our financial performance on a regular basis and take appropriate action to ensure that we meet these commitments. We will also involve qualified advisors to help us achieve prudent financial management and efficient, low-error operations with repeatable and reliable documented quality assurance processes. These advisors include expertise in security, including IT security, law and finance.

## **III. PRODUCTS AND SERVICES**

### **A. PRODUCT AND SERVICE PHILOSOPHY.**

Based on the core values of Nutmeg, product sales are firmly grounded in a service model. While we will strive to purchase the best in product quality for our patients, marijuana is largely a commodity, so differentiation at the dispensary levels rests primarily on the service provided. Nutmeg will work diligently to deliver on its core value that calls for “highest quality products.” Following is a general outline of how Nutmeg plans to approach product quality and service.

### **B. ZERO TOLERANCE ON PRODUCT PERFORMANCE ISSUES.**

If marijuana is found to have a potential problem and a patient returns it, an event report will be generated and the supplying Producer will be suspended until such time the Producer’s marijuana passes further review and inspection by Nutmeg and root causes of issues are located and resolved.

### **C. PRODUCT LINE.**

Nutmeg will selectively choose from all the offerings of the CT Producers. Per regulations, Nutmeg can only purchase marijuana from DCP licensed CT producers.

## **D. SERVICES.**

Nutmeg will provide the following services to our patients, we believe these offerings are an important aspects of what makes Nutmeg a superior choice in the DCP's dispensary selection process:

<b>Patient Feedback</b>	Process in place to create a consistent database that tracks patient feedback against various strains and ingredient mixes. Nutmeg will manage the feedback from patients regarding the efficacy of specific strains in treating their specific conditions.
<b>MCS Program</b>	Medication Check Service is offered to all patients and includes a review of all medications, traditional and alternative, followed by a consultation on possible interactions.
<b>Patient Education</b>	Nutmeg places a high emphasis on education excellence — providing ample and high quality information to help patients choose products appropriately and understand how to use them effectively and responsibly. Nutmeg will give patients access to the best and most up-to-date clinical studies as reported in the top medical journals.
	Monthly Newsletter to patient who elect-in with patient testimonials, employee interviews articles on well being
<b>Counseling Services</b>	Nutmeg is highly focused on educating patients on proper medication practices and thereby avoiding substance misuse issues
<b>UConn Efficacy Study</b>	Nutmeg is working with Michael White, PharmD, Director Pharmacy Practice, UConn / Hartford Hospital Evidence-based Practice Center. Dr. White expertise is in meta-analysis, systematic review and clinical trial projects evaluating comparative effectiveness of different drug, device and alternative treatments. Nutmeg is working with Dr. White currently to agree on data sets to collect for the analysis of the efficacy of medical marijuana on specific disease states.

Nutmeg is excited to work on a meta study of medical marijuana efficacy. Below is a recent email from Dr. White:

From: **White, Charles M.** <[Charles.White@hhchealth.org](mailto:Charles.White@hhchealth.org)>  
Date: Fri, Sep 20, 2013 at 8:45 AM  
Subject: RE: Nutmeg Dispensary (Medical Marijuana Study) (on behalf of Mike)

To: "White, Charles" <[charles.white@uconn.edu](mailto:charles.white@uconn.edu)>  
Cc: "markrobertspharmd@gmail.com" <[markrobertspharmd@gmail.com](mailto:markrobertspharmd@gmail.com)>

Hi Mark,

I looked over what you are interested in and here is some information on what we do in our HOPE Group. I believe that we have the skills and capacity to do this type of work. I would be happy to have you discuss this on a Webinar or in person with our HOPE Group.

**Here is some information of the HOPE Collaborative Group that you might find helpful. Aside from our immediate research group, we have a communications researcher in our Department as well if you have those interests**

#### **What is the HOPE Collaborative Group?**

A multifaceted group interested in outcomes research utilizing techniques of systematic review, meta-analysis, economic modeling, observational studies, and randomized controlled trials to answer healthcare related questions.

#### **What has the HOPE Collaborative Group Done?**

HOPE Collaborative Group members have published over 300 manuscripts including manuscripts in JAMA, Annals of Internal Medicine, Lancet, American Journal of Medicine, Diabetes Care, Circulation, and Journal of the American College of Cardiology.

Six projects have received national/international press including features on NBC Nightly News, Good Morning America, Today Show, MSNBC, USA Today, CNN Radio, BBC News, and Bloomberg TV, NPR Radio.

HOPE members have been awarded the ASHP Drug Therapy Research Award in 2000, 2002, 2004, 2005, 2006, 2008, and 2012; the ACP Journal Club has reviewed four of our manuscripts with two included in journal; AACP Rufus A Lyman Award (Drs Schlesselman, Coleman, White, 2008); and the ACCP Young Investigator of the Year Award (Dr White 2005, Dr Coleman 2009, Dr Baker 2012). Our Atrial Fibrillation Suppression Trials (AFIST) I and II have been included in *the Cardiovascular Trials Review, Seventh Edition (Kloner RA, Birnbaum Y, Eds. Le Jacq Communications. Greenwich, CT 200: Pg 1130-2.)* as "one of the best cardiology research studies" from 1990 to the present.

#### **Why are Systematic Reviews Needed?**

Health care providers (including doctors, pharmacists, nurses and other clinicians), policymakers, insurers (Payors), and patients share an interest in making informed health decisions. Since the body of literature available is immense and the time that one individual can devote to understanding the literature about a certain topic, the nuances of that literature, and the applicability of that literature to specific situations is daunting. One of the greatest challenges for these stakeholders is finding unbiased, reliable and practical data that can inform these decisions and do so in a concise manner. The Agency for Healthcare Research and Quality (AHRQ) is a federal agency under the Department of Health and Human Services that has sought to fulfill this need through contracting with Evidence-based Practice

Centers (EPCs). These EPCs critically evaluate, systematically analyze, and synthesize a body of literature on a topic and get that information to people who are making health care decisions.

### **Which Meta-Analytical Techniques Are We Currently Using?**

- Frequentist and Bayesian Random/fixed-effects models
- Mixed treatment comparison
- Meta-regression/Mixed Models
- Adjusted indirect comparisons

### **Which Types of Modeling are we Currently Employing?**

- Monte Carlo simulations
- Decision tree analyses
- Markov models

### **Which Types of Randomized Controlled Trials are we Running?**

Our first research line seeks to find new ways to predict, prevent, and treat post-cardiothoracic surgery (CTS) complications. Our work (Atrial Fibrillation Suppression Trials (AFIST) I-III) has helped establish the use of concomitant beta-blockers and amiodarone to prevent post-CTS atrial fibrillation and found that Bachmann's Bundle overdrive pacing and anterior fat pad retention were not effective in addition to standard therapy. Our AFIST IV trial seeks to determine if high dose vitamin C can suppress the rise in inflammatory markers after CTS and whether the use of a biocompatible cardiopulmonary bypass pump increases inflammatory mediators more than off-pump CTS. This trial has recently closed to new enrollment and an abstract and manuscript has been generated.

Our second line of research seeks to evaluate the clinical utility of magnesium in cardiac patients. We have identified that a majority of patients with heart rhythm problems (arrhythmias) have an intracellular magnesium deficiency, that magnesium can prevent QTc interval prolongation (a marker of proarrhythmia), and that magnesium can provide some innate antiarrhythmic effects. Our Adjuvant Magnesium Trial (AdMag) determined that magnesium can reduce blood pressure in patients with implantable cardioverter defibrillators and intracellular magnesium deficiency.

Our third main research line evaluates herbal and naturopathic medications for their blood pressure, electrocardiographic, lipid, and other efficacy effects. While most natural products do not exhibit untoward blood pressure or EKG effects, in a landmark clinical trial we found that an ephedra containing weight loss supplement increased blood pressure and caused QTc interval prolongation. Ephedra containing products were subsequently removed from the United States market. We found that Echinacea was effective at preventing and diminishing the common cold but does not have safety evaluations precluding a determination of comparative effectiveness. Soluble fiber and sterols and stanols can reduce cholesterol but do not markedly impact weight control. Coenzyme Q10 increases ejection fraction in people with heart failure but not in contemporary practice combined with ACE inhibitors/ARBs.

Our group was the first to find that the traditional weight based dosing of heparin (80u/kg load with 15-18u/kg/hour) overdosed patients with acute coronary syndromes. We also performed several in vitro and human trials showing that older proton pump inhibitors could not be administered through nasogastric tubes with water or acid media, developed a simplified omeprazole suspension that was

stable for 30 days, compared the bioavailability of simplified omeprazole suspension versus omeprazole capsules, and found that newer proton pump inhibitors more easily passed through nasogastric tubes.

### **Which Types of Observational Trials are we Running?**

We currently run observational trials in cardiothoracic surgery, cardiac catheterization/percutaneous coronary intervention, arrhythmias, and multiple sclerosis using propensity score matched/adjusted data or multivariable logistic regression adjusted data.

### **Who Can Become an Affiliate of the HOPE Collaborative Group?**

Clinical researchers, statisticians, mathematicians, health economists, clinicians (physicians, pharmacists, nurses, allied health, geneticists) from the University of Connecticut, Hartford Hospital, or other health systems may be able to contribute.

### **Can the HOPE Group Partner with Your Company, Foundation, or State Agency?**

If you are a federal or state governmental agency, insurer, foundation, or company who is in need of an unbiased systematic review, modeling study, observational study, or clinical trial than we would be interested in speaking with you. We have strong relationships with numerous companies and entities interested in our work. We pride ourselves on delivering quality projects on time and on budget and the clinical expertise we bring to bear on projects is a unique strength.

### **Are You a Pharmacist Interested in Becoming a Fellow?**

We currently have three fellows in HOPE Collaborative Group. These fellows are pharmacists eligible for licensure in Connecticut. They learn to conduct systematic reviews, clinical trials, and observational trials. They help co-precept advanced pharmacy practice experiences for pharmacy students and provide support for didactic lectures and teaching laboratory assignments at the UCONN School of Pharmacy. They also provide clinical support to the Hartford Hospital Indigent Patient Program, cardiology patients, or internal medicine patients. As an American College of Clinical Pharmacy approved training program, the fellows will devote 70% of their time to scholarship.

### **Do You Have a List of Citations?**

Please go to the faculty bio for [C. Michael White](#) or [Craig I. Coleman](#) and use the PubMed feature to see the extent of our peer reviewed work to date.

## IV. INDUSTRY ANALYSIS

### A. IMPORTANT ASSUMPTIONS.

Because Nutmeg does not yet have operational history, the assumptions used in the following financials represent management's best estimate. Projections have been formulated based on financial information for operational dispensaries in other areas, as well as management's consultations with medical marijuana dispensary experts.

Key assumptions used include the following:

- Patients will purchase one ounces of medicine per month. The average purchase will be approximately \$250-\$300 per visit but will come **down** over time.
- Nutmeg will begin with an average of 300 patients in 2014 (adding 25 patients/month), grow to 750 patients in 2014 (adding 38 patients/month), and 1,500 in 2015 (adding 62 patients/month).
- Forecasted financials are based primarily on the State's estimates of the Connecticut patient population. Should actual demand be greater than this anticipated level, Nutmeg will be able to scale up operations to meet increased volume readily.

### B. MARKED DEMOGRAPHIC DIFFERENCES IN CT.

Who might our patients be? The following summary indicates to Nutmeg how different our expected patient demographic will be from what is typical on the West Coast. A recent article from The Journal of Psychoactive Drugs, Apr-Jun, 2011, interviewing 1,746 CA patients from a network of nine Medical marijuana clinics indicated 73% of patients were male, mostly in the 25-44 age group. Leading indications are: 82.6% for pain, 70.7% to improve sleep, 55% for relaxation, and 41% for headaches. This is strikingly different from the demographic we expect to serve, so being so different, Nutmeg's services and facility must be different as well to best meet the needs and expectations of our CT based patients.

### C. MARKET ASSESSMENT.

**Estimate #1:** From the DCP website for Medical Marijuana Statistics, <http://www.ct.gov/dcp/cwp/view.asp?a=4287&q=533228&dcpNav>, as of 10/22/2013 there are 1182 certified patients in CT. In Fairfield County, there are 289 patients and New Haven County has 369.

**Estimate #2:** What is unknown is how many patients who have the approved disease states, will seek medical marijuana. Will cancer patients want it if they are not experiencing nausea from chemo? With the new drugs available, few AIDS patients experience the wasting and cachexia that many did previously. It is difficult to predict at what rate will those eligible will convert? It could be extremely low.

In the 20 States that have approved the use of medical marijuana, the patient adoption rate in the **Eastern** States is far lower, less than half the rate as seen in the Western States. Nutmeg expects the adoption rate to be low like the other Eastern States because of the limited number of prescribable disease states, rigorous doctor-patient requirements, and a conservative approach to most new things.

**Estimate #3:** Utilizing National Occurrence Rate for the diseases states that medical marijuana can prescribed in CT Nutmeg has developed the following estimate for the potential CT patient population:

POTENTIAL CT PATIENT POPULATION FOR MEDICAL MARIJUANA		
Diseases	US Occurrence Rate	CT Number
Cancer	0.475%	17,100
Glaucoma	0.35%	12,709
HIV	0.35%	12,709
Parkinson's	0.26%	9,243
MS	0.13%	4,500
Spine-Spasticity	0.80%	28,883
Epilepsy	0.80%	28,883
Cachexia	In AIDS	
Wasting	In AIDS	
Crohns	0.45%	16,175
PTSD		1,000
<b>TOTAL:</b>		<b>131,201</b>
<hr/>		
	<b>Population of CT</b> =	<b>3,600,000</b>
	<b>Population of US</b> =	<b>311,600,000</b>

As of 3/26/2013

Based on the table above, on a national basis and based on national occurrence rates, 36 potential patients per 1,000 population have the diseases that can be prescribed for medical marijuana in CT. Given this occurrence rate and the number of CT residents, there is a potential pool of approximately 131,201 patients in CT. The estimated population of Fairfield County is 925,000 people (26% of CT population), so given the National Occurrence Rates, a good estimate of the number of potential patients in Fairfield County is 33,670. What is unknown is how many people who have the diseases, need medical marijuana.

**Estimate #4:** ProCon Estimates as of 12/2012

STATE	MEDICAL MARIJUANA PATIENTS	STATE POPULATION	NUMBER OF PATIENTS PER 1,000 STATE RESIDENTS
Alaska	1,246	722,718	1.72
Arizona	33,601	6,482,505	5.18
California	553,684	37,691,912	14.69
Colorado	107,666	5,116,796	21.04

<u>Connecticut</u>	N/A	3,580,709	N/A
<u>DC</u>	N/A	617,996	N/A
<u>Delaware</u>	21	907,135	N/A
<u>Hawaii</u>	11,695	1,374,810	8.51
<u>Maine</u>	16,444	1,328,188	12.38
<u>Massachusetts</u>	N/A	6,587,536	N/A
<u>Michigan</u>	122,349	9,876,187	12.39
<u>Montana</u>	8,717	998,199	8.73
<u>Nevada</u>	3,558	2,723,322	1.31
<u>New Jersey</u>	239	8,821,155	0.03
<u>New Mexico</u>	8,188	2,082,224	3.93
<u>Oregon</u>	56,939	3,871,859	14.71
<u>Rhode Island</u>	4,466	1,051,302	4.25
<u>Vermont</u>	559	626,431	0.89
<u>Washington</u>	99,943	6,830,038	14.63
<b>TOTAL:</b>	<b>1,029,315</b>	<b>Average:</b>	<b>7.777</b>
<b>United States (1)</b>	2,421,069	311,591,917	7.77
<b>Western US</b>	907,643	70,940,532	12.79
<b>Eastern US</b>	121,672	19,564,249	6.22
<b>TOTAL:</b>	<b>1,029,315</b>	<b>90,504,781</b>	<b>11.37</b>

So if CT gets to an average adoption rate of the **Eastern US** States, despite a limited number of prescribable disease states, despite rigorous doctor-patient requirements, and despite a conservative approach to most new things, in time could see 22,392 patients but by that time there will be substantially more dispensaries.

#### **D. NUMBER OF DISPENSARIES NEEDED IN CT.**

It is Nutmeg's hope that the DCP limit the number of dispensaries licensed until such time as there is better understanding of how many patients will seek medical marijuana. Given the high cost of both rent and labor in CT (as compared to the national average), dispensaries will need around 350 patients to achieve breakeven. It would be unfortunate for the DCP to license many dispensaries only to see them fail.

## V. STRATEGY AND IMPLEMENTATION SUMMARY

### A. SWOT (STRENGTH, WEAKNESS, OPPORTUNITY, THREAT) ANALYSIS.

The SWOT analysis provides Nutmeg with an opportunity to examine the internal strengths and weaknesses we must address. It also allows us to examine the opportunities presented to Nutmeg as well as potential threats that lie beyond its control.

1. **Strengths.** The following strengths are internal to Nutmeg:

- **Qualified, professional management team** with backgrounds in pharmacy and business management. Having two pharmacists on the license application is a strong differentiator.
- **Proven model of patient-centered approach** with strong emphasis on health, wellness and education
- **Preparation-** the team has spent almost a year in developing a well thought out business plan, finding and leasing a great location, and sourcing many of the major systems needed to get the business up and running expediently.
- **Security mentality-** Multiple layers of protection provide seamless security for people and data (cameras, alarms, safes, commercial doors, etc.).
- Ability to recruit from a deep network of **knowledgeable and educated dispensary technicians**.
- **Ideal location** in central Fairfield County, along a corridor of high population density in CT. Easy on/off location in central Fairfield County on I95, giving a majority of potential patients access with less than a 20 minute drive.
- **Facility with adequate space** for patient support programs and expansion possibilities.
- Good working relationships with area law enforcement.
- **Access to sufficient capital**
- **MCS Program** Medication Check Service is offered to all patients and includes a review of all medications, traditional and alternative, followed by a consultation on possible interactions.
- **Patient Education-** Nutmeg places a high emphasis on education excellence — providing ample and high quality information to help patients choose products appropriately and understand how to use them effectively and responsibly. Nutmeg will give patients access to the best and most up-to-date clinical studies as reported in the top medical journals.
- **Patient Feedback-** Process in place to create a consistent HIPPA compliant database that tracks patient feedback against various types and ingredient mixes. Nutmeg will manage the feedback from patients regarding the efficacy of different types of medical marijuana in treating their specific conditions.
- **Counseling Services-** Nutmeg is highly focused on educating patients on proper medication practices and thereby avoiding substance abuse issues.

- **Integrity-** Doing the right thing, every day for the State and for our patients. Nutmeg will **not** be involved with any industry alliances or anticompetitive practices.

**2. Weaknesses.** The following weaknesses are internal to Nutmeg:

- Lack of comprehensive market data on a number of potential patients.
- Unknown rate of patient conversions from potential patient population.
- Number of dispensaries licensed by DCP will range from 3-5
- Purchase volume per patients.
- Connecticut licensed Producers need to make a quality product consistent with what is currently available in the marketplace.

**3. Opportunities.** The following are opportunities Nutmeg can leverage that lie outside of its organization or control:

- General public acceptance of marijuana use as a medicine is growing
- New federal administration policies toward legal dispensaries are more tolerant, especially the tax treatment under IRS 280E.
- There is still a significant underserved market in the Connecticut.
- Expanding number of disease types for which medical marijuana can be prescribed or indicated in Connecticut.

**4. Threats.** The following factors represent potential threats that lie outside Nutmeg's organization and control.

- The dynamic tension between federal and state government regarding legalities of medical marijuana is not fully resolved. Nutmeg will continue to remain compliant with state and local ordinances.
- Irresponsible users of marijuana.
- The economy could turn down, dampening Nutmeg's performance.
- Price could limit patient acceptance of medical marijuana
- Change of Administrations in Washington or a change in the public's perception of the risk of medical marijuana.

## B. MARKETING AND SALES.

Our mission statement “*Making people’s life better is what inspires us.*” determines our approach to marking and sales.

1. **Branding and positioning.** Under the guidance of Nutmeg’s two experienced **retail** pharmacist managers, Nutmeg will utilize a service-oriented approach to differentiate ourselves by promoting both healing and a healthy lifestyle. We also believe the overwhelming portion of those seeking medical marijuana will be responsive to this wellness-based approach, so our brand will reflect this. Our dispensary facility personnel will be professional in appearance, and see themselves as a positive, integral part of the community.

Nutmeg’s approach is designed to better meet the needs of patients who seek a modern, clean, safe and professionally managed medical facility. General differentiators that appeal to patients will include the following:

- **Focus on Healing** - Nutmeg emphasizes health and healing.
- **Service Orientation** - Nutmeg’s staff will be seasoned and expert pharmacy managers and technicians who are very experienced in working with people and their illnesses. We are truly committed to service, quality and providing a high degree of information to patients in a consultative format.
- **Low Profile** - Acceptable to local businesses and neighbors while providing an easy and positive patient experience. Minor impact to both harmony and traffic in the surrounding neighborhood.
- **Streamlined and Cost Effective** - Low overhead and consistent application of technology provides a reliable, repeatable and low cost customer experience.
- **High Quality Medical Marijuana** - Producers will compete based on both quality and price to guarantee to our patients that they receive the best medical marijuana in Connecticut.
- **Reliance on Merchandising** - Nutmeg will take a personalized approach to dispensing medicine so service is tailored to each patient’s individual medical needs.
- **Use of Current Technology** - Nutmeg will utilize point-of-sale software and bar-coding technology to help manage its transactions and track inventory. This technology provides more information and control to help us make better decisions about how to better serve patients, reduce errors, and transact efficiently.
- **Hosting educational forums** – Nutmeg will offer occasional seminars to our patients on various health related topics from experts in their fields

2. **Competition.** Because of prevailing law in Connecticut, there are no current competitors in the state. It is postulated that Connecticut will follow in the models endorsed by both NJ and RI, with very limited, high quality dispensaries becoming licensed. NJ has licensed six dispensaries and RI only three. Nutmeg faces competition from illegal sales of marijuana, although this is very difficult to

quantify because it is a prohibited activity but not to be underestimated since total cost of delivery to the patient is far lower. Legal medical marijuana must be price competitive with illegal sales and should prevail given the guaranteed quality due to laboratory testing and certification.

3. **Pricing Strategy.** In order to prevent diversion of medicine to the illegal market, Nutmeg will set its average marijuana price at the mid-point range of current (illegal) market prices for medical marijuana in Connecticut. Through its pricing practices, Nutmeg will support state law by discouraging diversion.

Pricing will reflect the type of marijuana, quantity purchased and quality. Various price points will be offered so that all demographics will have a variety of product choices.

4. **Marketing Objectives.** In view of data and opportunities presented within this plan, the following summarizes general objectives for the dispensary in the next one to two years of operation:

- **Increase Patient Education** – Nutmeg will support patients by providing the access to high quality research as found in the most respected medical journals.
- **Highest Standards** - Nutmeg plans to increase attract patients by providing exceptional service at a fair price.
- **Increase Brand Awareness** - Our design and service-based programs, based on best practices of leading successful dispensaries, will make us a destination for patients throughout Fairfield County.
- **Internet Presence** - Nutmeg's web page will offer patients FAQ's, directions and pictures of the facility and the enrollment process.  
See: <http://robertschulten.wix.com/nutmeg-2>

5. **Marketing / Promotional Strategy.** The best way to attract patients and build awareness is through word of mouth referrals. Our goal is to give the best value in terms of marijuana, education and other services so that our patients develop a sense of loyalty and provide word-of-mouth referrals.

- **Exclusive Patient Focus** - Nutmeg's exclusive focus will be on the patients and their safety. Nutmeg will not be part of any "alliance" in Connecticut since we believe this undermines the fair trade practices being instituted by the DCP.
- **Viral Marketing** - Satisfied patients are the most effective means to promote Nutmeg.

6. **Sales Strategy.** As a service-based organization focused on patient wellness, our approach to sales must clearly reflect that orientation. Accordingly, sales will be consultative and focused on patient care - not retail product selling in the traditional sense. A strong emphasis will be placed on customer service and

product knowledge to ensure that patients are provided with accurate and useful information.

This is critical, since doctors do not recommend the type or form of marijuana to patients - only that they are approved for its medicinal use. Therefore, our staff will be highly trained, on a continuing basis, to advise patients on the different types of marijuana and how to help a patient choose appropriately for their needs.

At the same time, the dispensary facility must also operate efficiently in order to remain financially viable and deliver on its long-term mission. Therefore, the dispensary will provide ongoing training to its staff to ensure that they are properly prepared to provide excellent service and do so with expediency. Nutmeg will monitor their performance by tracking transaction data for all staff.

Individual technician feedback, coupled with regular department meetings, will be used as training opportunities to continually improve dispensary facility staff capabilities.

## C. OPERATIONS.

1. **Operations Manual.** Nutmeg has adopted a comprehensive operations manual to guide virtually every aspect of daily operations. The manual, totaling over 50 pages of policy and detailed procedures, provides an excellent basis for training and address a wide variety of topics, including:
  - **Inventory Controls** - how medical marijuana will be handled, acquired, and stored safely, and by whom.
  - **Information Technology** - covers Nutmeg's main data system and electronic information systems, access, security, back-up procedures, etc.
  - **Dispensing Procedures** - steps for providing quality service and dispensing to patients.
  - **Bookkeeping and Banking** - covers cash handling, accounting and banking procedures.
  - **Security Procedures** - delineates how Nutmeg will maintain a safe environment to protect patients and employees, both inside Nutmeg and in adjacent areas (e.g., parking lot). Security is just as much a process as it is technology and locked doors.
  - **Emergency Procedures** - provides specific protocols in case of medical, police or other emergencies to ensure rapid response involving the appropriate personnel and/or outside authorities.
2. **Site Security.** See "Nutmeg Security Plan".
3. **Electronic Security System.**

- Video surveillance - commercial grade equipment in all areas where marijuana passes as well as the entrance and exit. Continuous 24 hour recording with 30 days retention, failure notification system, still photo capability, time/date stamp, battery back-up, secured storage of equipment and data. System has been specked by Mark Fresco, MCI Systems, Fairfield, CT.
- Third party monitoring for all alarm systems
- Intrusion detection alarm system- perimeter alarm, motion detector, duress alarm, panic alarm, hold-up alarm, automatic voice dialer, full time audio recording,
- Alarm testing
- Panic buttons
- Internal audio surveillance, recording
- Fire security alarms
- Regular maintenance and testing

#### **4. Policies and Procedures for Facility Security.**

- Incident management and emergency response.
- Working with both community and local law enforcement.
- Closing procedures.
- Preventing theft and diversion.
- Preventing on-site consumption.
- Incident log.
- Suspicious activity and loitering.

#### **5. Operations Security.**

- Workforce security.
- Staffing structure and current employee roster.
- Background checks.
- Training and drills.
- Personnel records.
- Limited cash operations.
- Business hours
- POS surveillance.

#### **6. Inventory Security.**

- Sale.
- Storage.
- Visibility.
- Transport.
- Disposal of unused or surplus medical marijuana
- Record keeping
- POS surveillance

#### **7. Information Systems Security.**

- See Nutmeg's Manual on "Information Security & Data Integrity".

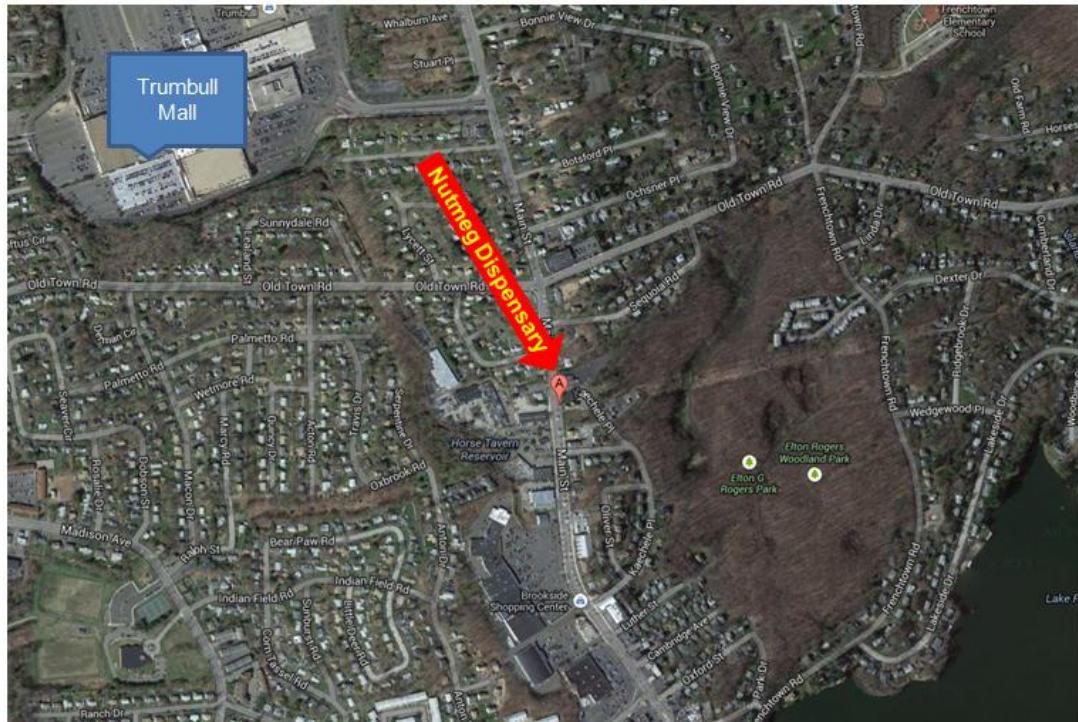
## D. BUSINESS INSURANCE.

Nutmeg will at all times maintain the following insurances and limits required.

## E. LOCATION / FACILITY.

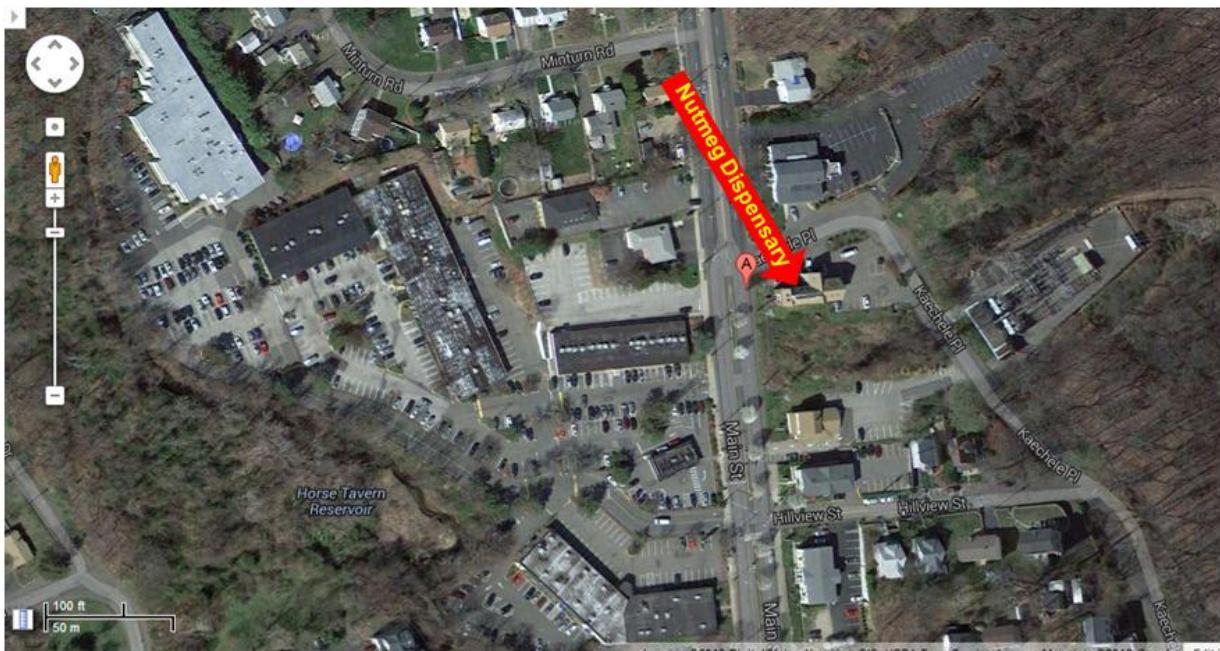
1. **Site Selection.** The proposed facility is located in a two-story, Class B Professional Building at 400 Post Road in Fairfield, CT. This location is ideal because of its proximity to freeways and easy access for patients throughout Fairfield County. There is ample space allowing easy patient flow through the dispensary facility and minimizing patient interaction and overlap. Aerial shots of Nutmeg is below showing the surrounding buildings:

### Aerial of 4750 Main Street, Bridgeport, CT



**Stand Alone, Retail Building in Bridgeport's OR- Office/Retail Zone**

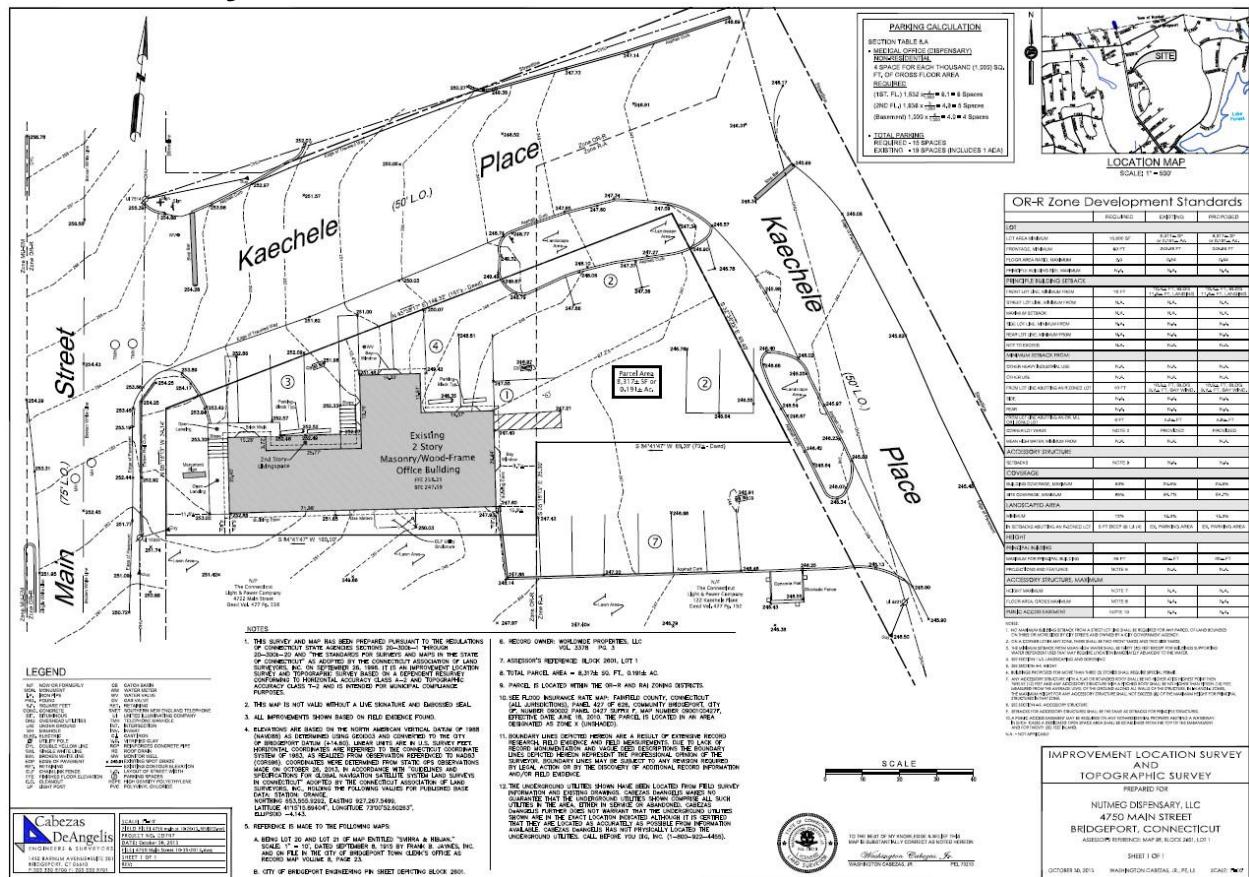
## Aerial of 4750 Main Street, Bridgeport, CT



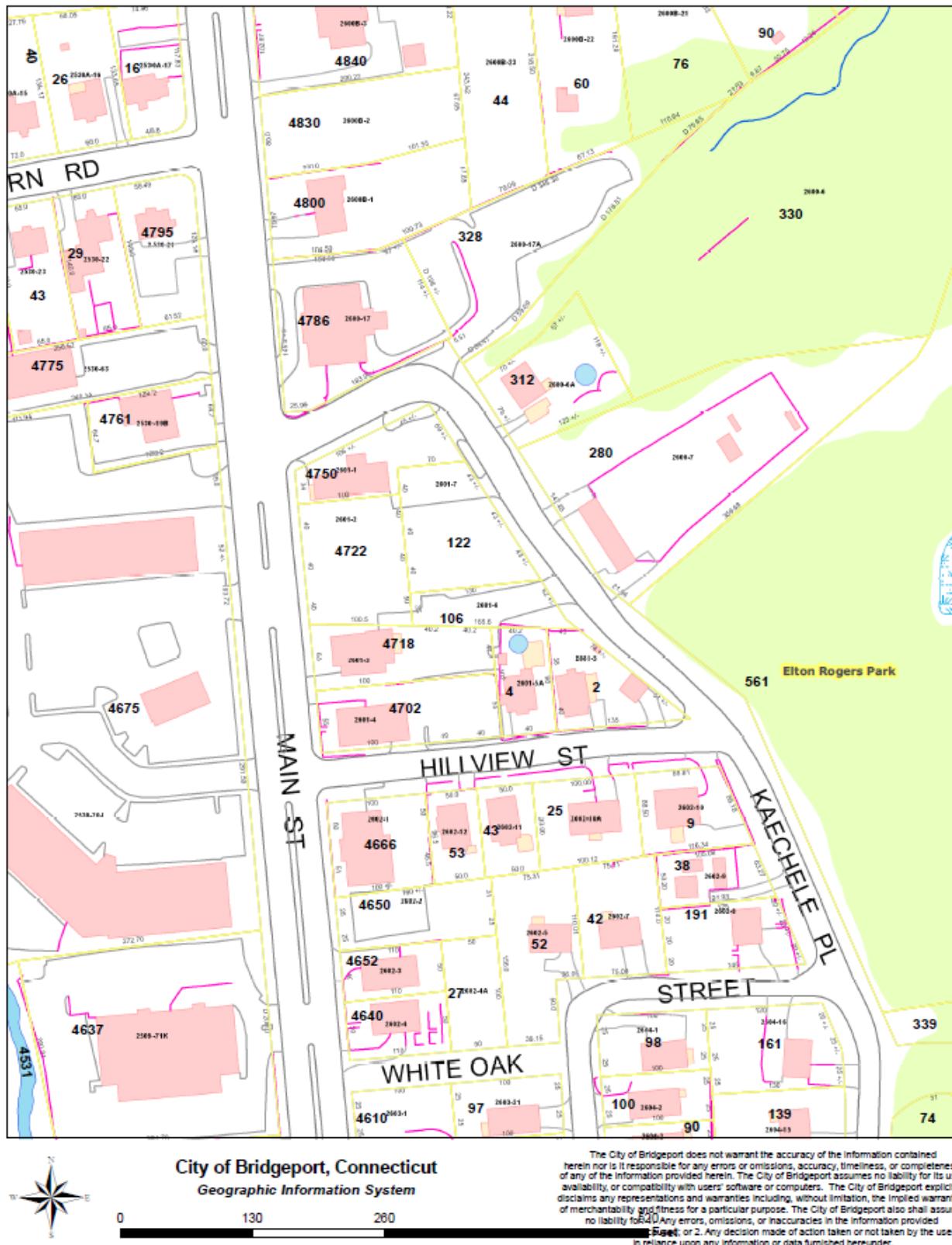
Stand Alone, Retail Building in Bridgeport's OR- Office/Retail Zone

The A-2 survey of Nutmeg's site is below:

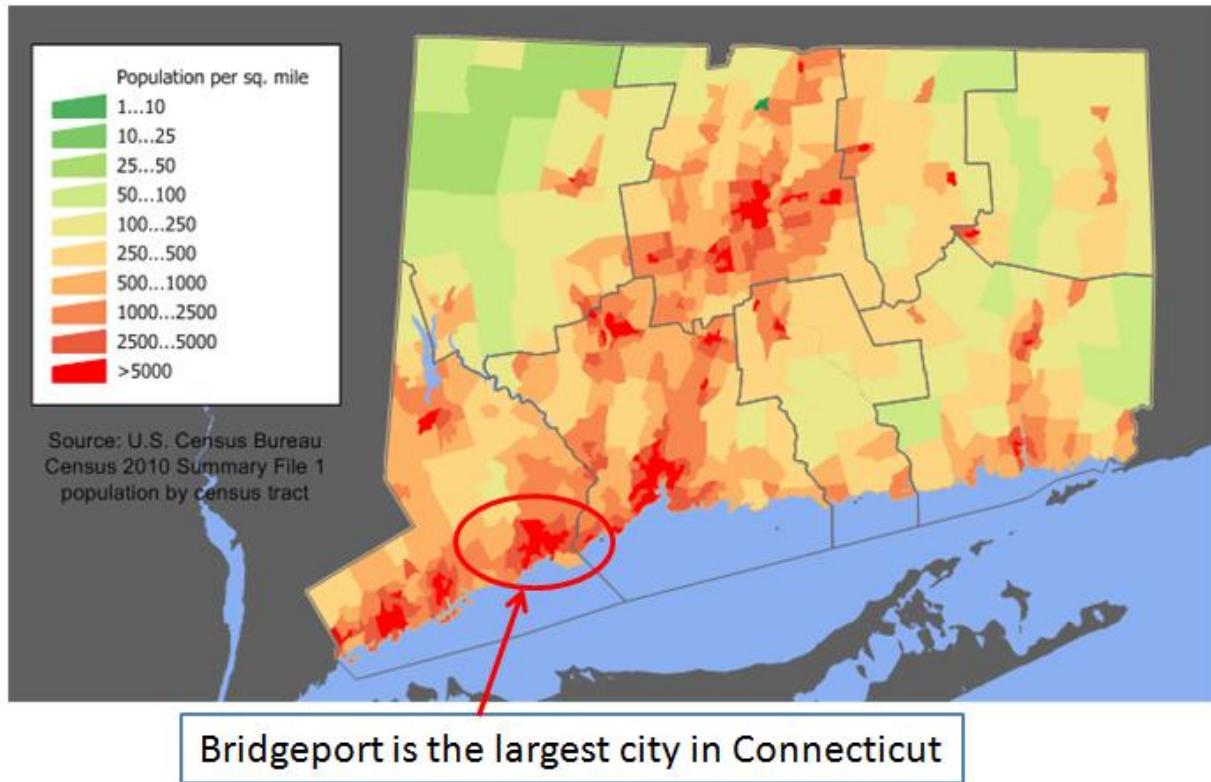
## A-2 Survey of 400 Post Road



Title Block this space is on is as follows:



provide our patients with a safe and secure environment that will provide them easy access to medical marijuana. Given the many adjacent medical buildings, patients can come to the area and attend to other medical needs while they are visiting Nutmeg.



**Why 4750 Main Street is good location:** The regulations that govern the medical marijuana program directly mirror those that are in place to dictate the practice of pharmacy. In a traditional pharmacy setting, pharmacists are not permitted to leave a pharmacy department for a significant time without either closing the pharmacy or having a technician or other pharmacist remain in the pharmacy department. Likewise, with accordance to current regulations, pharmacists are not permitted to leave the dispensary department at a dispensary facility. The dispensary department is defined as the area where marijuana is stored and sold, but does NOT refer to the entire space Nutmeg will be utilizing for business. Only 714 sqft out of the 1580 sqft (45%) of the total space will constitute the dispensary department of our facility.

This location provides a dispensary department that includes a bathroom, so that the pharmacist does not have to lock the area in order to wash his hands. This is one reason, of many, as to why this space works well for our purpose.

The balance of the facility will be utilized for safes, monitoring rooms and rooms for drug counseling. There is also a separate entrance for our business that is shared by the landlord who has small support staff on the floor above Nutmeg.

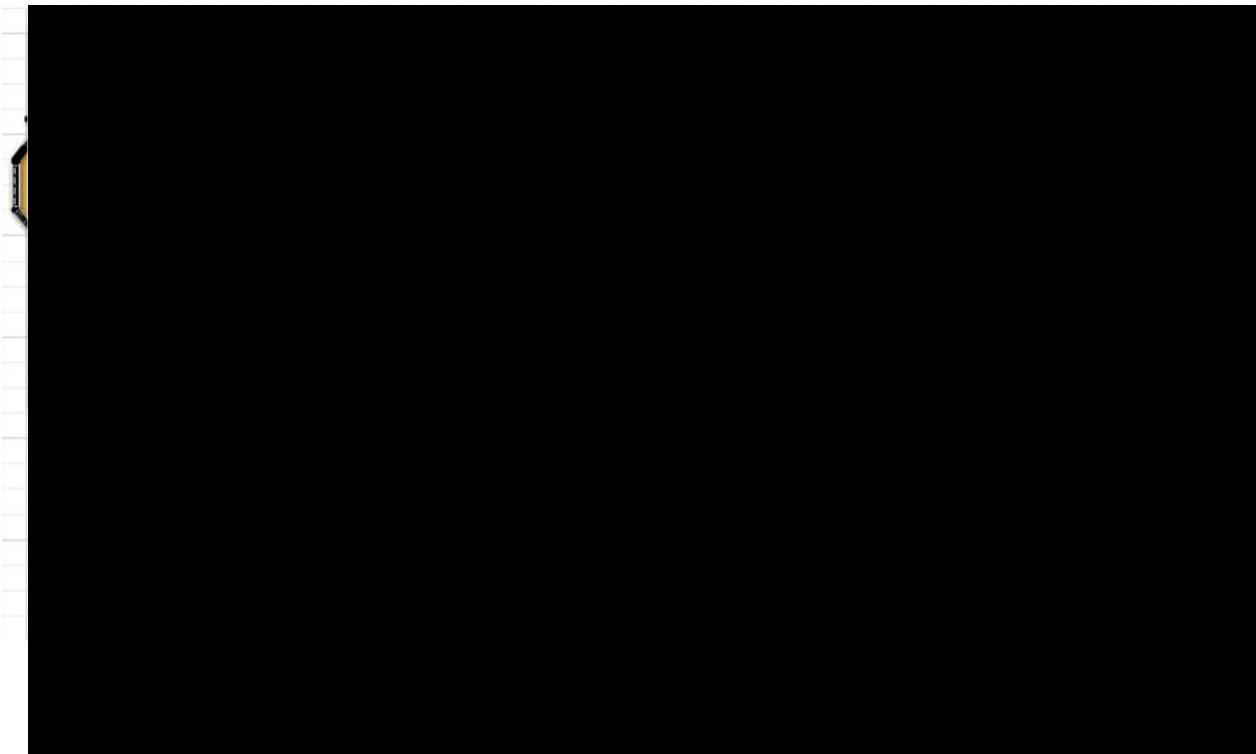
Onsite parking is long the side of the building and in the rear of the building. There are 19 spaces available which is ample.

Another aspect that influenced our decision was choosing a office location rather than a traditional retail location. We did not want a large glass window in front of our business considering the regulations state, “[to] not display marijuana and paraphernalia so as to be clearly visible from the exterior of a dispensary facility”. We did not want to blackout or cover large glass facades that are typical of full retail locations. Windows that above street level and entrance with a vestibule help protect the discretion of our business and the privacy of our patients. Subsequently, we believe our building choice is more consistent with the model of what the DCP wants for the appearance of their dispensary facilities:

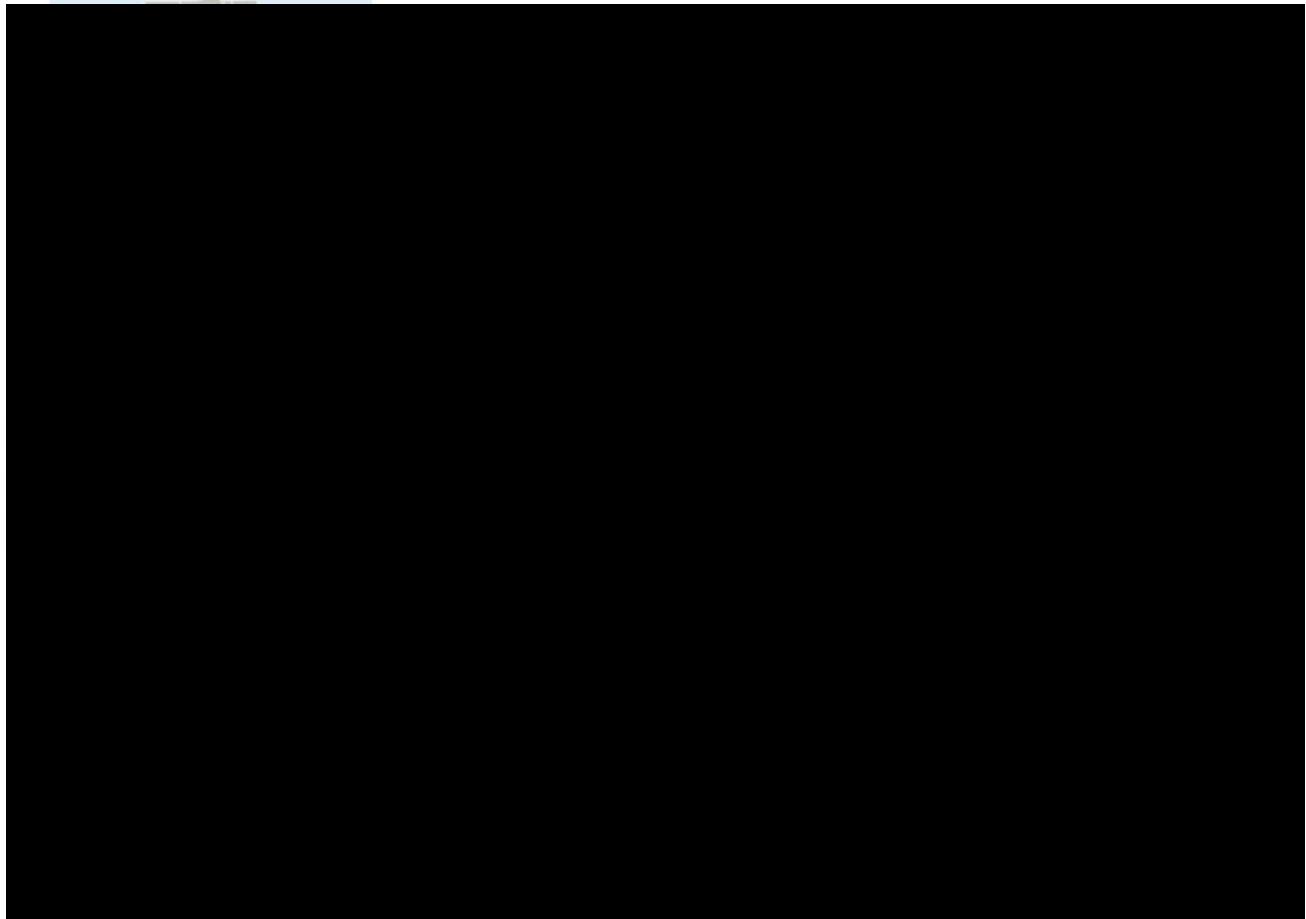
**3. Facility Layout-** The facility is approximately 1580 SF and the space allocated by function is shown in the blueprint below:

- 714 sqft dispensary department
- 416 sqft for reception, patient education areas and all public areas
- 39 sqft dedicated safe room
- 304 sqft for the pharmacist's office
- One bathrooms, 26 sqft
- 83 sqft for surveillance room

## Proposed Usage by Function



## Proposed Usage by Function- Facility



The facility is centrally located in Fairfield County with easy access by a majority of the County's residents.

4. **Parking** As determined by the Surveyor for the A-2 Survey, there is sufficient parking at this location for either a retail application.

### **5. Directions to 4750 Main Street, Bridgeport:**

- From the North: Route 95 South to Exit 25 CT-130/Fairfield Ave, turn left onto Fairfield Ave, go 1.7 miles and Nutmeg is on the right.
- From the South: Route 95 North to exit 23 to merge onto US 1 N, turn right onto Grasmere Ave, take 3<sup>rd</sup> right onto Kings Highway and we are right in 0.4 miles.

### **6. Other Tenants at 4750 Main Street**

- Worldwide Property Management
- LabCorp- blood testing laboratory

## 7. Pictures of 4750 Main Street

### Outside Pictures of 4750 Main Street, Bridgeport, CT



North Side of Building



East Side of Building



North Side of Building

Steps up to  
Nutmeg's  
Entrance

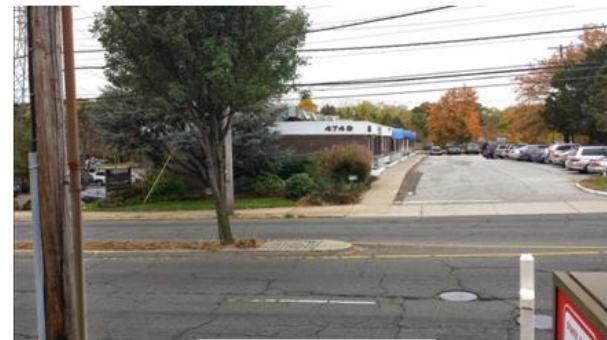


**Nutmeg has Optioned for Lease the First Floor Area**

## Looking out from Front Door to Main Street



Medical Offices Looking South



Medical Offices Across



Looking North



Looking Across Street to the North

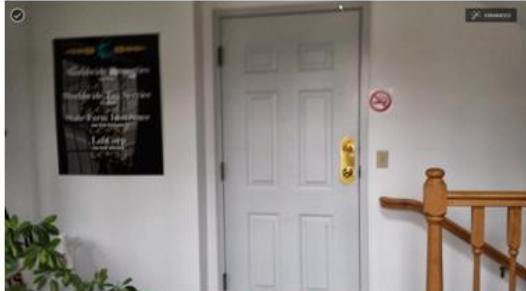
This sign will be removed and replaced with a compliant 16"x18" non-illuminated sign that reads "Nutmeg Dispensary"

This sign will be removed



8. **Inside Pictures of 4750 Main Street**

**Inside Pictures of 4750 Main Street, Bridgeport, CT**



Entry from front of building



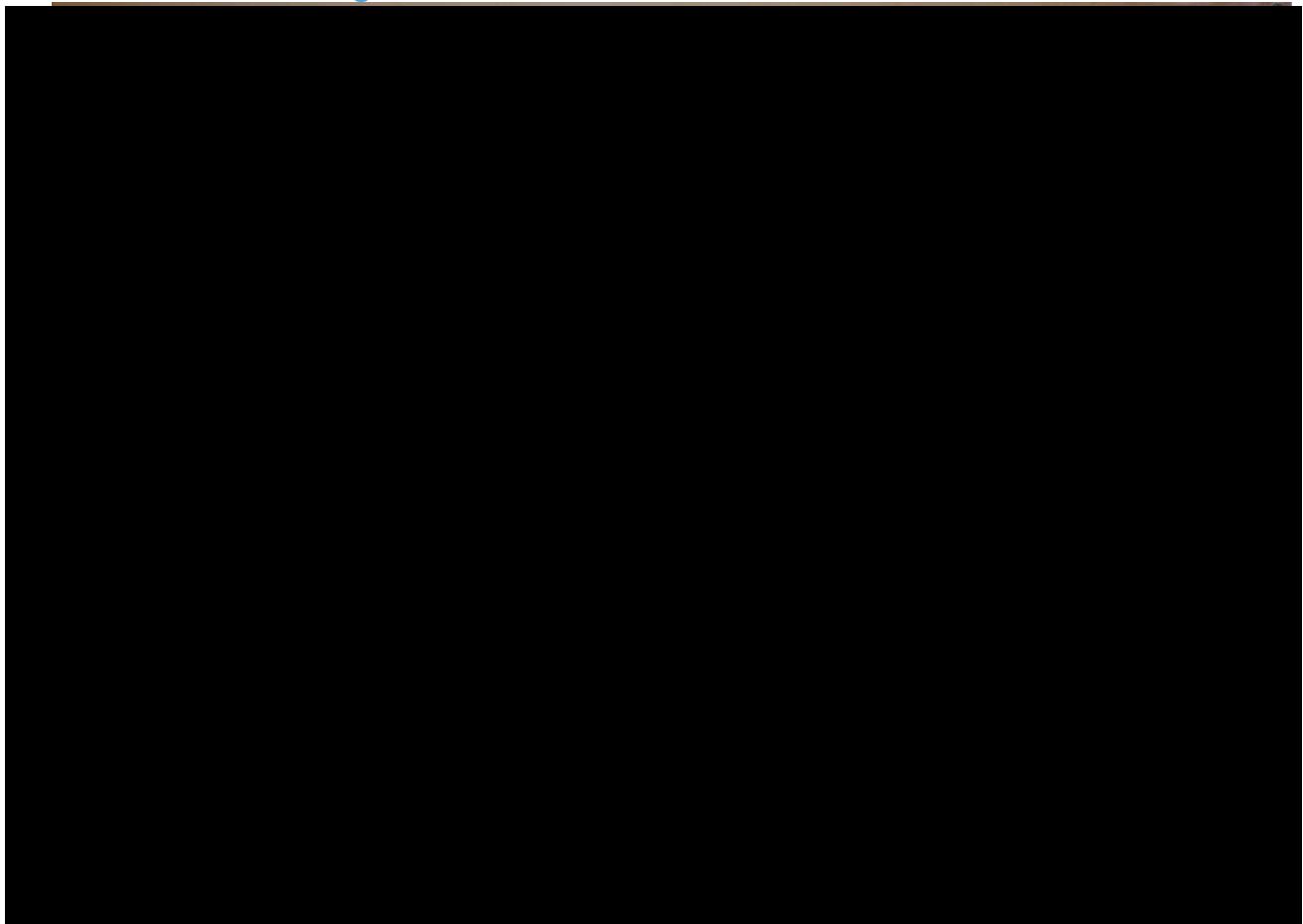
Looking from back to front



Looking from front to back

**Ample Space for Nutmeg's Patients and Security Areas**

## 9. Elevation Drawings & Floor Plan





## 10. Abutter Data



## 100 Ft. Abbutters

4750 Main Street, Bridgeport, CT

REM_GIS_ID	SLH_OWN_NAME	LOCATION	REM_GIS_ID
2530-19B	TJ INVESTMENTS LLC	4761 MAIN ST	2530-19B
2530-20J	COMMERCE PARK ASSOCIATES L	4675 MAIN ST	2530-20J
2600-17	DOUGIELLO CHARLES W AND	4786 MAIN ST	2600-17
2600-17A	DOUGIELLO CHARLES W & RONAL	328 KAECHELE P	2600-17A
2600-6	LEONETTI JAMES	330 KAECHELE P	2600-6
2600-6A	LEONETTI JAMES	312 KAECHELE P	2600-6A
2600-7	UNITED ILLUMINATING CO	280 KAECHELE P	2600-7
2601-1	WORLDWIDE PROPERTIES LLC	4750 MAIN ST	2601-1
2601-2	CONN LIGHT & POWER COMPANY	4722 MAIN ST	2601-2
2601-6	VALLONE ANTHONY J	106 KAECHELE P	2601-6
2601-7	CONN LIGHT & POWER CO	122 KAECHELE P	2601-7

**11. Site Build Out.** Cosmetic and functional modifications will be based on the recommendations of our design consultant. In discussions with the head of Fairfield Building Department, the only permits to be required are for the two new outside doors, since only cosmetic changes will be made to the office space that was previously a doctor's office suite. Required upgrades should take less than 8 weeks.

Given the previous use of the space, minimum additional build-out is anticipated, but all systems will be reviewed.

No public improvements are needed for the site. It is at the intersection of two well-traveled roads in Fairfield, therefore no access improvements are needed. Given the position of the building, the sidewalk is on the other side of the road and was recently improved. There is ample outside lighting from the town and a night security light over the entrance to the Nutmeg facility.

**12. Zoning Approval-** Nutmeg is currently working with Fairfield Town Plan and Zoning for site approval.

**13. Limited Neighborhood Impact.** Nutmeg is located at 4750 Main Street in small stand alone office building across the street from a complex of medical offices. We chose our location to have a minimal impact on the surrounding neighborhood. The maps below outline the distance to the closest school, park, playground, church, charitable institution, convent, hospital or veteran's home, camp or military base.

## No Nearby Public & Private Schools

Get directions My places

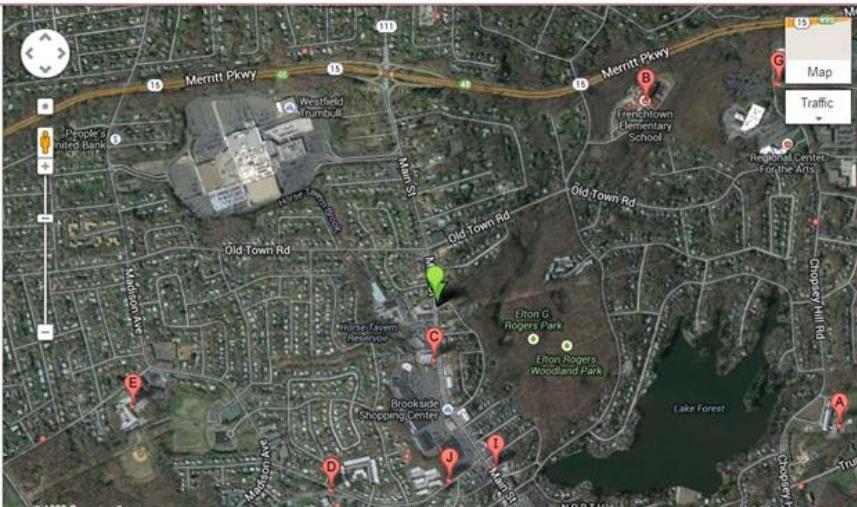
**school near 236-400 Kaechele Pl, Bridgeport, CT 06606**

**A** Park City Magnet School - 1526 Chopey Hill Rd, Bridgeport, CT 1.0 mi E (203) 576-7547 1st grade - 8th grade "My oldest is now in High school and my daughter is now in 7th Grade. ..." - greatschools.org

**B** Frenchtown Elementary School - 39 Frenchtown Rd, Trumbull, CT 0.7 mi NE (203) 452-4227 - frenchtownelementary.com therapeutic day program - student teacher ratio - 1st grade - special education "Frenchtown is a great school! It's a wonderful atmosphere for the children to ..." - greatschools.org

**C** Valley Medical Institute - 4637 Main St, Bridgeport, CT 0.1 mi S (203) 378-2210 - valleymedicalinstitute.com

**D** St. Andrew School - 395 Anton St, Bridgeport, CT 0.5 mi SW (203) 373-1552 - standrewbridgeport.org 3 reviews



**Park City Mange School is 1.0 Miles Away**

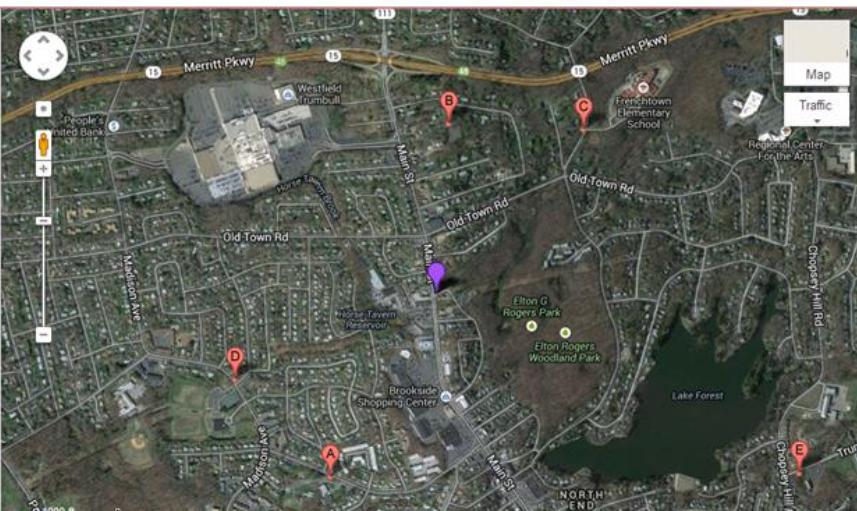
## No Nearby Churches / Religious Worship

Get directions My places

**church near 236-400 Kaechele Pl, Bridgeport, CT 06606**

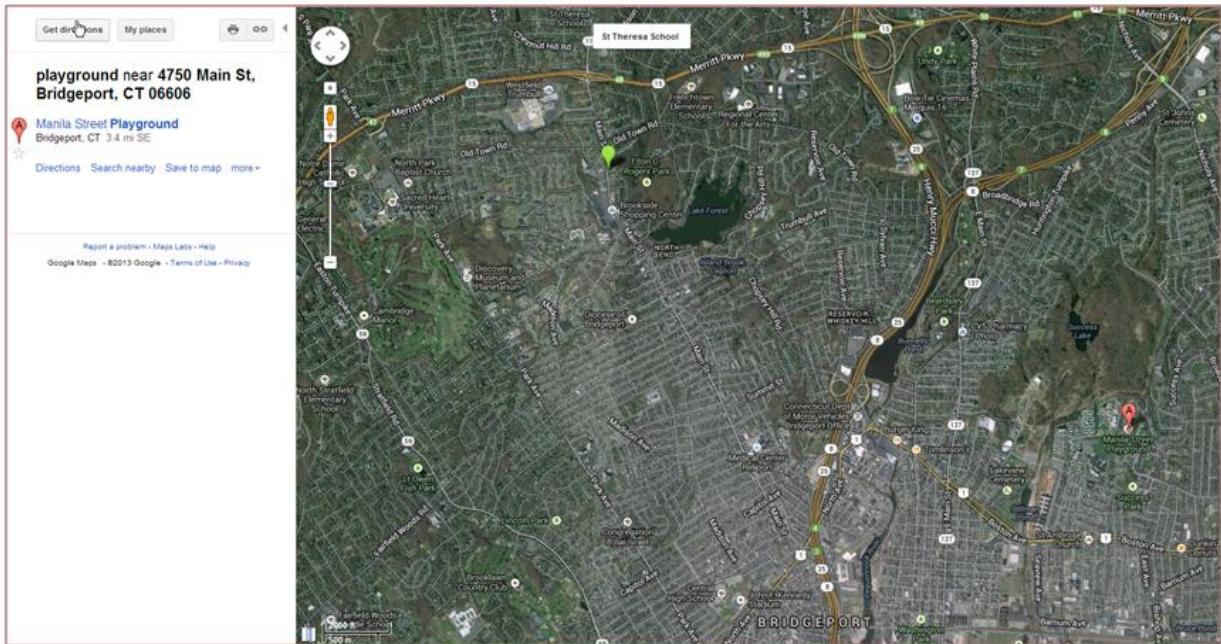
**A** St Andrew Church - 395 Anton St, Bridgeport, CT 0.5 mi SW (203) 374-6111 good counsel - roman catholic

**B** The Church of Jesus Christ of Latter-day Saints - 30 Bonnie View Dr, Trumbull, CT 0.4 mi N (203) 374-3808 - lds.org



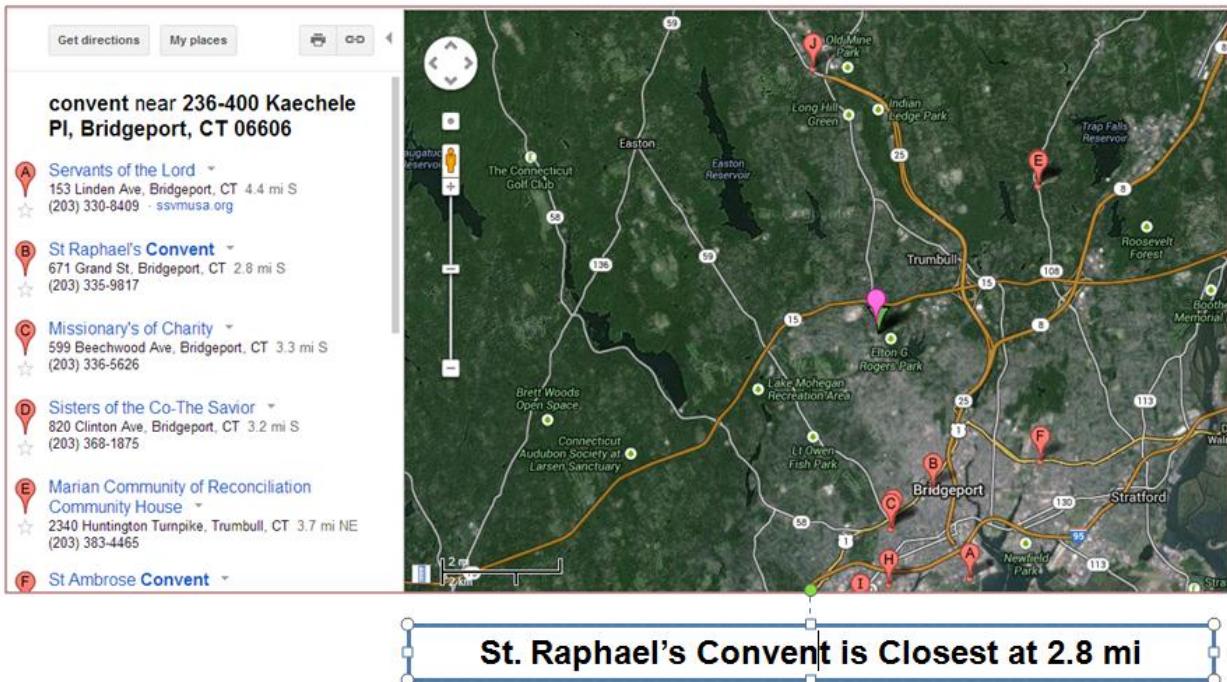
**St. Andrew Church is Closest at 0.5 mi**

## No Nearby Playground



**Manila Street Playground is Closest at 3.4 miles**

## No Nearby Convent



## No Nearby Charitable Institution

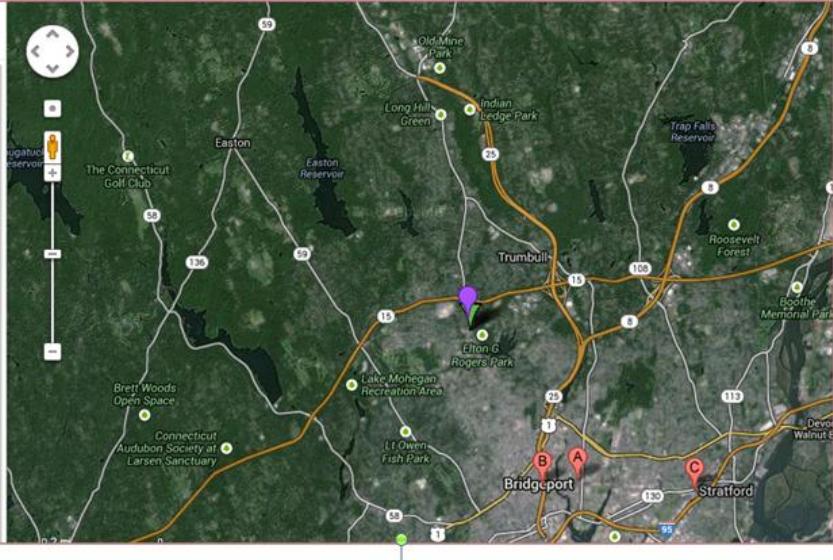
Get directions My places

charitable institution near 236-400 Kaechele Pl, Bridgeport, CT 06606

**A** Catholic Charities Conger House [▼](#)  
616 Kossuth St, Bridgeport, CT 3.2 mi SE  
(203) 335-0392  
1 review  
"I am poor." -

**B** Catholic Charities Merton Home [▼](#)  
65 Madison Ave, Bridgeport, CT 2.9 mi SE  
(203) 334-0060

**C** Habitat For Humanity Restore [▼](#)  
1785 Stratford Ave, Stratford, CT 4.8 mi SE  
(203) 383-4358 · [fairfieldcountyrestore.org](http://fairfieldcountyrestore.org)  
1 review  
"For all the many things in store, place is very well organized and kept clean." -



**Catholic Charities Merton Home is Closest at 2.9 mi**

## No Nearby Hospital or Veteran's Home

Get directions My places

hospital near 4750 Main St, Bridgeport, CT 06606

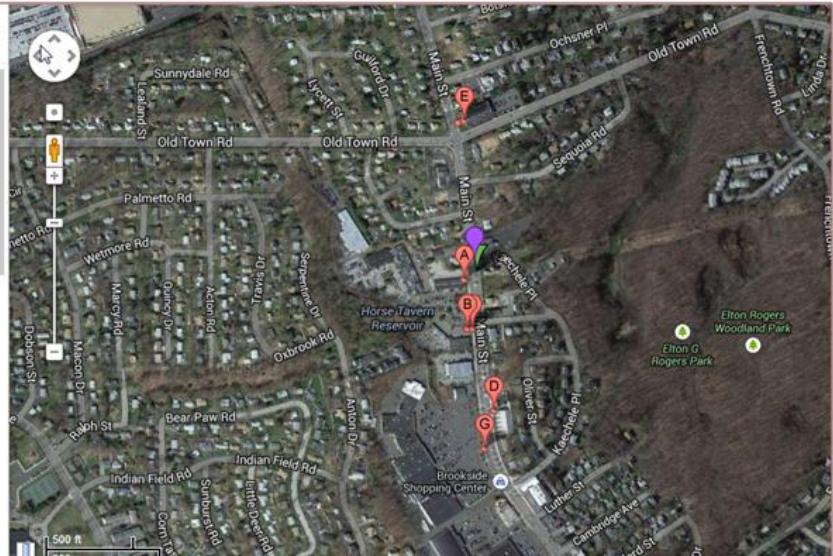
**A** Alliance For Womens Health [▼](#)  
4749 Main St # 4, Bridgeport, CT 91 ft SW  
Quest Diagnostics Bridgeport-Commerce Park  
(203) 374-5013 · [womenshealthct.com](http://womenshealthct.com)

**B** Pulmonary & Internal Medicine of Fairfield County PC [▼](#)  
4699 Main St, Bridgeport, CT 334 ft S  
Quest Diagnostics Bridgeport-Commerce Park  
(203) 374-2747

**C** Bridgeport Hospital [▼](#)  
267 Grant St, Bridgeport, CT 3.6 mi SE  
(203) 384-3000 · [bridgeporthospital.org](http://bridgeporthospital.org)  
3.8 ★★★★☆ 11 reviews  
"I was hospitalized a year ago. Excellent care and excellent staff." -

**D** St Vincent Immediate Health [▼](#)  
4600 Main St, Bridgeport, CT 0.2 mi S  
(203) 371-4445 · [stvincents.org](http://stvincents.org)

**E** Surgery Center Of Fairfield Cou [▼](#)



**St. Vincent's Medical Center is Closest at 1.9 mi**

## No Nearby Camps

Get directions My places

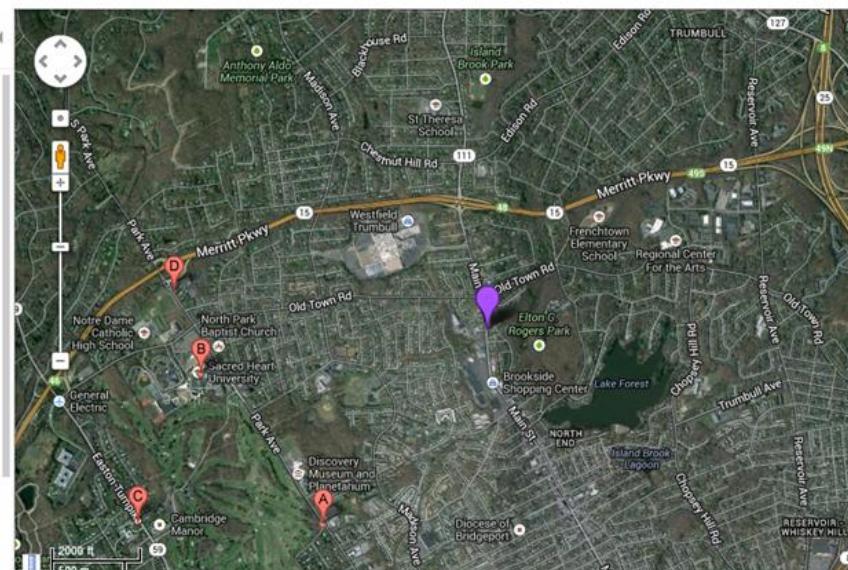
camp near 4750 Main St, Bridgeport, CT 06606

**A** Jewish Community Center of Eastern Fairfield County - 4200 Park Ave, Bridgeport, CT 1.1 mi SW (203) 372-6567 - jccs.org

**B** iD Tech Camps - Sacred Heart University Campus, 5151 Park Ave, Fairfield, CT 1.2 mi W (877) 315-9323 - internaldrive.com accredited continuing students ages - robots

**C** Harbor Light - 2475 Easton Turnpike, Fairfield, CT 1.7 mi SW (203) 365-0556 - harborlightfoundation.org

**D** CLOSED - Tutor Time - This place has closed or relocated. 5520 Park Ave, Trumbull, CT 1.4 mi W (888) 258-9053 - tutortime.com 4.1 ★★★★☆ 9 reviews



Jewish Community Center is Closest at 1.1 mi

## No Nearby Military Establishment

Get directions My places

military near 236-400 Kaechele Pl, Bridgeport, CT 06606

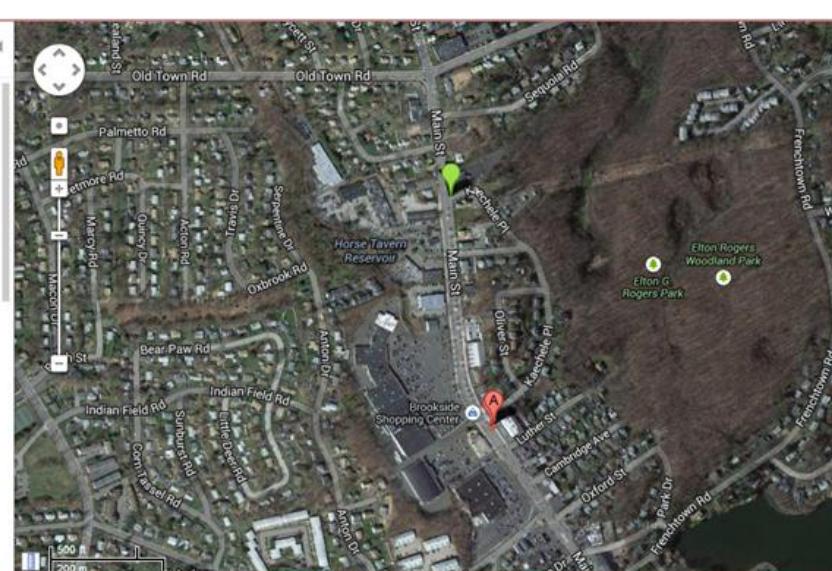
**A** Air Force Recruiter - 4490 Main St, Bridgeport, CT 0.3 mi S (203) 372-6970 - airforce.com

**B** US Navy Recruiting - 4490 Main St # E, Bridgeport, CT 0.3 mi S (203) 374-3685 - navy.com

**C** US Marine Corps Recruiting - 4490 Main St, Bridgeport, CT 0.3 mi S (203) 365-8423

**D** U.S. Army Recruiting Station - 4490 Main St, Bridgeport, CT 0.3 mi S (203) 372-0042 - goarmy.com

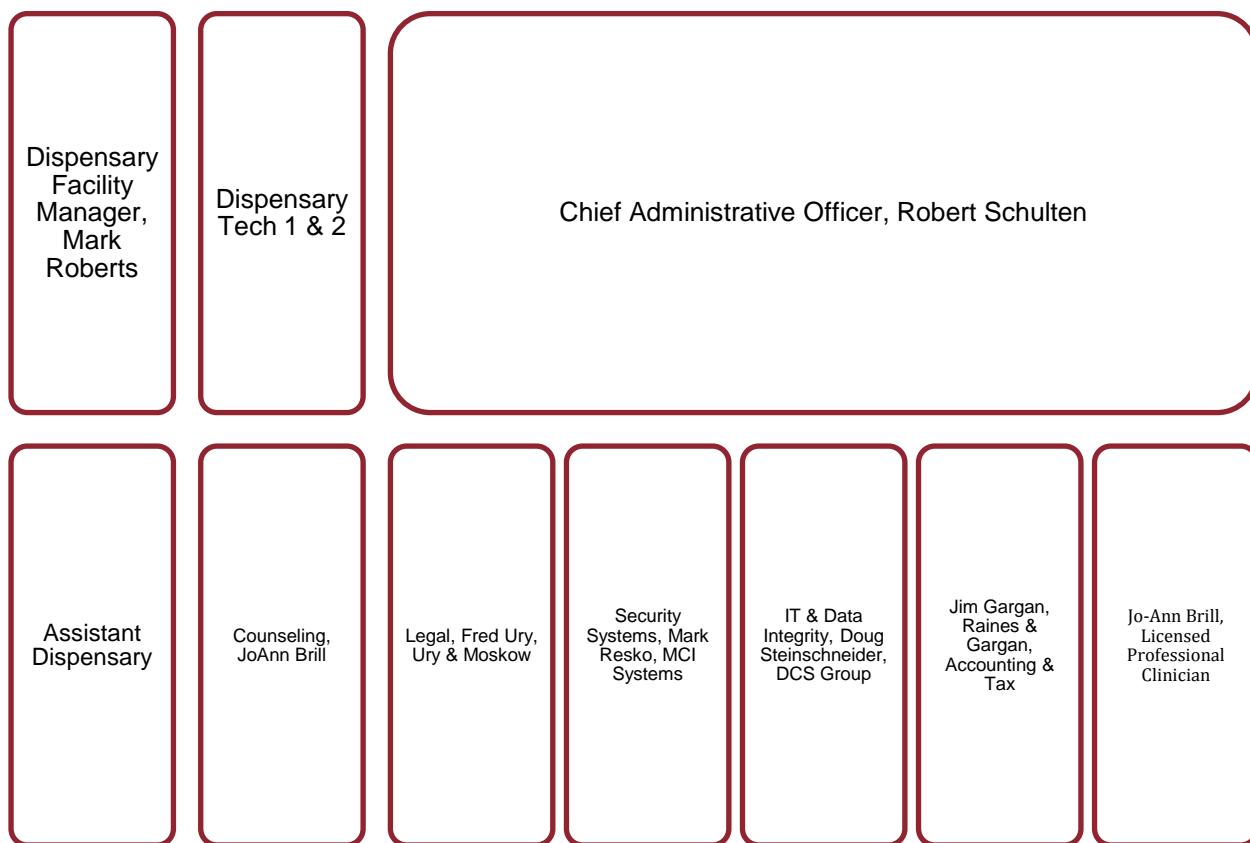
**E** Abriola Parkview Funeral Home - 419 White Plains Rd, Trumbull, CT 2.2 mi E (203) 373-1013 - abriola.com 5.0 ★★★★★ 11 reviews difficult time - kindness



US Military Recruiters are Closest at 0.3 miles

## VI. MANAGEMENT AND ORGANIZATION

### A. ORGANIZATION CHART.



**B. MANAGEMENT.** Nutmeg will be managed by the Dispensary Facility Manager and the Chief Administration Officer ("CAO").

#### ➤ **Mark Roberts, Dispensary Facility Manager**

Mark is a lifelong Connecticut resident, currently residing in Fairfield. His six-year pharmacy career with CVS has been peerless where he has progressed rapidly in responsibility and scope from pharmacy intern to pharmacy manager.

Mark currently manages and oversees an 8-person team in his current role. He takes great pride in his hands-on approach to his company, and will enlist a similar style as a Dispensary Manager at Nutmeg. His superior communication skills have allowed him to develop and maintain trust with his expanding patient base that provides an excellent working relationship with higher management within CVS. Mark's pharmacy has the longest running record of "Store of Excellence" in the lower CT district.

Mark brings the ability to energize others and sees opportunity in expanding his management skills while making a statement in this new and exciting growth business.

➤ **Robert Schulten, Chief Administrative Officer & Nutmeg's Sole Dispensary Facility Backer**

Rob is also a lifelong Connecticut resident, currently residing in Fairfield. Rob has had many management and development roles in his 30 year career working as a management consultant in the banking and industrial industries. In his 16 years with General Electric working for GE Corporate group in Fairfield, he advised and managed many green field new plant start-ups giving him full exposure to skill-sets necessary to lead a new project through development and into production.

Rob has a chemical engineering degree from Tufts University and an MBA in finance and marketing from the University of Chicago. Rob will be the sole Dispensary Facility Backer for Nutmeg. Having a single source of funding should expedite the licensing process, improve operating flexibility, and speed once Nutmeg is operating.

## **C. PROFESSIONAL AND ADVISORY SUPPORT TEAM.**

One of the dispensary's key assets is the strength of the team it has recruited to provide expertise and advice to Nutmeg as it makes important decisions about every aspect of operation.

### **1. Connecticut-Based Advisory Team**

➤ **Fred Ury, Legal Services**

Fred is the founding member of the law firm of Ury & Moskow, LLC located in Fairfield, Connecticut. He is a Board Certified Civil Lawyer and past President of the Connecticut Bar Association (2004-2005). He was admitted to the Connecticut Bar and U.S. District Court for the District of Connecticut in 1977, the New York Bar in 1989 and the United States Supreme Court in 1982. Mr. Ury also represents other attorneys accused of ethical violations and currently heads the Ethics Committee for the American Bar Association.

➤ **Doug Steinschneider, Security and Data Integrity**

Doug has been a trusted Information Technology advisor to Connecticut based companies since 1985. Doug's specialties include data security, sales & marketing, process improvement, compliance, network threat management and implementation of Backup & Disaster Recovery (BDR).

Most applicable for Nutmeg was Doug's involvement in developing and implanting PCI Data Security Standards, the Payment Card Industry data security standard which is a set of requirements designed to ensure that

all companies that "process, store or transmit" credit card information maintain a secure environment. The security standards include:

- Build and Maintain a Secure Network
- Protect Cardholder Data
- Maintain a Vulnerability Management Program
- Implement Strong Access Control Measures
- Regularly Monitor and Test Networks
- Maintain an Information Security Policy

➤ **Jo-Ann Brill, Licensed Professional Clinician with extensive polysubstance abuse experience**

Jo-Ann's 33 year career as a LCSW working in a variety of clinical assignments. Jo-Ann is currently employed in the behavioral health emergency room of a local area hospital where she is a psychiatric social worker evaluating psychiatric and substance patients, assessing their immediate mental health needs or substance abuse issues and coordinating their required services with referring agencies.

## **D. PERSONNEL PLAN**

1. **General Philosophy.** Because of its patient-focused mission, Nutmeg will maintain a high staff-to-patient ratio in order to provide a consistent level of quality service. As patient numbers increase, Nutmeg will adjust staffing to maintain this capability.

Nutmeg has adopted a comprehensive staffing plan to guide recruitment, hiring, training and managing its employees. Highlights of the plan feature:

- Precise definition of responsibilities.
- Clearly understood chains of authority.
- Well paid, well qualified, and well trained personnel.
- High patient/staff ratio.
- Professional recruiting practices.
- Thorough training of new hires.

2. **Staff Training & Employee Handbook.** A comprehensive handbook provides information to guide employees' behavior and relationship with Nutmeg (available as part of Nutmeg's Operation Plan which is included in this Application). The manual, which is furnished to all employees upon being hired, addresses:

- Section 1: Work Objectives
- Section 2: Training Needs
- Section 3: Payday, working hours and breaks (**same as section 6**)
- Section 4: On the Job (covers various aspects of conduct policy and procedures)
- Section 5: Safety rules (also covered in Nutmeg's Operations Manual)
- Section 6: Payday, working hours and breaks (**same as section 3**)

3. **Employee Administration.** ADP has been contracted to help develop a New Employee Orientation Checklist that includes W-4, I-9 Eligibility Verification, Cobra notification letter and other new employee information.

4. **Recruitment.** Nutmeg's recruiting efforts will be primarily directed at candidates with the following qualifications:

- Known pharmacy technicians known to Mark Roberts, Dispensary Facility Manager, which means they have passed background checks, have no recent criminal record and have had extensive retail pharmacy experience. Mark has a proven pool of over 6 potential pharmacy technicians, of which at least 3 of whom Nutmeg may get licensed as a Dispensary Technicians for Nutmeg.
- Referred, local pharmacy technicians.

5. **Training.** Qualified candidates will be hired on a three-month probationary status. During this period, they will participate in a rigorous training process and be evaluated for suitability in a restricted-access medical environment. Training will include the Employee Handbook, other reading materials, and lectures by qualified professionals, hands-on training and quizzes. The program will consist of the following modules:

- **Legal** - Legal training will cover all Connecticut State and Federal laws relating to marijuana, and especially those related to medical marijuana. Legal obligations of licensed dispensaries will be emphasized. Other topics will include the rules and regulations of the dispensary, sexual harassment training, effective interaction with law enforcement personnel, and the rights and responsibilities of qualified patients. Legal training will include at least one two-hour session with an attorney who is a practicing member of the state bar.
- **Medical** - Medical training will include the disable's rights and sensitivity, how to identify and interact with a patient having a medical emergency, the proper uses and benefits of medical marijuana.

- **Sales** - As noted under Sales Strategy, staff will be trained in patient care - not retail sales. The focus will be on assisting patients in making appropriate decisions about how to choose the type of medical marijuana that is right for them. Staff will be provided with ongoing training on product information as well as general service philosophy.
- **Safety** - In addition to its focus on safety, security training will include acceptable currency identification and counterfeit detection, warning signs of possible diversion to the illegal market, lock and alarm procedures, perimeter and entrance control, robbery response techniques, conflict resolution techniques and diversion detection techniques.

## VII. SUPPLEMENTAL DOCUMENTATION

### A. ROBERT M. SCHULLEN FINANCIAL STATEMENT

The following outlines the personal financial statement for the Dispensary Facility Backer of Nutmeg Dispensary, Inc.:

Personal Finance Summary:

#### Robert & Bridget Schulten, 105 Waterville Rd, Southport, CT

##### USAA Investment Management Company

Attn: USAA Brokerage Services OR Mutual Funds  
P.O. Box 659453  
San Antonio, TX USA 78265-9825

##### USAA Federal Savings Bank

10750 McDermott Freeway  
San Antonio, TX 78288-9876

<u>Account</u>	<u>Account No.</u>	<u>November 2013</u>
USAA Checking - Joint	#20523823	\$50,407
USAA AMA - Joint	#6516975	\$8,297
USAA IRA for BSS	# 65843238	\$25,085
USAA Mutual Fund SEP for MMS		\$6,384
USAA UTMA Brokerage for MMS	#65735899	\$406
USAA Mutual Fund UGMA for MMS		\$27,307
USAA Performance 1st Index - BSS	#20523815	\$2,120
USAA Performance 1st Index - Joint	#31937470	\$400,475
USAA IRA RMS	#64856128	\$18,593
USAA UGMA – SRS	#65115804	\$111,564
USAA MF IRA - RMS		\$585,938
USAA MF UGMA- SRS	0042-42901891564	\$7,677
Chet 529 (SRS)	#9758320	\$0
Chet 529 (MMS)	#9758312	\$0
Fidelity Keogh - BSS	347715050	\$0
changed to BSS Keogh/USAA	347715050	\$232,880
GE Interest Plus	9243139802	
GE Regular Share Savings		\$1,042
MB Trading	72518582	\$0
Interactive Brokers	U438771	\$0
Interactive Brokers	U515451	\$0
JP Morgan Funds	#7109	\$5,046
Chase Checking Acct	851	\$7,153
USAA Jumbo Fixed Rate		\$100,340

## Principal Finance - BSS 401k

██████████	██████████	<u>\$79,266</u>
██████████	subtotal	<b>\$1,669,982</b>

### Rob's GE Accounts

Nutmeg Dispensary Account	\$151,975
Stock Options	\$0
Deferred Comp Payout for 03 and 06	\$63,000
Deferred Incentive Comp	\$125,000
SS&P	<u>\$122,930</u>
subtotal	<b>\$462,905</b>

house	\$900,000
other assets (art, jewels)	<u>\$300,000</u>
subtotal	<u>\$1,200,000</u>
Total Assets	<b>\$3,332,887</b>

### Debts

Citimortgage	# 0288	\$14,344
GE Credit Union Home Equity	37748-60	\$147,102
Cards: Talbots, BofA, Lord & Taylor		<u>\$0</u>
Total Debt		<b>\$161,446</b>

Total Assets	\$3,332,887
<u>Less Debts</u>	<u>\$161,446</u>
Total Net Worth	<b>\$3,171,441</b>

## Business Account:

The screenshot shows the GEEFCU online banking homepage. At the top, there are links for 'My Profile' and 'Help'. Below the header, a navigation bar includes 'My Accounts', 'Bill Pay', 'Move Money', 'Manage Money', and 'Additional Services'. A message 'Mobile banking is ready. Get started.' is displayed. The main content area is divided into several sections: 'My Accounts' (showing two Nutmeg Dispensary accounts with balances of \$151,975.00 and \$25.00, and a total of \$152,000.00), 'WE DELIVER SECURITY & SAVINGS WHEN YOU PAY BILLS ONLINE' (with a 'LEARN MORE' button), 'Make a Payment' (with a form for selecting a payee and amount, and a hint: 'You can quickly and easily pay virtually any bill.'), and a calendar for November 2013.

Personal Accounts:



USAA FEDERAL SAVINGS BANK

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October 29, 2013

Bridget S Schulten  
105 Waterville Rd  
Southport CT 06890-1056

To Whom It May Concern:

Bridget and Robert Schulten are valued members of USAA and are in good standing. This letter confirms that they currently have accounts with USAA Federal Savings Bank that total \$654,904.89. USAA appreciates their membership, trust and loyalty.

If you need additional information, please call 1-800-292-8800

Sincerely,

Melanie Ramos  
USAA Bank Services  
USAA Wealth Management

\*\*This document is being sent upon your request. It is not an official record of your account.  
Refer to your confirmations and/or statements for official record purposes.

USAA Federal Savings Bank  
10750 McDermott Freeway  
San Antonio, TX 78288-0544  
(800) 531-2265 (210) 456-8000  
FDIC INSURED

USAA Savings Bank  
3773 Howard Hughes Pkwy Ste 190N  
Las Vegas, NV 89109  
(800) 922-9092  
FDIC INSURED

USAA Relocation Services, Inc.  
10750 McDermott Freeway  
San Antonio, TX 78288-0553  
(800) 531-7741



9800 Fredericksburg Road  
San Antonio, Texas 78288

October 31, 2013

Bridget S Schulten  
105 Waterville Rd  
Southport, CT 06890-1056

Dear Mrs. Schulten:

This letter is in response to your request for the following USAA Mutual Fund and Brokerage account balances as-of October 30, 2013.

As requested, we are providing the information for the account registered as follows:

USAA FED SVGS BNK CUST SEP OF  
BRIDGET S SCHULTEN  
105 WATERVILLE RD  
SOUTHPORT, CT 06890-1056

Account #	Shares	Share Price	Accrued Dividends	Account Value
[REDACTED]	115.889	\$14.85	\$0.00	\$1,720.95
[REDACTED]	4667.96	\$1.00	\$0.04	\$4,668.00
Total Value				\$6,388.95

As requested, we are providing the information for the account registered as follows:

USAA FED SVGS BNK CUST IRA OF  
ROBERT M SCHULTEN  
105 WATERVILLE RD  
SOUTHPORT, CT 06490

Account #	Shares	Share Price	Accrued Dividends	Account Value
[REDACTED]	585932.84	\$1.00	\$533.74	\$586,466.58
Total Value				\$586,466.58

USAA means United Services Automobile Association and its affiliates. Investment Products and Services offered by USAA Financial Advisors, Inc., a registered broker dealer and USAA Investment Management Company, a registered investment adviser and broker dealer.

As requested, we are providing the information for the account registered as follows:

Account Number: [REDACTED]

Account Registration: ROBERT M SCHULTEN AND  
BRIDGET S SCHULTEN JTWROS  
105 WATERVILLE RD  
SOUTHPORT CT, 06490-1056

Cash Balance: \$8,668.65

Securities Market Value: \$15.56

**Total Portfolio Balance: \$8,684.21**

As requested, we are providing the information for the account registered as follows:

Account Number: [REDACTED]

Account Registration: USAA FED SVGS BANK C/F SDIRA  
BRIDGET S SCHULTEN  
105 WATERVILLE RD  
SOUTHPORT CT, 06490-1056

Cash Balance: \$3,585.91

Securities Market Value: \$22,136.05

**Total Portfolio Balance: \$25,721.96**

As requested, we are providing the information for the account registered as follows:

Account Number: [REDACTED]

Account Registration: USAA FED SVGS BNK C/F SDIRA R/O  
BRIDGET S SCHULTEN  
105 WATERVILLE RD  
SOUTHPORT CT, 06890-1056

Cash Balance: \$75,265.39

Securities Market Value: \$0.00

**Total Portfolio Balance: \$75,265.39**

USAA means United Services Automobile Association and its affiliates. Investment Products and Services offered by USAA Financial Advisors, Inc., a registered broker dealer and USAA Investment Management Company, a registered investment adviser and broker dealer

As requested, we are providing the information for the account registered as follows:

Account Number: [REDACTED]

Account Registration: USAA FED SVGS BNK C/F SDIRA  
ROBERT M SCHULTEN  
105 WATERVILLE RD  
SOUTHPORT CT, 06890-1056

Cash Balance: \$0.00

Securities Market Value: \$19,112.00

**Total Portfolio Balance: \$19,112.00**

Please do not hesitate to contact a Member Service Representative at (800) 531-8722 should you need any additional assistance.

Sincerely,

USAA Investment Services

USAA means United Services Automobile Association and its affiliates. Investment Products and Services offered by USAA Financial Advisors, Inc., a registered broker dealer and USAA Investment Management Company, a registered investment adviser and broker dealer.

## B. ROBERT SCHULTEN \$700,000 COMMITMENT LETTER

### The Commitment Letter

The following outlines the Dispensary Backer, Robert M. Schulten's, commitment to Nutmeg Dispensary, Inc.:

This Commitment Letter is intended to set forth the general loan parameters, as agreed to by the Borrower, Nutmeg Dispensary, Inc. ("Nutmeg"), a Connecticut Corporation and the Lender, as defined below, as they relate to the financing of Nutmeg in its efforts to establish a medical marijuana Dispensary under Public Act 12-55, An Act Concerning the Palliative Use of Marijuana. The following sets forth the terms and conditions upon which the Lender will make the loan to Nutmeg:

**Lender:** Robert M. Schulten  
**Borrower:** Nutmeg Dispensary, Inc., Mark G. Roberts  
**Loan Amount:** Up to a maximum of \$700,000.00 to be used for the purpose of establishing and operating a Medical Marijuana Dispensary.  
**Loan Terms:** A five (5) year, unsecured loan at an interest rate of twelve percent (12%) per annum.  
**Contingencies:** The Lender shall have no obligation to commit any funds to Nutmeg until:

1. Nutmeg has secured the necessary licenses, permits and approvals to establish and operate a Medical Marijuana Dispensary in the State of Connecticut, in accordance and in compliance with the laws of the State of Connecticut.
2. The Lender signs a Promissory Note and Loan Agreement pertinent to the operation of the Dispensary.
3. Nutmeg has provided to the Lender all relevant material and financial projections requested by the Lender and no adverse change or material disruption shall have occurred from the date of this Commitment Letter.
4. Both parties agree that any expense incurred in the execution of this instrument will be the sole responsibility of each party, respectively.

**General Terms:** It is agreed that this Commitment Letter is subject to the terms and conditions set forth herein and that the Lender shall have no obligation to fund the loan unless all of the conditions contained herein are fully satisfied.

We, the undersigned, hereby agree to the above terms and conditions of this Commitment Letter.

Date: 10/2/2013

By:

LENDER  
  
Robert M. Schulten

By:

NUTMEG DISPENSARY, INC.  
  
Mark G. Roberts  
Its: Dispensary Manager, duly authorized

## PHARMACY CREDENTIALS DETAILS FOR MARK G. ROBERTS, DISPENSARY MANAGER

Credential Detail					
	State of Connecticut				
Lookup Detail View					
Contact Name					
<b>Name</b>					
MARK G ROBERTS					
Credential Information					
Credential Information					
Credential	Credential Type	Effective Date	Expiration Date	Status	Reason
PCT.0010778	PHARMACIST	02/01/2012	01/31/2014	ACTIVE	NONE

3/25/2013 5:39:48 PM

CV MARK G. ROBERTS, DISPENSARY MANAGER- VERSION A

## Mark G. Roberts

28 Kenwood Avenue, Apt. #3  
Fairfield, CT 06824  
MarkRobertsPharmD@gmail.com  
203.414.6520 (phone)

To use my pharmacy experiences, knowledge as a pharmacist and capabilities to better serve the needs of a diverse patient population through collaboration with other pharmacy team members, while continuing to enhance my clinical role and further develop my pharmacy management experiences.

## EXPERIENCE:

## **CVS Pharmacy, Bridgeport, CT**

*Pharmacy Manager*

*April 2010 to Present:*

- Performed daily management of medication dispensary, supervision of all aspects of day-to-day in-store business operations.
- Advised and educated patients on medication management including the benefits and side effects of particular medications.
- Maintained an accurate medication inventory worth \$1.5 M, which includes non-controlled as well as controlled medications.
- Developed and maintained an excellent working relationship with fellow employees, CVS management and physicians in the area.
- Led our pharmacy to its longest running “store of excellence” rating in our district.
- Managed and supervised a staff of eight pharmacy team members and oversaw their development, work experience and training; and advised them on best practices, including negotiating their raises and salaries.
- Established a relationship with the University of Connecticut and continues to maintain our pharmacy as a precepting site for UCONN pharmacy students to allow for practical work experience.
- Supervised the processing, filling, and dispensing of an average of 1,650 prescriptions weekly.
- Screened patient medication profiles using RxConnect computer system, in order to assure no harmful drug interactions or therapeutic duplications exist.
- Trained staff on how to use two new computer-processing systems and oversaw the role out and implementation of these systems.

## CVS Pharmacy, Bridgeport, CT *Staff Pharmacist*

*July 2007 to March 2010:*

- Implemented a community outreach program to allow inner city Bridgeport High School students the opportunity to work alongside a pharmacist and observe daily operations.
- Assisted in the training and development of pharmacy team members to receive their national certification.

**CVS Pharmacy, Bridgeport, CT**

*Pharmacy Intern*

July 2004 to June 2007:

- Filled and processed prescriptions, counseled patients, recommended drug therapy, and oversaw inventory management.

**EDUCATION:** [Massachusetts College of Pharmacy and Health Sciences](#)  
Doctor of Pharmacy, PharmD, 2007

**AWARDS:**

**2011 CVS District Paragon Winner** “This award, the highest honor a colleague can achieve within our company, is reserved for those who make remarkable contributions on their job or in their community.”

# CV ROBERT M. SCHULTEN, CHIEF ADMINISTRATIVE OFFICER & DISPENSARY FACILITY BACKER

**Robert M. Schulten**  
105 Waterville Road  
Southport, CT 06890  
[Robert.Schulten@gmail.com](mailto:Robert.Schulten@gmail.com)  
203.209.0146 (phone)

Executive-Level Project Manager with proven record of accomplishment in business development, operational improvement and change implementation. Widespread knowledge of all practical areas of business operations, including finance, business modeling, quality control and sales. Top school MBA with Chemical Engineering degree focused on process improvement.

**EXPERIENCE:** **Green Genetics & Nutmeg Dispensary, Southport, CT**  
*Chief Administrative Officer*  
*& Nutmeg's Sole Dispensary Facility Backer*

*April 2012 to present:*

- Established Start-up Company that will dispense medical grade marijuana according to regulations of the State of Connecticut.

**Berkeley Quantitative, Fairfield, CT**  
*Director of Investor Relations*

*January 2009 to present:*

- Business development and sales leader for a high frequency quantitative hedge fund focused on the futures markets.
- Took assets under management from start-up to full capacity.
- Managed all customer development from introduction to investment.

**Standard Bank, New York, NY**  
*Director, Commodity Sales, North & South America*

*March 2007 to December 2007:*

- Lead new business development in North & South America utilizing commodity teams based in New York, Sao Paulo and Lima. Expert in price risk management.
- Priced, structured, and executed hedge transactions for clients that included structured products and options.
- Export and commodity finance, initiated effort for US based customers.
- Detailed understanding of customers' financials and credit risks. Strong credit experience.

**GE Commercial Finance, Norwalk, CT**  
**Vice President, Sales and Marketing,**  
**Corporate Financial Services**

July 2001 to January 2007:

- Planned, organized and executed the developed new industry business verticals. Established and directed sales teams to high priority prospects, developed sales strategy, and guided customers through credit process.
- Propelled GE to leader position in metals and automotive industry lending
- Black Belt Six Sigma Certified

**General Electric Company, Corporate Headquarters, Fairfield, CT**  
**Manager, Corporate Initiatives Group,**  
**Supply Management (1998 to 2001)**

February 1991 to June 2001:

- Responsible for a wide variety of business and operations process improvement teams across GE's global businesses.
- Lead 20 cross-functional direct and indirect materials procurement teams for GE globally that identified opportunities, deployed operational strategies and managed supplier metrics and improvement opportunities.
- Managed GE commodity hedge portfolio for exchange traded metals and energy products and which reported directly to the Vice Chairman.
- Helped drive outsourcing to emerging countries: China, Mexico, Korea with double-digit reductions on transplanted volumes.
- Significant annual cost reductions on \$4 billion in purchases.
- Awarded GE Management Award for Outstanding Leadership.
- Leveraged the GE volume - supplier rationalization, identify cross-business opportunities and enforcing contract compliance.
- Managed corporate cost reductions programs for temporary labor, legal services, paper, office supplies, automobiles, data acquisition, steel, non-ferrous metals, casting & forging, plastics and paint.
- Best Practice Sharing- Conducted regular benchmarking sessions with other Fortune 500 businesses

**Freeport McMoRan, Inc., New York, NY, New Orleans, LA and Reno, NV**  
**Manager, Trading, Sales & Business Development**

August 1985 to January 1990:

- Negotiated copper and gold sales agreements globally and responsible for hedging for oil and metals products. Managed the M&A program for NYSE listed gold company.

**Pennzoil Company, Duval Mining, Houston, TX**  
**National Sales Manager Precious & Base Metals**

March 1980 to July 1985

- Responsible for domestic sales and negotiation of product upgrading contracts.
- Developed and presented 5-year strategic plan, quarterly operating reviews and capital plans to Board of Directors.

**EDUCATION:**

[University of Chicago](#)

Graduate School of Business, MBA, Finance and Marketing majors, 1980

Tufts University

Bachelor of Science, Chemical Engineering, 1978,  
magna cum laude, Tau Beta Pi

**OTHER:** Avid participant in marathons and triathlons  
GE Six Sigma trained Black Belt

**Work Anecdotes:**

For 10 years while working for General Electric at their Corporate Headquarters in Fairfield, CT, I worked as an internal consultant, working on high-impact, cross-business issues across the many GE business units on a global scale. All the problems that I tackled were multi-disciplinary, meaning they involved teams of people from engineering, accounting, finance, production, marketing, purchasing and sales, often across national borders. Regardless of the issue, the process steps in approaching the problem was the same, Define, Measure, Analyze, Improve and Control. From an operational perspective, I found a problem, fixed it then make sure it stayed fixed. Here are two standout examples:

**Example #1: "Pound wise and penny foolish."**

Outside Ashville, NC, GE has a plant that makes roadway lighting which are the lights you see on the highway. They comprise a long mast and an aluminum head on top that holds the light. Anticipating major road infrastructure growth over the next few years, the roadway lighting plant wanted to increase production 100% by investing \$20 million in new plant and equipment to meet the new demand expected. I was asked in to see if there were alternatives to the investment. Walking the production process, it was found the plant's major input was aluminum, which in order to save money was purchased by the plant as scrap, then melted and cast into the aluminum heads. After initial analysis, it was this casting of the heads that proved to be the bottleneck to increasing plant output. It was also found that only about 50% of the cast heads passed initial inspection, meaning the other 50% were sent back in the process, remelted then recast. The \$20 million request to GE Corporate was to largely to purchase additional casting machines to relieve the production bottleneck. The biggest opportunity was to improve first pass yields through the aluminum casters. I suggested spending a week utilizing new clean aluminum, rather than getting it from scrap to see if first pass yields could be increased. After 5 days running the new, clean aluminum feed, almost 100% of casting passed inspection on the first pass! New investment was not needed, just a better quality of aluminum feed into the casting machines. GE was driven by lower costs, every department, every person. The plant's purchasing department thought purchasing scrap was the plant's cost advantage and therefore their competitive advantage in the marketplace. By purchasing the more expensive aluminum that was far cleaner, the plant eliminated many problems down the production process and saved investing \$20 million.

**Example #2: "the front end of the horse didn't know what the back was doing"**

For this assignment, I was awarded the prestigious GE Management award. GE Plastics, a \$5B company located in Plainville, MA, had for 20 years extreme volatility in its earnings stream, both positive and negative, hundreds of millions up, then hundreds of millions down. It was assumed it was just the nature of the plastics business. I was brought in to investigate more cost effective ways to purchase the raw materials associated with the various plastics the company produced. My first question was to go to sales in an attempt to see their depth of knowledge regarding how raw materials were purchased. The plastic business is a relatively low margin but high volume business, making raw material purchasing extremely important in the earnings equation. The sales department had no idea how raw materials were priced, but they recognized sales tended to go up when oil prices went up.

After weeks of interviews with team leaders throughout the GE Plastics organization, what I found was simple: sales did not talk to purchasing. That meant when oil prices went up, competitors raised their prices but GE tended to raise prices slowly, so in a rising raw material environment, GE sold a lot of plastic (but under the market price so they tended to lose money on those sales). I instituted and lead a weekly advisory call sales & purchasing to talk specifically about price. In short order, earnings volatility was eliminated...the front end of the horse finally knew what the back end was doing! This was a win for me because of the insight that there was poor communication between sales and purchasing but I was more proud to be able to institute a sustainable fix to long running problem.

**LETTERS OF REFERENCE**  
**ROBERT SCHULTEN**

**Southport Congregational Church**

United Church of Christ

*Rev. Paul D. Whitmore*  
Senior Minister

*Rev. Sharon P. Blackburn*  
Pastoral Associate Minister

P.O. Box 366  
524 Pequot Avenue  
Southport, Connecticut 06890  
TEL. 203-255-1594  
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*Rev. Laura H. Whitmore*  
Associate Minister

*Pamela H. Poling*  
Ministerial Assistant

September 13, 2012

RE: Reference for Robert Schulten

Gentlemen:

I have known Rob Schulten for over eighteen years, as his friend and his minister.

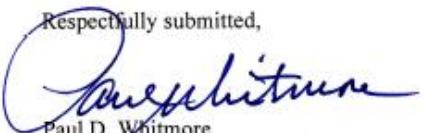
Rob has been an active and involved member of Southport Congregational Church for all of the eighteen years that I have been serving this church as its Senior Minister, and he and his family's membership and involvement here precedes my involvement by several years. They have been active members for over twenty-one years.

Rob has served the church as one of its spiritual leaders as a Deacon for over eight years, and he is currently an active member of our Men's Group. In addition, he has taught Sunday School on occasion. His wife is our Moderator, which is the highest ranking leadership position in our congregation of over six hundred active adult members. She has also served previously on the Board of Deacons, Grounds & Building, Missions and successfully led the last three Search Committees when we were looking for a new Associate Minister. Both are active in fund raising activities for the church.

As an individual, Rob is well known, highly respected and is a person of the highest integrity. This is also the case with his family. Rob is hugely energetic, reliable, passionate and gladly accepts responsibility in all our interactions and with others. He diplomatically holds the people around him to his high standards.

It is with my fullest confidence and support that I offer my reference and recommendation, and I am available to offer any more support or information upon request.

Respectfully submitted,

  
Paul D. Whitmore

*The Southport Congregational Church is a warm and welcoming community of faith called to love God and to love our neighbor as ourselves with a spirit of abundant life and joy.*

# NUTMEG DISPENSARY 3-YEAR INCOME STATEMENT & BALANCE SHEET

## Nutmeg Dispensary

### Required Start-Up Funds for a New Business or Opening Balance Sheet for an Existing Business

Required Start-Up Funds	Amount	Totals	Depreciation	Notes	
<b>Fixed Assets</b>					
Real Estate-Land	\$ -		20.00	years	
Buildings	-		7.00	years	
Leasehold Improvements	40,500		7.00	years	
Equipment	-		7.00	years	
Furniture and Fixtures	12,500		5.00	years	
POS Equipment	5,000		5.00	years	
Other Fixed Assets	5,000		5.00	years	
<b>Total Fixed Assets</b>		<b>63,000</b>			
<b>Operating Capital</b>					
Pre-Opening Salaries and Wages	16,000				
Prepaid Insurance Premiums	4,000				
Inventory	15,000				
Legal and Accounting Fees	4,000				
Rent Deposits	15,000				
Utility Deposits	2,000				
Supplies	7,000				
Advertising and Promotions	2,000				
Licenses	9,000				
Other Initial Start-Up Costs	20,000				
<b>Working Capital (Cash On Hand)</b>	<b>19,000</b>				
<b>Total Operating Capital</b>		<b>113,000</b>			
<b>Total Required Funds</b>		<b>\$ 176,000</b>			
<b>Sources of Funding</b>	<b>Amount</b>	<b>Totals</b>	<b>Loan Rate</b>	<b>Term in Months</b>	<b>Monthly Payments</b>
Owner's Equity	100.00%	176,000			
Outside Investors	0.00%	-			
<b>Additional Loans or Debt</b>					
Commercial Loan	0.00%	-	12.00%	60.00	\$0.00
Commercial Mortgage	0.00%	-	12.00%	120.00	\$0.00
Credit Card Debt	0.00%	-	20.00%	60.00	\$0.00
Vehicle Loans	0.00%	-	6.00%	48.00	\$0.00
Other Bank Debt	0.00%	-	5.00%	36.00	\$0.00
<b>Total Sources of Funding</b>	<b>100.00%</b>	<b>\$ 176,000</b>			<b>\$0.00</b>
<b>A line of credit is also required in the amount of</b>	<b>\$ 47,620</b>				

**Nutmeg Dispensary**  
**Salaries and Wages**

Salaries and Related Expenses	# Assumptions	Wage Base	Monthly	Year One	Year Two	Year Three
<b>Percent Change</b>					7.00%	10.00%
<b>Salaries and Wages</b>						
Owner's Compensation	2		\$ 7,000	84,000	165,000	165,000
Salaries	1		3,000	36,000	38,520	42,372
Wages						
Full-Time Employees	0		-	-	-	-
Estimated Hours Per Week		-				
Estimated Rate Per Hour		\$ -				
Part-Time Employees	2		3,900	46,800	50,076	55,084
Estimated Hours Per Week		30.00				
Estimated Rate Per Hour		\$ 15.00				
Independent Contractors			1,000	12,000	12,840	14,124
<b>Total Salaries and Wages</b>	<b>5</b>		<b>14,900</b>	<b>178,800</b>	<b>266,436</b>	<b>276,580</b>
<b>Payroll Taxes and Benefits</b>						
Social Security	6.20%	\$ 102,000	924	11,086	16,519	17,148
Medicare	1.45%		216	2,593	3,863	4,010
Federal Unemployment Tax (FUTA)	0.80%	\$ 7,000	23	280	280	280
State Unemployment Tax (SUTA)	2.70%	\$ 7,000	79	945	945	945
Employee Pension Programs	0.00%		-	-	-	-
Worker's Compensation	1.90%		283	3,397	3,635	3,999
Employee Health Insurance	0.00%		-	-	-	-
Other Employee Benefit Programs	4.00%		596	7,152	7,653	8,418
<b>Total Payroll Taxes and Benefits</b>			<b>2,121</b>	<b>25,452</b>	<b>32,895</b>	<b>34,800</b>
<b>Total Salaries and Related Expenses</b>			<b>17,021</b>	<b>204,252</b>	<b>299,331</b>	<b>311,379</b>

**Nutmeg Dispensary**  
**Fixed Operating Expenses**

Fixed Operating Expenses	<u>Monthly</u>	<u>Year One</u>	<u>Year Two</u>	<u>Year Three</u>
<b>Percent Change</b>			20.00%	40.00%
<b>Expenses</b>				
Advertising	\$ 200	2,400	2,880	4,032
Car and Truck Expenses	-	-	-	-
Bank & Merchant Fees	1,000	12,000	14,400	20,160
Contract Labor	-	-	-	-
Conferences & Seminars	-	-	-	-
Customer Discounts and Refunds	-	-	-	-
Dues and Subscriptions	-	-	-	-
Miscellaneous	500	6,000	7,200	10,080
Insurance (Liability and Property)	800	9,600	11,520	16,128
Licenses/Fees/Permits	225	2,700	3,240	4,536
Legal and Professional Fees	300	3,600	4,320	6,048
Office Expenses & Supplies	200	2,400	2,880	4,032
Postage and Delivery	-	-	-	-
Rent (on business property)	3,000	36,000	43,200	60,480
Rent of Vehicles and Equipment	-	-	-	-
Sales & Marketing	300	3,600	4,320	6,048
Taxes-Other	-	-	-	-
Telephone and Communications	300	3,600	4,320	6,048
Travel	-	-	-	-
Utilities	300	3,600	4,320	6,048
<b>Total Expenses</b>	<b>7,125</b>	<b>85,500</b>	<b>102,600</b>	<b>143,640</b>
<b>Other Expenses</b>				
Depreciation	857	10,286	10,286	10,286
Interest				
Commercial Loan	-	-	-	-
Commercial Mortgage	-	-	-	-
Line of Credit	359	4,307	-	-
Credit Card Debt	-	-	-	-
Vehicle Loans	-	-	-	-
Other Bank Debt	-	-	-	-
<b>Total Other Expenses</b>	<b>1,216</b>	<b>14,593</b>	<b>10,286</b>	<b>10,286</b>
<b>Total Fixed Operating Expenses</b>	<b>8,341</b>	<b>100,093</b>	<b>112,886</b>	<b>153,926</b>

**Nutmeg Dispensary**  
**Projected Sales Forecast**

Products and Services Assumptions	%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
<b>Product/Service A</b>														
Price Per Unit	\$ 300.00	100.00%												
Variable Cost Per U	\$ 210.00	70.00%												
Gross Margin Per U	\$ 90.00	30.00%												
<b>Projected Unit Sales</b>														
Seasonality Factor		154%	3.08%	4.62%	6.15%	6.92%	7.69%	8.46%	9.85%	10.77%	12.00%	13.69%	15.23%	100.00%
Year One		50	100	150	200	225	250	275	320	350	390	445	495	3,250
Year Two Growth		25.00%												
Year Three Growth		25.00%												
Overhead Exp Alloc		50.00%												
Projected Revenue	\$ 975,000													
Variable Costs	\$ 682,500													
Gross Margin	\$ 292,500													
Overhead Expense:	\$ 152,172													
Profit	\$ 140,328	14.39%												
Breakeven Sales Re	\$ 507,241.60													
Breakeven Sales Ur	1,691													
<b>Product/Service B</b>														
Price Per Unit	\$ 25.00	100.00%												
Variable Cost Per U	\$ 15.00	60.00%												
Gross Margin Per U	\$ 10.00	40.00%												
<b>Projected Unit Sales</b>														
Seasonality Factor		154%	3.08%	4.62%	6.15%	6.92%	7.69%	8.46%	9.85%	10.77%	12.00%	13.69%	15.23%	100.00%
Year One		50	100	150	200	225	250	275	320	350	390	445	495	3,250
Year Two Growth		10.00%												
Year Three Growth		10.00%												
Overhead Exp Alloc		16.67%												
Projected Revenue	\$ 81,250													
Variable Costs	\$ 48,750													
Gross Margin	\$ 32,500													
Overhead Expense:	\$ 50,724													
Profit	\$ (18,224)	-22.43%												
Breakeven Sales Re	\$ 126,810.40													
Breakeven Sales Ur	5,072													

**Nutmeg Dispensary**  
**Cash Receipts and Disbursements**

**Accounts Receivable Collections**

**Percent of Collections**

0 to 30 days	95.00%
31 to 60 days	4.00%
More than 60 days	1.00%
<b>Total Collections Percentage</b>	<b>100.00%</b>

**Accounts Payable Disbursements**

**Number of Days to Pay Suppliers**

0 to 30 days	100.00%
31 to 60 days	0.00%
More than 60 days	0.00%
<b>Total Disbursements Percentage</b>	<b>100.00%</b>

**Line of Credit Assumptions**

Desired Minimum Cash Balance	\$ 1,000.00
Line of Credit Interest Rate	12.00%

**Income Tax Assumptions**

Effective Income Tax Rate	40.00%
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**Amortization of Start-Up Expenses**

Amortization Period in Years	3.00
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**Nutmeg Dispensary**  
**Projected Income Statement - Year One**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
<b>Income</b>													
<b>Product: MMJ</b>	15,000	30,000	45,000	60,000	67,500	75,000	82,500	90,000	105,000	117,000	133,500	148,500	975,000
<b>Product: paraphenalia</b>	1,250	2,500	3,750	5,000	5,625	6,250	6,875	8,000	8,750	9,750	11,125	12,375	81,250
<b>Total Income</b>	16,250	32,500	48,750	65,000	73,125	81,250	89,375	104,000	113,750	126,750	144,625	160,875	1,056,250
<b>Cost of Sales</b>													
<b>Product: MMJ</b>	10,500	21,000	31,500	42,000	47,250	52,500	57,750	67,200	73,500	81,300	93,450	103,950	682,500
<b>Product: paraphenalia</b>	750	1,500	2,250	3,000	3,375	3,750	4,125	4,800	5,250	5,850	6,675	7,425	48,750
<b>Total Cost of Sales</b>	11,250	22,500	33,750	45,000	50,625	56,250	61,875	72,000	78,750	87,750	100,125	111,375	731,250
<b>Gross Margin</b>	5,000	10,000	15,000	20,000	22,500	25,000	27,500	32,000	35,000	39,000	44,500	49,500	325,000
<b>Total Salary and Wages</b>	17,021	17,021	17,021	17,021	17,021	17,021	17,021	17,021	17,021	17,021	17,021	17,021	204,252
<b>Fixed Business Expenses</b>													
<b>Advertising</b>	200	200	200	200	200	200	200	200	200	200	200	200	2,400
<b>Car and Truck Expenses</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Bank &amp; Merchant Fees</b>	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
<b>Contract Labor</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Conferences &amp; Seminars</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Customer Discounts and F</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Dues and Subscriptions</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Miscellaneous</b>	500	500	500	500	500	500	500	500	500	500	500	500	6,000
<b>Insurance (Liability and Pre</b>	800	800	800	800	800	800	800	800	800	800	800	800	9,600
<b>Licenses/Fees/Permits</b>	225	225	225	225	225	225	225	225	225	225	225	225	2,700
<b>Legal and Professional Fe</b>	300	300	300	300	300	300	300	300	300	300	300	300	3,600
<b>Office Expenses &amp; Supplie</b>	200	200	200	200	200	200	200	200	200	200	200	200	2,400
<b>Postage and Delivery</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Rent (on business property)</b>	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
<b>Rent of Vehicles and Equip</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Sales &amp; Marketing</b>	300	300	300	300	300	300	300	300	300	300	300	300	3,600
<b>Taxes-Other</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Telephone and Communicat</b>	300	300	300	300	300	300	300	300	300	300	300	300	3,600
<b>Travel</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Utilities</b>	300	300	300	300	300	300	300	300	300	300	300	300	3,600
<b>Total Fixed Business Expenses</b>	7,125	7,125	7,125	7,125	7,125	7,125	7,125	7,125	7,125	7,125	7,125	7,125	85,500
<b>Other Expenses</b>													
<b>Amortized Start-up Expenses</b>	2,194	2,194	2,194	2,194	2,194	2,194	2,194	2,194	2,194	2,194	2,194	2,194	26,333
<b>Depreciation</b>	857	857	857	857	857	857	857	857	857	857	857	857	10,286
<b>Interest</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Commercial Loan</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Commercial Mortgage</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Line of Credit</b>	-	40	211	335	409	455	476	476	476	476	476	476	4,307
<b>Credit Card Debt</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Vehicle Loans</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other Bank Debt</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Taxes</b>	-	-	-	-	-	-	-	-	-	-	-	-	8,262
<b>Total Other Expenses</b>	3,052	3,091	3,263	3,386	3,461	3,507	3,528	3,528	3,528	3,528	3,528	3,528	43,188
<b>Net Income</b>	(22,198)	(17,237)	(12,409)	(7,532)	(5,107)	(2,653)	(174)	4,326	7,326	11,326	16,826	13,564	(13,940)

Nutmeg Dispensary Projected Cash Flow Statement - Year One													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
<b>Beginning Cash Balance</b>	19,000	1,000	1,000	1,000	1,000	1,000	1,000	1,390	5,956	13,700	25,330	42,184	
<b>Cash Inflows</b>													
Income from Sales	15,438	30,875	46,313	61,750	69,469	77,188	84,906	98,800	108,063	120,413	137,394	152,831	1,003,438
Accounts Receivable	-	650	1,463	2,275	3,088	3,575	3,981	4,388	5,054	5,590	6,208	7,053	43,323
<b>Total Cash Inflows</b>	15,438	31,525	47,775	64,025	72,556	80,763	88,888	103,188	113,116	126,003	143,601	159,884	1,046,760
<b>Cash Outflows</b>													
Investing Activities													
New Fixed Assets Purch	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory Addition to B	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
Cost of Sales	11,250	22,500	33,750	45,000	50,625	56,250	61,875	72,000	78,750	87,750	100,125	111,375	731,250
Operating Activities													
Salaries and Wages	17,021	17,021	17,021	17,021	17,021	17,021	17,021	17,021	17,021	17,021	17,021	17,021	204,252
Fixed Business Expen:	7,125	7,125	7,125	7,125	7,125	7,125	7,125	7,125	7,125	7,125	7,125	7,125	85,500
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	8,262
Financing Activities													-
Loan Payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Line of Credit Interest	-	40	211	335	409	455	476	476	476	476	476	476	4,307
Line of Credit Repayme	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Outflows</b>	37,396	48,686	60,107	71,481	77,180	82,851	88,497	98,622	105,372	114,372	126,747	146,259	1,057,571
<b>Cash Flow</b>	(21,959)	(17,161)	(12,332)	(7,456)	(4,624)	(2,089)	390	4,565	7,744	11,630	16,854	13,625	(10,811)
<b>Operating Cash Balance</b>	(2,959)	(16,161)	(11,332)	(6,456)	(3,624)	(1,089)	1,390	5,956	13,700	25,330	42,184	55,808	
<b>Line of Credit Drawdowns</b>	3,959	17,161	12,332	7,456	4,624	2,089	-	-	-	-	-	-	47,620
<b>Ending Cash Balance</b>	1,000	1,000	1,000	1,000	1,000	1,000	1,390	5,956	13,700	25,330	42,184	55,808	
<b>Line of Credit Balance</b>	3,959	21,119	33,451	40,907	45,531	47,620	47,620	47,620	47,620	47,620	47,620	47,620	

**Nutmeg Dispensary**  
**Balance Sheet - Year One**

	<u>Base Period</u>	<u>End of Year One</u>
<b>Assets</b>		
<b>Current Assets</b>		
<b>Cash</b>	19,000	55,808
<b>Accounts Receivable</b>	-	9,490
<b>Inventory</b>	15,000	39,000
<b>Prepaid Expenses</b>	59,000	39,333
<b>Other Current</b>	20,000	13,333
<b>Total Current Assets</b>	<u>113,000</u>	<u>156,965</u>
<b>Fixed Assets</b>		
<b>Real Estate-Land</b>	-	-
<b>Buildings</b>	-	-
<b>Leasehold Improvements</b>	40,500	40,500
<b>Equipment</b>	-	-
<b>Furniture and Fixtures</b>	12,500	12,500
<b>POS Equipment</b>	5,000	5,000
<b>Other Fixed Assets</b>	5,000	5,000
<b>Total Fixed Assets</b>	<u>63,000</u>	<u>63,000</u>
<b>Less: Accumulated Depreciation</b>	-	10,286
<b>Total Assets</b>	<u>176,000</u>	<u>209,679</u>
<b>Liabilities and Owner's Equity</b>		
<b>Liabilities</b>		
<b>Accounts Payable</b>	-	-
<b>Loan Payable</b>	-	-
<b>Mortgage Payable</b>	-	-
<b>Credit Card Debt</b>	-	-
<b>Vehicle Loans</b>	-	-
<b>Other Bank Debt</b>	-	-
<b>Line of Credit Balance</b>	-	47,620
<b>Total Liabilities</b>	<u>-</u>	<u>47,620</u>
<b>Owner's Equity</b>		
<b>Common Stock</b>	176,000	176,000
<b>Retained Earnings</b>	-	(13,940)
<b>Dividends Dispersed</b>	-	-
<b>Total Owner's Equity</b>	<u>176,000</u>	<u>162,060</u>
<b>Total Liabilities and Owner's Equity</b>	<u>176,000</u>	<u>209,679</u>

**Nutmeg Dispensary**  
**Year End Summary**

	<b>Year One</b>	<b>%</b>	<b>Year Two</b>	<b>%</b>	<b>Year Three</b>	<b>%</b>
<b>Income</b>						
<b>Product: MMJ</b>	975,000		2,700,000		3,000,600	
<b>Product: paraphenalia</b>	81,250		225,000		250,050	
-	-		-		-	
<b>Total Income</b>	<b>1,056,250</b>	<b>100.00%</b>	<b>2,925,000</b>	<b>100.00%</b>	<b>3,250,650</b>	<b>100.00%</b>
<b>Cost of Sales</b>						
<b>Product: MMJ</b>	682,500		1,890,000		2,100,420	
<b>Product: paraphenalia</b>	48,750		135,000		150,030	
-	-		-		-	
<b>Total Cost of Sales</b>	<b>731,250</b>	<b>69.23%</b>	<b>2,025,000</b>	<b>69.23%</b>	<b>2,250,450</b>	<b>69.23%</b>
<b>Gross Margin</b>	<b>325,000</b>	<b>30.77%</b>	<b>900,000</b>	<b>30.77%</b>	<b>1,000,200</b>	<b>30.77%</b>
<b>Total Salary and Wages</b>	<b>204,252</b>	<b>19.34%</b>	<b>299,331</b>	<b>10.23%</b>	<b>311,379</b>	<b>9.58%</b>
<b>Fixed Business Expenses</b>						
<b>Advertising</b>	2,400		2,880		4,032	
<b>Car and Truck Expenses</b>	-		-		-	
<b>Bank &amp; Merchant Fees</b>	12,000		14,400		20,160	
<b>Contract Labor</b>	-		-		-	
<b>Conferences &amp; Seminars</b>	-		-		-	
<b>Customer Discounts and Refunds</b>	-		-		-	
<b>Dues and Subscriptions</b>	-		-		-	
<b>Miscellaneous</b>	6,000		7,200		10,080	
<b>Insurance (Liability and Property)</b>	9,600		11,520		16,128	
<b>Licenses/Fees/Permits</b>	2,700		3,240		4,536	
<b>Legal and Professional Fees</b>	3,600		4,320		6,048	
<b>Office Expenses &amp; Supplies</b>	2,400		2,880		4,032	
<b>Postage and Delivery</b>	-		-		-	
<b>Rent (on business property)</b>	36,000		43,200		60,480	
<b>Rent of Vehicles and Equipment</b>	-		-		-	
<b>Sales &amp; Marketing</b>	3,600		4,320		6,048	
<b>Taxes-Other</b>	-		-		-	
<b>Telephone and Communications</b>	3,600		4,320		6,048	
<b>Travel</b>	-		-		-	
<b>Utilities</b>	3,600		4,320		6,048	
<b>Total Fixed Business Expenses</b>	<b>85,500</b>	<b>8.09%</b>	<b>102,600</b>	<b>3.51%</b>	<b>143,640</b>	<b>4.42%</b>
<b>Operating Income (before Other Expenses [EBITDA])</b>	<b>35,248</b>	<b>3.34%</b>	<b>498,069</b>	<b>17.03%</b>	<b>545,181</b>	<b>16.77%</b>
<b>Other Expenses</b>						
<b>Amortized Start-up Expenses</b>	26,333		26,333		26,333	
<b>Depreciation</b>	10,286		10,286		10,286	
<b>Interest</b>						
<b>Commercial Loan</b>	-		-		-	
<b>Commercial Mortgage</b>	-		-		-	
<b>Line of Credit</b>	4,307		5,714		5,714	
<b>Credit Card Debt</b>	-		-		-	
<b>Vehicle Loans</b>	-		-		-	
<b>Other Bank Debt</b>	-		-		-	
<b>Taxes</b>	8,262		192,828		211,672	
<b>Total Other Expenses</b>	<b>49,188</b>	<b>4.66%</b>	<b>235,161</b>	<b>8.04%</b>	<b>254,006</b>	<b>7.81%</b>
<b>Net Income</b>	<b>(13,940)</b>	<b>-1.32%</b>	<b>262,908</b>	<b>8.99%</b>	<b>291,175</b>	<b>8.96%</b>

<b>Nutmeg Dispensary</b> <b>Projected Income Statement - Year Two</b>													
	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Totals</b>
<b>Income</b>													
<b>Product/Service A</b>	160,500	172,200	183,900	195,600	207,300	219,000	230,700	242,400	254,100	265,800	277,500	291,000	2,700,000
<b>Product/Service B</b>	13,375	14,350	15,325	16,300	17,275	18,250	19,225	20,200	21,175	22,150	23,125	24,250	225,000
<b>Total Income</b>	173,875	186,550	199,225	211,900	224,575	237,250	249,925	262,600	275,275	287,950	300,625	315,250	2,925,000
<b>Cost of Sales</b>													
<b>Product/Service A</b>	112,350	120,540	128,730	136,920	145,110	153,300	161,490	169,680	177,870	186,060	194,250	203,700	1,890,000
<b>Product/Service B</b>	8,025	8,610	9,195	9,780	10,365	10,950	11,535	12,120	12,705	13,290	13,875	14,550	135,000
<b>Total Cost of Sales</b>	120,375	129,160	137,925	146,700	155,475	164,250	173,025	181,800	190,575	199,350	208,125	218,250	2,025,000
<b>Gross Margin</b>	53,500	57,400	61,300	65,200	69,100	73,000	76,900	80,800	84,700	88,600	92,500	97,000	900,000
<b>Total Salary and Wages</b>	24,944	24,944	24,944	24,944	24,944	24,944	24,944	24,944	24,944	24,944	24,944	24,944	299,331
<b>Fixed Business Expenses</b>													
<b>Advertising</b>	240	240	240	240	240	240	240	240	240	240	240	240	2,880
<b>Car and Truck Expenses</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Bank &amp; Merchant Fees</b>	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	14,400
<b>Contract Labor</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Conferences &amp; Seminars</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Customer Discounts and F</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Dues and Subscriptions</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Miscellaneous</b>	600	600	600	600	600	600	600	600	600	600	600	600	7,200
<b>Insurance (Liability and P</b>	960	960	960	960	960	960	960	960	960	960	960	960	11,520
<b>Licenses/Fees/Permits</b>	270	270	270	270	270	270	270	270	270	270	270	270	3,240
<b>Legal and Professional Fe</b>	360	360	360	360	360	360	360	360	360	360	360	360	4,320
<b>Office Expenses &amp; Supplie</b>	240	240	240	240	240	240	240	240	240	240	240	240	2,880
<b>Postage and Delivery</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Rent (on business property)</b>	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	43,200
<b>Rent of Vehicles and Equip</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Sales &amp; Marketing</b>	360	360	360	360	360	360	360	360	360	360	360	360	4,320
<b>Taxes-Other</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Telephone and Communicat</b>	360	360	360	360	360	360	360	360	360	360	360	360	4,320
<b>Travel</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Utilities</b>	360	360	360	360	360	360	360	360	360	360	360	360	4,320
<b>Total Fixed Business Expenses</b>	8,550	8,550	8,550	8,550	8,550	8,550	8,550	8,550	8,550	8,550	8,550	8,550	102,600
<b>Other Expenses</b>													
<b>Amortized Start-up Expenses</b>	2,194	2,194	2,194	2,194	2,194	2,194	2,194	2,194	2,194	2,194	2,194	2,194	26,333
<b>Depreciation</b>	857	857	857	857	857	857	857	857	857	857	857	857	10,286
<b>Interest</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Commercial Loan</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Commercial Mortgage</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Line of Credit</b>	476	476	476	476	476	476	476	476	476	476	476	476	5,714
<b>Credit Card Debt</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Vehicle Loans</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other Bank Debt</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Taxes</b>	7,469	9,029	10,589	12,149	13,709	15,269	16,829	18,389	19,949	21,509	23,069	24,629	192,828
<b>Total Other Expenses</b>	10,997	12,557	14,117	15,677	17,237	18,797	20,357	21,917	23,477	25,037	26,597	28,397	235,161
<b>Net Income</b>	9,009	11,349	13,689	16,029	18,369	20,709	23,049	25,389	27,729	30,069	32,409	35,109	262,908

**Nutmeg Dispensary**  
**Projected Cash Flow Statement - Year Two**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
<b>Beginning Cash Balance</b>	55,808	74,525	97,191	96,673	127,142	161,511	158,654	200,823	246,892	241,694	295,563	353,332	
<b>Cash Inflows</b>													
Income from Sales	165,181	177,223	189,264	201,305	213,346	225,388	237,429	249,470	261,511	273,553	285,594	299,488	2,778,750
Accounts Receivable	7,881	8,564	9,201	9,835	10,468	11,102	11,736	12,370	13,003	13,637	14,271	14,905	136,971
<b>Total Cash Inflows</b>	173,063	185,786	198,465	211,140	223,815	236,490	249,165	261,840	274,515	287,190	299,865	314,392	2,915,721
<b>Cash Outflows</b>													
Investing Activities													
New Fixed Assets Purch	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory Addition to B	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost of Sales	120,375	129,150	137,925	146,700	155,475	164,250	173,025	181,800	190,575	199,350	208,125	218,250	2,025,000
Operating Activities													
Salaries and Wages	24,944	24,944	24,944	24,944	24,944	24,944	24,944	24,944	24,944	24,944	24,944	24,944	299,331
Fixed Business Expenses	8,550	8,550	8,550	8,550	8,550	8,550	8,550	8,550	8,550	8,550	8,550	8,550	102,600
Taxes	-	-	27,087	-	-	41,127	-	-	55,167	-	-	69,447	192,828
Financing Activities													-
Loan Payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Line of Credit Interest	476	476	476	476	476	476	476	476	476	476	476	476	5,714
Line of Credit Repayment	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Outflows</b>	154,345	163,120	188,902	180,670	189,445	209,347	206,995	215,770	279,712	233,320	242,095	321,667	2,625,473
<b>Cash Flow</b>	18,717	22,666	(518)	30,469	34,369	(2,858)	42,169	46,069	(5,198)	53,869	57,769	(7,275)	290,248
<b>Operating Cash Balance</b>	74,525	97,191	96,673	127,142	161,511	158,654	200,823	246,892	241,694	295,563	353,332	346,057	
<b>Line of Credit Drawdowns</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Ending Cash Balance</b>	74,525	97,191	96,673	127,142	161,511	158,654	200,823	246,892	241,694	295,563	353,332	346,057	
<b>Line of Credit Balance</b>	47,620	47,620	47,620	47,620	47,620	47,620	47,620	47,620	47,620	47,620	47,620	47,620	

**Nutmeg Dispensary**  
**Balance Sheet - Year Two**

	<u>End of Year One</u>	<u>End of Year Two</u>
<b>Assets</b>		
<b>Current Assets</b>		
<b>Cash</b>	55,808	346,057
<b>Accounts Receivable</b>	9,490	18,769
<b>Inventory</b>	39,000	39,000
<b>Prepaid Expenses</b>	39,333	19,667
<b>Other Current</b>	13,333	6,667
<b>Total Current Assets</b>	<u>156,965</u>	<u>430,159</u>
<b>Fixed Assets</b>		
<b>Real Estate-Land</b>	-	-
<b>Buildings</b>	-	-
<b>Leasehold Improvements</b>	40,500	40,500
<b>Equipment</b>	-	-
<b>Furniture and Fixtures</b>	12,500	12,500
<b>POS Equipment</b>	5,000	5,000
<b>Other Fixed Assets</b>	5,000	5,000
<b>Total Fixed Assets</b>	<u>63,000</u>	<u>63,000</u>
<b>Less: Accumulated Depreciation</b>	10,286	20,571
<b>Total Assets</b>	<u><u>209,679</u></u>	<u><u>472,587</u></u>
<b>Liabilities and Owner's Equity</b>		
<b>Liabilities</b>		
<b>Accounts Payable</b>	-	-
<b>Notes Payable</b>	-	-
<b>Mortgage Payable</b>	-	-
<b>Credit Card Debt</b>	-	-
<b>Vehicle Loans</b>	-	-
<b>Other Bank Debt</b>	-	-
<b>Line of Credit Balance</b>	<u>47,620</u>	<u>47,620</u>
<b>Total Liabilities</b>	<u>47,620</u>	<u>47,620</u>
<b>Owner's Equity</b>		
<b>Common Stock</b>	176,000	176,000
<b>Retained Earnings</b>	(13,940)	248,968
<b>Dividends Dispersed</b>	-	-
<b>Total Owner's Equity</b>	<u>162,060</u>	<u>424,968</u>
<b>Total Liabilities and Owner's Equity</b>	<u><u>209,679</u></u>	<u><u>472,587</u></u>

**Nutmeg Dispensary**  
**Projected Income Statement - Year Three**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
<b>Income</b>													
<b>Product/Service A</b>	241,800	243,300	244,800	246,300	247,800	249,300	250,800	252,300	253,800	255,300	256,800	258,300	3,000,600
<b>Product/Service B</b>	20,150	20,275	20,400	20,525	20,650	20,775	20,900	21,025	21,150	21,275	21,400	21,525	250,050
<b>Total Income</b>	261,950	263,575	265,200	266,825	268,450	270,075	271,700	273,325	274,950	276,575	278,200	279,825	3,250,650
<b>Cost of Sales</b>													
<b>Product/Service A</b>	169,260	170,310	171,360	172,410	173,460	174,510	175,560	176,610	177,660	178,710	179,760	180,810	2,100,420
<b>Product/Service B</b>	12,090	12,165	12,240	12,315	12,390	12,465	12,540	12,615	12,690	12,765	12,840	12,915	150,030
<b>Total Cost of Sales</b>	181,350	182,475	183,600	184,725	185,850	186,975	188,100	189,225	190,350	191,475	192,600	193,725	2,250,450
<b>Gross Margin</b>	80,600	81,100	81,600	82,100	82,600	83,100	83,600	84,100	84,600	85,100	85,600	86,100	1,000,200
<b>Total Salaries and Wages</b>	25,948	25,948	25,948	25,948	25,948	25,948	25,948	25,948	25,948	25,948	25,948	25,948	311,379
<b>Fixed Business Expenses</b>													
<b>Advertising</b>	336	336	336	336	336	336	336	336	336	336	336	336	4,032
<b>Car and Truck Expenses</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Bank &amp; Merchant Fees</b>	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680	20,160
<b>Contract Labor</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Conferences &amp; Seminars</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Customer Discounts and F</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Dues and Subscriptions</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Miscellaneous</b>	840	840	840	840	840	840	840	840	840	840	840	840	10,080
<b>Insurance (Liability and Pri</b>	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	1,344	16,128
<b>Licenses/Fees/Permits</b>	378	378	378	378	378	378	378	378	378	378	378	378	4,536
<b>Legal and Professional Fe</b>	504	504	504	504	504	504	504	504	504	504	504	504	6,048
<b>Office Expenses &amp; Supplie</b>	336	336	336	336	336	336	336	336	336	336	336	336	4,032
<b>Postage and Delivery</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Rent (on business property)</b>	5,040	5,040	5,040	5,040	5,040	5,040	5,040	5,040	5,040	5,040	5,040	5,040	60,480
<b>Rent of Vehicles and Equip</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Sales &amp; Marketing</b>	504	504	504	504	504	504	504	504	504	504	504	504	6,048
<b>Taxes-Other</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Telephone and Communicat</b>	504	504	504	504	504	504	504	504	504	504	504	504	6,048
<b>Travel</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Utilities</b>	504	504	504	504	504	504	504	504	504	504	504	504	6,048
<b>Total Fixed Business Expenses</b>	11,970	11,970	11,970	11,970	11,970	11,970	11,970	11,970	11,970	11,970	11,970	11,970	143,640
<b>Other Expenses</b>													
<b>Amortized Start-up Expenses</b>	2,194	2,194	2,194	2,194	2,194	2,194	2,194	2,194	2,194	2,194	2,194	2,194	26,333
<b>Depreciation</b>	857	857	857	857	857	857	857	857	857	857	857	857	10,286
<b>Interest</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Commercial Loan</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Commercial Mortgage</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Line of Credit</b>	476	476	476	476	476	476	476	476	476	476	476	476	5,714
<b>Credit Card Debt</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Vehicle Loans</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other Bank Debt</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Taxes</b>	16,533	16,733	16,933	17,133	17,333	17,533	17,733	17,933	18,133	18,333	18,533	18,733	211,672
<b>Total Other Expenses</b>	20,067	20,267	20,467	20,667	20,867	21,067	21,267	21,467	21,667	21,867	22,067	22,267	254,006
<b>Net Income</b>	22,615	22,915	23,215	23,515	23,815	24,115	24,415	24,715	25,015	25,315	25,615	25,915	291,175

Nutmeg Dispensary Projected Cash Flow Statement - Year Three													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
<b>Beginning Cash Balance</b>	346,057	390,781	433,938	426,828	470,436	514,544	507,134	552,242	597,850	590,140	636,748	683,856	
<b>Cash Inflows</b>													
Income from Sales	248,853	250,396	251,940	253,484	255,028	256,571	258,115	259,659	261,203	262,746	264,290	265,834	3,088,118
Accounts Receivable	15,616	13,631	13,163	13,244	13,325	13,406	13,488	13,569	13,650	13,731	13,813	13,894	164,528
<b>Total Cash Inflows</b>	264,469	264,027	265,103	266,728	268,353	269,978	271,603	273,228	274,853	276,478	278,103	279,728	3,252,646
<b>Cash Outflows</b>													
Investing Activities													
New Fixed Assets Purchased	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory Addition to Beginning	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost of Sales	181,350	182,475	183,600	184,725	185,850	186,975	188,100	189,225	190,350	191,475	192,600	193,725	2,250,450
Operating Activities													
Salaries and Wages	25,948	25,948	25,948	25,948	25,948	25,948	25,948	25,948	25,948	25,948	25,948	25,948	311,379
Fixed Business Expenses	11,970	11,970	11,970	11,970	11,970	11,970	11,970	11,970	11,970	11,970	11,970	11,970	143,640
Taxes	-	-	50,218	-	-	52,018	-	-	53,818	-	-	55,618	211,672
Financing Activities													-
Loan Payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Line of Credit Interest	476	476	476	476	476	476	476	476	476	476	476	476	5,714
Line of Credit Repayment	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Outflows</b>	219,744	220,869	272,213	223,119	224,244	277,388	226,494	227,619	282,563	229,869	230,994	287,738	2,922,856
<b>Cash Flow</b>	44,724	43,157	(7,110)	43,608	44,108	(7,410)	45,108	45,608	(7,710)	46,608	47,108	(8,010)	329,790
<b>Operating Cash Balance</b>	390,781	433,938	426,828	470,436	514,544	507,134	552,242	597,850	590,140	636,748	683,856	675,846	
<b>Line of Credit Drawdowns</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Ending Cash Balance</b>	390,781	433,938	426,828	470,436	514,544	507,134	552,242	597,850	590,140	636,748	683,856	675,846	
<b>Line of Credit Balance</b>	47,620	47,620	47,620	47,620	47,620	47,620	47,620	47,620	47,620	47,620	47,620	47,620	

**Nutmeg Dispensary**  
**Balance Sheet - Year Three**

	<u>End of Year Two</u>	<u>End of Year Three</u>
<b>Assets</b>		
<b>Current Assets</b>		
<b>Cash</b>	346,057	675,846
<b>Accounts Receivable</b>	18,769	16,773
<b>Inventory</b>	39,000	39,000
<b>Prepaid Expenses</b>	19,667	(0)
<b>Other Current</b>	6,667	(0)
<b>Total Current Assets</b>	<u>430,159</u>	<u>731,619</u>
<b>Fixed Assets</b>		
<b>Real Estate-Land</b>	-	-
<b>Buildings</b>	-	-
<b>Leasehold Improvements</b>	40,500	40,500
<b>Equipment</b>	-	-
<b>Furniture and Fixtures</b>	12,500	12,500
<b>POS Equipment</b>	5,000	5,000
<b>Other Fixed Assets</b>	5,000	5,000
<b>Total Fixed Assets</b>	<u>63,000</u>	<u>63,000</u>
<b>Less: Accumulated Depreciation</b>	20,571	30,857
<b>Total Assets</b>	<u>472,587</u>	<u>763,762</u>
<b>Liabilities and Owner's Equity</b>		
<b>Liabilities</b>		
<b>Accounts Payable</b>	-	-
<b>Notes Payable</b>	-	-
<b>Mortgage Payable</b>	-	-
<b>Credit Card Debt</b>	-	-
<b>Vehicle Loans</b>	-	-
<b>Other Bank Debt</b>	-	-
<b>Line of Credit Balance</b>	47,620	47,620
<b>Total Liabilities</b>	<u>47,620</u>	<u>47,620</u>
<b>Owner's Equity</b>		
<b>Common Stock</b>	176,000	176,000
<b>Retained Earnings</b>	248,968	540,143
<b>Dividends Dispersed</b>	-	-
<b>Total Owner's Equity</b>	<u>424,968</u>	<u>716,143</u>
<b>Total Liabilities and Owner's Equity</b>	<u>472,587</u>	<u>763,762</u>

## Nutmeg Dispensary

### Financial Ratios

Ratio	Year One	Year Two	Year Three
<b>Liquidity</b>			
Current Ratio	3.3	9.0	15.4
Quick Ratio	1.4	7.7	14.5
<b>Safety</b>			
Debt to Equity Ratio	0.3	0.1	0.1
Debt to Coverage Ratio	-0.1	5.7	6.3
<b>Profitability</b>			
Sales Growth	0.0%	176.9%	11.1%
COGS to Sales	69.2%	69.2%	69.2%
Gross Profit Margin	30.8%	30.8%	30.8%
SG&A to Sales	27.4%	13.7%	14.0%
Net Profit Margin	-1.3%	9.0%	9.0%
Return on Equity	-8.6%	61.9%	40.7%
Return on Assets	-6.6%	55.6%	38.1%
Owner's Compensation to Sales	8.0%	5.6%	5.1%
<b>Efficiency</b>			
Days in Receivables	3.2	2.3	1.9
Accounts Receivable Turnover	111.3	155.8	193.8
Days in Inventory	19.2	6.9	6.2
Inventory Turnover	18.8	51.9	57.7
Sales to Total Assets	5.0	6.2	4.3

## Nutmeg Dispensary

### Breakeven Analysis

Breakeven Analysis	Dollars	Percent
Annual Sales Revenue	\$ 1,056,250	100.00%
Cost of Sales	731,250	69.23%
Gross Margin	325,000	30.77%
Salaries and Wages	204,252	
Fixed Operating Expenses	100,093	
Total Fixed Business Expenses	304,345	
Breakeven Sales Calculation	304,345	
	30.77%	
Breakeven Sales in Dollars	\$ 989,121	

## Nutmeg Dispensary

### Financial Diagnostics

This sheet performs a few tests on your numbers to see if they seem within certain reasonable ranges. Remember, no computer can tell whether your projections are truly well-constructed, only a human can do that. But these tests can at least look for values that are critically out of range.

Financial Diagnostics	Value	Findings
<b>General Financing Assumptions</b>		
Owner's Cash Injection into the Business	100.0%	Owner's injection is reasonable
Cash Request as percent of Total Required	10.8%	Cash request seems reasonable with respect to total request
<b>Loan Assumptions</b>		
Commercial Loan Interest rate	12.0%	Interest rate seems reasonable
Commercial Loan Term in Months	60	Loan term seems within range for this type of loan
Commercial Mortgage Interest rate	12.0%	Interest rate seems reasonable
Commercial Mortgage Term in Months	120	Loan term seems within range for this type of loan
Loan Payments as a Percent of Projected Sales	0.0%	Calculated loan payments as a percent of sales seem reasonable
<b>Income Statement</b>		
Gross Margin as a Percent of Sales	30.8%	Gross margin percentage seems reasonable
Owner's Compensation Lower Limit Check	\$ 84,000	An owner's compensation amount has been established
Owner's Compensation Upper Limit Check	-602.6%	Owner's compensation seems reasonable
Advertising Expense Levels as a Percent of Sales	0.2%	Advertising as a percent of sales may be too low
Profitability Levels	\$ (13,940)	The business is not showing a profit
Profitability as a Percent of Sales	-1.3%	The projection does not seem highly unreasonable
<b>Cash Flow Statement</b>		
Desired Operating cash Flow Levels	\$ 47,620	The financial projection does not provide the desired level of cash flow
Line of Credit Drawdowns	\$ 47,620	The business will need at least this level of a line of credit
Accounts Receivable Ratio to Sales	0.9%	Accounts receivable amount as a percent of sales seems reasonable
<b>Balance Sheet</b>		
Does the Base Period Balance Sheet Balance	-	The balance sheet does balance
Does the Final Balance Sheet Balance	-	The balance sheet does balance
Debt to Equity Ratio	29.4%	The debt to equity ratio seems reasonable
<b>Breakeven Analysis</b>		
Breakeven Levels	\$ 67,129	The sales projection exceeds the projected break-even sales level

# COMMERCIAL LEASE AGREEMENT (CONNECTICUT)

DATED JANUARY 1, 2014

BETWEEN

WORLDWIDE PROPERTIES LLC

AND

NUTMEG DISPENSARY, LLC

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## COMMERCIAL LEASE AGREEMENT (CONNECTICUT)

THIS AGREEMENT made effective as of the 1st day of January, 2014.

BETWEEN:

**Worldwide Properties LLC**  
**4750 Main Street**  
**Bridgeport, CT 06606**  
 (the "Landlord")

**OF THE FIRST PART**

- and -

**Nutmeg Dispensary, LLC**  
**105 Waterville Road**  
**Southport, CT 06890**  
 (the "Tenant")

**OF THE SECOND PART**

**IN CONSIDERATION** of the mutual promises and at the rental and upon the covenants, conditions and provisions herein set forth, contained and other good and valuable consideration, Landlord leases to Tenant and Tenant leases from Landlord, the real property described in the attached Schedule "A", which Schedule "A" is incorporated herein by this reference, together with all improvements now or hereafter located thereon and all appurtenances and privileges related thereto, all of which area is hereinafter referred to as the "Premises."

### 1. Initial Term and Renewals

- (a) Landlord hereby leases the Leased Premises to Tenant, and Tenant hereby leases the same from Landlord, for an "Initial Term" beginning on **January 1<sup>st</sup>, 2014** and ending on **December 31<sup>st</sup>, 2016**. Landlord shall use its best efforts to give Tenant possession as nearly as possible at the beginning of the Lease term. If Landlord is unable to provide Tenant with possession of the Leased Premises in a timely fashion, rent shall abate for the period of delay. Tenant shall make no other claim against Landlord for any such delay.
- (b) Tenant shall have the option to renew the Lease for an additional period of **2** year(s) ("Renewal Term"). Tenant shall exercise such renewal option, if at all, by giving written notice to Landlord not less than ninety (90) days prior to the expiration of the Initial Term. The Renewal Term shall be negotiated at fair market rent and otherwise upon the same covenants, conditions and provisions as provided in this Lease.

### 2. Contingency

- a) If in the event the Tenant is not allowed to occupy the Leased Premises for purposes intended, either as a result of not obtaining a license from the Connecticut Department of Consumer Protection or as a result of not obtaining the necessary approvals from the City of Bridgeport, the Tenant has the option to cancel this lease without further financial obligation or liability by giving the Landlord written notice by email, fax or in over-night mail. This option will expire upon the receipt of the necessary approvals from the State and local municipality. The Tenant will notify the Landlord when he has received approvals from both the State and local municipality.

### 3. **Rent**

(a) Tenant shall pay to Landlord during the initial three year term a total rental payment of **eighty seven thousand four hundred twenty Dollars and 00/100 (\$87,420.00)**, payable in installments of **two thousand four hundred twenty eight Dollars and 33/100 (\$2,428.33)** per month.

Each installment payment shall be due in advance on the first (1<sup>st</sup>) day of each calendar month during the lease term to Landlord at 4750 Main Street, Bridgeport, CT 06606 or at such other place designated by written notice from Landlord to Tenant. Tenant shall pay the first and last month's rent to Landlord at the time of the parties' execution of this Lease. If the lease term commences on a day other than the first day of a calendar month, the first month's rent shall be adjusted accordingly. Tenant shall also pay to Landlord a "Security Deposit" in the amount of **two thousand four hundred twenty eight Dollars and 33/100 (\$2,428.33)**

(b) The rental for any renewal lease term, if created as permitted under this Lease, shall be negotiated based on fair market rent.

### 4. **Use of Premises**

Tenant's use of the Leased Premises shall be in a lawful, careful, safe, and proper manner, and Tenant shall carefully preserve, protect, control and guard the same from damage. Tenant shall not use the parking area or the ingress and egress area of the Premises in an unreasonable manner so as to interfere with the normal flow of traffic or the use of such areas by occupants of properties adjacent to the Leased Premises. Tenant shall not use the Leased Premises for the purposes of storing, manufacturing or selling any explosives, flammables or other inherently dangerous substance, chemical, thing or device.

### 5. **Absolutely Net Net Lease**

This Lease shall at all times be construed as a net, net, net lease to the Landlord. Tenant will pay 35% of all common area expenses including property taxes, insurance, landscaping, snow and ice removal, cleaning and maintenance, common area utilities, water, and sewer charges.

### 6. **Sublease and Assignment**

Tenant shall have the right with Landlord's consent, to assign this Lease to a corporation with which Tenant may merge or consolidate, to any subsidiary of Tenant, to any corporation under common control with Tenant, or to a purchaser of substantially all of Tenant's assets. Except as set forth above, Tenant shall not sublease all or any part of the Leased Premises, or assign this Lease in whole or in part without Landlord's consent, such consent not to be unreasonably withheld or delayed. Provided, however, that no assignment of this Lease, whether by act of Tenant or by operation of law, and no sublease of the Leased Premises, or any part thereof, by or from Tenant, shall relieve or release Tenant from any of its obligations hereunder.

### 7. **Maintenance and Repairs**

Subject to the provisions of Section 15, relating to destruction of or damage to the Leased Premises, and Section 18, relating to condemnation of the Leased Premises, Tenant shall, at its sole cost and expense, keep and maintain the Leased Premises, including without limitation, operational parts (cooling, heating, air conditioning, plumbing equipment and fixtures), landscaping, snow and ice removal, interior maintenance (floors, doors, toilets, light replacement, etc.), and all other elements or systems of the Leased Premises, in a condition and repair similar to its original condition and repair, reasonable wear and tear excepted. Replacement and repair parts, materials, and equipment used by Tenant to fulfill its obligations hereunder shall be of a quality equivalent to those initially installed within the Leased

Premises. All repair and maintenance work shall be done in accordance with the then existing federal, state, and local laws, regulations and ordinances pertaining thereto. Except as otherwise hereinafter provided, Landlord shall have no obligation whatsoever with respect to the maintenance and repair of the Leased Premises.

## 8. **Alterations and Improvements**

Tenant shall have the right to make, at no expense to Landlord, improvements, alterations, or additions (hereinafter collectively referred to as "Alteration") to the Leased Premises, whether structural or nonstructural, interior or exterior, provided that:

- (a) no Alteration shall be made without the prior written consent of Landlord, which consent shall not be unreasonably withheld;
- (b) no Alteration shall reduce or otherwise impair the value of the Leased Premises;
- (c) no Alteration shall be commenced until Tenant has first obtained and paid for all required permits and authorizations of all governmental authorities having jurisdiction with respect to such Alteration;
- (d) any Alteration shall be made in a good workmanlike manner and in compliance with all laws, ordinances, regulations, codes, and permits;
- (e) Tenant shall hold Landlord harmless from and against any liens and claims for work, labor, or materials supplied to the Leased Premises at the direction of Tenant, and in the event that any such liens or claims shall be filed for work, labor or materials supplied to the Leased Premises at the direction of Tenant, Tenant shall, at Landlord's option, either escrow an amount equal to the amount of the lien or claim being filed, or obtain a bond for the protection of Landlord in an amount not less than the amount of the lien or claim being filed; and
- (f) any Alteration shall become and remain the property of Landlord unless Landlord otherwise agrees in writing.

## 9. **Taxes**

- (a) Tenant shall pay its pro rata share (35%) of all real estate taxes and assessments becoming due and payable with respect to the Leased Premises during the Initial Term and any Renewal Term, and all taxes or other charges imposed during the Initial Term and any Renewal Term with respect to any business conducted on the Leased Premises by Tenant or any personal property used by Tenant in connection therewith. Taxes, assessments or other charges which Tenant is obligated to pay or cause to be paid hereunder and which relate to any fraction of a tax year at the commencement or termination of this Lease shall be prorated based upon the ratio that the number of days in such fractional tax year bears to 365.
- (b) Tenant shall have the right to contest, object, or oppose the legality or validity of any tax, assessment, or charge, provided that prompt notice of such contest, objection, or opposition be given to Landlord, and provided further that Tenant promptly thereafter set aside in a separate escrow account funds equal to the amount of the taxes, assessments, or charges being contested, objected, or opposed by Tenant. Tenant agrees to hold Landlord harmless from and to fully pay and discharge the amounts finally determined to be due following the exercise of such right to contest, object or oppose, together with any penalties, fines, interests, costs, or expenses that may accrue, or have accrued, thereon and Tenant shall apply the funds to set aside under this Section or fully discharge its obligations hereunder.

- (c) If at any time during the Initial Term and any Renewal Term hereunder, the method of taxation prevailing at the commencement of the lease term shall be altered so as to cause the whole or any part of the taxes, assessments, or charges now or hereafter levied, assessed or imposed on real estate and improvement thereon to be levied, assessed or imposed wholly or partially as a capital levy, or otherwise, on the rents received therefrom, Tenant shall pay and discharge the same with respect to the rents due hereunder.

## 10. Insurance

- (a) If the Leased Premises or any other part of the Building is damaged by fire or other casualty resulting from any act or gross negligence of Tenant or any of Tenant's agents, employees or invitees, rent shall not be diminished or abated while such damages are under repair, and Tenant shall be responsible for the costs of repair not covered by insurance.
- (b) At its sole cost and expense, Tenant shall obtain and thereafter maintain in full force and effect, at all times during the lease term and any extension thereof, the following insurance with respect to the Leased Premises:
  - (i) comprehensive public liability insurance having limits of not less than \$1,000,000.00 for bodily injury or death to one person, \$1,000,000.00 for bodily injuries or death arising out of one occurrence, and \$500,000.00 for property damage;
  - (ii) fire and extended coverage insurance in an amount equal to at least eighty-five (85%) percent of the current replacement value of the Leased Premises, which replacement value shall be redetermined by Landlord at the beginning of each year of the Initial Term and any Renewal Term. Landlord shall, upon each such redetermination, give written notice to Tenant of such redetermined replacement value. If Tenant fails to object to such redetermined replacement value within twenty-one (21) days after its receipt of written notice thereof, such value shall be deemed acceptable to Tenant. If Tenant does object to such redetermined replacement value, the replacement value of the Leased Premises shall then be determined by an appraisal by a third party selected by Landlord and approved by Tenant. Such third party's determination of the replacement value of the Leased Premises shall be conclusive and binding upon Landlord and Tenant. The cost of any such appraisal shall be borne equally by Landlord and Tenant. If the replacement value of the Leased Premises determined by such an appraisal is higher than the then existing limits of fire and extended insurance coverage, Tenant shall, at its sole cost and expense, promptly cause such insurance limits to be increased to the new replacement value of the Leased Premises. The fire and extended coverage insurance policy shall specifically provide that Landlord and any mortgagee or lessor of Landlord are additional insureds and that all payments shall be made as their interests appear.
- (c) Each insurance policy furnished under this Section shall be issued by a responsible insurance company acceptable to Landlord, and such insurance coverage may be written under a blanket policy or policies obtained by Tenant, which policy or policies may include other real estate owned or leased by Tenant. Landlord, Tenant and any mortgagee or lessor of Landlord shall all be named as insured parties in each such insurance policy, and each policy shall provide for written notice to Landlord and to any mortgagee or lessor of Landlord at least ten (10) days prior to any cancellation, modification, or lapse thereof. Tenant shall furnish Landlord with memorandum copies of such insurance policies prior to the commencement of the lease term.
- (d) Tenant shall indemnify Landlord for, defend Landlord against, and save Landlord harmless from any liability, loss, cost, injury, damage, or other expense that may occur or be claimed by or with

respect to any person or property on or about the Leased Premises resulting from the use, misuse, occupancy, possession, or unoccupancy of the Leased Premises by Tenant, its agents, employees, licensees, invitees or guests. Except where any loss, cost, injury or damage is the result of Landlord's sole fault or negligence, Landlord shall not have any liability for any loss, cost, injury or damage to the Leased Premises, to Tenant or Tenant's employees, agents, licensees, invitees or guests or to any property of such persons. Except as set forth in this Section, Landlord shall not be responsible or liable for loss or damage to the contents of any improvements on the Leased Premises, regardless of who owns the contents and regardless of how or by whom the loss or damage is caused.

## **11. Utilities**

Tenant shall pay all charges for water, sewer, gas, electricity, telephone and other services and utilities used by Tenant on the Leased Premises during the term of this Lease unless otherwise expressly agreed in writing by Landlord. In the event that any utility or service provided to the Leased Premises is not separately metered, Landlord shall pay the amount due and separately invoice Tenant for Tenant's pro rata share of the charges. Tenant shall pay such amounts within fifteen (15) days of invoice. Tenant acknowledges that the Leased Premises are designed to provide standard office use electrical facilities and standard office lighting. Tenant shall not use any equipment or devices that utilizes excessive electrical energy or which may, in Landlord's reasonable opinion, overload the wiring or interfere with electrical services to other tenants.

Landlord does not warrant that any of the utility services above-mentioned will be free from interruptions caused by war, insurrection, civil commotion, riots, acts of God or the enemy, governmental action, lockouts, picketing (whether legal or illegal), accidents, inability of Landlord to obtain fuel or supplies, or any other cause or causes beyond the reasonable control of Landlord. Any such interruption of service shall not be deemed an eviction or disturbance of Tenant's use and possession of the Leased Premises, or any part thereof, or render Landlord liable to Tenant for damages, or relieve Tenant from the performance of Tenant's obligations under this Lease. Landlord shall have no responsibility or liability for the failure of any public or private utility to supply sufficient or adequate utility services to the Leased Premises.

## **12. Signs**

Tenant shall have the right, with Landlord's prior written consent, to place on the Leased Premises, at locations selected by Tenant, any signs which are permitted by applicable zoning ordinances and private restrictions. Landlord may refuse consent to any proposed signage that is in Landlord's opinion too large, deceptive, unattractive or otherwise inconsistent with or inappropriate to the Leased Premises or that hampers or restricts the use of any other tenant. Landlord shall assist and cooperate with Tenant in obtaining any necessary permission from governmental authorities or adjoining owners and occupants for Tenant to place or construct the foregoing signs. Tenant shall repair all damage to the Leased Premises resulting from the removal of signs installed by Tenant.

## **13. Landlord's Right of Entry**

~~Landlord shall have the right to enter upon the Leased Premises at all reasonable times for the purpose of inspecting the same, and during the last year of the Initial Term or any Renewal Term hereunder, Landlord may exhibit the same for sale or rent; provided, however, that Landlord shall not unreasonably interfere with Tenant's use of the Premises.~~

**To the extent allowed by the State of Connecticut Department of Consumer Protection, Landlord or Landlord's agents shall have the right to enter the Premises at any reasonable time without any liability for trespass (and upon reasonable notice except in the case of emergency).**

**Landlord may exhibit the same for sale or rent; provided, however, that Landlord shall not unreasonably interfere with Tenant's use of the Premises.**

#### **14. Parking**

During the term of this Lease, Tenant shall have the non-exclusive use in common with Landlord, other tenants of the Building, their guests and invitees, of the non-reserved common automobile parking areas, driveways, and footways, subject to rules and regulations for the use thereof as prescribed from time to time by Landlord. Landlord reserves the right to designate parking areas within the Building or in reasonable proximity thereto, for Tenant and Tenant's agents and employees.

#### **15. Building Rules**

Tenant will comply with the rules of the Building adopted and altered by Landlord from time to time and will cause all of its agents, employees, invitees and visitors to do so; all changes to such rules will be sent by Landlord to Tenant in writing. A copy of the rules for the Building currently in effect are attached hereto as Exhibit "A" and incorporated herein for all purposes.

#### **16. Damage or Destruction**

If by fire or other casualty the Leased Premises are destroyed or damaged to the extent that Tenant is deprived of occupancy or use of the Leased Premises (meaning such destruction cannot be repaired or restored within one hundred and twenty (120) days of the occurrence of the fire or other casualty Landlord may elect to:

- (a) cause the restoration of the Leased Premises to substantially the same condition as existed before such damage or destruction; or
- (b) cancel this Lease as of the date of such fire or casualty by giving written notice to Tenant not more than 30 days thereafter.

Should Landlord elect to proceed under subparagraph (a), above, rent shall abate unless Tenant continues to partially occupy the Leased Premises, in which case Tenant shall pay all rent on a prorated basis, until the Leased Premises are restored, equal to an amount obtained by multiplying the then existing monthly rent by a percentage equal to the fraction which has as its numerator the amount of square feet in the improvements of the Leased Premises which is incapable of being used for its intended purpose and as its denominator the total amount of square feet in the improvements on the Leased Premises. If such damage does not deprive Tenant of occupancy or use of the Leased Premises, Landlord shall proceed with due diligence to cause the restoration of the Leased Premises to substantially the same condition as existed before such damage. In such latter event, rent shall not abate. Tenant shall fully cooperate with Landlord in making available to Landlord for the purpose of so restoring the Leased Premises all insurance proceeds payable under Section 9 as a result of fire or other casualty damage to the Leased Premises.

#### **17. Default by Tenant**

If Tenant fails to pay any installment of rent or make any other payment required to be made by Tenant when the same shall become due and payable hereunder, or if Tenant fails to observe and perform any other provision, covenant, or condition of this Lease required under this Lease to be observed and

performed by Tenant within fifteen (15) days after Landlord shall have given notice to Tenant of the failure of Tenant to observe and perform the same, or if Tenant abandons or vacates the Leased Premises during the continuance of this Lease, or if Tenant makes an assignment for the benefit of creditors or enters into a composition agreement with its creditors, or if the interest of Tenant in the Leased Premises is attached, levied upon, or seized by legal process, or if this Lease is assigned in violation of the terms hereof or is terminated by operation of law, then, in any such event, immediately or at any time thereafter, at the option of Landlord, Landlord shall, as it elects, either:

- (a) declare this Lease to be in default, in which event this Lease shall immediately cease and terminate, and Landlord may possess and enjoy the Leased Premises as though this Lease had never been made, without prejudice, however, to any and all rights of action when Landlord may have against Tenant for rent and other charges payable by Tenant hereunder (both past due and future rent due Landlord and past due and future charges payable by Tenant), damages, or breach of covenant, in respect to which Tenant shall remain and continue liable notwithstanding such termination; or
- (b) relet the Leased Premises, or any part thereof, for such term or terms and on such conditions, as Landlord deems appropriate for and on behalf of Tenant, for the highest rental reasonably attainable in the judgment of Landlord, which reletting shall not be considered as a surrender or acceptance back of the Leased Premises or a termination of this Lease, and recover from Tenant any deficiency between the amount of rent and all other charges payable by Tenant under this Lease and those amounts obtained from such reletting, plus any expenses incurred by Landlord in connection with such reletting, including, without limitation, the expenses of any repairs or alterations Landlord deems necessary or appropriate to make in connection with such reletting and all sums expended for brokerage commissions and reasonable attorneys' fees, but Landlord shall be under no duty to relet the Leased Premises; or
- (c) declare the whole amount of the rent and other charges which would otherwise have been paid by Tenant over the balance of the lease term to be immediately due and payable, without prejudice, however, to any and all other rights of action which Landlord may have against Tenant for past due rent and other charges payable by Tenant hereunder, damages or breach of covenant, in respect to which Tenant shall remain and continue liable notwithstanding Landlord's election to proceed under this clause (c).

In the event that a bankruptcy or insolvency proceeding is filed by or against Tenant, or if a court of competent jurisdiction or other governmental authority approves a petition seeking a reorganization, arrangement, composition or other similar relief with respect to Tenant, or appoints a trustee, receiver or liquidator of Tenant or of all, or substantially all, of Tenant's property or affairs, or assumes custody or control of all, or substantially all, of the property or affairs of Tenant, Landlord shall have the right to elect any of the remedies set forth above. If this Lease is assumed or assigned to a trustee, receiver, liquidator or other court-appointed person or entity without Landlord's prior written consent, the parties and their respective successors (whether by operation of law or otherwise) agree that, upon such an assignment or assumption, all defaults of Tenant prior to such assignment or assumption must be cured or that adequate assurances that such defaults will be promptly cured must be given and that adequate assurances of future performance under this Lease must be provided. Such adequate assurances shall mean that a bond shall be issued in favor of Landlord in the amount equal to one year's future rent and that an amount equal to all existing monetary obligations of Tenant which are in default shall be escrowed with an escrow agent acceptable to Landlord. Additionally, all past due monetary obligations of Tenant which are in default shall be paid to Landlord within sixty (60) days after the assignment or assumption and rent will be currently and continually paid on a timely basis commencing with the first day of the month following the 60th day of the assignment and assumption.

## **18. Quiet Possession**

Landlord covenants and warrants that upon performance by Tenant of its obligations hereunder, Landlord will keep and maintain Tenant in exclusive, quiet, peaceable and undisturbed and uninterrupted possession of the Leased Premises during the term of this Lease.

## **19. Condemnation**

If all or materially all of the Leased Premises are taken in appropriation proceedings or by right of eminent domain or by the threat of the same, then this Lease shall terminate as of the date Tenant is deprived of occupancy thereof, and Tenant's obligations under this Lease, except obligations for rent and other charges herein to be paid by Tenant up to the date thereof, shall terminate. For purposes of this Lease, "materially all of the Leased Premises" shall be considered as having been taken if the portion of the Leased Premises taken, due either to the area so taken or the location of the portion taken, would leave the remaining portion not so taken insufficient to enable Tenant to effectively and economically conduct its business at the Leased Premises. If less than materially all the Leased Premises are taken in appropriation proceedings or by right of eminent domain or by the threat thereof, then this Lease shall not terminate as a result of such taking, but Landlord shall promptly repair and restore the Leased Premises to substantially the same condition as existed immediately before such taking. Until such repair and restoration are completed, rent shall be abated in the proportion of the number of square feet of improvements on the Leased Premises of which Tenant is deprived bears to the total square feet of such improvements immediately prior to such taking. Thereafter, if the number of square feet of improvements is less than the total of the same prior to such taking, rent shall be reduced in the proportion to which the number of square feet of improvements existing after such repair and restoration is less than the total of the same prior to such taking.

All damages awarded for any such taking shall belong to and be the property of Landlord, whether such damages shall be awarded as compensation for diminution in value to the leasehold or to the fee of the Leased Premises, or otherwise, provided, however, that Tenant shall be entitled to any portion of the award made to Tenant for removal and reinstallation of Tenant's fixtures or for the cost of Tenant's immovable fixtures, if any.

## **20. Subordination**

Tenant accepts this Lease subject and subordinate to any mortgage, deed of trust or other lien presently existing or hereafter arising upon the Leased Premises, or upon the Building and to any renewals, refinancing and extensions thereof, but Tenant agrees that any such mortgagee shall have the right at any time to subordinate such mortgage, deed of trust or other lien to this Lease on such terms and subject to such conditions as such mortgagee may deem appropriate in its discretion. Landlord is hereby irrevocably vested with full power and authority to subordinate this Lease to any mortgage, deed of trust or other lien now existing or hereafter placed upon the Leased Premises or the Building, and Tenant agrees upon demand to execute such further instruments subordinating this Lease or attorning to the holder of any such liens as Landlord may request. In the event that Tenant should fail to execute any instrument of subordination herein required to be executed by Tenant promptly as requested, Tenant hereby irrevocably constitutes Landlord as its attorney-in-fact to execute such instrument in Tenant's name, place and stead, it being agreed that such power is one coupled with an interest.

## **21. Estoppel Certificate**

Tenant shall, at Landlord's request and upon not less than ten (10) days' prior notice by Landlord, execute, acknowledge, and deliver to Landlord, or such other party as Landlord may specify, a statement in writing certifying that this Lease has not been modified and is still in full force and effect (or if modified, that the same is in full force and effect as modified and stating the modifications), and the dates

to which the rent and any other obligations to be paid hereunder by Tenant have been paid, and stating whether or not, to the best of the knowledge of Tenant, Tenant or Landlord is in default in performance of any obligation hereunder, and if so, specifying each such default.

## **22. Security Deposit**

The Security Deposit shall be held by Landlord without liability for interest and as security for the performance by Tenant of Tenant's covenants and obligations under this Lease, it being expressly understood that the Security Deposit shall not be considered an advance payment of rental or a measure of Landlord's damages in case of default by Tenant. Unless otherwise provided by mandatory non-waivable law or regulation, Landlord may commingle the Security Deposit with Landlord's other funds. Landlord may, from time to time, without prejudice to any other remedy, use the Security Deposit to the extent necessary to make good any arrears of rent or to satisfy any other covenant or obligation of Tenant hereunder. Following any such application of the Security Deposit, Tenant shall pay to Landlord on demand the amount so applied in order to restore the Security Deposit to its original amount. If Tenant is not in default at the termination of this Lease, the balance of the Security Deposit remaining after any such application shall be returned by Landlord to Tenant. If Landlord transfers its interest in the Premises during the term of this Lease, Landlord may assign the Security Deposit to the transferee and thereafter shall have no further liability for the return of such Security Deposit.

## **23. Notices and Payment of Rent**

Any payment of rent, notice, exercise of option or election, communication, request or other document or demand required or desired to be given to Landlord or Tenant shall be in writing and shall be deemed given:

- (a) to Landlord when delivered personally to the managing partner of Landlord or within five days from being deposited in the United States mail, first-class, postage prepaid, addressed to Landlord at its address set forth at the beginning hereof; and
- (b) to Tenant when delivered in person to an officer of Tenant or within five days from being deposited in the United States mail, first-class, postage prepaid, addressed to Tenant at its address set forth at the beginning hereof.

Either party may, from time to time, change the address at which such written notices, exercises of options or elections, communications, requests, or other documents or demands are to be mailed, by giving the other party written notice of such changed address.

## **24. Brokers**

Tenant represents that Tenant was shown the premise by Colonial Realty and not shown the Premises by any other real estate broker or agent and that Tenant has not otherwise engaged in any activity which could form the basis for a claim for real estate commission, brokerage fee, finder's fee or other similar charge, in connection with this Lease.

## **25. Non-Waiver and Right to Cure Defaults**

Neither a failure by Landlord to exercise any of its options hereunder, nor a failure to enforce its rights or seek its remedies upon any default, nor an acceptance by Landlord of any rent accruing before or after any default, shall affect or constitute a waiver of Landlord's right to exercise such option, to enforce such right, or to seek such remedy with respect to that default or to any prior or subsequent default. The remedies provided in this Lease shall be cumulative and shall not in any way abridge, modify or preclude any other rights or remedies to which Landlord is entitled, either at law or in equity. If Tenant

fails to pay by their respective due dates all rents, charges or other obligations to be paid by it pursuant to the terms hereof, or fails to make necessary repairs to the Leased Premises, or fails to perform any other duties which it is required to perform hereunder, then Landlord, at its option, may do so and the amount of any expenditure attributable to such action by Landlord, plus accrued interest at the rate of ten percent (10%) per annum from the time each such expenditure is made until reimbursed, shall immediately become due and payable to Landlord and shall be considered additional rent hereunder; but no such payment or compliance by Landlord shall constitute a waiver of any such failure by Tenant or affect any right or remedy of Landlord with respect thereto.

## **26. Holding Over by Tenant**

If Tenant shall continue in possession of the Leased Premises beyond the termination of the Initial Term and any Renewal Term hereunder, such holding over shall be considered an extension of this Lease for a one-month period and so on, from month to month, until terminated by either party by giving not less than thirty (30) days written notice of termination to the other. Such holding over shall be upon the same terms and conditions as are set forth in this Lease.

## **27. Surrender of Premises**

Upon termination of this Lease, whether by lapse of time or otherwise, or upon the exercise by Landlord of the power to enter and repossess the Leased Premises without terminating this Lease, as hereinbefore provided, Tenant shall at once surrender possession of the Leased Premises to Landlord in a condition and order of repair substantially similar to its original condition and order of repair upon the commencement of the lease term, reasonable wear and tear and damage by events of casualty excepted, and shall at once remove all of Tenant's personal property and trade fixtures from the Leased Premises. Upon any such termination, Tenant shall, as directed by Landlord, either remodel any addition to the Premises constructed by Tenant, so as to facilitate use of such addition for office operations or remove such addition from the Leased Premises. Any such remodeling or removal of any addition to the Leased Premises shall be made by Tenant at its sole cost and expense. If, upon any such termination, Tenant does not at once surrender possession of the Leased Premises and remove such of its property as allowed by Landlord, Landlord may forthwith re-enter and repossess the same and remove all of Tenant's property without being guilty of trespass or of forceful entry or detainer or without incurring any liability to Tenant for loss or damage to Tenant's property. Upon any such removal of Tenant's property, it shall be considered to have been abandoned and may either be retained by Landlord as its property or may be disposed of at public or private sale as Landlord sees fit. If any such property is either sold at public or private sale or retained by Landlord, the proceeds of any such sale or the then current fair market value of the property, as the case may be, shall be applied by Landlord against Landlord's expenses of removal, storage or sale of such property, the arrears of rent and other charges or future rent and other charges payable hereunder, and any other damages to which Landlord may be entitled hereunder. Tenant shall repair, at its sole cost and expense, any damage to the Leased Premises resulting from the removal of its property as allowed hereunder.

## **28. Memorandum of Lease**

*[if applicable: The parties hereto contemplate that this Lease should not and shall not be filed for record, but in lieu thereof, at the request of either party, Landlord and Tenant shall execute a Memorandum of Lease to be recorded for the purpose of giving record notice of the appropriate provisions of this Lease.]*

## **29. Time of the Essence**

Time is of the essence in the performance and observance of each and every term, covenant and condition of this Lease by both Landlord and Tenant.

**30. Headings**

The headings used in this Lease are for convenience of the parties only and shall not be considered in interpreting the meaning of any provision of this Lease.

**31. Binding Effect**

The provisions of this Lease shall extend to and be binding upon Landlord and Tenant and their respective legal representatives, successors and assigns.

**32. Landlord's Consent**

Landlord shall not unreasonably withhold or delay its consent with respect to any matter for which Landlord's consent is required or desirable under this Lease.

**33. Performance**

If there is a default with respect to any of Landlord's covenants, warranties or representations under this Lease, and if the default continues more than fifteen (15) days after notice in writing from Tenant to Landlord specifying the default, Tenant may, at its option and without affecting any other remedy hereunder, cure such default and deduct the cost thereof from the next accruing installment or installments of rent payable hereunder until Tenant shall have been fully reimbursed for such expenditures, together with interest thereon at a rate equal to the lesser of twelve percent (12%) per annum or the then highest lawful rate. If this Lease terminates prior to Tenant's receiving full reimbursement, Landlord shall pay the non-reimbursed balance plus accrued interest to Tenant on demand.

**34. Compliance With Law**

If any law, ordinance, order, rule or regulation is passed or enacted by any governmental agency or department having jurisdiction over the Leased Premises or Tenant's use of the same which requires Tenant to modify or alter its operations or use of the Leased Premises, this Lease shall in no way be affected and Tenant shall, at its sole cost and expense, promptly comply with such law, ordinance, order, rule, or regulation.

**35. Entire Agreement**

This Agreement is the entire agreement between the parties with respect to the subject matter hereof, and terminates and supersedes all prior understandings or agreements.

**36. Amendments**

No amendment to this Lease shall be valid or binding unless such amendment is in writing and executed by the parties hereto.

**37. Governing Law**

This Agreement shall be governed, construed and interpreted by, through and under the Laws of the State of Connecticut.

**38. Severability of Provisions**

The invalidity or unenforceability of any particular provision of this Lease shall not affect the other provisions hereof and this Lease shall be construed in all respects as if such invalid or unenforceable provision were omitted.

**39. Copy of Agreement**

Tenant acknowledges receipt of an executed copy of this Lease.

**40. State Regulations**

Not notwithstanding any provisions of in this lease, the State Regulations issued by the Connecticut State of Consumer Protection shall supersede any inconsistent provision state in this Lease.

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written.

**LANDLORD:**

**TENANT:**

By: \_\_\_\_\_  
 Robert Schulten  
 Manager of Nutmeg Dispensary, LLC

Personally Guaranteed

By: \_\_\_\_\_

By: \_\_\_\_\_  
 Member

Joseph G. Voll  
 Print Name

Robert Schulten  
 Print Name

Title: President

Title: Manager/Member

4750 Main Street  
 Address

105 Waterville Road  
 Address

Bridgeport, CT 06606  
 City / State / Zip

Southport, CT 06890  
 City / State / Zip

Phone: (203) 372-3675

Phone: \_\_\_\_\_

\_\_\_\_\_

**Schedule "A"**  
**Description of Leased Premises**

One thousand five hundred eighty (1,580) +/- Sq ft of space located on the 2<sup>nd</sup> floor at 4750 Main Street, Bridgeport, CT 06606

**AGREEMENT OF PERSONAL GUARANTY**  
**ATTACHED TO AND MADE PART OF THE LEASE AGREEMENT**  
**DATED January 1, 2014 BETWEEN**  
**Worldwide Properties LLC ("LANDLORD") AND**  
**Nutmeg Dispensary, LLC ("TENANT")**

The undersigned "Guarantor," in consideration of the making of the foregoing Lease Agreement between Tenant and Landlord, does hereby unconditionally guarantee the payment of the rent by the Tenant and the performance by Tenant of all the financial duties and obligations under the Lease Agreement.

It is recognized and agreed that this Agreement of Guaranty by Guarantor is a substantial part of the consideration for the signing of the Lease Agreement by Landlord and that the Lease Agreement would not have been signed by Landlord without the agreement of Guarantor to sign this Guaranty Agreement.

Guarantor also agrees that Landlord is not first required to enforce against Tenant or any other person any liability, obligation or duty guaranteed by this Agreement before seeking enforcement thereof against Guarantor. A lawsuit may be brought and maintained against the Guarantor by Landlord to enforce any liability, obligation or duty guaranteed by this Agreement without the necessity of joining the Tenant or any other person in the lawsuit.

It is expressly agreed and understood that Guarantor additionally and unconditionally guarantees the performance under the Lease of Nutmeg Dispensary, LLC (TENANT).

**EXECUTED** to be effective as of the 1<sup>st</sup> day of January, 2014.

**GUARANTOR:**

---

Name: Robert Schulten

ADDRESS: 105 Waterville Road  
Southport, CT 06890

PHONE NUMBER: 203-209-0146

SOCIAL SECURITY NUMBER: \_\_\_\_\_

**Exhibit A**  
**Rules for the Building**

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# **Nutmeg Dispensary**

## **Exhibit D**

### **Facility Security Manual**

November 1, 2013

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# I. EXECUTIVE SUMMARY

## OVERVIEW.

Nutmeg understands the importance of security and we have developed **several layers** of protection for our facility security and for our information & data. The physical security of facility, people and inventory is covered in this manual and the security of information relating to patients, employees and Nutmeg financials is covered in an accompanying manual entitled "Information Security & Data Integrity Manual". We are keenly aware of the convergence of facility security and cybersecurity and have taken measures to professionally vet our policies, procedures, processes and systems to provide comprehensive protection.

Conceptually there are seven major focus areas in our overall security program:

- Employees properly trained in security practices
- Up-to-date applications
- Physical attributes- doors, locks, location, security screens
- Surveillance CCTV
- Advanced alarm system
- Door access control system with predetermined employee limitations
- Encrypted networks
- Rigorous processes & procedures
- Local law enforcement participation

Robert Schulten ("Chief Administration Officer or CAO") will oversee the facility security and cybersecurity functions for Nutmeg and more specifically oversee the design and implementation of security processes associated with the facility, inventory and IT. Having centralized security governance provides an added level of security for our patients and employees in as much as important details are less likely to be overlooked. Local subject matter experts will provide many of the services vital to Nutmeg's start-up. Doug Schneiderner is an outside consultant for IT & data and has more than 25 years experience in the information technology sector and will help oversee IT issues. Nutmeg has received a variety of quotes on surveillance and burglar systems and have chosen to work with MCI Security, as they provide the most comprehensive systems and are local (2.2 miles away) to provide immediate assistance in the event of a system failure.

The Chief Administration Officer will review and update all security plans (facility, inventory and IT) on a regular basis but at a minimum of two times per year.

Nutmeg is prepared to operate at the highest level of security preparedness. We will install high quality processes and professional equipment to take advantage of the security industry's best practices. Upon application approval, Nutmeg will work with the City of Bridgeport law enforcement to develop additional security protocols and to familiarize local law enforcement officers with our facility.

Nutmeg is confident that should a breach of security occur, our response capabilities will insure the incident is quickly detected, contained and resolved at the appropriate level.

## FACILITY SECURITY CHECKLIST.

This is the checklist on how Nutmeg is planning to keep patients, employees, assets and data safe; it is all about the **DETAILS**:

### NUTMEG SECURITY CHECKLIST

---

#### Bells & Whistles

Surveillance & Alarm Systems	Description
Indoor/external 24/7 CCTV surveillance per DCP regulations	IP capable for remote viewed and external storage
Alarm systems per DCP regulations	Locally maintained and tested
Separate surveillance room	Locked and access limited requiring ID for entry
Panic Buttons	Accessible by Dispensary and reception
Internal communications system	TBD
Maintenance and testing	Process in place to assume optimal performance of systems
Surveillance tied to POS equipment	Reducing internal thefts, key-outs, voids
Automated system failure notification	Via text or email per DCP regulations
Battery back-up	Good for 45 minutes recording
Fire Alarm system	In place
Switch automatically from daytime to low/night light	Advanced cameras come equipped with this functionality

#### Who's Who

Access Control	Description
Key Controlled Access Levels	Know who enters and exits from front & back doors, safe room, surveillance room (all limited access area) with date and time
Dual key entry system	Card entry with key locks
Diversion	Description
Electronic prescriptions only	Difficult to forge
Electronic patient identifications cards	Difficult to forge
PMP	Patients limited to monthly allowances
Dispensary educates patients	Proper storage discussion during the patient consultation, especially if there are youths in the home

#### Reliable & Repeatable Processes

Processes	Description
Centralized security governance	Chief Administration Officer oversees physical and cybersecurity functions
Daily inventory reports	Assure there is no diversion, with established inventory controls
Notification of loss	Clearly established
Visitor badging	Clearly established
Notify permitting authority of any alarm activation, security breach, or system malfunction	Per DCP regulations
Testing of security measures	Alarm, surveillance, robbery, panic and holdup alarms, and access control systems
Disaster and emergency planning	for employees to help patients

Rigorous opening & closing processes	Overseen by Dispensary Facility Manager
Dispensing Error Report	Process to improve the quality of dispensing, in place
Suspicious Activity & Loitering	Log for all events reported by patients or employees
Limited ordering capability	Only dispensary facility manager can arrange producer delivery
Loss Reporting	Part of Nutmeg's security process
Workforce security	Employees trained on what to do in an emergency
Alarm notification	Third party monitoring are updated on who to contact, phone, text
Access codes changed regularly	CAO responsibility
Meeting with local police	Know our facility & layout

## Better Bolts

Physical Features	Description
Secure entryway	Receptionist requires card swipe before allowing patients access to dispensary area
Man Trap- Access Control System	Reception & Dispensary doors can't both be open simultaneously
Entry vestibule	CCTV view before entering reception
On-site parking	Well lit perimeter for safety and good CCTV resolution
Facility above grade	Greatly improves security for locked safe and surveillance rooms.
In an office building	And surrounded by medical offices. Patient comfort in surroundings and community acceptance.
Distance from sensitive public areas	Long distances greatly improve good neighbor policy
Good customer flow inside facility	Floor plan segregates sensitive areas
Secure construction	Difficult to breach
Windows properly secured, locked and alarmed	Backed up by video surveillance
Safes for marijuana	Properly anchored and professionally installed by Commercial Safe Corporation
Safes for cash	Properly anchored and professionally installed by Commercial Safe Corporation
Cash Management System	Minimizes cash on hand and available at any one time
Locked refrigerator in safe room	For edibles storage if necessary
Secure area for receiving	Inside safe room
Under counter narcotics drawer	Protects marijuana outside of safe room
Steel Doors, commercial Lock	With pneumatic door closers on outside doors
Steel Doors, commercial keyed locks	Better bolts, steel door with a new steel frame in front and back doors with card entry
Entry from above impossible	Older building, no false ceilings, solid wood construction
Limited Landscape	No place to hide intruders, easy to surveil
Limited and protected entry points	All entry points are monitored and alarmed
Dedicated Safe and Surveillance rooms	Per DCP
Occupied building	Good people flow at all hours, landlord on premises, good & low crime neighborhood
Security check points	All persons entering and exiting are identified and recorded
Proper Signage	Per DCP regulations
Internal doors have peepholes	Wide fisheye view leaves no dead zones and allows safe exit without reentry
Lighting	Good lighting 24/7 at all access points. Infrared cameras do not need light to work properly

## The Human Resource

Employees	Description
Well trained & prepared employees	Train staff for prevention and response to robbery
Security conspicuous	Security "advertised" and known publically

Holdup alarm	Silent alarm activated by either reception or dispensary
Duress alarm	Enter code into alarms system signaling forced entry
Panic alarm	Audible alarm activated by either reception or dispensary
Background checks	Required of employees
ID Badges always displayed	Per DCP regulations
Limit access	Combination lock numbers, passwords or electronic or biometric security systems, accessible only to authorized employees
Surveillance System Maintenance	Good views on all cameras, clean lenses, check DVR, check power supplies
Contractors or visitors	Require approval, login and escort
When employees leave	Access cards revoked and information access privileges revoked

## Cybersecurity

Network and Systems	Description
Limit internal access to authorized entities	Update systems- access control, POS as needed, review monthly
Encrypted Data	Make sure all new additions to system are encrypted
Prevent unauthorized changes	No corruption of proprietary data
Appropriate access to critical data & systems	Review with each hiring or dismissal
Ensuring data integrity	Data is transmitted to, received by or shared with only the intended party; and providing security for ownership of information
Policies, procedures and controls to preserve privileged information	Teach all new employees, review 2x/yr
Secure wi-fi	In the event of power outage, PMP access, stream security footage
Monthly systems audits	Access control, POS, PMP, alarms, surveillance

Hardware- POS System	Description
Full circle inventory control	Real time reporting augmented by DCP's weekly report
Sales reporting	Daily review
Sales tax reporting	Daily review
Customer tracking	Daily review
Customer database	Maintained locally, backed-up on-site and cloud
Documentation	Daily review
All electronic	No paper generation, limiting eyeball access
Encrypted server	Verify monthly
Highly encrypted wireless network	Verify monthly
PMP Integration	Data feed ready to report daily

Inventory	Description
Limit marijuana inventory to quantity required for normal, efficient operation	Responsibility of dispensary facility manager

## MISSION AND PLAN.

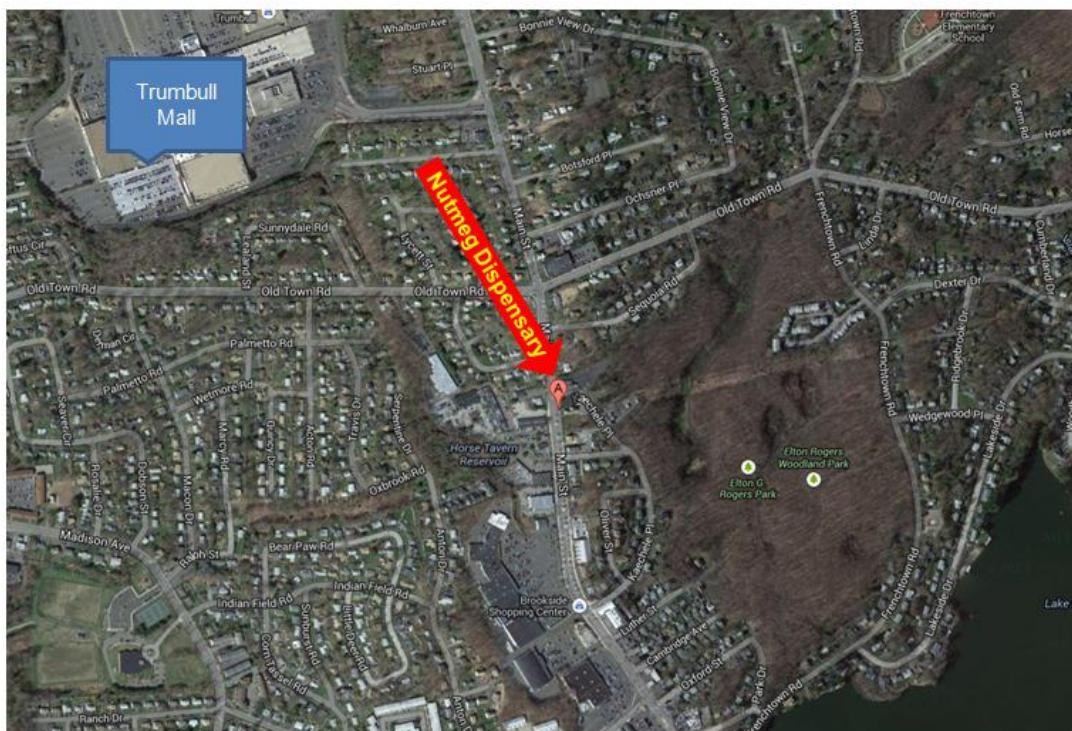
Properly conceived and implemented security policies, programs and technologies are essential to ensure Nutmeg's resistance to threats. A comprehensive risk and vulnerability assessment is a cornerstone and the starting point to Nutmeg's risk-mitigation strategy. It identifies which assets need to be protected and how critical each asset is. This requires looking at each asset with regard to human resources and infrastructure. Ultimate security is a process and as such, it will be updated biannually to ensure it continues to meet our objectives.

## II. FACILITY SECURITY

### LOCATION

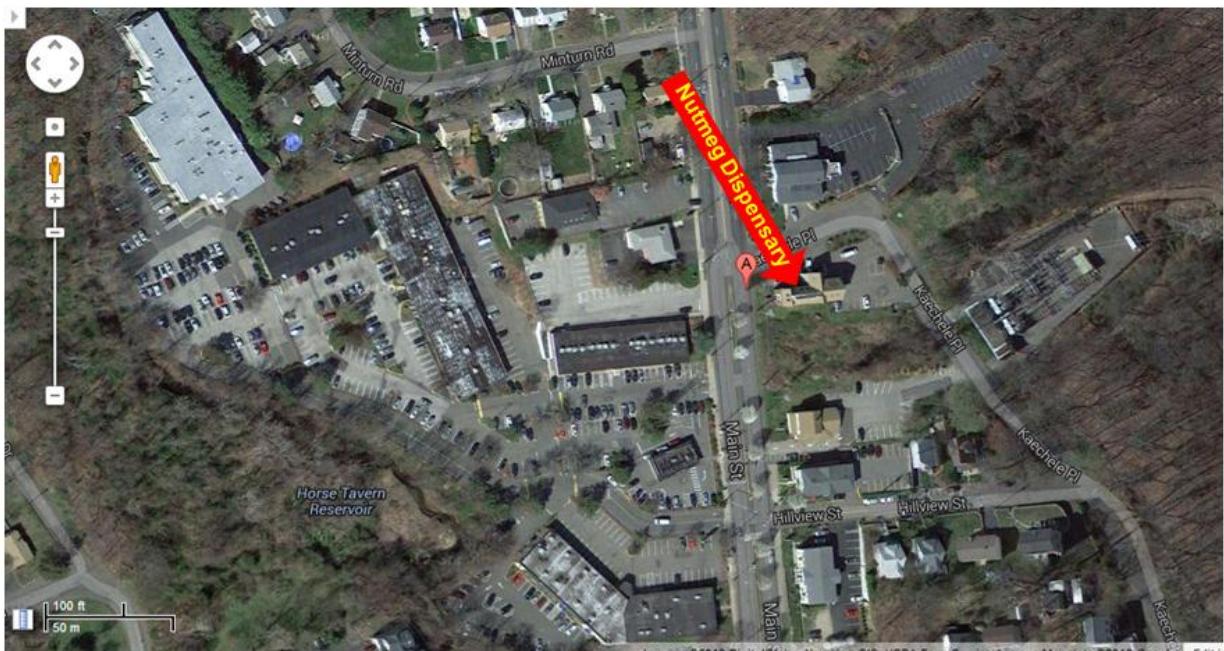
The proposed facility is located in a two-story, Class B Professional Building at 4750 Main Street in Bridgeport, CT. Nutmeg has optioned 1,580 square feet of this 6,823 square foot building. This location is ideal because of its proximity to the Merritt Parkway (CT-15) allowing easy access for patients throughout Fairfield County. Spaciousness of the facility gives easy patient flow within and through the dispensary while minimizing patient interaction and overlap. Building management is located in the building on floor above Nutmeg. There are ample (approximately 22) on-site parking spaces available. Aerial shots of Nutmeg are below showing the surrounding medical offices and commercial parks:

### Aerial of 4750 Main Street, Bridgeport, CT



**Stand Alone, Retail Building in Bridgeport's OR- Office/Retail Zone**

## Aerial of 4750 Main Street, Bridgeport, CT

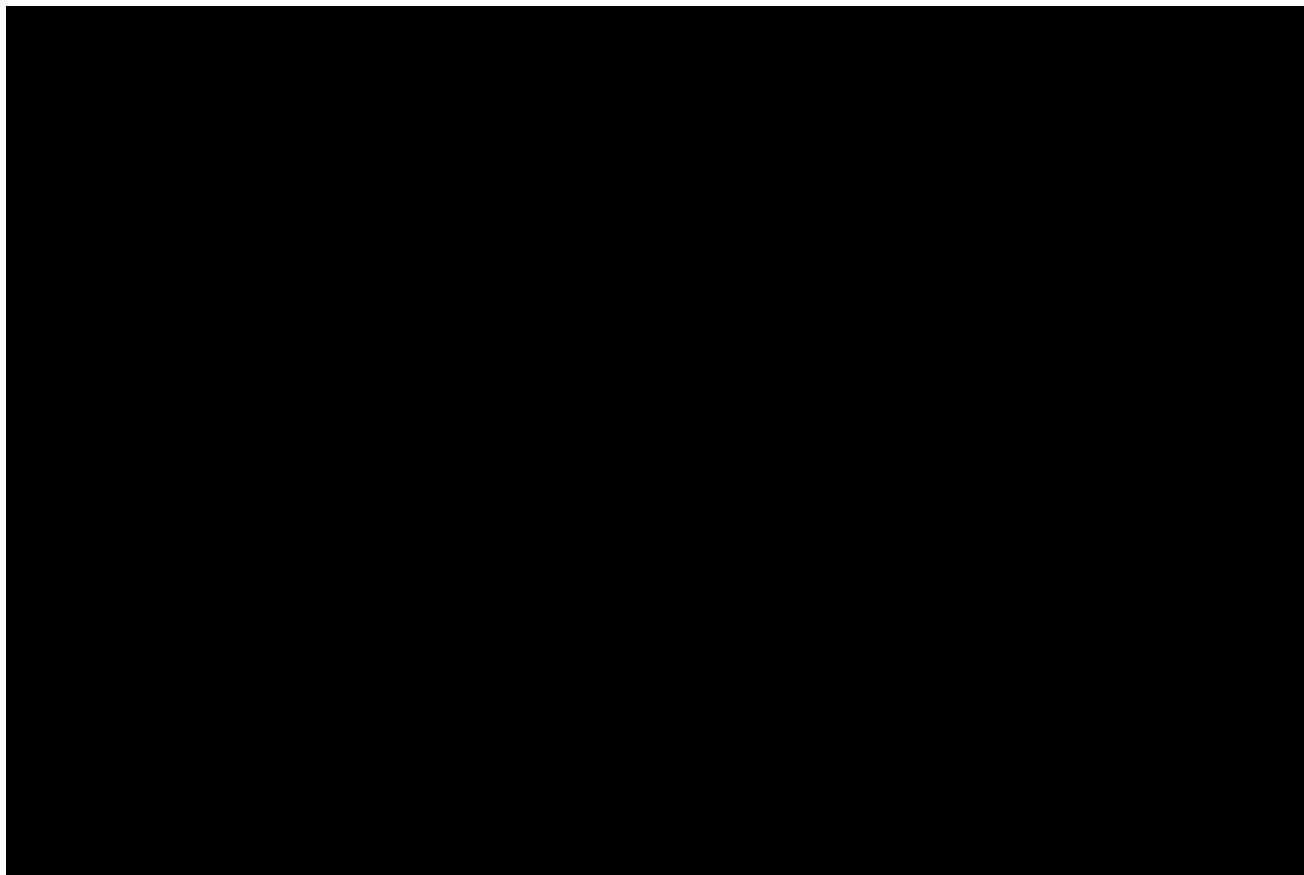


**Stand Alone, Retail Building in Bridgeport's OR- Office/Retail Zone**

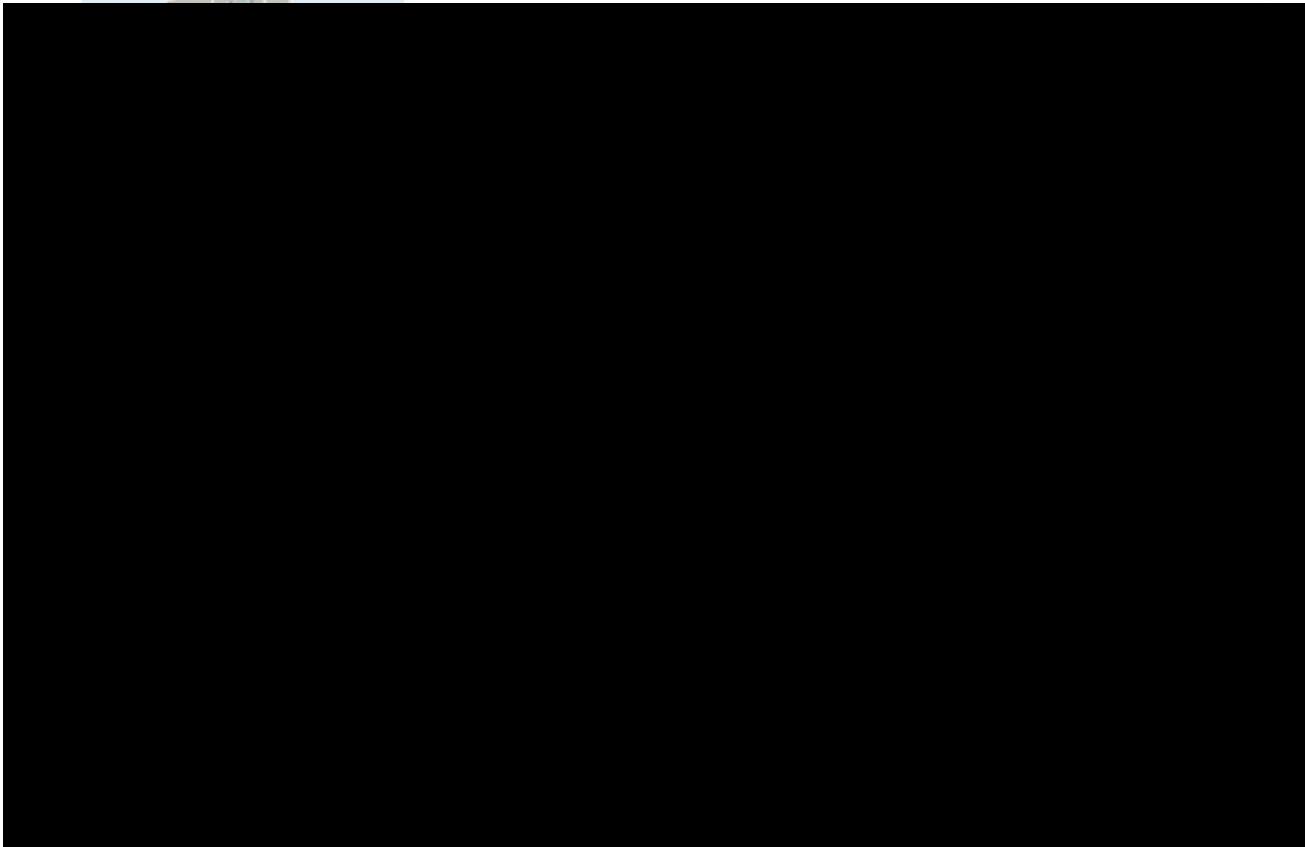
A comprehensive analysis of why this site was selected is included in the "Nutmeg Dispensary Business Plan".

Floor plans are as follows:

## Proposed Usage by Function



## Proposed Usage by Function- Facility



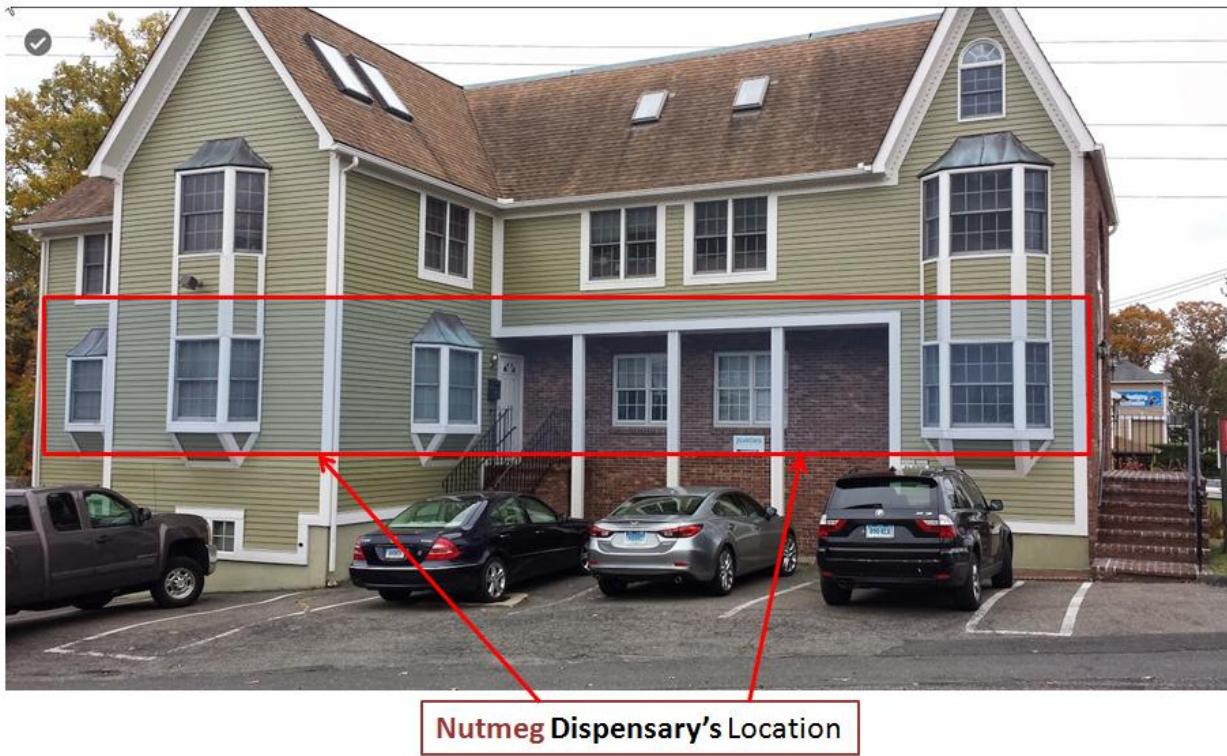
The DCP has requested the following information to be included in the floor plan provided:

1. (10) Text and graphic materials showing the exterior appearance of the proposed dispensary facility and its site compatibility with commercial or residential structures already constructed or under construction within the immediate neighborhood;
2. (11) A blueprint of the proposed dispensary facility, which shall, at a minimum, show and identify:
  - (A) The square footage of the area which will constitute the dispensary department; **268 SF**
  - (B) The square footage of the overall dispensary facility; **1580 SF**
  - (C) The square footage and location of areas used as storerooms or stockrooms; **Safe Room 107 SF, 3 Storage Rooms 183 SF, two offices 122 SF.**
  - (D) The size of the counter that will be used for selling marijuana; **187 inches long, 24 inches wide, with an end cap**
  - (E) The location of the dispensary facility sink and refrigerator, if any; **there are one sink located in the dispensary's toilet facility and the refrigerator, is in the kitchen area (bathroom and kitchen are in the dispensary area). An additional refrigerator may be installed in the Safe Room if required for edibles.**

- (F) The location of all approved safes and approved vaults that will be used to store marijuana; **Safes and cash management is located in Safe Room, 107 SF**
- (G) The location of the toilet facilities; The toilet facilities is in the dispensary area for the dispensary and staff.
- (H) The location of a break room and location of personal belonging lockers **Break room is located in Kitchen area, 142 SF**
- (I) The location and size of patient counseling areas, if any; **Most counseling will be done over-the-counter by the dispensary on duty. For additional counseling needs, the reception area will serve as a counseling room at times when the dispensary is closed.**
- (J) The locations where any other products or services will be offered; **Nutmeg's product sales will occur in the dispensary department, near the counter.**
- (K) The location of all areas that may contain marijuana showing the location of walls, partitions, counters and all areas of ingress and egress; **See Floor Plan on page 8. All area of the facility may contain marijuana, with the exception of the Security room. Otherwise, marijuana will flow from the back of the facility where it is stored to the counter where it is dispensed to patient who will take it out through the reception area and out the entrance of the building.**
- (L) Area open to the public- **See Floor Plan on page 8. Public area is shown in red and includes the reception area and the customer side of the counter in the dispensary.**

Nutmeg is seeking zoning approval from Bridgeport Zoning Department for Nutmeg to use this location as a State licensed medical marijuana dispensary. We are going to public hearing on Tuesday, November 25, 2013 and we expect a reply that evening. Our hope is the DCP will still consider our application since the deadline for application submittal is November 15<sup>th</sup>. The DCP has indicated that they may or may not consider dispensary applications without final zoning approval.

Nutmeg is located on the first floor, patients will enter up the brick steps on the right in the picture below and enter a vestibule with Nutmeg's entrance door directly in front of them:



Nutmeg will meet with both Bridgeport police and fire departments officials to notify them of Nutmeg's intentions and we will ask them to both meet and advise employees prior to opening if licensing is permitted.

## PHYSICAL BUILDING SPECIFICATIONS

Nutmeg is on the first floor of an office complex in the Bridgeport ORR- office/retail zone and there are two medical office complexes across the street. It is in a good neighborhood with easy access to the Merritt Parkway and good traffic flow around the building. The building is wood construction. Being above grade, gives Nutmeg's Safe and Surveillance rooms, an extra layer of security.

## PATIENT FLOW

### For Patients and Caregivers:

Qualified patients or their registered caregiver will pass from the well-lit and surveilled parking lot, and first enter Nutmeg's vestibule. After entering the building through the commercial grade steel front door with commercial locks, patients step through to find themselves in the reception area. Patients will give to the receptionist their CT State issued medical marijuana registry card, it will be swiped to verify the patient's credentials and determine that the identity of the patient matches all the patient's credentials. For proof of identity, the patient must provide an additional form of non-expired photo identification that may include CT driver's license, US passport, military or dependent ID. The Nutmeg receptionist will use the dispensary's workstation terminal to retrieve the patient's records from the Patient Management/POS Software used by Nutmeg to track its patients' information. The receptionist will be able to retrieve the following information for registered patients:

- A photo of the patient
- A copy of their CT driver's license
- Purchase history
- Record key information including registration certificate expiration date, and month-to-date purchase volume.
- Nutmeg management has the ability to prohibit sales to a specific registration certificates
- All important patient information including: name, phones, email, mailing address, physician information, electronic certification verification and expiration, birth date, designated caregiver status, diagnosis information/symptoms, favorites, preferred contact method, permission to communicate, and paperwork status.

Once an existing patient of Nutmeg has been verified, the receptionist will (i) evaluate whether the patient is in good standing (i.e., he or she has not violated any of Nutmeg's policies or procedures) and (ii) ascertain the amount of medical marijuana which is available to the patient based upon the allowable limits within any one month period. (This confirmation of the amount of medical marijuana available to the patient is also conducted at the dispensing counter by the Dispensary Technician – a double-check ensuring full compliance with Connecticut regulations).

If the patient has an appointment and a valid CT State registry card with matching photo identification, but is a new patient then that patient (or caregiver) will be then buzzed through the second security door, admitting them to the dispensary area where they can finish their registration process. Nutmeg will allow patients to provide the majority of the required registration information on-line from our website to expedite the process for first time patients visiting Nutmeg.

**It is important to note, the two doors leading into the reception area and the door into the dispensary area cannot both be opened at the same time. For security reasons, the entrance door cannot be opened if a visitor is being buzzed through to the dispensary. This prevents unwanted visitors from entering. Since patients will be scheduled by appointment only, Nutmeg does not expect this entry process to inconvenience patients.**

Upon exiting the dispensary, the patient will reverse the course outlined above. At all times, in the hallways, common areas and parking lot, the patient will be visible on security cameras and their movements recorded.

#### **Access Control for Employees:**

As an additional **layer** of security, beyond what is required in the CT DCP regulations, Nutmeg will install an Access Control System at all doors to the facility. The system will monitor who goes where and when and is an integral part of Nutmeg's overall security system. In order to ensure internal security, staff members will be assigned individual IDs cards that, based on their individual security clearance, will either grant or deny entry into sensitive areas (front and back doors, Surveillance Room and Safe Room). This will also allow for a very effective audit trail of all company personnel. Non-company personnel will be denied access through the facility, unless cleared, and properly logging-in and escorted by an authorized employee. Access control augments

Nutmeg's comprehensive security management system will provide compliance, operational efficiency and audit control over Nutmeg's security and business operations.

Please note entrances to all sensitive areas are protected by the dual key entry system that includes both an electronic card entry and keyed commercial lock. This alarm code will change monthly and will be known only by the dispensary manager and the administration officer. It will take a properly authorized electronic card to get through the second door from the Plexiglas security area into the dispensary reception area, therefore Nutmeg does not expect this entry process to inconvenience patients.

## **LIGHTING**

Lighting is installed in all public areas, including reception area, hallways and counseling rooms and parking lot and is illuminated 24 hours per day, 7 days per week for purposes of supporting the surveillance cameras. Due to the surveillance cameras' infrared capabilities, they can capture acceptable quality video without lighting in the event of a power failure.

## **GUARDS**

We believe our systems, location, processes, and procedures mitigate our security risks sufficiently, and therefore no guards are required. We may from time-to-time work with off duty local Bridgeport police to provide additional security if conditions warrant.

## **SAFES, NARCOTICS CABINETS AND CASH MANAGEMENT SYSTEM**

Nutmeg is working with the market leader in commercial safes and cash management solutions, Corporate Safe Specialists, "CSS", <http://www.corporatesafe.com/>. CSS is one of the largest suppliers of safes to the U.S. retail and restaurant communities. CSS is the corporate designated provider of narcotic lockers and cash note repositories (cash control systems) for CVS pharmacies nationwide and Nutmeg's dispensary manager is very familiar with these products and has had exceptional experience with the quality of service provided by CSS.

CSS will properly anchor and professionally install the two Narcotics Safes, Item #B5025, into Nutmeg's safe room, see below:



Nutmeg's Cash Management Solution is also from Corporate Safe Corporation, a: Dual Note, ACCS 2713 that is seen below. The top three cash-management best practices are low cash in registers at all times, manual drop safe (like the CSS Dual Note below) and secure business-rated safes. Good cash management practices help reduce cash shrinkage (internal theft), improve employee productivity due to inefficient cash handling, reduces counterfeit currency acceptance, and keeps money safe from robberies:



Outlined in Nutmeg's Operation Plan is the installation of an under counter narcotics locker. This enhances the security of marijuana when taken from the Safe Room but keeps it accessible for easy dispensing. If the dispensary needs to leave the counter temporarily, the narcotics locker is easily locked to provide an extra layer of security during their brief absence. The product from Lozier is pictured below:

### Narcotics Cabinet

[printable version](#)



7" locking external drawer  
 Two 1.5" sliding internal trays  
 Four dividers per tray  
 Dividers adjust on 1" centers  
 Right-hand hinged door with lock  
 10.5" clear space at bottom of unit  
 Welded steel construction  
 White body, charcoal base  
 Dimensions are 24" X 24" X 38"

Lozier Narcotics Cabinets keep your narcotics inventory safe and secure. Many states require narcotics to be stored in a locked cabinet. We recommend that you check with your local pharmacy board regarding your state's regulations. Product update: Now with recessed handle pulls. Price does not include countertop. [Order countertops here](#).

## **PERIMETER SECURITY**

### **PHYSICAL SAFEGUARDS**

Perimeter protection will consist of contacting all perimeter doors and any interior doors leading to other tenant's spaces. Nutmeg's electronic access control system will monitor and record employee access in and out of the facility and in and out of secure areas (safe room and IT & surveillance room).

The eight windows on the building will be contacted and will activate in the event of either movement or breakage

Inside the facility, there are two layers of security. The first is five motion detectors will provide for backup protection in the rare case that someone is able to gain entry without activating the perimeter or window contacts. See the "Inside Alarm Layout" graphic above for the location of these five motion detectors. The second layer of security is an infrared "fence" that will be deployed in the Safe Room and will detect movement if a person breaks its invisible infrared beams.

Keypads will be placed at the three entrances to disarm the alarm system to alarm the system at night. During normal business hours, an authorized key swipe in the secure area within reception will be required to gain entry into the main reception/ dispensary area. The last person leaving the facility, the dispensary manager, will enter a code to arm the system. In the case that someone forgets to do this, the system would automatically arm itself at a predetermined time, adding an extra layer of security. Employees will be thoroughly trained on how to operate panic & distress buttons that will be positioned at both the counter and reception. The keypad also has a silent duress code that will notify authorities if someone is forcing an employee to disarm the system.

Five cameras are continuously operated to surveil the outside of the building and parking lots. Recordings are all captured and retained for 30 days.

## **PARKING LOT**

A well-lit parking lot is available for over 22 cars, with overflow capacity on the street and behind the building.

## **BRIDGEPORT POLICE & FIRE MEETINGS**

Nutmeg will meet both Bridgeport police and fire departments officials to notify them of Nutmeg's plans and we will ask them to both meet and advise employees prior to opening when licensing is permitted

## **GOOD NEIGHBOR POLICY**

Being a good neighbor is crucial for this new type of enterprise in CT. The building's owner occupies the space above Nutmeg.

We will strive to impress our neighbors by keeping our facility and surroundings clean and very professional. We will support local civic activities by donating to local causes and charities and participating at local “health related” events to keep the relationship with the community on a very positive note.

### III. ELECTRONIC SECURITY SYSTEM

#### VIDEO SURVEILLANCE

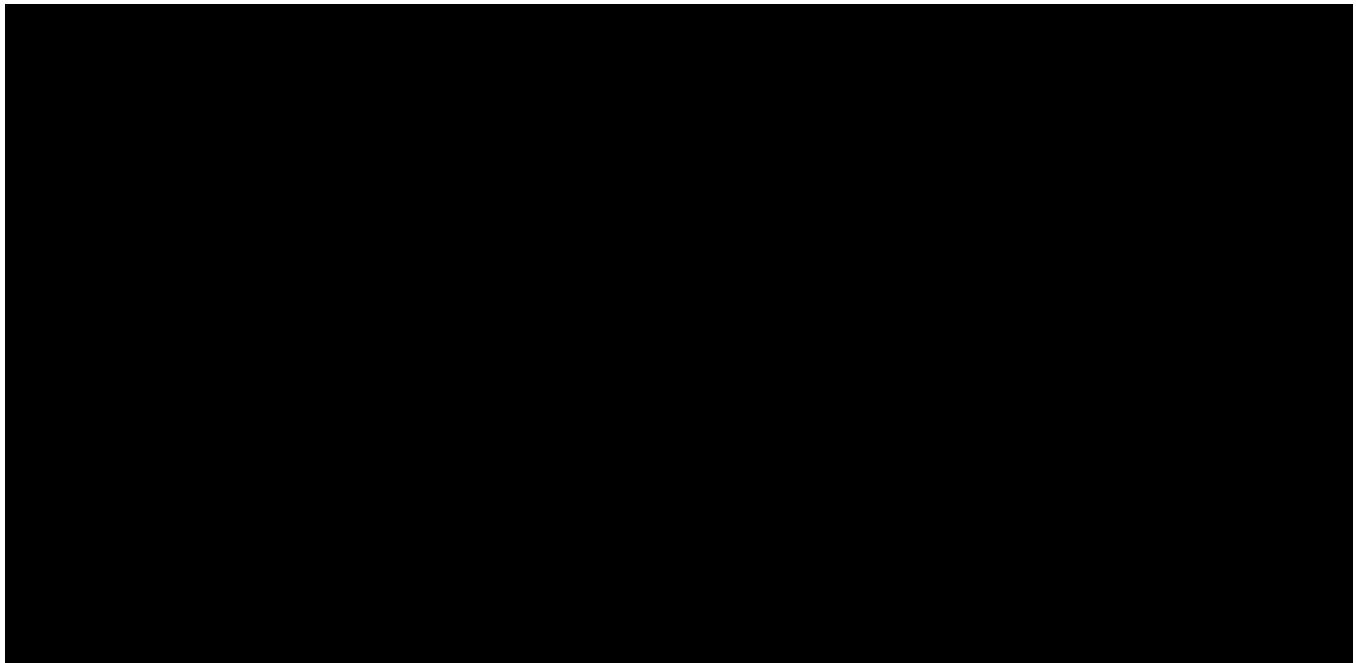
Based on CT DCP security requirements, a comprehensive security system has been designed to monitor and protect all potential areas where a compromise to the integrity of the building might occur, with particular emphasis on safeguarding the marijuana and surveillance and IT rooms. All areas will be continually monitored and recorded via intrusion detection devices, surveillance cameras and audio monitors. The surveillance equipment will be kept in a separate room that is locked behind a commercial door with commercial locks and is access controlled.

MCI Security, a local Fairfield commercial alarm system provider will install the alarm system. MCI was selected because of experience in working with them, they have provided high quality, cost effective installations. Being local, MCI can quickly come and repair if the need arise. The provider of surveillance system, has yet to be determined though preliminary quotes have been received and are attached at the end of this manual. All systems will meet DCP regulations. The surveillance systems providers who will be requested to quote are:

1. Tyco Integrated Security, <http://www.tycois.com/>
2. Advanced Security in Stratford for security-  
[http://www.astsecurity.net/who\\_we\\_are.aspx](http://www.astsecurity.net/who_we_are.aspx)
3. Protective Systems, Peter Baldyga, 10 Astoria Lane, Shelton, CT 06484
4. MCI Securities, Mark Resko ([www.mcisystems.com](http://www.mcisystems.com)), 221 Windsor Road, Fairfield, CT 06824

Below are preliminary outlines of the surveillance cameras would be positioned for both inside and outside the facility:

## Inside Surveillance Layout



## Outside Surveillance Layout



In preparation, Nutmeg will maintain and test surveillance equipment at least twice a year and inspect more often to make sure the equipment is working properly.

The system will have an automatic alert sent in the event of an equipment failure, Nutmeg will check regularly for “non-failure events” which will limit the effectiveness of the surveillance equipment such as dirty or unfocused camera lens, cameras knocked and pointed in the wrong direction, or recorder memory full and the overwrite feature is turned off.

At all times, Nutmeg will make sure:

- There is at least one backup person who is familiar with all DVR operations
- There is a person practiced offloading video content
- That there is additional storage available (blank media on hand)
- A notepad & permanent marker is available and nearby the recorder
- There is a person who knows how to print color pictures from the DVR

In the event of an intrusion and before the police arrive if possible Nutmeg will:

1. Get a still shot so that when the police arrive they will have a description of the suspect(s).
2. Export proprietary video from DVR storage media (e.g., USB drive, DVD), in a generic format for easy review on PC's.
3. Export more than the crime footage when exporting video. It is commonly useful to include video both before and after the crime as many suspects will first plot out their crime and/or return to the scene to witness the results of their crime.
4. Mark the copy — Once you have exported video storage media, give it a permanent identifying marks, e.g., write “Exported XXhour, MM/DD/YYYY, your initials” on the medium so that it is never confused or questioned.
5. The recorder stays, as many criminals will strike again if not apprehended, and others will know if you are now unprotected.

After the police leave, Nutmeg will:

1. Make a copy for of the event, personal review of events may uncover details that law enforcement would not recognize as significant.
2. Protect the hard drive since it contains the original. At a minimum, archive the events of concern onto a separate portion of the hard drive or replace the hard drive and store it in a safe in the Safe Room.
3. Do not share the evidence with family, friends or the media.

## **BURGLARY ALARM SYSTEM**

Below is the outline of the alarm systems for the facility. Five internal motion detectors detect intrusions when Nutmeg is closed. Sensors will be installed on all 10 outside windows, both outside doors and on the doors to the Safe Room and to the Surveillance and IT room:

## Inside Alarm Layout



### **THIRD-PARTY MONITORING**

MCI, our preferred provider, has redundant monitoring at three locations, Milford, CT, Portchester, NY and Minneapolis, MN. thereby allowing three separate paths for signals to get through increasing the level of security

### **INTRUSION AND MOTION DETECTION**

Five internal motion detectors limit intrusions when Nutmeg is closed. Per the outline above, 2 are in the reception area (covering the front door), one in counseling room #1 (three outside windows), one covering back door and back hallway and the last one is at nexus of two back hallways. Additionally, an infrared "fence" will activate the alarm in the event of intrusion into the Safe Room.

### **ALARM & SURVEILLANCE MAINTENANCE AND TESTING**

To occur quarterly, typically on the first Monday of the first month of each quarter for both surveillance and alarm systems

### **PANIC, HOLD-UP, AND DURESS ALARMS**

Located at both the Dispensary Counter and at the Receptionist Desk and with easy access by both will be a:

- Panic Alarm, which means an audible Security Alarm System signal generated by the manual activation of a device intended to signal a life threatening or Emergency situation requiring a law enforcement response;
- Holdup Alarm, which means a silent alarm signal generated by the manual activation of a device intended to signal a robbery in progress

Employees will be thoroughly trained on how to operate panic & distress buttons that will be positioned at both the dispensary counter and reception.

All control panels for the alarm system (front door, back door) will include a Duress Alarm, which means a silent Security Alarm System signal generated by the entry of a designated code into an Arming Station in order to signal that the Alarm User is being forced to turn off the system

## **FIRE SECURITY**

Landlord provides and maintains the fire security system for the building.

## **ACCESS CONTROL FOR STAFF AND NON-STAFF**

An access control system will monitor who goes where and when and is an integral part of Nutmeg's security system. In order to ensure internal security, staff members will be assigned individual IDs cards that, based on their individual security clearance, will either grant or deny entry into sensitive areas. This will also allow for a very effective audit trail of all company personnel. Non-company personnel will be denied access through the facility, unless cleared, properly logging-in and escorted by an authorized employee. Biometric locks will be used for all high security areas. Access control augments our comprehensive security management system and will provide compliance, operational efficiency and audit control over Nutmeg's security and business operations.

Please note entrances to all sensitive areas are protected by a dual key entry system that includes both a card/biometric entry and commercial lock. This code will change monthly and will be known only by the dispensary manager.

Separate codes are required to deactivate the access control systems at the dispensary's two entrances, the Safe Room and into the Surveillance and IT room. Codes will change monthly and will be known only by the dispensary manager.

The following is what an access control system might look like:

## GeoVision 4 Door Access Control Package

[Why Buy From Us?](#)



[View larger image](#)

[Specifications](#) [Reviews](#)

### Package Description:

This 4-door system is a complete access control package with an easy-to-use yet secure interface. The system includes 4 GeoVision card readers, but can support 8 GeoVision readers on 4 doors. The convenient pre-cut cables make installation a breeze. This 4 door system includes everything you need to get your security system up and running quickly and easily.

### Stay Secure

This access control package is ideal for business environment where identity and access control is important for security reasons. And, your 50 GV-AS ID Tags, designed for easy carrying and key replacement, is ideal for residential application. All GV-AS ID Card and GV-AS ID Tag are fully compatible with GV-readers, offering great performance outcome.

### Powerful Locks

The ST124SLD is a fail-secure electric strike. But it is field convertible from fail secure to fail safe. It can be mounted either right or left reversibly on the doorjamb, providing remote release of a locked door.

### Warranty

Our security packages include a 1 year warranty on all equipment and free, lifetime technical support from ApexCCTV and 2 year warranty from the manufacturer.

### Package Contents:

Qty.	Item
1	<a href="#">GV-AS400 GeoVision Controller</a>
1	<a href="#">Iron Case for GV-AS400</a>
4	<a href="#">GeoVision GV-RE352 GV Reader</a>
50	<a href="#">GeoVision GV-MA135-F GV-AS ID Card</a>
4	<a href="#">GeoVision GV-ASLock Electric Strike</a>
2	<a href="#">CAT5E RJ45 Connector</a>
1	<a href="#">Cat5 Cable - 1000' Spool</a>

*Our friendly sales and support staff is available should you need to customize any of our kits to your specific needs. Please call the toll free line during our extended business hours for professional help in choosing the right surveillance system for your home or business. 1- [800-997-8460](tel:800-997-8460)*

Part #: GV-4Door   Price: \$1,371.53

## SURVEILLANCE AND ALARM SYSTEMS QUOTES

Some preliminary quotes have been received and are attached at the end of this manual. All systems will meet DCP regulations. The providers who will be requested to quote are:

5. Tyco Integrated Security, <http://www.tycois.com/>
6. Advanced Security in Stratford for security-  
[http://www.astsecurity.net/who\\_we\\_are.aspx](http://www.astsecurity.net/who_we_are.aspx)
7. Protective Systems, Peter Baldyga, 10 Astoria Lane, Shelton, CT 06484
8. Mark Resko ([www.mcisystems.com](http://www.mcisystems.com)), 221 Windsor Road, Fairfield, CT 06824

## SURVEILLANCE AND SECURITY FROM DCP REGULATIONS

Security alarm systems; minimum requirements for dispensary facilities and production facilities

(a) All dispensary facilities shall have an adequate security system to prevent and detect diversion, theft or loss of marijuana utilizing commercial grade equipment, which shall, at a minimum, include:

- (1) A perimeter alarm;
- (2) Motion detector;
- (3) Video cameras in all areas that may contain marijuana and at all points of entry and exit, which shall be appropriate for the normal lighting conditions of the area under surveillance. The cameras shall be directed at all approved safes, approved vaults, dispensing areas, marijuana sales areas and any other area where marijuana is being produced, harvested, manufactured, stored or handled. At entry and exit points, the cameras shall be angled so as to allow for the capture of clear and certain identification of any person entering or exiting the facility;
- (4) Twenty-four (24) hour recordings from all video cameras, which shall be available for immediate viewing by the commissioner or the commissioner's authorized representative upon request and shall be retained for at least thirty (30) days. Recordings shall not be destroyed or altered, and shall be maintained, if the dispensary facility permittee or producer is aware of a pending criminal, civil or administrative investigation or legal proceedings for which the recording may contain relevant information until such time the investigation or proceeding is closed or the entity conducting the investigation or proceeding notifies the producer or dispensary facility manager that it is no longer necessary to maintain the recordings;
- (5) Duress Alarm, which means a silent Security Alarm System signal generated by the entry of a designated code into an Arming Station in order to signal that the Alarm User is being forced to turn off the system;
- (6) Panic Alarm, which means an audible Security Alarm System signal generated by the manual activation of a device intended to signal a life threatening or Emergency situation requiring a law enforcement response;
- (7) Holdup Alarm, which means a silent alarm signal generated by the manual activation of a device intended to signal a robbery in progress;
- (8) Automatic Voice Dialer, which means any electrical, electronic, mechanical, or other device capable of being programmed to send a prerecorded voice message, when activated, over a telephone line, radio or other communication system, to a law enforcement, public safety or emergency services agency requesting dispatch;
- (9) A failure notification system that provides an audible, text or visual notification of any failure in the surveillance system. The failure notification system shall provide an alert to the dispensary facility permittee or producer within five minutes of the failure, either by telephone, email, or text message;
- (10) The ability to immediately produce a clear color still photo that is a minimum of 9600 dpi from any camera image (live or recorded);
- (11) A date and time stamp embedded on all recordings. The date and time shall be synchronized and set correctly and shall not significantly obscure the picture; and
- (12) The ability to remain operational during a power outage.

(b) All security system equipment and recording shall be maintained in a secure location so as to prevent theft, loss, destruction or alterations.

(c) In addition to the requirements listed in subsection (a) of this section, each production facility shall have a back-up alarm system approved by the commissioner that shall detect unauthorized entry during times when no employees are present at the facility and that shall be provided by a company supplying commercial grade equipment, which shall not be the same company supplying the primary security system.

(d) Access to surveillance areas shall be limited to persons that are essential to surveillance operations, law enforcement agencies, security system service personnel, the commissioner or the commissioner's authorized representative, and others when approved by the commissioner. A current list of authorized employees and service

personnel that have access to the surveillance room must be available to the commissioner or the commissioner's authorized representative upon request. If on-site, surveillance rooms shall remain locked and shall not be used for any other function.

(e) The outside perimeter of the dispensary facility and production facility premises shall be well-lighted.

(f) All video recording shall allow for the exporting of still images in an industry standard image format, including .jpg, .bmp, and .gif. Exported video shall have the ability to be archived in a proprietary format that ensures authentication of the video and guarantees that no alteration of the recorded image has taken place. Exported video shall also have the ability to be saved in an industry standard file format that can be played on a standard computer operating system. All recordings shall be erased or destroyed prior to disposal or sale.

### **III. POLICIES AND PROCEDURES FOR FACILITY SECURITY**

#### **RISK MITIGATION MINDSET AND INSURANCE COVERAGE**

Risk mitigation and insurance go hand-in-hand and are listed first in this section because of their importance. Creating a culture of risk mitigation means planning, preparing and protecting personnel and processes to minimize risks in all forms. Nutmeg includes insurance as equally important because accidents will occur and working with a credible and highly rated company will make Nutmeg more cognizant of potential risks and if the worst happens Nutmeg will have the capacity to provide for appropriate payments and resolution. The risks we mitigate them include:

- Supply chain risk- at least three suppliers at all times to assure quality and supply
- Separate high risk responsibilities within the management team
- Require producers to maintain batch samples for 90 days in case a patient gets sick, we can go back and test to help prove it was not the marijuana
- Have a plan in place to return patient unused marijuana to producers
- Separate safe for cash and marijuana- that way the cash will not have an odor and will more likely be acceptable to banks.
- Be prepared for the unexpected
- Written protocol for product safely recalls throughout the product's lifecycle. The principles are:
  - 1. Conduct analysis of potential hazards.
  - 2. Determine critical control points for the targeted hazard or hazards.
  - 3. Establish critical limits.
  - 4. Establish routine monitoring procedures to assess these critical limits.
  - 5. Establish corrective actions to be implemented if critical limits are exceeded.
  - 6. Establish an effective record-keeping system for the program.
- Hire responsibly
- Develop a safety culture- focus on quality, the patient and safety
- Auto liability- Need to have hired & non-owned auto policy in case an employee has an accident while driving his own car while doing company business. Equally important is to have written protocol regarding use of personal cars by employees. Not having insurance of this sort can easily bankrupt a small business.
- Regulatory compliance makes insuring the business possible. Without documented protocols, insurance is either prohibitively expensive or of no use since it cannot be depended upon.
- Support a culture where employees report anything suspicious

#### **INCIDENT MANAGEMENT AND EMERGENCY RESPONSE**

See Nutmeg Operations Plan

#### **OPENING AND CLOSING PROCEDURES**

See Nutmeg Operations Plan

## **VISITOR LOG**

All pre-cleared and approved visitors will be logged both in and out. The name, company, date, time and purpose of the visit will be recorded and available to the commissioners as needed. Additionally if an emergency requires the presence of a visitor, the name, company, date, time and purpose of the visit will be provided to the commissioner in writing as soon as practical after the emergency.

## **PREVENTING THEFT AND NON-DIVERSION**

See Nutmeg Operations Plan

## **PREVENTING ON-SITE CONSUMPTION**

Nutmeg will be a smoke-free establishment for security, safety and *health* reasons. Consuming illegal drugs may result in immediate dismissal for all Nutmeg employees.

We understand we must work diligently to assure neighbors and other building tenants (who included the property owner) that Nutmeg is a “good neighbor”, so we advise our patients, verbally and in writing at orientation, the consumption is not permitted in the building, not permitted on the premises and not permitted in their car. Nutmeg will be the first to contact local law enforcement if patients violate this trust.

## **REPORTABLE EVENTS**

Discrepancies found during inventory, diversion, theft, loss or unauthorized destruction of any marijuana or the loss or unauthorized alteration of records related to marijuana or qualifying patients or caretakers, will require notification of law enforcement authorities and the Drug Control Division of the DCP.

## **SUSPICIOUS ACTIVITY AND LOITERING**

Nutmeg will keep a log of all suspicious activities in the parking lot area from information gathered by periodic employee parking lot reviews and by patient's observations.

## **DISPENSARY DEPARTMENT SECURITY SCREEN**

Nutmeg will install in front of the dispensary department counter, a side folding accordion grille to secure the dispensary department from the balance of the dispensary facility.

## **WORKFORCE APPEARANCE AND HEALTH**

Nutmeg will take all reasonable measures and precautions to ensure the following:

1. Dispensary staff who, by medical examination or supervisory observation, is shown to have, or appears to have, an illness for whom there is a reasonable

possibility of contact with patients shall be excluded from the facility which may be expected to result in such contamination until the condition is corrected.

2. Dispensary staff working in direct contact with patients shall conform to hygienic practices while on duty, including:
  - a) Maintaining adequate personal cleanliness.
  - b) Washing hands thoroughly in an adequate hand-washing area(s) before starting work and at any other time when the hands may have become soiled or contaminated.
  - c) Hand washing and bathroom facilities shall be adequate and convenient and be furnished with running water at a suitable temperature. Hand washing facilities are available to both the public in the reception area and to dispensary staff in the dispensary area. Good sanitary practices require dispensary staff to wash and/or sanitize their hands, and Nutmeg will provide effective hand-cleaning and sanitizing preparations and sanitary towel service or suitable drying devices.
3. That there is sufficient space for placement of equipment and storage of materials as is necessary for the maintenance of sanitary operations.
4. That litter and waste are properly removed, and the operating systems for waste disposal are maintained in an adequate manner so that they do not constitute a source of contamination.
5. That floors, walls, and ceilings are constructed in such a manner that they may be adequately cleaned and kept clean and kept in good repair.
6. That there is adequate safety-type lighting in all areas.
7. That the facility provides adequate screening or other protection against the entry of pests. Rubbish shall be disposed of to minimize the development of odor, minimize the potential for the waste becoming an attractant and harborage or breeding place for pests.
8. The buildings, fixtures, and other physical facilities are maintained in a sanitary condition.
9. Nutmeg will provide its employees with adequate, readily accessible toilet facilities that are maintained in a sanitary condition and good repair.

## **EMPLOYEE SECURITY**

Nutmeg's employee security policies fall into two categories. The first category includes measures to ensure that employees are protected from possible intruders and all forms of criminal activity. The second category includes measures to protect Nutmeg from employee theft and criminal activity.

**Category One:** In accordance with our Staff Training & Employment Manual, Nutmeg employees will undergo comprehensive training in the use of our alarm, surveillance and access control systems, and security best practices. Employees will also be required to receive on site security training that will cover all aspects of crime prevention and emergency response.

**Category Two:** Nutmeg will utilize the following situation specific protocols to limit the possibility of employee crime or theft.

- All sections of the facility will be monitored by date and time stamped video cameras. This will help prevent theft and criminal behavior.

- Inventory will be checked daily to monitor for lost medicine. Should any inconsistencies in inventory be detected a full inventory assessment will be made. If the inventory assessment is conclusive in determining that marijuana has disappeared, we will review our video log to determine whether any criminal activity has occurred.
- All employees will undergo a background check.
- Any possible candidate for employment will have a valid license from the State.
- Point of Sale machines will be video monitored and alerts will be generated if specific transactions occur that are not permitted.

## EMPLOYEE INVOLVEMENT AND PATIENT SECURITY

Nutmeg believes engaged employees lead to enhanced patient security. The following steps will help employees assure our patient's security and allow employees to be ambassadors of the Nutmeg brand:

- **Ensure that there is enough staff at all times** to handle workload -- and that staff members do not work longer hours than is best for patient care. Positive employee outlooks are very important to patient's perception of Nutmeg's service quality.
- **Limit use of temporary staff.**
- **Maintain a culture of transparency** that encourages staff members to ask questions without fear of reprisal.
- **Build a cooperative culture** in which groups help each other when they get busy and supervisors do not pressure staff members to work faster at the possible expense of patient care.
- Continuously **audit the transfer of knowledge about patients between shifts** to ensure that crucial information is not lost or overlooked.
- **Encourage staff to provide feedback to the dispensary manager** on how to improve patient safety.
- **Demonstrate that dispensary leadership places a priority on patient safety** and give feedback to staff on their suggestions for improvement regardless of whether those suggestions are implemented.
- **Make sure that staff members are informed of errors that take place** regardless of whether patients were harmed, but keep the focus on teaching and improving, not punishing. Discuss how to prevent the error from happening again.

## EMERGENCY PREPAREDNESS PLAN

Nutmeg will establish and maintain an Emergency Preparedness Program designed to manage the consequences of natural disasters or other emergencies that disrupt the dispensary's ability to ensure the safety and well-being of staff, visitors and patients.

## PURPOSE

It is important for Nutmeg to have a strategy on preparation for emergencies. This strategy must provide an organizational structure so that we can effectively prepare for both external and internal disasters that present hazards to staff, visitors and patients.

## **STRUCTURE**

Nutmeg is prepared to assist as needed in case of community emergency. Our Emergency Preparedness Plan will be aligned with community disaster plans and our dispensary facility personnel will be trained to respond in the event of an emergency. We will run one emergency preparedness drill per year.

The dispensary manager, with the assistance of the CAO will tailor the dispensary-specific Emergency Preparedness Plan to meet the realistic needs of all Dispensary Facility Personnel, patients and visitors as well as the needs of the community where applicable.

## **INTERNAL DISASTER**

An event such as a fire or explosion resulting in internal casualties and if the situation requires the evacuation of patients, and staff, such evacuation may be coordinated with emergency service personnel from the fire and police agencies. It is the responsibility of the dispensary manager or his/her designee to activate the Emergency Preparedness Plan. In the event that total evacuation of the dispensary is necessary, the dispensary manager or his/her designee will assume the responsibility for the evacuation. A primary evacuation zone will be established in the front of the dispensary.

## **COMMUNICATIONS**

All communication, both inside and outside the dispensary, will be coordinated through the Dispensary Manager.

### Disaster Procedures for Dispensary Facility Personnel

In the event of either internal or external disaster, the dispensary manager may initiate the Disaster Call List (telephone tree).

On arrival at Nutmeg, dispensary facility personnel will report to their managers to log in and be assigned to whatever tasks are required. If a regular work shift ends during the declared emergency period, all dispensary facility personnel will stay at their respective assignments until officially relieved.

All dispensary facility personnel will report changes of address and telephone numbers, as well as their response time to the dispensary, to the Chief Operation Officer ("CAO") as soon as a change becomes effective. The CAO will continually update the Disaster Call List and provide it to the Dispensary Manager and other designees.

### Training Of Staff in Emergency Preparedness Procedures

All dispensary facility personnel will receive instructions and training of the disaster, fire, and emergency plans by Nutmeg's Management and subsequent on-the-job training and safety drills.

If there is an occurrence (explosion, bomb threat, fire) requiring evacuation, dispensary manager, or his/her designee, if directed, will evaluate the affected area, and if necessary implement the disaster plan.

Upon implementation of the disaster plan all dispensary facility personnel will meet at reception area near the front door, if this area has been compromised then use the staff overflow parking lot (south side of building) as the secondary location. Dispensary facility personnel will await further instructions from the dispensary manager or his designee.

The dispensary facility personnel assigned to activate the staff callback list (if additional staff is required), will obtain approximate response times of each staff member called and have them report to the dispensary manager, or his/her designee to be assigned as needed.

Disaster alert status and function will be maintained until "all clear" is announced or indicated by the dispensary manager.

## **BOMB THREAT PROCEDURES**

Bomb threats should always be taken seriously. An employee receiving a bomb threat should notify their supervisor immediately (preferably, while the caller is still on the phone). The supervisor will notify the Bridgeport Police Department (by dialing 911).

The most common method of transmitting a bomb threat is by telephone. If a bomb threat is received by **mail**, the mailing should be handled only by the person who opens the communication and then be placed between two sheets of paper to preserve fingerprints. Since the bomb threat will probably be communicated by telephone and the call may be made to any of our extensions, it is imperative that all personnel know what to do in case of a bomb threat communicated by telephone.

### Bomb Threat Procedures

- If a bomb threat is received, the person receiving the call will follow the instructions on the "Bomb Threat Assessment Form" at the end of this section.
- If the call is received at the reception desk, it will be the responsibility of any nearby dispensary facility personnel to keep the area clear of any patients or visitors to prevent interruptions during the call.
- The dispensary manager will be notified immediately in person or a landline telephone; do not use a cell phones or portable radios for notification. All available onsite dispensary facility personnel will be notified and begin quiet advisements to all others of the threat and collect all portable radios. Dispensary facility personnel assigned outside will hold all patients and visitors and request they return later.
- Dispensary facility personnel will maintain a calm demeanor and advise only other staff of the threat (patients and visitors will not be notified at this time).
- Dispensary facility personnel will passively search their immediate area for items that look out of place but will not move items to search (chairs, desks, computers, wastebaskets etc.).

- Dispensary facility personnel will make note of any unusual looking item but will not touch or disturb it in any manner.
- The CAO or his/her designee will prepare an evacuation plan to be initiated on order of the bomb squad or other authority.
- Dispensary facility personnel will take extra care not to upset patients or other employees and will assist in the evacuation.

Upon receiving information of a bomb threat

- Each employee should check the immediate work area to ascertain if any packages, briefcases, or other items in the vicinity are unusual by their existence at that location.
- If any strange or unidentified objects are found, employees should not touch those objects and should immediately notify supervisory personnel.
- If a decision is made to evacuate one or more areas of the buildings, employees and patients will be moved far enough away from the building(s) so that they will be protected from possible flying debris.

## EXTERNAL DISASTER PROCEDURES

If there is a major regional disaster such as an earthquake, fire, chemical/biological/hazard or other "catastrophe" that does not immediately affect the dispensary, the dispensary manager may activate the callout list (phone tree). This call out will be informational only, and serve to prepare dispensary facility personnel should full activation of the Disaster Plan be necessary.

As the likelihood of these events affecting the dispensary increase, other components of the Disaster Plan may be implemented by the dispensary manager.

The dispensary manager or his/her designee will be the person in charge with the following duties:

1. Approving the implementation of the Emergency Preparedness Plan and evacuations
2. Maintaining information flow throughout the dispensary and dispensary facility personnel
3. Determining the extent of dispensary facility personnel callbacks
4. Identifying new designated areas if needed and communicating this information to dispensary facility personnel

The CAO will be the person charged with the following duties:

1. Maintaining a log of resources reporting to the dispensary manager
2. Maintaining a record of assignments
3. Maintaining a quiet, calm atmosphere
4. Communicating needs for personnel to the dispensary manager or his/her designee

## IMMEDIATE EVACUATION PROCEDURE

First, move patients and others who are closest to the danger to a safe area near or at an emergency exit. Patients and caregivers will be the first to evacuate the building

followed by dispensary facility personnel. Patients with mobility issues will be assisted by dispensary facility personnel. All available dispensary facility personnel will be on hand to assist in the evacuation to ensure no one is left in the building. Dispensary facility personnel should be the last to exit the building whenever possible. After safely exiting the building, all evacuees will proceed directly to one of the established evacuation zones to participate in the "roll call" of all dispensary facility personnel.

## PLANNED EVACUATION

Planned evacuation will be initiated by the dispensary manager, who will assign dispensary facility personnel staff member to initiate the "call out" list (phone tree). The procedure for the Immediate Evacuation will be followed with the following exceptions.

1. One person will be assigned to each emergency exit to assist in the evacuation.
2. Two people will check each office/room to ensure everyone is evacuated.
3. A final sweep of the building will be conducted prior to when the dispensary manager exits.

## FIRE PROCEDURES

If you discover a fire, you should:

- Immediately signal other employees of the fire and call 911 to report the fire.
- Turn off electrical equipment and close doors against the fire.
- Exit the building using the nearest safe exit.
- Inform your supervisor or designee if anyone needs assistance.

## EARTHQUAKE PROCEDURES

If an earthquake takes place, you should:

- Signal patients and employees to get under desks, tables, etc., while the earthquake is happening.
- Patients and staff will remain under desks, tables, etc., until an announcement from the dispensary manager to evacuate the building.
- After the announcement to evacuate, staff will line patients up to take to the parking area.
- Staff will remember to take the **First Aid Kit** with them to the assembly area.
- Staff will assist patients to the designated area.
- Staff will take head count to see if there are any missing patients.
- Management staff will account for all staff.

## TORNADO WARNING PROCEDURES

Upon the notification of a tornado warning, employees and guests should stay in enclosed offices, rooms, and hallways in the interior of the building - away from exterior walls and glassy areas. Winds up to 200 mph can occur in a tornado. The hazards of a tornado typically are flying objects hazards. For maximum protection in offices, crouch down under a desk or table and cover your head.

## PERSONNEL TRAINING AND DRILLS

Nutmeg will be implementing comprehensive personal security training. We will train our employees with up-to-date security breach and crime prevention protocols. Prior to opening for business, all employees will be required to undergo this training.

Our training requires that all employees be trained annually on proper procedures for robberies, larcenies and burglaries. However, we will go beyond the annual training requirements by regularly reminding and quizzing employees of their proper procedures during a robbery. This can be accomplished by sending out memos, distributing newspaper stories or security articles about robberies, which is a form of continuing education.

The following is a list of ten catastrophic mistakes committed by bank employees, and it is illustrative of situations that may occur at Nutmeg:

1. Do not treat the hold-up note as a joke or a prank. There have been several instances in which a teller has been handed a hold up note and believes the customer is joking. If the teller does not believe the note is serious, the robber may feel forced to display a weapon, escalating the likelihood of harm.
2. Do not create any surprises for the robber. In some cases, tellers have walked away from their teller station if they do not observe a weapon. Others have been advised to pretend to faint. These actions may be successful in thwarting the bank robber, who may simply run out of the bank. However, if the robber is desperate, the teller's actions may cause the robber to display a weapon and possibly grab a customer in the lobby. Do exactly what the robber tells you to do.
3. Do not carry excess cash in your cash drawer or medicine in the display cases. Bank robbers will come back if they are given large amounts of cash, or medicine. Employees should adhere to our cash and medicine limits for cash register and product stations. Excess cash should be transferred to the safe immediately.
4. Do not offer to rob the dispensary center for the robber. Only give to the robber the money or medicine demanded. Do not ask if the robber wants the cash in your second drawer.
5. Do not attempt to bring attention to the robbery. Statistically bank employees who follow the bank robber's instructions are seldom injured in the course of a robbery. Handle the dispensary robber as you would a regular customer. Do not attempt to gain the attention of anyone else to alert him or her to what is going on. The most important role you have in this robbery is to ensure the safety of all employees and customers in the facility. Bringing attention to the robber could compromise the safety of all.
6. Do not argue with the robber or attempt to talk him/her out of the robbery. Arguing, confronting or attempting to talk the robber out of the crime will increase the likelihood that others will become aware a robbery is in progress and escalate the level of danger.
7. Do not tell customers that you have just been robbed. After one robbery, just as the robber reached the front door, the employee yelled out "grab him, he just robbed me." This extremely dangerous action places the safety of employees and customers in danger. What if a customer did attempt to grab the robber and a struggle took place in which a weapon was used and either a customer or employee was injured or killed? On occasion customers, believing they are acting as good Samaritans, have confronted or chased robbers and increased the likelihood of danger to themselves and others.

8. Do not ever leave the bank after a robbery. In numerous cases, we found that after the bank robber left the branch, a bank employee would either exit the bank to see if they can observe the robber's getaway or worse actually pursue the bank robber in a chase. This type of action not only places the employee in danger but also poses a threat to others. If during such a chase or attempt to observe a robber that someone is injured, the dispensary will have potential liability in a possible civil action. This is an especially important message for non-retail employees who may not have been trained properly. Let the police chase the robber.
9. In a take-over robbery, do not make sudden movements. Do not attempt to activate hold up alarms, run out of the bank, or attempt to call the police. Take-over robberies are extremely dangerous because the robbers are most likely displaying weapons. If you are on the telephone when a take-over robbery occurs, hang the telephone up and do not answer any in-coming calls unless the robbers tell you to. Attempting to activate an alarm can also be very dangerous if the robbers observe you during your attempt. Do not try to escape the robbery, as robbers will be closely watching for this activity.
10. Do not ever attempt to engage the robber(s) in a struggle. Although most of us would never imagine engaging a robber in a physical confrontation, there have been cases in which bank security guards, branch managers and other employees have physically confronted bank robbers. Remember this type of response to a robber increases the level of danger to all employees and customers in the bank.

*(The information was authored by Tony Brissette and excerpted from Bankersonline.com. Mr. Brissette is a veteran of over 30 years as a Director of Security in Massachusetts.*

## **V. INVENTORY SECURITY**

**See Nutmeg Operations Manual for details.**

## VI. INFORMATION SECURITY

Please see our separate manual on Information Security & Data Integrity for details on how Nutmeg will protect its information systems, ensure data security and protect our patient's health information in accordance with HIPPA standards.

## VII. NUTMEG HIPPA AND PRIVACY POLICY

Healthcare organizations like Nutmeg are accountable for the actions (or inaction) of their employees. This includes:

- Designating a privacy official, the person responsible for your HIPAA compliance program. For Nutmeg, this will be the Dispensary Facility Manager.
- Identifying all information that must be protected,
- Determining who should have access to documents and data elements,
- Defining under what circumstances they may view this information,
- Establishing how the information must be protected from inadvertent viewing or disclosure,
- Clarifying when and how information may be shared internally and externally,
- Providing and documenting training to all staff authorized to use this information
- Testing and identifying security gaps,
- Defining how processes will be audited to ensure compliance
- And many other requirements

### RECORDKEEPING REQUIREMENTS

**Please review Nutmeg's Information Security & Data Integrity manual to see the many layers of safeguards we will employ to guarantee the security of our electronic system record-keeping system.**

The patient record keep and POS systems will be provided by Café Cartel Systems (“CSS”), and the data will reside encrypted locally and be backed-up at regular time intervals to cloud storage as an encrypted file. CSS provides this cloud backup solution, which automates the backup process to assure the system is backed up as often as every two hours. Data can be restored with ease from this system in the event of site-experienced crash. If our local network is invaded (hacked), the data is stored as encrypted files so that patient's personal information remains secure. The last layer of protection is the implementation of access controls on the data systems limits access to approved people to input and a separate level of authority is required to change data after it has been entered. This is accomplished by card or biometric controls on the POS and reception area computers.

All records of all transactions will be maintained for a period of three years. Records will be available for inspection on the premises upon request.

### CPMRS- CT PRESCRIPTION MONITORING PROGRAM

Nutmeg will report daily. Prior to opening, Nutmeg will register with the Data Collection website (<https://www.ctrxreport.com>) and test our system with sample uploads to assure the PMP system is functioning properly.

**Please review Nutmeg's “Handling PHI and Other Confidential Information (HIPPA)” manual to see the safeguards we will employ to guarantee the safety and security of patient's personal health information**



## VIII. SECURITY QUOTES

### QUOTE #1-MCI SYSTEMS QUOTE-

Mark Resko ([www.mcisystems.com](http://www.mcisystems.com)), 221 Windsor Road, Fairfield, CT 06824  
The following letter was received from MCI

26 March 2013

Mr. Rob Schulten  
RE: Alarm systems for medical marijuana dispensary

To quote line item prices mandates detailed plans for completely new construction or renovation of existing. I will explain the pluses and minuses of each Connecticut line item mandate. Please note they appear to be just that mandates as Commissioner has already been approached with changes received and denied. For example, voice dialers for communication.

**Item #1:** Perimeter alarm would consist of basic industrial grade magnetic switches hardwired back to a control panel with "partitions." In this example, I would use a Napco (brand in your home) model 9600. If windows are included, they may require contacts. Typical cost per door/window in 2,000 sq. ft. would be \$50.00 to \$80.00 per "opening." Extreme switches for doors or windows called "biased" devices can cost as much as above just for materials, but not suggested by State of CT.

Average cost of master control is \$400.00. It has eight (8) separate partitions allowing discrete control through a doorway. For example, storage door within always ON to access with a code only authorized individual's have.

Keypads---large LCD display approximately \$250.00 installed OR a biometric reader either a finger print or traditional code or both may be utilized at \$800.00 plus or minus per unit.

**Item #2:** Motion detection. The average cost of these devices is \$80.00 plus wiring back to control at \$40.00 to \$50.00 depending on actual requirements to get back, for example, on a surface/above a surface (dropped ceiling) in pipe, but this is not covered in State's overview, so maybe not an issue.

**Item #3:** Video cameras. The big issue with any camera including TV studio units at \$100,000.00 is light. They shower a set with lighting to produce fine 2 million or so pixels on a TV with no grain or noise. Pan to audience and picture goes gray and grainy.

The State wants Class A+ detail, we start with light inside/outside and work with a good knowledgeable lighting (scene) electrician. That has his/her lumens in full control; cameras will not have any problems.

#### Two types of cameras:

Analogue—color 420TVL (TV lines) to maximum 700TVL, typical 600TVL to 650TVL

Not high-definition, but solid pictures with solid light. Not going to catch license plate numbers easily or pattern in fabric. Night or low light picture can revert to black/white. One manufacturer has a light intensifier camera at approximately \$550.00 +/- depending on lens that does produce color at night at 650TVL but problem, not what they are (I think) looking for, with clear concise pin it down to freckle, as I understand.

Digital mega pixel cameras from formats 720p to maximum 1080p and some in between. At 1080p over 2M pixels are simultaneously captured and retransmitted in a progressive manner on monitor/TV for direct view as opposed to the analogue units outputting interlaced pictures.

You are in the \$700.00 to \$800.00 range again lenses are a factor and require dimensions, parking lot layouts and interiors for proper sizing.

Quick example, outside entry to parking lot should/could be only one-way in/out a 20ft. space or as required. Camera #1 with wide-angle lens looks at a vehicle as it drives to this space (main road) as well as its movement throughout entry to parking.

Camera #2 telephoto lens beams onto actual entry area for license plate identification and/or driver.

One camera can as with all digital video be enlarged for detail recognition, but reaches a point of blurry if stretched too far. Outside layout lighting necessary.

**My Item:** Injected here with the “two alarm” companies installing duplicate systems. Who gets the “pole position” to hang their camera at the exact location as specified in their proposal to find it has been taken with a completely different piece of equipment from Company B? Location wars?

It applies to alarm system’s location of a contact on a door as well. Company A can’t install a magnetic contact next to Company B’s even though it is the correct location “they can cancel each other out” or cause false alarms in both systems when armed.

Two may be better than one only if Company A and Company B work together honestly for client with equal competitive pricing and no funny business. But, it may be looked as “collusion” by State. A thin area here. We have installed TV/access et al systems in FAA flight control operations with less intervention from that Capitol Hill “crew” a lovely bunch of coco(nuts)! Some clarification by CT.

**Item #4:** Twenty-four hour recordings with 30 days storage. With the digital cameras as described they typically wire data back to a network video recorder (NVR) located onsite over the Internet for remote viewing.

An interesting format used by our feature camera/NVR manufacturer OpenEye® is called “Radius”. If every facility used this brand they (The State) could scroll with one format on one screen every independent outlet (grow farm, etc) in CT....why make it easy for them.? But for you with two separate CCTV systems (companies) (if really required?) both could be viewed simultaneously, or if your operation expanded anywhere in CT/country.

We are using this in the new church on Black Rock Turnpike just south of the Merritt Parkway expanding to just under 96,000 sq. ft. So many recorders in a stack “Radius” collates everything. Windows 7 will permit multiple programs side by side. So, maybe I am over marketing this feature. iPhone APP’s are always free for the taking and permit access. DVR’s and cameras may be monitored for health of equipment.

Cloud storage offsite with trained personnel monitoring your facility with report of intrusion is quite popular with many industrial/commercial applications and could interface with State, police department, et al.

The approximate cost of NVR’s is dependent on hard drive space and number of cameras required (input). \$1,700/\$2,500/\$3,500/\$5500

Labor to install requires mounting on building at safe distances off ground. We own our own aerial truck and access around proposed facility should be open, flat terrain. Put some distance between side of building and adjacent structure/trees.

Any added hardware costs for cameras, mounting brackets if required, remains to be seen. Most outside cameras have brackets. However, remote locations, for example, camera on a pole requires trenching by primary contractor well below frost line and direct burial style Category 6a cable.

There isn't any mention of high-impact/bullet-proof equipment, quite expensive.

**Item #5:** Duress alarm. Always a part of software in any alarm included in price of keypad.

**Item #6:** Panic alarm. Always part of keypad software with additional manual buttons installed any location.

**Item #7:** Hold-up alarm: same as duress/panic. Individual under gunpoint would have to make a proper distinction of what they may think is happening, however, another button can be installed at any location.

Cost of buttons \$5.00 to \$10.00 for button and wire. \$40.00 per button to hardwire to panel.

**NOTE:** Two alarm company's doubles the number of buttons. Bad idea; a life threat to employee. Discuss this further later.

**Item #8:** Automatic voice dialer: This mandate, and appears it is, because the commissioner has already been called on it with no luck is short of either insane or the entire commission has been sequestered in a house with an alarm installed in the 1970's and do not know that all alarm panels tie into a variety of communication services and must be monitored at a central station. Police across the land said, "Guys, this isn't fair!" voice dialers were loading down police department's desks.

They exist for temperature/flood alerts with up to four inputs for various devices and are one-way devices they do not know if call got through to plumber, so they dial over and over. Police departments loved that with eight to ten calls for one event with no zone identification, so a 32-zone system has one alarm for all, as an example. Central monitor also watches system health with voltage, batteries etc. Cannot do with voice dialer as its internal software in alarm so there is no "log" that does something to trigger another something that calls out to whom? Maybe the Commissioner! Can be done but with multiple units a lot of old fashioned relays and ingenuity. In business almost 50 years, I've done this many times; use the technology and make it work. But will our 21<sup>st</sup> century alarm contract hold up? Probably invent a new contract just for this!

Devices---\$150.00 plus whatever to piece together per unit maybe \$250.00 to \$300.00

**Item #9:** Fail notification surveillance---OK OpenEye's® "report Star" monthly cost \$5.95 per month

**Item #10:** Well, a 1080p video signal is 1920X1080 or 2,073,600 pixels, beats 9600dpi. This needs clarification whose printer is it onsite/offsite and a function of the printer not DVR? jpeg is used over Internet crushing some content—cost?

**Item #11:** Date/time—yes

**Item #12:** Standby—yes

System's locations more discussion. Should two separate systems share same space, same breaker, same generator setup?

CCTV doesn't have battery backup automatically. It needs a UPS system to immediately run system but absolutely needs generator set to run for longer periods.

UPS--\$150.00 to \$700.00/\$800.00 to a system; we haven't sold yet that will run a home for days. "Richard Gray's" power system, check it out!

**Item #12e:** Well lighted for cameras and general security:

**Item 12f:** jpeg. bmp. gif—jpeg./gif. are video compression algorithms. jpeg is used on Internet. bmp. is a non-compressed video display. NVR's aren't going to export video in all three formats, jpeg mostly. We would have to find the software/hardware to conform.

Approximate time in a 2,000 sq. ft. open frame wood/masonry drop ceilings or attic---four to five days prewire two men, first man at \$89.00 per hour, second man at \$60.00 per hour

Complete: two days generally one technician at above rates

Pricing does not include tax if applicable

Total Estimated MCI Price:

## MCI Security Cost Outline

26-Mar-13

<u>Item #</u>	<u>Product</u>	<u>#</u>	<u>Cost per</u>	<u>Total Cost</u>	<u>Comment</u>
1	Contacts	6	\$ 60	\$ 360	range from \$50-80
1	Master control	1	\$ 400	\$ 400	
1	LCD Keypad	1	\$ 250	\$ 250	
2	Motion detector	2	\$ 80	\$ 160	
2	Installation	2	\$ 50	\$ 100	
3	Video cameras	5	\$ 700	\$ 3,500	
4	NVR	1	\$ 3,500	\$ 3,500	\$1700-\$5500 depending on capacity
5	Duress alarm	1	\$ -	\$ -	included in keypad
6	panic alarm	1	\$ -	\$ -	included in keypad
7	Hold-up alarm	3	\$ 50	\$ 150	
8	Auto voice dialer	1	\$ 150	\$ 150	
9	Failure Notification			\$ -	OK OpenEye's "Star Report", \$5.95 monthly
10	9600dpi picture			\$ -	Digital camera at 1920X180=2MM pixels
11	Time & Date stamp			\$ -	Yes
12	Standby UPS system	1	\$ 800	\$ 800	Richard Grey UPS22 2200VA
	Installation			\$ 11,920	2 men @\$89 and \$60/hr, 80 hr each
<b>TOTAL</b>				<b>\$ 21,290</b>	

**QUOTE #2- PROTECTIVE SYSTEMS, INC. QUOTE-** Peter Baldyga, 10 Astoria Lane, Shelton, CT 06484

The following letter was received from Protective Systems:

Good Morning Robert,

I looked over the requirements and i think most of it is not a problem.

The camera system would have to be ip cameras connected to a nvr (network video recorder). The cameras are similiar to your iphone's camera. They are able to zoom in and not give you a distorted picture. They are also able to produce the pictures for print and the format required. The system would also need a back-up power source. A UPS would work for the short time but a back-up generator would be needed for to satisfy the requirement.

The cost of this type of system based on an 8 camera system would be in the neighborhood of 20 to 25K . This is about double of what a traditional system would cost.

The required generator to back-up the alarm, cameras and a few other necessary devices would have to have an automatic transfer switch. This type of generator can run between 4 and 8K. If you wanted to do the whole building the cost would have to be estimated based on the power requirements of the building.

The alarm system doesn't seem to be a problem. If I read this correctly, you'll need two systems by different alarm companies. Average systems run between 2-5 K, but really depends on the building and the amount of openings etc. Monitoring would run about \$ 30.00 per month on an alarm only basis. Other options for monitoring could be things like opening and closing reports, failure to turn the alarm on reports etc. These services could add 20 to 40 dollars on to the monthly cost.

There are some odd things relating to the alarm system. Panic Alarm states it should be an audible signal. An audible signal can trigger a shooter to respond with violence and lead to the shooting of the person or something worse. Hold-up Alarms should be the only source for a life threatening situation.

The other thing is the voice dialer. The alarm industry hasn't used voice dialers in about 20 years, further it is illegal to send a voice message to the dispatch center of any police department. Voice dialers were known to fail at least 50 percent of the time.

The standard form for sending an alarm signal today is a digital dialer similiar to a fax machine. It sends information to the Central Station which takes about 30 seconds. A phone line would be used for this purpose. A radio transmitter could also be used as a primary means or as a back-up means.

Hope this helps. Regards, Peter Baldyga

# **Nutmeg Dispensary**

## **Exhibit E**

### **Information Security & Data Integrity Manual**

November 1, 2013

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# I. EXECUTIVE SUMMARY

## A. Overview.

All data with access to the internet is considered to be at risk. Nutmeg has a very detailed plan on how to minimize risk of data. We feel data security is as important to our overall security plan as is the security employees and patients. In summary, the critical-to-quality aspects of our cyber security plan are:

1. **Security Leader Appointed.** Nutmeg has identified a chief steward for customers' privacy information, Doug Steinschneider, who is both a subject matter expert on all matters of privacy, will serve as the champion for process and technical improvements to PII handling.

2. **Train Employees in Security Principles.** We have established in-depth Internet user guidelines and require staff and employees to utilize strong password settings to avoid security breach. We have also established rules of behavior describing how to handle and protect customer information and other vital data in addition to penalties for violating Nutmeg cyber-security policies.

Nutmeg has identified a chief steward for customers' privacy information, Doug Steinschneider, who is both a subject matter expert on all matters of privacy, will serve as the champion for process and technical improvements to PII handling.

3. **Protect Information, Computers and Networks from Cyber Attacks.** Nutmeg's most critical data, our patient information is not available on-line and not accessible from the internet. All machines will be kept clean: have the latest security software, web browser and operating systems. We know the best defenses against viruses, malware, and other online threats are updated software. Antivirus software is set to run a scan after each update. Key software updates are installed as soon as they are available.

4. **Provide Firewall Security for the Internet.** A firewall is a set of related programs that prevent outsiders from accessing data on a private network. Nutmeg's operating system's firewall is at all times enabled.

5. **Mobile Device Action Plan.** Mobile devices can create significant security and management challenges, especially if they hold or have access to confidential information or can access the corporate network. Our users will be required to password protect their devices, encrypt their data, and install security apps to prevent criminals from stealing information while the phone is on public networks. There is a set reporting procedures for lost or stolen equipment.

6. **Backup Copies of Important Business Data and Information.** Data is backed up on all computers automatically on a daily basis. Critical data includes word processing documents, electronic spreadsheets, databases, financial files,

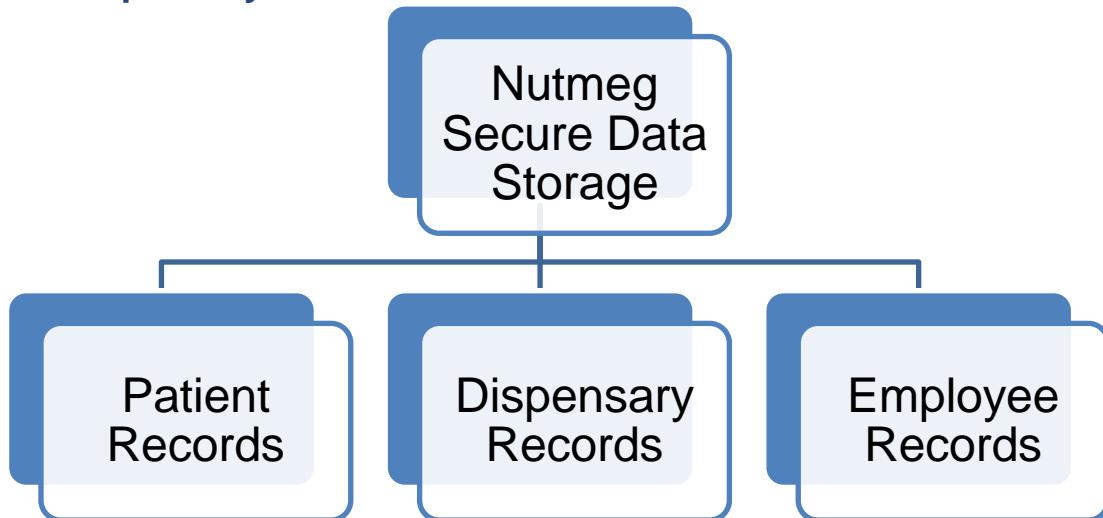
human resources files, and accounts receivable/payable files. Copies are stored either offsite or in the cloud.

7. **Control Physical Access to Computers and Create User Accounts for Each Employee.** Employees have limited access to business computers. Laptops can be particularly easy targets for theft or can be lost, and will be locked up when unattended. A separate user account is created for each employee and requires a strong password. Administrative privileges should only be given to trusted IT staff and key personnel.
8. **Secure Wi-Fi Networks.** It is secure, encrypted, and hidden. Nutmeg's Wi-Fi network is set up so the router does not broadcast the network name, known as the Service Set Identifier (SSID). Access to the router will be password protect protected.
9. **Employ Best Practices on Payment Cards.** Nutmeg will work with our banks or processors to ensure the most trusted and validated tools and anti-fraud services are used. Payment systems will be isolated from other, less secure programs.
10. **Limit Employee Access to Data and Information. Limit Authority to Install Software.** No one employee will have access to all data systems. Employees will only be given access to the specific data systems that they need for their jobs, and they will not be able to install any software without permission.
11. **Require Passwords and Authentication.** Nutmeg employees are required to use unique passwords and change passwords every three months. We are considering implementing multi-factor authentication that requires additional information beyond a password to gain entry.

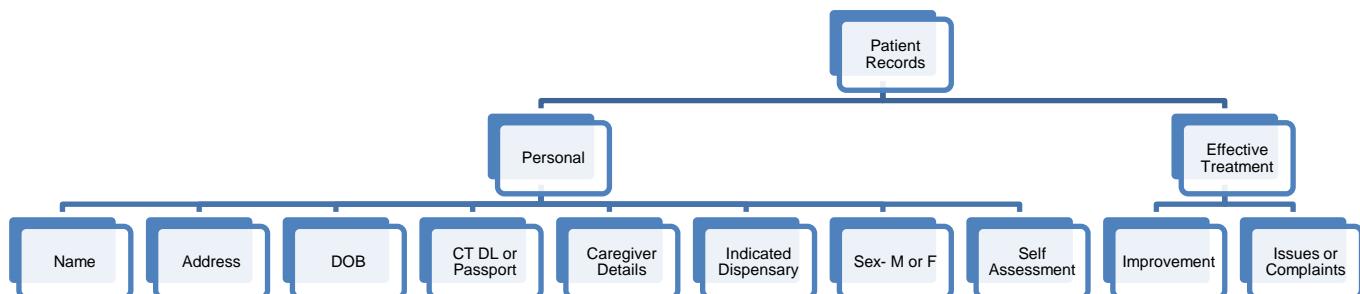
## II. INFORMATION REQUIRED FOR REPORTING

The first step in data security is identifying the information you have. Below are graphical layouts of the how information flows within the dispensary. In the sections that follow this one, Nutmeg will identify how these streams will be secured. Outlined below is the information Nutmeg needs to conduct its business and reference to the reports that the information flows into:

### A. Dispensary Information Overview



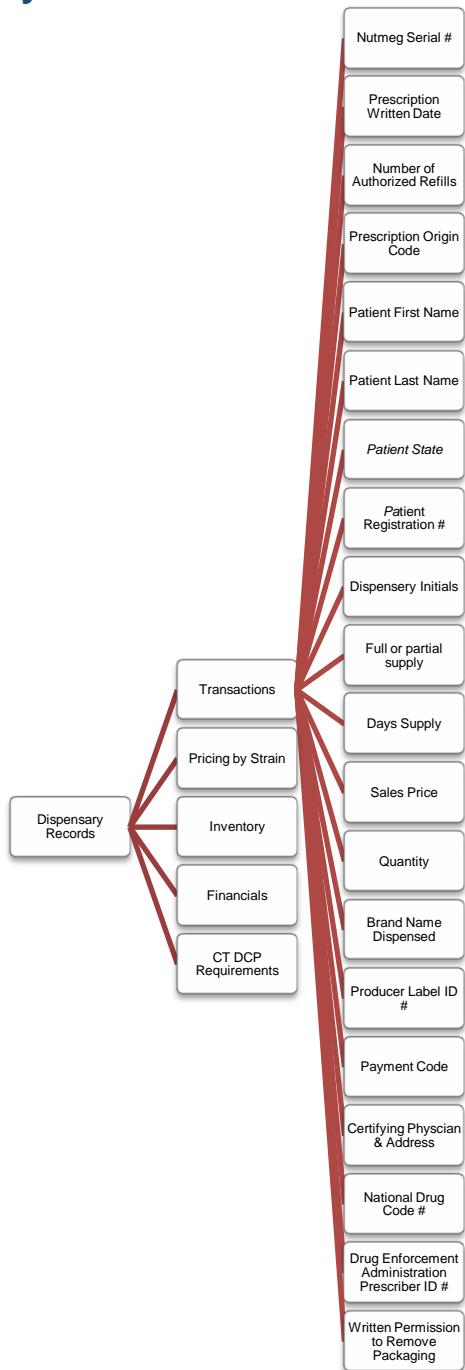
### B. Patient Record Overview



#### Patient Records Used in Creating the Following Reports:

- PMP Upload
- Label Generation
- CT DCP Efficacy Report

## C. Dispensary Records Overview

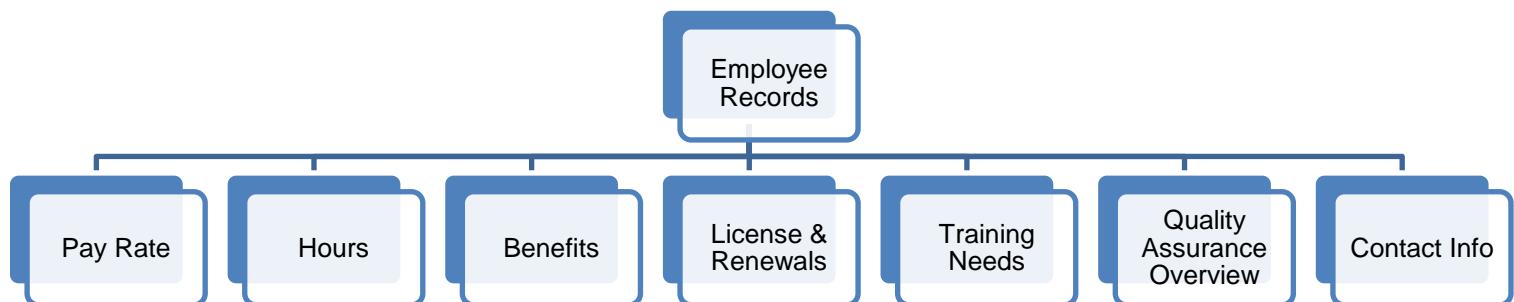


### Dispensary Records Used in Following Reports:

- PMP Upload- Has patient exceeded allotment?
- Label Generation
- Inventory Reports- Daily & monthly
- Financials
  - Income Statement
  - Balance Sheet

- Cash Flow Statement
- CT DCP Requirements
  - License Renewal
  - Security Reports
  - Patient Change of Preferred Dispensary Report
  - Patient's Self-assessment Report
  - Dispensing Error Report
  - Employee Licenses:
    - Dispensary Manager- Applications, licenses, registration numbers, renewals, changes
    - Dispensary Technicians- Applications, licenses, registration numbers, renewals, changes
    - Dispensary Backer- Applications, licenses, renewals, changes
  - Nutmeg Dispensary:
    - Permit renewal
    - Visitor logs- emergency required visits
    - Dispensary Facility Manager Notifications:
      - Immediate- Changes of dispensary facility manager form (from DCP)
      - Absent for > 16 consecutive days- report immediately to DCP
      - Absent for > 42 consecutive days- report immediately to DCP, file notice of change of dispensary facility manager on DCP form
  - Employee Training
    - Names, dates, descriptions, signatures of employees and dispensary facility manager
  - Nutmeg Quality Assurance Plan
    - Copy of Nutmeg Quality Assurance plan
    - Record of every Dispensing Error
  - Reportable Events
    - Statement regarding inventory discrepancies, diversion, theft, loss or unauthorized destruction
    - Alarm Activation
    - Breach of Security
    - Any Security Alarm failure & corrective action taken
  - Patient Efficacy Reports

## D. Employment Record Overview



### Employment Records Used in Following Reports:

- Employee Training

- Names, dates, description, trainer, signatures of employees and dispensary facility manager for:
  - Training prior to employment
  - Security measures & controls
  - Emergency procedures & instructions
  - PIPPA and patient confidentiality
- Received copy of Nutmeg Quality Assurance Program- written confirmation

### III. PRIVACY AND DATA SECURITY

Data security is crucial. Patient and employee information, payment information, personal files, bank account details, etc. are difficult to replace if lost and dangerous in the hands of criminals. Data lost due to disasters such as a flood or fire is devastating, but losing it to hackers or a malware infection can have far greater consequences. The following is how Nutmeg plans to protect data central to the security, the business and the privacy expectations of customers and employees.

#### A. Data Inventory:

1. **What kind of data?** Customer data such as account records, transaction accountability and financial information, contact and address information, purchasing history, buying habits and preferences, as well as employee information, such as payroll files, direct payroll account bank information, Social Security numbers, home addresses and phone numbers, work and personal email addresses. This may also include proprietary and sensitive business information such as financial records, marketing plans, and state, local and federal tax information.
2. **How is that data handled and protected?** Data is most at risk when it is on the move. All our business and customer-related data reside on a single server that is not connected to the Internet, making it much easier to protect.

This is Nutmeg's straightforward plan and policy – a set of guidelines,– about how each type of data should be handled, validated and protected based on where it is traveling and who will be using it.

3. **Who has access to that data and under what circumstances?** Not every employee has access to all of our information. Nutmeg assigns access rights to the employee that enables them to view only specific data. Nutmeg is developing a list of the specific employees and partners (e.g.,DCP, PMP) who have access to specific data, under what circumstances, and how those access privileges will be managed and tracked.

That data, of varying value, includes:

- Patient health or medical records
- Patient sales records
- Patient credit card transactions
- Patient mailing and email lists
- Patient support information
- Employee payroll records
- Employee email lists

- Employee health and medical records
- Business and personal financial records
- Marketing plans
- Business leads and enquiries
- Legal, tax and financial correspondence

## **B. Specific Data will be Moved and Stored in Specific Locations, as Needed.**

### **C. Nutmeg Privacy Policy.**

Nutmeg HIPPA and Privacy Policy is mission critical to Nutmeg and the continued trust by our patients. This document outlines to our customers that Nutmeg will use and protect their information in ways that they expect and that adhere to our legal obligations.

Nutmeg created our privacy policy with special care due to its importance. It is a separate and stand-alone manual. Additionally, our privacy policies, rules and expectations are a critical part of the training Nutmeg conducts for all employees who may encounter that information. Our employees are familiar with Nutmeg's legally required privacy policy and what it means for their daily work routines.

Nutmeg HIPPA and Privacy Policy addresses the following types of data:

- **Personally Identifiable Information (PII):** includes such things as first and last names, home or business addresses, email addresses, credit card and bank account numbers, taxpayer identification numbers, patient numbers and Social Security numbers, gender, age and date of birth, city of birth or residence, driver's license number, and home and cell phone numbers.
- **Personal Health Information:** includes both patients and employees.
- **Customer information:** includes payment information such as credit or debit card numbers and verification codes, billing and shipping addresses, email addresses, phone numbers, purchasing history, buying preferences and shopping behavior.

### **D. Protect Data Collected On The Internet.**

Website information might include information like Personally Identifiable Information and browsing history, and even newsletter signups, online inquiries and customer requests.

This data is protected by our third party web hosting company, VIX.com.

VIX.com protects our data fully. Apart from applying all the other precautions that have been described, such as classifying data and controlling access, we make sure any

data collected through our website and stored by the third party is sufficiently secure. That means protection from hackers and outsiders as well as employees of that hosting company.

## E. Many Layers of Security.

Protecting data, like any other security challenge, is about creating layers of protection. Our idea of layering security is simple: You cannot and should not rely on just one security mechanism – such as a password – to protect something sensitive. If that security mechanism fails, you have nothing left to protect you.

When it comes to data security, there are a number of key procedural and technical layers we utilize:

1. **Create an inventory of data.** As mentioned, Nutmeg has a complete and detailed inventory, so no overlooked sensitive data is ever exposed.
2. **Identify and protect sensitive and valuable data.** Data classification is one of the most important steps in data security. Not all data is created equal, so Nutmeg focuses our time and resources to provide maximum protection on the most critical data. We classify our data based on how sensitive or valuable it is, so that we know what our most sensitive data is, where it is and how well it is protected.

Data classifications include:

- **HIGHLY CONFIDENTIAL:** This classification includes credit-card transaction data, customer names and addresses, card magnetic stripe contents, passwords and PINs, employee payroll files, Social Security numbers, patient information and similar data.
- **SENSITIVE:** This classification includes employee performance evaluations, internal audit reports, various financial reports, various agreements, marketing plans and email marketing lists.
- **INTERNAL USE ONLY:** This classification applies to sensitive information that is generally accessible by a wide audience and is intended for use only within our company.

3. **Control access to data.** Nutmeg controls access to all data, the more sensitive the data, the more restrictive the access. Access to data should be on a need-to-know basis, only individuals who have a specific need to access certain data are allowed to do so.
4. **Secure data.** In addition to administrative safeguards that determine who has access to what data, technical safeguards are essential. Nutmeg's two primary safeguards for data are passwords and encryption.

Passwords implemented to protect our most sensitive data should be the strongest they can reasonably be. That means passwords that are random, complex and long (at least 10 characters), that are changed regularly and are closely guarded by those who know them. Employees are trained on the basics of secure passwords and their importance.

Passwords alone may not be sufficient to protect sensitive data, so Nutmeg is considering two-factor authentication, which often combines a password with another verification method, such as a dynamic personal identification number, or PIN.

Some popular methods of two-factor identification include:

- Something the requestor individually knows as a secret, such as a password or a PIN.
- Something the requestor uniquely possesses, such as a physical token or ID card.
- Something the requestor can uniquely provide as biometric data, such as a fingerprint or face geometry.

Another essential data protection technology is encryption. Encryption has been used to protect sensitive data and communications for decades, and today's encryption is very affordable, easy-to-use and highly effective in protecting data from prying eyes.

Encryption encodes or scrambles information to such an advanced degree that it is unreadable and unusable by anyone who does not have the proper key to unlock the data. The key is like a password, so it is very important that the key is properly protected at all times.

Encryption is used to encrypt or protect an entire hard drive, a specific folder on a drive or just a single document. Encryption is also used to protect data on a USB or thumb drive and on any other removable media.

***Nutmeg utilizes a data encryption method that is FIPS-certified (Federal Information Processing Standard), which means it has been certified for compliance with federal government security protocols.***

5. **Back-up data.** Just as critical as protecting our data is backing it up. In the event that our data is stolen by thieves or hackers or even erased accidentally by an employee, we will at least have a copy to fall back on.

Nutmeg's backup policy specifies what data is backed up and how; how often it's backed up (daily); who is responsible for creating backups (automated); where and how the backups are stored (Cloud but may vary); and who has access to those backups (Dispensary).

## **F. Plan for Data Loss or Theft.**

Business need to plan for the unexpected, and that includes the loss or theft of data from Nutmeg. Data loss can also expose Nutmeg to significant litigation risk.

It is critical to understand exactly what data or security breach regulations affect Nutmeg and how prepared we are to respond to them. The foundation of our data breach response plan is that it will make it easier to launch a rapid and coordinated response to any loss or theft of data.

All employees are instructed and understand that they must immediately report any loss or theft of information to the appropriate company officer. In addition, because data privacy and breach laws can be very broad and strict, no loss should be ignored. So even if there is sensitive data that just cannot be accounted for, such as an employee who does not remember where he left his laptop, it may still constitute a data breach.

## III. NETWORK SECURITY

Securing Nutmeg's network consists of: (1) identifying all devices and connections on the network; (2) setting boundaries between Nutmeg's systems and others; and (3) enforcing controls to ensure that unauthorized access, misuse, or denial-of-service events can be thwarted or rapidly contained and recovered from if they do occur.

### A. Nutmeg Cyber Plan Action Items:

1. **Secure internal network and cloud services.** Nutmeg's network is separated from the public Internet by strong user authentication mechanisms and policy enforcement systems such as firewalls and web filtering proxies. Additional monitoring and security solutions, such as anti-virus software and intrusion detection systems, should also be employed to identify and stop malicious code or unauthorized access attempts.
  - **Internal Network.** After identifying the boundary points on Nutmeg's network, each boundary is evaluated to determine what types of security controls are necessary and how they can best be deployed. Border routers are configured to only route traffic to and from our company's public IP addresses, firewalls are deployed to restrict traffic only to and from the minimum set of necessary services, and intrusion prevention systems are configured to monitor for suspicious activity crossing our network perimeter. In order to prevent bottlenecks, all security systems deployed to our company's network perimeter should be capable of handling the bandwidth that our carrier provides.
  - **Cloud Based Services.** Nutmeg has carefully consulted the terms of service with all our cloud service providers to ensure Nutmeg's information and activities are protected with the same degree of security we intend to provide on our own. We have reviewed security audits from our cloud service providers. We have reviewed and understand service level agreements, or SLAs, for system restoration and reconstitution time.
2. **Develop strong password policies.** Nutmeg exclusively uses, two-factor authentication methods, which require two types of evidence that you are who you claim to be. One common example is a personal security token that displays changing passcodes to be used in conjunction with an established password.

Our password policy requires our employees to employ the strongest passwords possible without creating the need or temptation to reuse passwords or write them down. That means passwords that are random, complex and long (at least 10 characters), are changed regularly, and are closely guarded by those who know them.

### 3. Secure and encrypted company Wi-Fi.

- **Wireless Access Control.** Nutmeg chooses to operate a Wireless Local Area Network (WLAN) for the use of patients and employees. Our WLAN is kept separate from the main company network so that traffic from the public network cannot traverse the company's internal systems at any point.

Internal, non-public WLAN access is restricted to specific devices and specific users to the greatest extent possible while meeting Nutmeg's business needs. Where the internal WLAN has less stringent access controls than our company's wired network, dual connections -- where a device is able to connect to both the wireless and wired networks simultaneously -- are prohibited by technical controls on each such capable device (e.g., BIOS-level LAN/WLAN switch settings). All users are given unique credentials with preset expiration dates to use when accessing the internal WLAN.

- **Wireless Encryption.** Due to demonstrable security flaws known to exist in older forms of wireless encryption, our company's internal WLAN only employ Wi-Fi Protected Access 2 (WPA2) encryption.

4. **Encrypt sensitive company data.** Encryption is employed to protect any data that our company considers sensitive, in addition to meeting applicable regulatory requirements on information safeguarding. Different encryption schemes are appropriate under different circumstances. However, applications that comply with the OpenPGP standard, such as PGP and GnuPG, provide a wide range of options for securing data on disk as well as in transit. We do not plan to offer secure transactions via our company's website at this time.

5. **Regularly updated applications.** All systems and software, including networking equipment, are updated in a timely fashion as patches and firmware upgrades become available. We use automatic updating services whenever possible, especially for security systems such as anti-malware applications, web-filtering tools and intrusion prevention systems.

6. **Safe web browsing rules.** Our company's internal network is only able to access those services and resources on the Internet that are essential to the business and the needs of our employees. We use the safe browsing features included with modern web browsing software and a web proxy to ensure that malicious or unauthorized sites cannot be accessed from our internal network.

7. **Remote access is not enabled.** Nutmeg does not provide remote access to our company's internal network over the Internet. If it chooses to do so in the future, one popular and secure option is to employ a secure Virtual Private Network (VPN) system accompanied by strong two-factor authentication, using either hardware or software tokens.

8. **Safe use flash drive policy.** It is Nutmeg's policy and we demand employees never put any unknown flash drive or USBs into their computer.

## IV. WEBSITE SECURITY

Website security is more important than ever. In time, Nutmeg will have a web presence. Web servers, which host the data and other content available to our customers on the Internet, are often the most targeted and attacked components of a company's network. Cyber criminals are constantly looking for improperly secured websites to attack, while many customers say website security is a top consideration when they choose to shop online. As a result, it is essential to secure servers and the network infrastructure that supports them. The consequences of a security breach are great: loss of revenues, damage to credibility, legal liability and loss of customer trust.

The following are examples of specific security threats to web servers:

- Cyber criminals may exploit software bugs in the web server, underlying operating system, or active content to gain unauthorized access to the web server. Examples of unauthorized access include gaining access to files or folders that were not meant to be publicly accessible and being able to execute commands and/or install malicious software on the web server.
- Sensitive information on the web server may be read or modified without authorization.
- Sensitive information on backend databases that are used to support interactive elements of a web application may be compromised through the injection of unauthorized software commands.
- Sensitive unencrypted information transmitted between the web server and the browser may be intercepted.
- Information on the web server may be changed for malicious purposes. Website defacement is a commonly reported example of this threat.
- Cyber criminals may gain unauthorized access to resources elsewhere in the organization's network via a successful attack on the web server.

### A. Nutmeg Cyber Plan Action Items

1. **Nutmeg will carefully plan and address the security aspects of the deployment of a public web server.** Because it is much more difficult to address security once deployment and implementation have occurred, security is a focused and critical factor from the initial planning stage.
2. **Nutmeg will insure that the web server operating systems meet our security requirements.** For Nutmeg, the web server will probably be outsourced.

**3. Ensure the web server application meets Nutmeg's security requirements.**

The overarching principle is to install the minimal amount of web server services required and eliminate any known vulnerabilities through patches or upgrades.

**4. Ensure that only appropriate content is published on our website.** All

information, all web pages are to be in strict compliance with DCP regulations and approved in writing by DCP previous to be published on the Nutmeg website. Company websites are often one of the first places cyber criminals search for valuable information. Nutmeg will at all times follow our publishing process that determines what type of information is publish openly, what information to publish with restricted access and what information should not be published to any publicly accessible repository. The following are examples of what should not be published our public website include:

- Classified or proprietary business information.
- Sensitive information relating to our business' security.
- Medical records.
- A business' detailed physical and information security safeguards.
- Details about a business' network and information system infrastructure -- for example, address ranges, naming conventions and access numbers.
- Information that specifies or implies physical security vulnerabilities.
- Detailed plans, maps, diagrams, aerial photographs and architectural drawings of business buildings, properties or installations.
- Any sensitive information about individuals that might be subject to federal, state or, in some instances, international privacy laws.

**5. Ensure appropriate steps are taken to protect web content from unauthorized access or modification.** Although information available on public

websites is intended to be public (assuming a credible review process and policy is in place), it is still important to ensure that information cannot be modified without authorization. Users of such information rely on its integrity even if the information is not confidential. Content on publicly accessible web servers is inherently more vulnerable than information that is inaccessible from the Internet, and this vulnerability means businesses need to protect public web content through the appropriate configuration of web server resource controls. Examples of resource control practices include:

- Install or enable only necessary services.
- Install web content on a dedicated hard drive or logical partition.
- Limit uploads to directories that are not readable by the web server.
- Define a single directory for all external scripts or programs executed as part of web content.
- Disable the use of hard or symbolic links.
- Define a complete web content access matrix identifying which folders and files in the web server document directory are restricted, which are accessible, and by whom.

- Disable directory listings.
- Deploy user authentication to identify approved users, digital signatures and other cryptographic mechanisms as appropriate.
- Use intrusion detection systems, intrusion prevention systems, file integrity checkers to spot intrusions, and verify web content.
- Protect each backend server (i.e., database server or directory server) from command injection attacks.

5. **Use active content judiciously after balancing the benefits and risks.** Static information resided on the servers of most early websites, typically in the form of text-based documents. Soon thereafter, interactive elements were introduced to offer new opportunities for user interaction.

Unfortunately, these same interactive elements introduced new web-related vulnerabilities. They typically involve dynamically executing code using a large number of inputs, from web page URL parameters to hypertext transfer protocol (HTTP) content and, more recently, extensible markup language (XML) content. Different active content technologies pose different related vulnerabilities, and their risks should be weighed against their benefits. Although most websites use some form of active content generators, many also deliver some or all of their content in a static form.

7. **Use authentication and cryptographic technologies as appropriate to protect certain types of sensitive data.** Public web servers often support technologies for identifying and authenticating users with differing privileges for accessing information. Some of these technologies are based on cryptographic functions that can provide a secure channel between a web browser client and a web server that supports encryption. Web servers may be configured to use different cryptographic algorithms, providing varying levels of security and performance.

Without proper user authentication in place, businesses cannot selectively restrict access to specific information. All information that resides on a public web server is then accessible by anyone with access to the server. In addition, without some process to authenticate the server, users of the public web server will not be able to determine whether the server is the “authentic” web server or a counterfeit version operated by a cyber-criminal.

Even with an encrypted channel and an authentication mechanism, attackers may attempt to access the site by brute force. Improper authentication techniques can allow attackers to gather valid usernames or potentially gain access to the website. Strong authentication mechanisms can also protect against phishing attacks, in which hackers may trick users into providing their personal credentials, and pharming, in which traffic to a legitimate website may be redirected to an illegitimate one. An appropriate level of authentication should be implemented based on the sensitivity of the web server’s users and content.

8. **We are committed to an ongoing process of maintaining web server security.** Maintaining a secure web server requires constant effort, resources

and vigilance. Securely administering a web server on a daily basis is essential. Maintaining the security of a web server will usually involve the following steps:

- Configuring, protecting and analyzing log files.
- Backing up critical information frequently.
- Maintaining a protected authoritative copy of our organization's web content.
- Establishing and following procedures for recovering from compromise.
- Testing and applying patches in a timely manner.
- Testing security periodically.

## V. EMAIL

Email is a critical part of our everyday business, from internal management to direct customer support. The benefits associated with email as a primary business tool far outweigh the negatives. However, Nutmeg is mindful that a successful email platform starts with basic principles of email security to ensure the privacy and protection of customer and business information.

### A. Nutmeg Cyber Plan Action Items:

1. **Set up a spam email filter.** It has been well documented that spam, phishing attempts and otherwise unsolicited and unwelcome email often accounts for more than 60 percent of all email that an individual or business receives. Email is the primary method for spreading viruses and malware and it is one of the easiest to defend against. Consider using email-filtering services that our email service, hosting provider or other cloud providers offer. A local email filter application is also an important component of a solid antivirus strategy. Ensure that automatic updates are enabled on our email application, email filter and antivirus programs. Ensure that filters are reviewed regularly so that important email and/or domains are not blocked in error.
2. **Train employees in responsible email usage.** The last line of defense for all of our cyber risk efforts lies with the employees who use tools such as email and their responsible and appropriate use and management of the information under their control. Technology alone cannot make a business secure. Employees must be trained to identify risks associated with email use, how and when to use email appropriate to their work, and when to seek assistance of professionals. Employee awareness training is available in many forms, including printed media, videos and online training.

Consider requiring security awareness training for all new employees and refresher courses every year. Simple efforts such as monthly newsletters, urgent bulletins when new viruses are detected, and even posters in common areas to remind our employees of key security and privacy to-do's create a work environment that is educated in protecting our business.

3. **Protect sensitive information sent via email.** With its proliferation as a primary tool to communicate internally and externally, business email often includes sensitive information. Whether it is company information that could harm our business or regulated data such as personal health information (PHI) or personally identifiable information (PII), it is important to ensure that such information is only sent and accessed by those who are entitled to see it.

Since email in its native form is not designed to be secure, incidents of misaddressing or other common accidental forwarding can lead to data leakage. Businesses that handle this type of information should consider whether such information should be sent via email, or at least consider using email encryption. Encryption is the process of converting data into unreadable format to prevent

disclosure to unauthorized personnel. Only individuals or organizations with access to the encryption key can read the information. Other cloud services offer “Secure Web Enabled Drop Boxes” that enable secure data transfer for sensitive information, which is often a better approach to transmitting between companies or customers.

4. **Set a sensible email retention policy.** Another important consideration is the management of email that resides on company messaging systems and our users' computers. From the cost of storage and backup to legal and regulatory requirements, companies should document how they will handle email retention and implement basic controls to help them attain those standards. Many industries have specific rules that dictate how long emails can or should be retained, but the basic rule of thumb is only as long as it supports our business efforts. Many companies implement a 60-90 day retention standard if not compelled by law to another retention period.

To ensure compliance, companies should consider mandatory archiving at a chosen retention cycle end date and automatic permanent email removal after another set point, such as 180-360 days in archives. In addition, organizations should discourage the use of personal folders on employee computers (most often configurable from the e-mail system level), as this will make it more difficult to manage company standards.

5. **Develop an email usage policy.** Policies are important for setting expectations with our employees or users, and for developing standards to ensure adherence to our published policies.

Our policies should be easy to read, understand, define and enforce. Key areas to address include what the company email system should and should not be used for, and what data are allowed to be transmitted. Other policy areas should address retention, privacy and acceptable use.

## VI. EMPLOYEES

Businesses must establish formal recruitment and employment processes to control and preserve the quality of their employees. Many employers have learned the hard way that hiring someone with a criminal record, falsified credentials or undesirable background can create a legal and financial nightmare.

Nutmeg will exercise great due diligence in hiring employers so that we do not run the risk of making unwise hiring choices that can create numerous workplace problems. All employees will have a background and be licensed by the DCP if required.

### A. Nutmeg Cyber Plan Action Items:

1. **Nutmeg will develop a hiring process that properly vets candidates.**
2. **Nutmeg will perform background checks and credentialing.** Background checks are essential and must be consistent. The standard background screening should include the following checks:
  - Employment verification
  - Education verification
  - Criminal records
  - Drug testing
  - The U.S. Treasury Office of Foreign Affairs and Control
  - Sex offender registries
  - Social Security traces and validation
3. **Nutmeg will take care in dealing with third parties.** We will properly vet partner companies and consultants.
4. **Nutmeg will set appropriate access controls for employees.**  
Every employee should:
  - Never access or view client data without a valid business reason. Access should be on a need-to-know basis.
  - Never provide confidential data to anyone – client representatives, business partners or even other employees – unless you are sure of the identity and authority of that person.
  - Never use client data for development, testing, training presentations or any purpose other than providing production service, client-specific testing or production diagnostics. Only properly sanitized data that cannot be traced to a client, client employee, customer or our organization's employee should be used for such purposes.
  - Always use secure transmission methods such as secure email, secure file transfer (from application to application) and encrypted electronic media (e.g., CDs, USB drives or tapes).

- Always keep confidential data (hard copy and electronic) only as long as it is needed.
- Follow a “clean desk” policy, keeping workspaces uncluttered and securing sensitive documents so that confidential information does not get into the wrong hands.
- Always use only approved document disposal services or shred all hardcopy documents containing confidential information when finished using them. Similarly, use only approved methods that fully remove all data when disposing of, sending out for repair or preparing to reuse electronic media.

5. **Provide security training for employees.** Security awareness training teaches employees to understand system vulnerabilities and threats to business operations that are present when using a computer on a business network.

The training will cover security policies for all means of access and transmission methods, including secure databases, email, file transfer, encrypted electronic media and hard copies.

6. **Nutmeg will implement employee departure checklist.** Regardless of the reason for leaving (voluntary or involuntary), Nutmeg will create a security checkout checklist for employees leaving. Terminated employee accounts will be erased on all network devices and drives immediately.

## VII. FACILITY SECURITY

Protecting employees and patients who visit our facility is a complex and challenging responsibility. It is also one of our company's top priorities.

### A. Nutmeg Cyber Plan Action Items:

1. **Recognize the importance of securing Nutmeg's facility.** See Nutmeg Facility Security Manual. The physical security of a facility depends on a number of security decisions that have been identified through a comprehensive risk-management process. The objective of risk management is to identify an achievable level of protection for Nutmeg that corresponds as closely as possible to the level of risk without exceeding the risk.

It is easy to think about physical security of the facility as merely an exercise in maintaining control of access points and ensuring there is complete visibility in areas that are determined to be of high-risk – either because of the threat of easy public access or because of the value of information located nearby. However, maintaining security of the facility also includes the physical environment of public spaces. For instance:

- Employees whose computers have access to sensitive information should not have their computer monitors oriented toward publicly accessible spaces such as reception areas, check-in desks and the dispensary counter.
- Easy-to-grab equipment that could contain sensitive or personally identifiable information – such as laptops, electronic tablets and cell phones – should be located away from public areas. A Nutmeg receptionist will be working full-time in the reception area; they will be trained to not leave any devices out on their desks unsecured.
- DCP requires badge identification system for all employees, and employees are trained to stop and question anyone in the operational business area without a badge or who appears to be an unescorted visitor.

2. **Minimize and safeguard printed materials with sensitive information.** The most effective way to minimize the risk of losing control of sensitive information from printed materials is to minimize the amount of printed materials that contain sensitive information. We will strive to limit how many instances and copies of printed reports memoranda and other material containing personally identifiable information exist.

Copies of material containing sensitive information will be safeguarded by providing employees with locking file cabinets or safes.
3. **Secure trash disposal.** Nutmeg will invest in business- grade shredders.

4. **Dispose electronic equipment securely.** Emptying the recycle bin on our desktop or deleting documents from folders on our computer or other electronic device may not delete information forever. Disposing of electronic equipment requires skilled specialists in order to ensure the security of sensitive information contained within that equipment.
5. **Train employees in facility security procedures.** We recognize a security breach of customer information or a breach of internal company information can result in a public loss of confidence in Nutmeg and can be as devastating for our business as a natural disaster.

Formal employee training will help support and maintaining security, in addition to the daily procedures established in both the normal conduct of business. Security training is stressed as critical and reinforced via daily procedures and leadership.

## VIII. OPERATIONAL SECURITY

Operational security is the process of denying hackers access to any information about the capabilities or intentions of a business by identifying, controlling and protecting evidence of the planning and execution of activities that are essential to the success of operations.

Operational security is a continuous process that consists of five distinct actions:

- Identify information that is critical to our business.
- Analyze the threat to that critical information.
- Analyze the vulnerabilities to our business that would allow a cyber-criminal to access critical information.
- Assess the risk to our business if the vulnerabilities are exploited.
- Apply countermeasures to mitigate the risk factors.

### **A. Nutmeg Cyber Plan Action Items:**

**1. Identity of critical information.** The identification of critical information is important in that it focuses the remainder of the operational security process on protecting vital information rather than attempting to protect all information. Examples of critical information include the following:

- Personal Identifiable Information (PII)
- Customer lists and contact information
- Contracts
- Policy manuals
- Articles of incorporation
- Corporate papers
- Surveillance Video and audio tapes
- Photographs and slides
- Strategic plans and board meeting minutes

**2. Analyze threats.** This action involves research and analysis to identify likely cyber criminals who may attempt to obtain critical information regarding our company's operations.

**3. Analyze vulnerabilities.** Identify the vulnerabilities in protecting critical information. This requires examining each aspect of security that seeks to protect our critical information and then comparing those indicators with the threats identified. Common vulnerabilities include the following:

- Poorly secured mobile devices that have access to critical information.
- Lack of policy on what information and networked equipment can be taken home from work.

- Storage of critical information on personal email accounts or other non-company networks.
- Lack of policy on what business information can be posted to or accessed by social network sites.

4. **Assess risk.** Risk assessment requires comparing the estimated cost associated with implementing each possible potential harmful effect on operations.

5. **Apply appropriate measures.**

## IX. PAYMENT CARDS

Since Nutmeg accepts payment by credit or debit cards, it is important to have security steps in place to ensure our customer information is safe.

### A. Nutmeg Cyber Plan Action Items:

1. **Understand and catalog all customer and card data Nutmeg keeps.**
  - Make a list of the type of customer and card information collected and keep all names, addresses, identification information, payment card numbers, magnetic stripe data, bank account details and Social Security numbers very secure.
  - Understand where to keep such information and how it is protected.
  - Determine who has access to this data and if they need to have access.
2. **Evaluate whether Nutmeg needs to keep all the data stored.**
  - Once it is known what information is collected and stored, Nutmeg will evaluate whether we really need to keep it.
3. **Control access to payment systems.**
  - Carefully control access.
  - Isolate payment systems from other, less secure programs, especially those connected to the Internet.
  - Control or limit access to payment systems to only employees who need access.
  - Use a secure system for remote access or eliminate remote access if not needed.
4. **Use security tools and resources.** Nutmeg will work with our bank processors and ask about the anti-fraud measures, tools and services.
  - For retailers:
    - Swipe the card and get an electronic authorization for the transaction.
    - Check that the signature matches the card.
    - Ensure our payment terminal is secure and safe from tampering.

## X. INCIDENT RESPONSE

Even well implemented cyber security structure and plans may not prevent all breaches of Nutmeg's data defenses, so we have procedures in place to respond to security breaches if they occur.

### A. Types of Breaches:

1. **Physical breaches** – includes burglaries, equipment theft, and lost or misplaced equipment. Physical breaches can also result from reselling, donating or recycling old equipment that has not been properly cleansed of potentially sensitive information.
2. **Network and system security breaches** - include events when computers become infected with malicious code, are accessed by unauthorized individuals or are used by authorized individuals to perform malicious activity. This includes breaches to network routers and firewalls, both within and Nutmeg's boundary and control.
3. **Data breaches** - any leakage of sensitive information.

### B. Nutmeg Cyber Plan Action Items, if Breach Occurs:

1. **Notify law enforcement if necessary.** Depending on the type of Nutmeg may be required to notify local law enforcement or other government authorities upon discovery of a data breach. In the event of exposure of customer information, Nutmeg will notify the patients(s) of the incident, and take measures to ensure against future exposure.
2. **Work cohesively across the business to limit the damage.** Once Nutmeg becomes aware that a breach has occurred, we will focus on determining the extent of the compromise and preserving the confidentiality and integrity of sensitive data that has not yet been stolen or disclosed.
3. **Begin recovery effort.** For network and system security breaches, eradication usually means removing all instances of unauthorized software from the network and disabling all access privileges associated with users who have committed malicious activity.

Cleaning a network or system of all traces of malicious code can often entail having to completely wipe all storage media and perform a "clean install." Therefore, recovery from such a breach may be resource intensive and require careful restoration of data from backups.

### 4. Key disaster recovery principles.

- ***Do not wait until it is too late.***
- ***Protect information completely.***

- ***Get employees involved***
- ***Test frequently.***
- ***Regular disaster recovery testing is invaluable***
- ***Review our plan.***
- ***Be prepared***

# XI. POLICY DEVELOPMENT AND MANAGEMENT

Nutmeg maintains clear and robust policies for safeguarding critical business data and sensitive information, and discouraging inappropriate behavior by employees.

## A. Nutmeg Cyber Plan Action Items:

1. **Establish security roles and responsibilities.** The most effective and least expensive means of preventing serious cyber security incidents is to establish a policy that clearly defines the separation of roles and responsibilities with regard to systems and the information they contain.

Nutmeg will clearly identify company data ownership and employee roles for security oversight and their inherit privileges, including:

- Necessary roles and the privileges and constraints involved with those roles.
- The types of employees who should be allowed to assume the various roles.
- How long an employee may hold a role before access rights must be reviewed.

Nutmeg has identified a chief steward for customers' privacy information, Doug Steinschneider, who is both a subject matter expert on all matters of privacy, will serve as the champion for process and technical improvements to PII handling.

2. **Establish an employee internet usage policy.** Nutmeg will limit employee Internet usage in the workplace and may include:

- Web access is limited to personal breaks and limited to a reasonable amount of time and to certain types of activities.
- Nutmeg employee will know their web activities will be monitored, and what types of sites are deemed unacceptable by our policy.

3. **Establish a social media policy.** Nutmeg has no intention initially to be involved in any Social Medias because social networking applications present a number of risks that are difficult to address using technical or procedural solutions.

# **Nutmeg Dispensary**

## **Exhibit F**

### **Staff Training & Employment Manual**

**November 1, 2013**

# Nutmeg Dispensary Employment Manual

## Prepared By

Document Owner(s)

Robert Schulten

Project/Organization Role

## Employment Manual Version Control

Version	Date	Author	Change Description
1	03/27/2013	R Schulten	Initial Development

**Note** The content of a manual does not constitute nor should it be construed as a promise of employment or as a contract between Nutmeg Dispensary and any of its employees.

Nutmeg Dispensary at its option, may change, delete, suspend, or discontinue parts or the policy in its entirety, at any time without prior notice.

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## INTRODUCTION

This document has been developed by Human Resources Department in order to familiarize employees with Nutmeg Dispensary (hereafter “Nutmeg”) and provide information about working conditions, key policies, procedures, and benefits affecting employment at Nutmeg.

### **1.1 Welcome**

Welcome to Nutmeg! We are happy to have you as a new member of our family! The mission of Nutmeg is “It is a privilege for Nutmeg Dispensary to dispense medical marijuana for the State of CT and meet all regulatory requirements including safety and reporting while providing patients safe and cost effective alternatives. Making people's life a little better is what inspires us.”

### **1.2 History**

Nutmeg is a Connecticut based corporation, established in July 2013 to effectively compete and win a Dispensary's license from the Connecticut Department of Consumer Protection.

### **1.3 Changes in Policy**

This manual supersedes all previous employee manuals and memos. While every effort is made to keep the contents of this document current, Nutmeg reserves the right to modify, suspend, or terminate any of the policies, procedures, and/or benefits described in the manual with or without prior notice to employees.

## **2 Human Resources Policies and Materials**

### **2.1 Each Employee's Responsibility**

Safety can only be achieved through teamwork. Each employee must practice safety awareness by thinking defensively, anticipating unsafe situations and reporting unsafe conditions immediately.

Please observe the following precautions:

1. Notify your manager of any emergency. If you are injured or become sick at work, no matter how slightly, you must inform your manager immediately.
2. The use of alcoholic beverages or illegal substances during working hours will not be tolerated. The possession of alcoholic beverages or illegal substances on Company property is forbidden.
3. Use, adjust and repair machines and equipment only if you are trained and qualified.
4. Know the proper lifting procedures. Get help when lifting or pushing heavy objects.
5. Understand your job fully and follow instructions. Ask your manager if you are not sure of the safe procedure.
6. Know the locations, contents and use of first aid and fire-fighting equipment.
7. Wear personal protective equipment in accordance with the job you are performing. Comply with OSHA standards and/or applicable state job safety and health standards as written in our safety procedures manual.
8. You must wear your panic button around your neck and use it as you have been instructed.

A violation of a safety precaution is in itself an unsafe act. A violation may lead to disciplinary action, up to and including termination.

## **2.2 Door Protocol**

Any door with a biometric (fingerprint) locks or requires card access must remain closed at all times except for the moment when somebody is actually walking through it. This is a safety precaution, creating a barrier between the public and private areas of the dispensary. If you ever see one of these doors open, close it immediately.

## **2.3 Workplace Violence**

Violence by an employee or anyone else against an employee, manager or patient will not be tolerated. The purpose of this policy is to minimize the potential risk of personal injuries to employees at work and to reduce the possibility of damage to company property in the event someone, for whatever reason, may be unhappy with a company decision or action by an employee or member of management.

If you receive or overhear any threatening communications from an employee or outside third party, report it to your manager at once. Do not engage in either physical or verbal confrontation with a potentially violent individual. If you encounter an individual who is threatening immediate harm to an employee or visitor to our premises, contact an emergency agency (such as 911) immediately.

All reports of work-related threats will be kept confidential to the extent possible, investigated and documented. Employees are expected to report, participate in an investigation of any suspected or actual cases of workplace violence, and will not be subjected to disciplinary consequences for such reports or cooperation.

Violations of this policy, including your failure to report or fully cooperate in Nutmeg's investigation, may result in disciplinary action, up to and including discharge

## **2.4 Workplace Searches**

To protect the property and to ensure the safety of all employees, patients and the organization, Nutmeg reserves the right to conduct personal searches consistent with state law, and to inspect any packages, parcels, purses, handbags, brief cases, lunch boxes or any other possessions or articles carried to and from Company property. In addition, Nutmeg reserves the right to search any employee's office, desk, files, equipment or any other area or article on our premises. In this regard, it should be noted that all offices, desks, files, equipment, etc. are the property of Nutmeg, and are issued for the use of employees only during their employment. Inspection may be conducted at any time at the discretion of Nutmeg.

Persons entering the premises who refuse to cooperate in an inspection conducted pursuant to this policy may not be permitted to enter the premises. Employees working on or entering or leaving the premises who refuse to cooperate in an inspection, as well as employees who after the inspection are believed to be in possession of stolen property or illegal substances, will be subject to disciplinary action, up to and including discharge, if upon investigation they are found to be in violation of Nutmeg's security procedures or any other company rules and regulations.

## **2.5 No Weapons in the Workplace**

Possession, use or sale of weapons, firearms or explosives on work premises, while operating company machinery, equipment or vehicles for work-related purposes or while engaged in company business off premises is forbidden except where expressly authorized by Nutmeg and permitted by state and local laws. This policy applies to all employees, including but not limited

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to, those who have a valid permit to carry a firearm. Employees who are aware of violations or threats of violations of this policy are required to report such violations or threats of violations to your manager immediately.

Violations of this policy will result in disciplinary action, up to and including discharge.

## **2.6 In An Emergency**

In the event of an emergency, employees are expected to follow the applicable emergency preparedness plan that is outlined in the Nutmeg Operations Manual. Emergencies include all accidents, medical situations, bomb threats, other threats of violence, the smell of smoke, and natural disasters. Your supervisor should be notified immediately when an emergency occurs. If your supervisor is unavailable, contact the nearest manager.

Should an emergency result in the need to communicate information to employees outside of business hours, your manager will contact you. Therefore, it is important that you keep your personal emergency contact information up to date. Notify your manager when this information changes.

Please direct any questions you may have about Nutmeg's emergency procedures to the Administration Officer or Dispensary Manager.

## **2.7 Tobacco Smoking In the Workplace**

In consideration of the health and safety of all Dispensary Facility Personnel, Nutmeg maintains a tobacco free workplace. Smoking is permitted outside of Nutmeg's building, and should always be done at least twenty feet from a main exit, entrance, or operable window or otherwise in conformance with the local law. All cigarette butts must be thrown away in an exterior trash can when finished smoking.

## **2.8 Substance Abuse**

The Company has vital interests in ensuring a safe, healthy and efficient working environment for our employees, their co-workers and the patients we serve. The unlawful or improper presence or use of controlled substances or alcohol in the workplace presents a danger to everyone. For these reasons, we have established as a condition of employment and continued employment with Nutmeg the following substance abuse policy.

Employees are prohibited from reporting to work or working while using illegal or unauthorized substances. Employees are prohibited from reporting to work or working when the employee uses any controlled substance, except when the use is pursuant to a doctor's orders and the doctor advised the employee that the substance does not adversely affect the employee's ability to safely perform their job duties.

In addition, employees are prohibited from engaging in the unlawful or unauthorized manufacture, distribution, sale or possession of illegal or unauthorized substances and alcohol in the workplace including: on company paid time, on company premises, in company vehicles, or while engaged in company activities. Our employees are also prohibited from reporting for duty or remaining on duty with any alcohol in their systems. Employees are further prohibited from consuming alcohol during working hours, including meal and break periods.

Your employment or continued employment with Nutmeg is conditioned upon your full compliance with the foregoing substance abuse policy. Any violation of this policy may result in disciplinary

action, up to and including discharge. Furthermore, any employee who violates this policy who is subject to discharge may be permitted in lieu of discharge, at Nutmeg's sole discretion, to participate in and successfully complete an appropriate treatment, counseling or rehabilitation program as recommended by a substance abuse professional as a condition of continued employment and in accordance with applicable federal, state, and local laws.

Consistent with its fair employment policy, Nutmeg maintains a policy of non- discrimination and reasonable accommodation with respect to recovering addicts and alcoholics, and those having a medical history reflecting treatment for substance abuse conditions. We encourage employees to seek assistance before their substance or alcohol use renders them unable to perform their essential job functions or jeopardizes the health and safety of themselves or others. Nutmeg will attempt to assist its employees through referrals to rehabilitation, appropriate leaves of absence and other measures consistent with Nutmeg's policies and applicable federal, state or local laws. The Company further reserves the right to take any and all appropriate and lawful actions necessary to enforce this substance abuse policy including, but not limited to, the inspection of company issued lockers, desks or other suspected areas of concealment, as well as an employee's personal property when Nutmeg has reasonable suspicion to believe that the employee has violated this substance abuse policy.

This policy represents management guidelines. For more information, please speak to your manager.

## **3 EMPLOYEE DEFINITION AND STATUS**

An "employee" of Nutmeg is a person who regularly works for **Nutmeg** on a wage or salary basis. All employees must back a background search as mandated by the State of Connecticut and meet the regulations outlined in "Palliative Use of Marijuana".

### **3.1 Employment Classification**

Employees of Nutmeg are classified as either "exempt" or "non-exempt." This is necessary because, by law, employees in certain types of jobs are entitled to overtime pay for hours worked in excess of forty (40) hours per workweek.

In addition to the above overtime classifications, every employee is assigned an employment status classification: regular full-time, regular part-time, temporary (full-time or part-time), regular hourly, contingent hourly, etc.

### **3.2 Probationary Period for New Employees**

Nutmeg monitors and evaluates every new employee's performance for three months to determine whether further employment in a specific position or with Nutmeg is appropriate.

## **4 EMPLOYMENT POLICIES**

### **4.1 Equal Employment Opportunity**

Nutmeg is an equal employment opportunity employer. Employment decisions are based on merit and business needs, and not on race, color, citizenship status, national origin, ancestry, gender, sexual orientation, age, weight, religion, creed, physical or mental disability, marital status, veteran status, political affiliation, or any other factor protected by law.

### **4.2 Affirmative Action/Diversity**

Nutmeg is committed to affirmative actions that will build on the strengths of our current workforce and continually enhance the diversity of our organization. Our actions include, but are not limited to, the following:

- Engage representatives from the close surrounding neighborhood

- Hire and promote those who act in the best interests of our patients

#### **4.3 Americans with Disabilities Act**

It is the policy of Nutmeg to comply with all the relevant and applicable provisions of the Americans with Disabilities Act (ADA). Nutmeg will not discriminate against any qualified employee or job applicant with respect to any terms, privileges, or conditions of employment because of a person's physical or mental disability.

#### **4.4 Immigration Law Compliance**

All offers of employment are contingent on verification of the candidate's right to work in the United States. On the first day of work, every new employee will be asked to provide original documents verifying his or her right to work and, as required by federal law, to sign Federal Form I-9, Employment Eligibility Verification Form.

#### **4.5 Employee Background Check**

Prior to making an offer of employment, Nutmeg may conduct a job-related background check. A comprehensive background check may consist of prior employment verification, professional reference checks, education confirmation, and credit check. Signed applicant consent will be required before any background check is performed.

#### **4.6 Criminal Records**

A criminal record check is performed to protect Nutmeg Dispensary's interest and that of its employees and patients.

#### **4.7 New Employee Orientation**

The formal welcoming process, or "employee orientation," is conducted and includes an overview of the company.

#### **4.8 Personnel Records and Administration**

The task of handling personnel records and related administration functions at Nutmeg has been assigned to the Dispensary. Personnel files will be kept confidential at all times. All medical records, if any, will be kept in a separate confidential file.

#### **4.9 Change of Personal Data**

Any change in an employee's name, address, telephone number, marital status, dependents, or insurance beneficiaries, or a change in the number of tax withholding exemptions, needs to be reported in writing immediately to the Dispensary.

#### **4.10 Safety**

The safety and health of employees is a priority. Nutmeg makes every effort to comply with all federal and state workplace safety requirements. Nutmeg's workplace safety rules and regulations are laid out in detail in the Nutmeg Facility Security Manual. Each employee is expected to obey safety rules and exercise caution and common sense in all work activities.

#### **4.11 Building Security**

As outlined in the Nutmeg Facility Security Manual, each employee must follow the building security rules and regulations in the Nutmeg Facility Security Manual. Employees are not allowed on Nutmeg property after hours without prior authorization from the Dispensary.

#### **4.12 Personal Property**

Persons seeking information about lost or found property may do so by contacting the Dispensary. Nutmeg assumes no risk for any loss or damage to personal property and recommends that all employees have personal insurance policies covering the loss of personal property left at the office.

#### **4.13 Health-related Issues**

Employees who become aware of any health-related issue should notify their supervisor of health status as soon as possible.

#### **4.14 Employee Requiring Medical Attention**

Employees should report all work-related injuries and accidents immediately to their supervisor.

#### **4.15 Visitors in the Workplace**

For safety, security, insurance, State Regulations and other business considerations, only authorized visitors with Nutmeg issue identification are allowed in the facility. When arranging for visitors, employees should request that visitors enter through the main reception area and sign in and sign out at the front desk.

#### **4.16 Weather-related and Emergency-related Closings**

At times, emergencies such as severe weather, fires, or power failures can disrupt company operations. In such instances, the Dispensary will decide on the closure and they will provide the official notification to the employees.

### **5 STANDARDS OF CONDUCT**

#### **5.1 General Guidelines**

All employees are urged to become familiar with Nutmeg's rules and standards of conduct and are expected to follow these rules and standards faithfully in doing their own jobs and conducting the company's business.

#### **5.2 Attendance and Punctuality**

Nutmeg Dispensary expects employees to be ready to work at the beginning of assigned daily work hours, and to reasonably complete their projects by the end of assigned work hours.

#### **5.3 Work Schedule**

Unless otherwise specified, regular full-time employees are expected to work at least forty (40) hours per workweek.

#### **5.4 Absence and Lateness**

From time to time, it may be necessary for an employee to be late or absent from work. Nutmeg is aware that emergencies, illnesses, or pressing personal business that cannot be scheduled outside work hours may arise. It is the responsibility of all employees to contact all affected parties if they will be absent or late.

#### **5.5 Unscheduled Absence**

Absence from work for three (3) consecutive days without notifying the Dispensary will be considered a voluntary resignation.

## **5.6 Meal and Break Periods**

Employees are allowed a one-hour lunch break generally between the hours of 11:00 a.m. and 2:00 p.m.

Nutmeg encourages employees to take a rest period and provides a paid rest period of ten minutes in the morning work period and ten minutes in the afternoon work period.

## **5.7 Harassment Policy**

Nutmeg does not tolerate workplace harassment. Workplace harassment can take many forms. It may be, but is not limited to, words, signs, offensive jokes, cartoons, pictures, posters, e-mail jokes or statements, pranks, intimidation, physical assaults or contact, or violence.

## **5.8 Sexual Harassment Policy**

Nutmeg does not tolerate sexual harassment. Sexual harassment may include unwelcome sexual advances, requests for sexual favors, or other unwelcome verbal or physical contact of a sexual nature when such conduct creates an offensive, hostile, and intimidating working environment and prevents an individual from effectively performing the duties of their position.

## **5.9 Violence in the Workplace**

Nutmeg has adopted a policy prohibiting workplace violence. Consistent with this policy, acts or threats of physical violence, including intimidation, harassment, and/or coercion, which involve or affect **Nutmeg Dispensary** or which occur on **Nutmeg Dispensary** or client property, will not be tolerated.

## **5.10 Confidential Information and Nondisclosure**

By continuing employment with Nutmeg, employees agree that they will not disclose or use any of Nutmeg's confidential information, either during or after their employment. Nutmeg sincerely hopes that its relationship with its employees will be long-term and mutually rewarding. However, employment with Nutmeg assumes an obligation to maintain confidentiality, even after an employee Nutmeg's employ.

## **5.11 Ethical Standards**

Nutmeg Dispensary insists on the highest ethical standards in conducting its business. Doing the right thing and acting with integrity are the two driving forces behind Nutmeg's great success story. When faced with ethical issues, employees are expected to make the right professional decision consistent with Nutmeg's principles and standards.

## **5.12 Dress Code**

Employees of Nutmeg are expected to present a clean and professional appearance while conducting business, in or outside of the office. Dressing in a fashion that is clearly unprofessional, that is deemed unsafe, or that negatively affects Nutmeg's reputation or image is not acceptable.

## **5.13 Identification Badges**

Employees of Nutmeg are required by the State of Connecticut to wear and have displayed at all times while inside the facility their State issued identification badge. Employees who do not bring their badge to work will not be allowed into the dispensary.

## **5.14 Use of Equipment**

Nutmeg will provide employees with the equipment needed to do their job. None of this equipment should be used for personal use, nor removed from the physical confines of Nutmeg —unless it is approved for a job that specifically requires use of company equipment outside the physical facility.

## **5.15 Use of Computer, Phone, and Mail**

Nutmeg property, including computers, phones, electronic mail, and voice mail, should be used only for conducting company business. Incidental and occasional personal use of company computers, phones, or electronic mail and voice mail systems is permitted, but information and messages stored in these systems will be treated no differently from other business-related information and messages.

## **5.16 Use of Internet**

Employees are responsible for using the Internet in a manner that is ethical and lawful. Use of the Internet must solely be for business purposes and must not interfere with employee productivity.

## **5.17 Use of Computer Software**

Nutmeg does not condone the illegal duplication of software. The copyright law is clear. The copyright holder is given certain exclusive rights, including the right to make and distribute copies. Title 17 of the U.S. Code states that “it is illegal to make or distribute copies of copyrighted material without authorization” (Section 106). The only exception is the user’s right to make a backup copy for archival purposes (Section 117).

## **5.18 Smoking Policy**

No smoking of any kind is permitted inside any Nutmeg office. Smoking may take place only in designated smoking areas outside the Nutmeg facility.

## **5.19 Alcohol and Substance Abuse**

It is the policy of Nutmeg that the workplace be free of illicit drugs and alcoholic beverages, and free of their use. In addition to damage to respiratory and immune systems, malnutrition, seizures, loss of brain function, liver damage, and kidney damage, the abuse of drugs and alcohol has been proven to impair the coordination, reaction time, emotional stability, and judgment of the user. This could have tragic consequences where demanding or stressful work situations call for quick and sound decisions to be made.

## **5.20 Gifts**

Advance approval from management is required before an employee may accept or solicit a gift of any kind from a client. Employees are not permitted to give unauthorized gifts to clients.

## **5.21 Solicitations and Distributions**

Solicitation for any cause during working time and in working areas is not permitted. Employees are not permitted to distribute non-company literature in work areas at any time during working time.

## **5.22 Complaint Procedure**

Employees who have a job-related issue, question, or complaint should first discuss it with their immediate supervisor. If the issue cannot be resolved at this level, **Nutmeg** encourages employees to the Dispensary. Employees who observe, learn of, or, in good

faith, suspect a violation of the Standards of Conduct of Nutmeg should immediately report the violation.

### **5.23 Corrective Procedure**

Unacceptable behavior that does not lead to immediate dismissal may be dealt with in any of the following manners: (a) Oral Reminder, (b) Written Warning, (c) Decision-Making Paid Leave/Counseling Session, (d) Termination

### **5.24 Crisis Suspension**

An employee who commits any serious violation of Nutmeg policies at minimum will be suspended without pay pending an investigation of the situation. Following the investigation, the employee may be terminated without any previous disciplinary action having been taken.

### **5.25 Outside Employment**

Employees may not take an outside job, either for pay or as a donation of their personal time, with a customer or competitor of Nutmeg; nor do may employees work on their own if it competes or interferes in any way with the sales of products or services that **Nutmeg Dispensary** provides to its clients.

### **5.26 Employment Termination/Resignation**

After the application of disciplinary steps, if it is determined by management that an employee's performance does not improve, or if the employee is again in violation of Nutmeg practices, rules, or standards of conduct, following a Decision-Making Leave, employment with Nutmeg will be terminated.

### **5.27 Exit Interview**

In a voluntary separation situation, Nutmeg management would like to conduct an exit interview to discuss the employee's reasons for leaving and any other impressions that the employee may have about Nutmeg.

### **5.28 Return of Nutmeg Property**

Any Nutmeg property issued to employees, such as identification badge, computer equipment, keys, parking passes or company credit card, must be returned to Nutmeg at the time of termination. Employees will be responsible for any lost or damaged items.

## **6 COMPENSATION POLICIES**

### **6.1 Base Compensation**

It is Nutmeg's desire to pay all employees wages or salaries that are competitive with other employers in the marketplace and in a way that will be motivational, fair, and equitable. Compensation may vary based on roles and responsibilities, individual, and company performance, and in compliance with all applicable laws.

### **6.2 Performance Bonuses**

Performance bonuses may be given to Nutmeg Dispensary employees at the discretion of management. Two factors typically determine bonus availability and amounts: (a) Company Performance—Profits, (b) Personal Performance.

### **6.3 Timekeeping Procedures**

By law, Nutmeg is obligated to keep accurate records of the time worked by employees. Each employee must fill out the appropriate electronic Nutmeg time record each week,

and time records must be completed in accordance with the Nutmeg time-reporting guidelines.

#### **6.4 Overtime Pay**

Overtime compensation is paid to non-exempt employees in accordance with federal and state wage and hour restrictions. All overtime work performed must receive the supervisor's prior authorization.

#### **6.5 Payroll and Paydays**

The frequency of Nutmeg payroll distribution is dependent upon an employee's employment status. Regular full-time salary employees (exempt or non-exempt) are paid monthly on or by the last business day of each month. Regular hourly non-exempt employees and contingent hourly non-exempt employees are paid weekly on or by the Friday following the end of the pay week.

#### **6.6 Performance and Salary Reviews**

Nutmeg wants to help employees to succeed in their jobs and to grow. In an effort to support this growth and success, Nutmeg has an annual review process for providing formal performance feedback. Feedback includes a Performance Evaluation, 360-Degree Assessment, and an Extra Mile contribution appraisal. Depending on the employee anniversary date, the performance review is held during either the March or the September review cycle.

Salary/wage reviews typically occur in conjunction with the annual performance review process. The calculation and implementation of changes in base salary/wage depend on both company and personal performance and will typically occur in either April or October; whichever most closely follows the review cycle.

#### **6.7 Opportunities for Advancement—Progression and Promotion**

Nutmeg would like to provide employees with every opportunity for advancing to other positions or opportunities within the company. Approval of progression moves or promotions depends largely upon training, experience, work record, and business need. However, Nutmeg reserves the right to look outside the company for potential employees as well.

### **7 GROUP HEALTH AND RELATED BENEFITS**

#### **7.1 Benefits Summaries and Eligibility**

Nutmeg sponsors a comprehensive benefits program for eligible employees, and each benefit plan has specific eligibility conditions. The benefits are summarized in separate booklets called "summary plan descriptions," which are provided to all eligible employees. The details of each benefit are contained in separate legal documents known as the "plan documents," which take precedence over anything contradictory in the summaries. All full-time employees will enjoy all of the benefits described in this policy and the individual plan summaries as soon as they meet all of the eligibility requirements for each particular benefit. Part-time employees may be eligible for certain benefits if they meet the eligibility conditions.

#### **7.2 Health Insurance**

All eligible U.S. employees may choose a nationwide Preferred Provider Organization (PPO) medical insurance plan. Eligible employees' effective date of coverage will be the first of the month following 30 days' employment with Nutmeg.

### **7.3 Dental Insurance**

Nutmeg Dispensary does not offer dental insurance at this time.

### **7.4 Visual Care Insurance**

Nutmeg does not offer dental insurance at this time.

### **7.5 Disability Insurance**

Eligible employees are automatically covered by Nutmeg disability plans. Disability insurance is designed to assist an employee with income should the employee become partially or totally disabled and be unable to perform the essential functions of his or her job. The summary plan descriptions explain long-term and short-term disability benefits.

### **7.6 Life, Accidental Death, and Dismemberment Insurance**

The Nutmeg Group Life Insurance covers all eligible employees. This insurance is payable in the event of the employee's death, in accordance with the policy, while the employee is insured. Accidental Death and Dismemberment Insurance is in the same amount as and in addition to the employee's life insurance coverage. The summary plan booklet provided by our insurance company includes details on employee life insurance and accidental death and dismemberment coverage.

### **7.7 COBRA Notification**

According to the federal Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985, in the event of your termination of employment with Nutmeg or loss of eligibility to remain covered under Nutmeg's group health insurance program, employees and their eligible dependents may have the right to continued coverage under Nutmeg's group health insurance program for a limited period of time at their own expense. Consult the Benefits Administrator for details.

### **7.8 Pre-tax Deductions for Expenses**

**Nutmeg Dispensary** employees participating in any of the basic health insurance plans, i.e., group medical, dental and/or vision, are required to contribute to payment of the plan(s) premium(s) via payroll deduction cost sharing. In accordance with U.S. Internal Revenue Service provisions, Nutmeg provides employees the opportunity to participate in (a) Section 125 Plan, (b) Flexible Spending Accounts, (c) [Other].

### **7.9 Worker's Compensation**

All employees are entitled to Workers' Compensation benefits paid by Nutmeg. This coverage is automatic and immediate and protects employees from work-related injury or illness. If an employee cannot work due to a work-related injury or illness, Workers' Compensation insurance pays his or her medical bills and provides a portion of his or her income until he or she can return to work.

### **7.10 Unemployment Compensation**

Unemployment compensation is designed to provide a temporary income for those who are out of work through no fault of their own. Depending upon the circumstances, employees may be eligible for Unemployment Compensation upon termination of employment with Nutmeg. The Division of Unemployment Insurance of each State's Department of Labor determines eligibility for Unemployment Compensation. Nutmeg pays the entire cost of this insurance program.

## **7.11 Social Security**

The United States Government operates a system of mandated insurance known as Social Security. As a wage earner, employees are required by law to contribute a set amount of weekly wages to the trust fund from which benefits are paid. As employer, Nutmeg is required to deduct this amount from each paycheck an employee receives. In addition, Nutmeg matches employee contribution dollar for dollar, thereby paying one-half of the cost of employee Social Security benefits.

# **8 TIME-OFF BENEFITS**

## **8.1 Holiday Policy**

All Nutmeg employees of regular status are eligible for holiday pay. Holiday pay will be based on the employment status of the employee, i.e., full-time employees will be credited with 8 hours of holiday pay and part-time employees will be credited with 4 hours of holiday pay, per holiday. Nutmeg recognizes the following holidays as paid holidays:

- Christmas
- Good Friday
- New Years Day

## **8.2 Vacation Time**

All regular status Nutmeg employees are eligible to accrue vacation time. Vacation hours accrue on a monthly basis. Employees hired before the 15th day of the month begin to accrue vacation starting with the month they were hired in. Employees who begin employment on or after the 15th day of the month begin accruing vacation the month following the date of hire. The vacation accrual policy for regular full-time employees and regular part-time employees is two weeks per year accrued.

## **8.3 Sick Leave**

Sick leave may be used during an employee's own illness or for an illness in the employee's immediate family. Sick leave will be limited to six (6) 8-hour days per year for all regular full-time employees and six (6) 4-hour days for all regular part-time employees.

## **8.4 Bereavement Leave**

Generally, a full-time or part-time employee shall be entitled to Bereavement Leave upon the death of a spouse (including a *de facto* spouse), son, daughter, stepson, stepdaughter, parent, stepmother, stepfather, brother, sister, stepbrother, stepsister, grandson, granddaughter, grandparent, mother-in-law, father-in-law, son-in-law, or daughter-in-law.

## **8.5 Jury Duty**

Nutmeg is committed to supporting the communities in which Nutmeg operates, including supporting Nutmeg employees in fulfilling their responsibilities to serve as jurors whenever it is possible. When an employee receives notification regarding upcoming jury duty, it is their responsibility to notify their direct supervisor and Human Resources within one business day of receiving the notice.

## **8.6 Military Reserves or National Guard Leaves of Absence**

Employees who serve in U.S. military organizations or state militia groups such as the National Guard may take the necessary time off to fulfill this obligation and will retain all of their legal rights for continued employment under existing laws.

## **8.7 Family/Medical Leaves of Absence**

Occasionally, for medical, personal, or other reasons, employees may need to be temporarily released from the duties of their job with **Nutmeg Dispensary**. It is the policy of Nutmeg to allow its employees to apply for and be considered specific leaves of absence. All requests for leaves of absence should be submitted in writing to management and the Human Resources Department.

## **8.8 Extended Disability Leaves**

If a period of disability continues beyond the 12 weeks provided for within the Family/Medical Leaves of Absence section, an employee may apply in writing for an extended disability leave.

## **8.9 Uniformed Services Employment and Reemployment**

As an Equal Opportunity Employer, Nutmeg is committed to providing the basic employment and reemployment services and support as set forth in the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA).

## **8.10 Personal Leaves of Absence**

In special circumstances, Nutmeg may grant a leave for a personal reason, but never for taking employment elsewhere or becoming self-employed. Personal leaves of absence must be requested in writing and are subject to the discretion of management and the Human Resources Department.

# **9 EXPENSES**

## **9.1 Introduction**

The following is a comprehensive guide to the Nutmeg expense policy and procedures for the reporting and reimbursement of expenses. Any manager who approves expense reports should be familiar with this policy—authorizing an expense report indicates to Nutmeg that the expenses reported are legitimate, reasonable, and complies with this policy.

## **9.2 Nutmeg Supplies, Other Expenditures**

Only authorized persons may purchase supplies in the name of Nutmeg. No employee whose regular duties do not include purchasing may incur any expense on behalf of Nutmeg Dispensary. Without a properly approved purchase order, Nutmeg is not obligated for any purchase.

## **9.3 Expense Reimbursement**

Under ordinary circumstances, it is the policy of Nutmeg to reimburse travel expenses based on actual expenses involved. Persons traveling on Nutmeg business are entitled to transportation, hotel accommodation, meals, and limited incidentals (for example, taxis and telephone calls) that meet reasonable and adequate standards for convenience, safety, and comfort.

## **9.4 Relocation**

Nutmeg has no relocation policy.

## 10 EMPLOYEE COMMUNICATIONS

### 10.1 Open Communication

Nutmeg encourages employees to discuss any issues they may have with a co-worker directly with that person. If a resolution is not reached, employees should arrange a meeting with their direct supervisor. If the concern, problem, or issue is not properly addressed, employees should contact the Dispensary. Any information discussed in an Open Communication meeting is considered confidential, to the extent possible while still allowing management to respond to the problem. Retaliation against any employee for appropriate usage of Open Communication channels is unacceptable.

### 10.2 Staff Meetings

In order to keep the communication channels open, Nutmeg implements a once-a-month company-wide staff meeting. Employees receive communications from the manager about the agenda and discussion topics every month.

### 10.3 Suggestions

Nutmeg encourages all employees to bring forward their suggestions and good ideas about making Nutmeg a better place to work and enhancing service to Nutmeg patients. Any employee who sees an opportunity for improvement is encouraged to talk it over with management. Management can help bring ideas to the attention of the people in the organization that will be responsible for possibly implementing them. All suggestions are valued.

### 10.4 Closing Statement

Successful working conditions and relationships depend upon successful communication. It is important that employees stay aware of changes in procedures, policies, and general information. It is also important to communicate ideas, suggestions, personal goals, or problems as they affect work at Nutmeg.

## 11 ACKNOWLEDGMENT

I acknowledge that I have received a copy of the Nutmeg Employment Policies, and I do commit to read and follow these policies.

I am aware that if, at any time, I have questions regarding Nutmeg policies I should direct them to my manager.

I know that Nutmeg policies and other related documents do not form a contract of employment and are not a guarantee by Nutmeg of the conditions and benefits that are described within them. Nevertheless, the provisions of such Nutmeg policies are incorporated into the acknowledgment, and I agree that I shall abide by its provisions.

I also am aware that Nutmeg, at any time, may on reasonable notice, change, add to, or delete from the provisions of Nutmeg's policies.

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Employee's Printed Name

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Position

---

Employee's Signature

---

Date

OPERATING AGREEMENT

OF

NUTMEG DISPENSARY, LLC

A CONNECTICUT LIMITED LIABILITY COMPANY

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## **ARTICLE I**

### **DEFINITIONS**

The following terms used in this Operating Agreement shall have the following meanings (unless otherwise expressly provided herein):

- (a) "Articles of Organization" shall mean the Articles of Organization of **Nutmeg Dispensary, LLC** as filed with the Secretary of the State of Connecticut, as the same may be amended from time to time. A copy of the Articles of Organization are attached hereto as Exhibit A.
- (b) "Capital Account" as of any given date shall mean the Capital Contribution to the Company by a Member as adjusted up to the date in question pursuant to Article VII.
- (c) "Capital Contribution" shall mean any agreed contribution to the capital of the Company in cash, property or services by a Member, whenever made. "Initial Capital Contribution" shall mean the initial contribution to the capital of the Company pursuant to this Operating Agreement as set forth on Exhibit B attached hereto.
- (d) "Company Interest" shall mean with respect to each Member, such Member's interest in the profits and losses of the Company as set forth on Exhibit B attached hereto.
- (e) "Code" shall mean the Internal Revenue Code of 1986 or corresponding provisions of subsequent superseding federal revenue laws.
- (f) "Connecticut Act" shall mean the Connecticut Limited Liability Company Act (P.A. 93-267).
- (g) "**Company**" shall refer **NUTMEG DISPENSARY, LLC**.
- (h) "Deficit Capital Account" shall mean, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the taxable year.
- (i) "Distributable Cash" means all cash, revenues and funds received by the Company from Company operations, less the sum of the following to the extent paid or set aside by the Company: (i) all principal and interest payments on indebtedness of the Company and all other sums paid to lenders; (ii) all cash expenditures incurred incident to the normal operation of the Company's business; (iii) such Reserves as the Managers deem reasonably necessary to the proper operation of the Company's business.
- (j) "Economic Interest" shall mean a Member's Economic Interest in the Company's Net Profits, Net Losses and distributions of the Company's assets pursuant to this Operating Agreement and the Connecticut Act, but shall not include any right to participate in the

management or affairs of the Company, including the right to vote on, consent to or otherwise participate in any decision of the Members or Managers.

(k) "Economic Interest Owner" shall mean the owner of an Economic Interest who is not a Member.

(l) "Entity" shall mean a general partnership, a limited partnership, a domestic or foreign limited liability company, a trust, an estate, an association, a corporation or any other legal or commercial entity.

(m) "Event of Dissociation" means an event that causes a person to cease to be a Member, as provided in Section 41 of the Connecticut Act.

(n) "Fiscal Year" shall mean the Company's fiscal year, which shall be the calendar year.

(o) "Gifting Member" shall mean any Member or Economic Interest Owner who gifts, bequeaths or otherwise transfers for no consideration (by operation of law or otherwise, except with respect to bankruptcy) all or any part of its Membership Interest or Economic Interest.

(p) "Majority Interest" shall mean one or more Interests of Members which taken together exceed fifty (50%) percent of the aggregate of all Company Interests.

(q) "Manager" shall mean one or more managers designated in the manner provided in this Agreement.

(r) "Member" shall mean each of the parties who executes a counterpart of this Operating Agreement as a Member and each of the parties who may hereafter become a Member as permitted herein. To the extent a Manager has acquired a Membership Interest in the Company, he will have all the rights of a Member with respect to such Membership Interest and the term "Member" as used herein shall include a Manager to the extent he has acquired such Membership Interest in the Company. If a Person is a Member immediately prior to the purchase or other acquisition by such Person of an Economic Interest, such Person shall have all the rights of a Member with respect to such purchased or otherwise acquired Membership Interest or Economic Interest, as the case may be.

(s) "Membership Interest" shall mean, a Member's entire interest in the Company including such Member's Economic Interest and the right to participate in the management of the business and affairs of the Company, including the right to vote on, consent to, or otherwise participate in any decision or action of or by the Members granted pursuant to this Operating Agreement or the Connecticut Act.

(t) "Net Profits" and "Net Losses" shall mean the income, gain, loss, deductions and credits of the Company in the aggregate or separately stated, as appropriate, determined in

accordance with the method of accounting selected by the Managers at the close of each fiscal year on the Company's information tax return filed for federal income tax purposes.

(u) "Operating Agreement" shall mean this Operating Agreement as originally executed and as amended from time to time.

(v) "Person" shall mean an individual or Entity and the heirs, executors, administrators, legal representatives, successors and assigns of such "Person" where the context so permits.

(w) "Reserves" shall mean, with respect to any fiscal period, funds set aside or amounts allocated during such period to reserves which shall be maintained in amounts deemed sufficient by the Managers for capital expenditures, working capital and to pay taxes, insurance, debt service or other costs or expenses incident to the ownership or operation of the Company's business.

(x) "Selling Member" shall mean any Member or Economic Interest Owner which sells, assigns or otherwise transfers for consideration all or any portion of its Membership Interest or Economic Interest.

(y) "Transferring Member" shall collectively mean a Selling Member and a Gifting Member.

(z) "Treasury Regulations" shall include proposed, temporary and final regulations promulgated under the Code in effect as of the date of filing of the Articles of Organization and the corresponding sections of any regulations subsequently issued that amend or supersede such regulations.

## ARTICLE II

### FORMATION OF COMPANY

Section 2.1 - Formation. The Company was formed as a limited liability company under the Connecticut Act by the filing of its Articles of Organization with the Secretary of the State of Connecticut **on July 12th, 2013 and has a business address of 4750 Main Street, Bridgeport, CT 06606**

## ARTICLE III

### BUSINESS OF COMPANY

Section 3.1 - Permitted Businesses. The business of the Company shall be as set forth in its Articles of Organization.

## ARTICLE IV

### NAMES AND ADDRESSES OF MEMBERS

The names and addresses of the initial Members are as set forth on Exhibit B attached hereto and incorporated herein by reference.

## ARTICLE V

### RIGHTS AND DUTIES OF MANAGERS

Section 5.1 - Management. The business and affairs of the Company shall be managed by its Managers. The Managers shall direct, manage and control the business of the Company to the best of their ability. Except for situations in which the approval of the members is expressly required by this Operating Agreement or by nonwaivable provisions of applicable law, the Managers shall have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business. At any time when there is more than one Manager, any one Manager may exercise all of the powers delegated to the Managers herein and may take any action permitted to be taken by the Managers, unless the approval of more than one of the Managers is expressly required pursuant to this Operating Agreement.

Section 5.2 - Number, Identity, Tenure and Qualifications. The Company shall initially have **One (1) Manager**.

**The initial Manager shall be Robert Schulten.**

The number of Managers of the Company shall be fixed from time to time by the affirmative vote or written consent of Members holding at least two-thirds of all Company Interests, but in no instance shall there be less than one (1) Manager. Each Manager shall hold office until his successor shall have been elected and qualified or such earlier time as he may resign or be removed as provided herein. Managers shall be elected by the affirmative vote or written consent of Members holding at least a Majority interest. A Manager need not be a Member.

Section 5.3 - Certain Powers of Managers. Without limiting the generality of Section 5.1, the Managers shall have power and authority on behalf of the Company:

- (a) To acquire property from any Person as the Managers may determine.
- (b) To borrow money for the Company from banks, other lending institutions, the Managers, Members or affiliates of the Managers or Members on such terms as the Managers deem appropriate and in connection therewith, to mortgage, hypothecate,

encumber and grant security interests in the assets of the Company to secure repayment of the borrowed sums.

(c) To purchase liability and other insurance to protect the Company's property and business;

(d) To hold and own any Company real and/or personal properties in the name of the Company;

(e) To invest any Company funds temporarily (by way of example, but not limitation) in time deposits, short-term governmental obligations, commercial paper or other investments;

(f) Upon the affirmative vote or written consent Members holding at least two-thirds of all Company Interests, to sell or otherwise dispose of all or substantially all of the assets of the Company as part of a single transaction or plan;

(g) To execute on behalf of the Company all instruments and documents, including, without limitation, checks, drafts, notes and other negotiable instruments; mortgages or deeds of trust; security agreements; financing statements; documents providing for the acquisition, mortgage or disposition of the Company's property; assignments; bills of sale; leases; partnership agreements, operating agreements of other limited liability companies; and any other instruments or documents necessary or appropriate, in the opinion of the Managers, to the business of the Company;

(h) To employ accountants, legal counsel, managing agents or other experts to perform services for the Company and to compensate them from Company funds;

(i) To enter into any and all other agreements on behalf of the Company, with any other Person for any purpose, in such forms as the Managers may approve; and

(j) To do and perform all other acts as may be necessary or appropriate to the conduct of the Company's business.

Unless authorized to so do by this Operating Agreement or by written authorization of a Manager or Managers of the Company, no attorney-in-fact, employee or other agent of the Company shall have any power or authority to bind the Company in any way, to pledge its credit or to render it liable for any purpose. No Member (other than a Member who is also a Manager) shall have any power or authority to bind the Company unless the Member has been authorized by the Managers to act as an agent of the Company in accordance with the previous sentence.

**Section 5.4 - Managers Have No Exclusive Duty to Company.** The Managers shall not be required to manage the Company as their sole and exclusive function and they may have other business interests and may engage in other activities in addition to those relating to the Company.

Section 5.5 - Bank Accounts. The Managers may, from time to time, open bank accounts in the name of the Company, and the Managers shall be the sole signatories thereon, unless the Managers determine otherwise.

Section 5.6 - Company Books. In accordance with Section 9.02 herein, the Managers shall maintain and preserve, during the term of the Company, and for five (5) years thereafter, all account, books and other relevant Company documents. Upon reasonable request, each Member and Economic Interest Owner shall have the right, during ordinary business hours, to inspect and copy such Company documents at the requesting Member's and Economic Interest Owner's expense.

Section 5.7 - Indemnity of Managers. The Company shall indemnify the Managers from and against any claim by any third party seeking monetary damages against such Manager arising out of such Manager's performance of his duties in good faith in accordance with Section 22 of the Connecticut Act.

Section 5.8 - Resignation. Any Manager of the Company may resign at any time by giving written notice to the Members of the Company. The resignation of any Manager shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The resignation of a Manager who is also a Member shall not, by itself, affect the Manager's rights as a Member and shall not constitute a withdrawal of a Member.

Section 5.9 - Removal. Any Manager may be removed at any time, with or without cause, by the affirmative vote or written consent of Members holding a Majority interest. The removal of a Manager who is also a Member shall not, by itself, affect the Manager's rights as a Member and shall not constitute a withdrawal of a Member.

Section 5.10 - Vacancies. Any vacancy occurring for any reason in the number of Managers of the Company may be filled by the affirmative vote or written consent of Members holding a Majority Interest.

Section 5.11 - Compensation of Managers. The Initial Managers **shall receive no compensation for his/her services**, which amount may be redetermined by a Majority Interest of Members.

## ARTICLE VI

### RIGHTS AND OBLIGATIONS OF MEMBERS

Section 6.1 - Limitation of Liability. Each Member's liability shall be limited as set forth in this Operating Agreement, the Connecticut Act and other applicable law.

Section 6.2 - List of Members. Upon written request of any Member, the Managers shall provide a list showing the names, addresses and Membership Interests and Economic Interests of all Members.

Section 6.3 - Approval of Sale of All Assets. The Members shall have the right, by the affirmative vote or written consent of Members holding at least two-thirds of all Company Interests, to approve the sale, exchange or other disposition of all, or substantially all, of the Company's assets which is to occur as part of a single transaction or plan.

Section 6.4 - Priority and Return of Capital. Except as may be expressly provided in Article IX, no Member or Economic Interest Owner shall have priority over any other Member or Economic Interest Owner either as to the return of Capital Contributions or as to Net Profits, Net Losses or distributions; provided that this Section shall not apply to repayment of loans (as distinguished from Capital Contributions) which a Member has made to the Company.

## ARTICLE VII

### CONTRIBUTIONS TO THE COMPANY AND CAPITAL ACCOUNTS

Section 7.1 - Members' Capital Contributions. Each Member shall contribute such cash, property or services as is set forth in Exhibit B hereto as its share of the Initial Capital Contribution.

Section 7.2 - Additional Contributions. Except as set forth in Section 7.1, no Member shall be required to make any Capital Contribution. The Managers may determine from time to time that additional Capital Contributions are necessary or appropriate in connection with the conduct of the Company's business (including without limitation, expansion or diversification or to meet operating deficits). In such event, the Members shall have the opportunity (but not the obligation) to participate in such additional Capital contributions on a pro rata basis in accordance with their respective Company Interests.

#### Section 7.3 - Capital Accounts.

(a) A separate Capital Account will be maintained for each Member. In general, each Member's Capital Account will be: (i) increased by (a) the amount of money contributed by such Member to the Company; (b) the agreed fair market value of property or services contributed by such Member to the Company (net of liabilities secured by such contributed property that the Company is considered to assume or take subject to under Section 752 of the Code); and (c)

allocations to such Member of Net Profits and; (ii) decreased by (a) the amount of money distributed to such Member by the Company; (b) the fair market value of property distributed to such Member by the Company (net of liabilities secured by such distributed property that such Member is considered to assume or take subject to under Section 752 of the Code); and (c) allocations to the account of such Member net losses. Capital Accounts will be maintained in accordance with the requirements of 704(b) of the Code and the Treasury Regulations promulgated thereunder.

(b) In the event of a permitted sale or exchange of a Membership Interest or an Economic Interest in the Company, the Capital Account of the transferor shall become the Capital Account of the Transferee to the extent it relates to the transferred Membership Interest or Economic Interest in accordance with Section 1.704-1(b)(2)(iv) of the Treasury Regulations.

(c) Upon liquidation of the Company (or the Member's Membership Interest or Economic Interest Owner's Economic Interest), liquidating distributions will be made in accordance with the positive Capital Account balances of the Members and Economic Interest Owners, as determined after taking into account all Capital Account adjustments for the Company's taxable year during which the liquidation occurs. Liquidation proceeds will be paid within sixty days of the end of the taxable year (or, if later, within 120 days after the date of the liquidation). The Company may offset damages for breach of this Operating Agreement by a Member or Economic Interest Owner whose interest is liquidated (either upon the withdrawal of the Member or the liquidation of the Company) against the amount otherwise distributable to such Member.

(d) Except as otherwise required in the Connecticut Act (and subject to Section 7.1 and 7.2), no Member or Economic Interest Owner shall have any liability to restore all or any portion of a deficit balance in such Member's or Economic Interest Owner's Capital Account.

## ARTICLE VIII

### ALLOCATIONS, INCOME TAX AND DISTRIBUTIONS

Section 8.1 - Allocations of Profits and Losses. The Net Profits and Net Losses of the Company for each Fiscal Year will be allocated to the Members in the manner determined by the Managers to reasonably reflect the Members' interests in accordance with the percentage allocations set forth in Exhibit B attached hereto and in compliance with applicable tax law.

Section 8.2 - Distributions. Except as provided in Section 7.3(c), all distributions of cash or other property shall be made to the Members pro rata in proportion to the respective Capital Interests of the Members on the record date of such distribution. Except as provided in Section 8.4, all distributions of Distributable Cash and property shall be made at such time as determined by Manager. No Member shall have the right to demand and receive property other than cash irrespective of the nature of its Capital Contribution. All amounts withheld pursuant to the Code or any provisions of state or local tax law with respect to any payment or distribution to the

Members from the Company shall be treated as amounts distributed to the relevant Member or Members pursuant to this Section 8.2.

Section 8.3 - Limitation Upon Distributions. No distribution shall be declared and paid unless, after the distribution is made, the assets of the Company are in excess of all liabilities of the Company, except liabilities to Members on account of their contributions.

Section 8.4 - Interest On and Return of Capital Contributions. No Member shall be entitled to interest on its Capital Contribution or to return of its Capital Contribution, except as otherwise specifically provided for herein.

Section 8.5 - Loans to Company. Nothing in this Operating Agreement shall prevent any Member from making secured or unsecured loans to the Company by agreement with the Company.

Section 8.6 - No Right to Distribution. Anything in this Agreement or in Section 30 of the Connecticut Act to the contrary notwithstanding, no Member shall be entitled to receive any distribution of money or other property in excess of \$1.00 by reason of such persons ceasing to be a Member, except (i) upon dissolution of the Company, or (ii) upon affirmative vote or written consent of Members holding a Majority Interest.

## ARTICLE IX

### ACCOUNTING REPORTS

Section 9.1 - Accounting Period. The Company's accounting period shall be the calendar year.

Section 9.2 - Records, Audits and Reports. The Managers shall maintain records and accounts of all operations and expenditures of the Company. At a minimum the Company shall keep at its principal place of business the following records:

(a) A current and a past list setting forth in alphabetical order the full name and last known business, residence, or mailing address of each Member, Economic Interest Owner and Manager, both past and present;

(b) A copy of the Articles of Organization of the Company and all amendments thereto, together with executed copies of any powers of attorney pursuant to which any articles of amendment have been executed;

(c) Copies of the Company's federal, state and local income tax returns and financial statements for the three most recent years, or, if such returns or statements were not prepared for any reason, copies of the information and statements provided to, or which should have been provided to, the Members to enable them to prepare their federal, state and local tax returns for such period;

(d) Copies of the Company's current effective written Operating Agreement and all amendments thereto and copies of any written operating agreements no longer in effect;

(e) A writing setting forth the amount of cash, if any, and a statement of the agreed value of other property or services contributed by each member and the times at which or the event upon the happening of which any additional contributions are to be made by each Member;

(f) A writing stating events, if any, upon the happening of which the Company is to be dissolved and its affairs wound up;

(g) Other writings, if any, prepared pursuant to a requirement in this Agreement.

Section 9.3 - Returns and Other Elections. The Managers shall cause the preparation and timely filing of all returns required to be filed by the Company pursuant to the Code and all other tax returns deemed necessary and required in each jurisdiction in which the Company does business. Copies of such returns, or pertinent information therefrom, shall be furnished to the Members as soon as practical after the end of the Company's fiscal year but in any event prior to the date upon which Federal and Connecticut State tax returns are required to be filed by Members.

All elections permitted to be made by the Company under federal or state laws shall be made by the Managers in their sole discretion, provided that the Managers shall make any tax election requested by members owning a Majority interest.

## ARTICLE X

### TRANSFERABILITY

Section 10.1 - General. Neither a Member nor an Economic Interest Owner shall have the right to sell, assign, transfer, pledge hypothecate, exchange or otherwise transfer for consideration,

(a) (collectively, "sell"), or gift, bequeath or otherwise transfer for no consideration (whether or not by operation of law, except in the case of bankruptcy) all or any part of its Membership Interest or Economic Interest, except in accordance with this Article X.

(b) In the event of either the purchase of the Selling Member's interest in the Company by a third party purchaser or the gift of any interest in the Company (including an Economic Interest) and as a condition to recognizing one or more of the effectiveness and binding nature of any such sale or gift and (subject to Section 10.2, below) substitution of a new Member as against the Company or otherwise, the remaining Members may require the Selling Member or Gifting Member and the proposed purchaser, donee or successor-in-interest, as the case may be, to execute, acknowledge and deliver to the remaining Members such instruments of transfer, assignment and assumption and such other certificates, representations and documents,

and to perform all such other acts which the remaining Members may deem necessary or desirable to:

- (i) constitute such purchaser, as a Member, donee or successor-in-interest as such;
- (ii) confirm that the person desiring to acquire an interest or interests in the Company, or to be admitted as a Member, has accepted, assumed and agreed to be subject and bound by all of the terms, obligations and conditions of the Operating Agreement, as the same may have been further amended (whether such Person is to be admitted as a new Member or will merely be an Economic Interest Owner);
- (iii) preserve the Company after the completion of such sale, transfer, assignment or substitution under the laws of each jurisdiction in which the Company is qualified, organized or does business;
- (iv) maintain the status of the Company as a partnership for federal tax purposes; and
- (v) assure compliance with any applicable state and federal laws including securities laws and regulations.

(c) Any sale or gift of a Membership Interest or Economic Interest or admission of a Member in compliance with this Article X shall be deemed effective as of the last day of the calendar month in which the remaining Members' consent thereto was given.

(d) The Selling Member hereby indemnifies the Company and the remaining Members against any and all loss, damage, or expense (including, without limitation, tax liabilities or loss of tax benefits) arising directly or indirectly as a result of any transfer or purported transfer in violation of this Article X.

Section 10.2 - Transferee Not Member in Absence of Consent of Holders of Majority Interest.

(a) Except as provided in Section 10.2(b) below, notwithstanding anything contained herein to the contrary, if Members, other than the Transferring Member, holding more than 50% of the Company Interests held by Members other than the Transferring Member do not approve, by written consent, of the proposed sale or gift of the Transferring Member's Membership Interest or Economic Interest to a transferee or donee which is not a Member immediately prior to the sale or gift, then the proposed transferee or donee shall have no right to participate in the management of the business and affairs of the Company or to become a Member. The transferee or donee shall be merely an Economic Interest Owner. No transfer of a Member's interest in the Company (including any transfer of the Economic Interest or any other transfer which has not been approved by written consent of the Members holding a Majority Interest) shall be effective unless and until written notice (including the name and address of the proposed transferee or

donee and the date of such transfer) has been provided to the Company and the non-transferring Members.

(b) A Transferring Member may gift all or any portion of its Membership Interest and Economic Interest without regard to Section 10.2(a) provided that the donee or other successor-in-interest (collectively, "donee") complies with Section 10.1(b) and further provided that the donee is either the Gifting Member's spouse, former spouse, or lineal descendant (including adopted children). In the event of the gift of all or any portion of a Gifting Member's Membership Interest or Economic Interest to one or more donees who are under 25 years of age, one or more trusts shall be established to hold the gifted interest(s) for the benefit of such donee(s) until all of the donee(s) reach the age of at least 25 years.

(c) Upon and contemporaneously with any sale or gift of Transferring Member's Economic Interest in the Company which does not at the same time transfer the balance of the rights associated with the Economic Interest transferred by the Transferring Member (including, without limitation, the rights of the Transferring Member to participate in the management of the business and affairs of the Company), the Company shall purchase from the Transferring Member and the Transferring Member shall sell to the Company for a purchase price of \$100.00, all remaining rights and interests retained by the Transferring Member which immediately prior to such sale or gift were associated with the transferred Economic Interest.

## ARTICLE XI

### ADDITIONAL MEMBERS

From the date of the formation of the Company, any person or entity acceptable to Members holding a Majority Interest by their written consent may become a Member in the Company either by the issuance by the Company of Membership Interests for such consideration as Members holding a Majority Interest by their written consent shall determine, or as a transferee of a Member's Membership Interest or any portion thereof, subject to the terms and conditions of this Operating Agreement. No new Members shall be entitled to any retroactive allocation of losses, income or expense deductions incurred by the Company. The Managers may, at their option, at the time a Member is admitted, close the Company books (as though the Company's tax year had ended) or make pro-rata allocations of loss, income and expense deductions to a new Member for that portion of the Company's tax year in which a Member was admitted in accordance with the provisions of Section 706(d) of the Code and the Treasury Regulations promulgated thereunder.

## ARTICLE XII

### DISSOLUTION AND TERMINATION

#### Section 12.1 - Dissolution.

(a) The Company shall be dissolved and its affairs shall be wound up upon the happening of any of the first to occur of the following:

- (i) at the time specified in its Articles of Organization;
- (ii) written consent of Members holding at least a Majority Interest; or
- (iii) an Event of Dissociation of a Member, unless there is at least one remaining Member and the business of the Company is continued by the written consent of remaining Member(s) holding a Majority Interest within 90 days after the Event of Dissociation, and
- (iv) entry of a decree of final dissolution under Section 43 of the Connecticut Act.

Each of the Members hereby agrees that within the 60 days after the occurrence of an Event of Dissociation, he will promptly consent, in writing, to continue the business of the Company. Each of the Members further agrees to promptly consent, in writing, to continue the business of the Company upon a sale or gift either of a Member's entire Economic Interest to which all of the remaining Members do not consent within 45 days after the occurrence of such a sale or gift or upon a sale or gift of a Transferring Member's entire Membership Interest. Such consents shall be mailed or hand delivered to the principal place of business of the Company set forth in Section 2.1 hereof (or to such other address designated by the Managers) no later than 50 days after each Withdrawal Event or transfer by Member of its entire Economic Interest or Membership Interest. The sole remedy for breach of a Member's obligation to consent to continue the business of the Company under this Section shall be money damages (and not specific performance).

(b) Notwithstanding anything to the contrary in this Operating Agreement, if a Member or Members owning Company Interests which in the aggregate constitute not less than two-thirds of the Company Interests vote or consent in writing to dissolve the Company, then all of the Members shall agree in writing to dissolve the Company as soon as possible (but in any event not more than 10 days) thereafter.

(c) As soon as possible following the occurrence of any of the events specified in this Section 12.1 effecting the dissolution of the Company, the Managers shall proceed to wind up the Company's business in accordance with the Section 45 of the Connecticut Act.

(d) Except as expressly permitted in this Operating Agreement, a Member shall not voluntarily resign or take any other voluntary action which directly causes an Event of Dissociation. Unless otherwise approved in writing by members owning a Majority Interest, a Member who resigns (a "Resigning Member") or whose Membership Interest is otherwise

terminated by virtue of an Event of Dissociation, regardless of whether such Event of Dissociation was the result of a voluntary act by such Member, shall not be entitled to receive any distributions to which such Member would not have been entitled had such Member remained a Member. Except as otherwise expressly provided herein, a Resigning Member shall become an Economic Interest Owner. Damages for breach of this Section 12.1(d) shall be monetary damages only (and not specific performance), and such damages may be offset against distributions by the Company to which the Resigning Member would otherwise be entitled to.

## ARTICLE XIII

### MISCELLANEOUS PROVISIONS

Section 13.1 - Notice. Any notice, demand, or communication required or permitted to be given by any provision of this Operating Agreement shall be deemed to have been sufficiently given or served for all purposes if delivered personally to the party or to an executive officer of the party to whom the same is directed or, if sent by registered or certified mail, postage and charges prepaid, addressed to the Member's and/or Company's address as appropriate, which is set forth in this Operating Agreement. Except as otherwise provided herein, any such notice shall be deemed to be given three business days after the date on which the same was deposited in a regularly maintained receptacle for the deposit of United States mail, addressed and sent as aforesaid.

Section 13.2 - Application of Connecticut Law. This Operating Agreement and the application of interpretation hereof shall be governed exclusively by the terms and by the laws of the State of Connecticut and specifically the Connecticut Act.

Section 13.3 - Waiver of Action for Partition. Each member and Economic Interest Owner irrevocably waives during the term of the Company any right that it may have to maintain any action for partition with respect to the property of the Company.

Section 13.4 - Amendments. This Operating Agreement may not be amended except by the unanimous written agreement of all the Members.

Section 13.5 - Execution of Additional Instruments. Each Member hereby agrees to execute such other and further statements of interest and holdings, designations, powers of attorney and other instruments necessary to comply with any laws, rules or regulations.

Section 13.6 - Construction. Whenever the singular number is used in this Operating Agreement and when required by the context, the same shall include the plural and vice versa, and the masculine gender shall include the feminine and neuter genders and vice versa.

Section 13.7 - Headings. The headings in this Operating Agreement are inserted for convenience only and are in no way intended to describe, interpret, define or limit the scope, extent or intent of this Operating Agreement or any provision hereof.

Section 13.8 - Waivers. The failure of any party to seek redress for violation of or to insist upon the strict performance of any covenant or condition of this Operating Agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

Section 13.9 - Rights and Remedies Cumulative. The rights and remedies provided by this Operating Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive the right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

Section 13.10 - Severability. If any provision of this Operating Agreement or the application thereof to any person or circumstance shall be invalid, illegal or unenforceable to any extent, the remainder of this Operating Agreement and the application thereof shall not be affected and shall be enforceable to the fullest extent permitted by law.

Section 13.11 - Heirs, Successors and Assigns. Each and all of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and to the extent permitted by this Operating Agreement, their respective heirs, legal representatives, successors and assigns.

Section 13.12 - Creditors. None of the provisions of this Operating Agreement shall be for the benefit of or enforceable by any credit of the Company.

Section 13.13 - Counterparts. This Operating Agreement may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

Section 13.14 - Rules against Perpetuities. The parties hereto intend that the Rule against Perpetuities (and any similar rule of law) not be applicable to any provisions of this Operating Agreement. However, notwithstanding anything to the contrary in this Operating Agreement, if any provision in this Operating Agreement would be invalid or unenforceable because of the Rule against Perpetuities or any similar rule of law but for this Section 13.14, the parties hereto hereby agree that any future interest which is created pursuant to said provision shall cease if it is not vested within twenty-one years after the death of the survivor of the group composed of the initial Members who are individuals and their issue who are living on the date of this Operating Agreement and their issue, if any, who are living on the effective date of this Operating Agreement.

Section 13.15 – Dispute Between Members or Managers. The parties hereto agree that if a dispute arises that cannot be resolved, the disputed matter shall be referred to binding arbitration with Mediation Consultant, LLC located at 1 Longwharf Drive, New Haven, Connecticut and the Company shall bear such expenses and fees as may reasonably be charged by Mediation Consultant, LLC.

IN WITNESS WHEREOF, the undersigned Member(s) have hereunto set their hands or caused this instrument to be executed as of the 30th day of September, 2013.

A blue ink signature of the name "Robert Schulten".

---

Robert Schulten

A blue ink signature of the name "Mark Roberts".

---

Mark Roberts

## EXHIBIT "A"



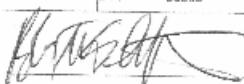
### SECRETARY OF THE STATE OF CONNECTICUT

MAILING ADDRESS: COMMISSION ON ELECTIONS, 1000 BROADWAY, 10TH FLOOR, NEW YORK, NY 10036  
 DELIVERY ADDRESS: COMMISSIONER, RECORDS AND PLANNING, CONNECTICUT SECRETARY OF THE STATE, 30 TRINITY STREET, HARTFORD, CT 06106  
 PHONE: 860-566-8003 WEBSITE:

### ARTICLES OF ORGANIZATION LIMITED LIABILITY COMPANY - DOMESTIC

C.O.B. 5634-120-34-121

USE INK. COMPLETE ALL SECTIONAL PRINT OR TYPE. ATTACH 2 1/2 X 11 SHEETS IF NECESSARY.

FILING PARTY (CONFIRMATION WILL BE SENT TO THIS ADDRESS): <b>NAME:</b> ROBERT M. SCHULTEN <b>ADDRESS:</b> 105 WATERVILLE ROAD		<b>FILING FEE: \$120</b> <small>MAKE CHECKS PAYABLE TO "SECRETARY OF THE STATE"</small>
<b>CITY:</b> SOUTHPORT <b>STATE:</b> CT <b>ZIP:</b> 06890		
<b>1. NAME OF LIMITED LIABILITY COMPANY - REQUIRED:</b> (MUST INCLUDE BUSINESS DESIGNATION I.E. LLC, L.L.C., ETC.) <b>NUTMEG DISPENSARY, LLC</b>		
<b>2. DESCRIPTION OF BUSINESS TO BE TRANSACTED OR PURPOSE TO BE PROMOTED - REQUIRED:</b> <small>ATTACH 2 1/2 X 11 SHEETS IF NECESSARY</small> <b>MEDICAL MARIJUANA DISPENSARY</b>		
<b>3. LLC'S PRINCIPAL OFFICE ADDRESS - REQUIRED:</b> (MUST PROVIDE FULL ADDRESS, SAME AS ABOVE, NOT ACCEPTABLE) <b>ADDRESS:</b> 105 WATERVILLE ROAD <b>CITY:</b> SOUTHPORT <b>STATE:</b> CT <b>ZIP:</b> 06890		
<b>4. MAILING ADDRESS, IF DIFFERENT THAN #3: PROVIDE FULL ADDRESS, "SAME AS ABOVE" NOT ACCEPTABLE</b> <b>ADDRESS:</b> <b>CITY:</b> <b>STATE:</b> <b>ZIP:</b>		
<b>5. APPOINTMENT OF STATUTORY AGENT FOR SERVICE OF PROCESS - REQUIRED:</b> (COMPLETE A OR B NOT BOTH) <b>A. IF AGENT IS AN INDIVIDUAL:</b> <small>PRINT OR TYPE FULL LEGAL NAME:</small> <b>ROBERT M. SCHULTEN</b>		
<b>BUSINESS ADDRESS</b> <small>(P.O. BOX NOT ACCEPTABLE) IF NONE, MUST STATE "NONE" (P.O. BOX NOT ACCEPTABLE)</small> <b>ADDRESS: NONE</b>		<b>CONNECTICUT RESIDENCE ADDRESS</b> <small>(P.O. BOX NOT ACCEPTABLE) IF NONE, MUST STATE "NONE" (P.O. BOX NOT ACCEPTABLE)</small> <b>ADDRESS: 105 WATERVILLE ROAD</b> <b>CITY:</b> SOUTHPORT <b>STATE:</b> CT <b>ZIP:</b> 06890
<b>SIGNATURE ACCEPTING APPOINTMENT:</b> 		

PAGE 1 OF 2

FORM LC 1-1-6  
 Rev. 11/12/2011

**EXHIBIT "B"**

**MEMBERS**

<u>NAMES</u>	<u>ADDRESSES</u>	<u>SOCIAL SECURITY NUMBER</u>	<u>AMOUNT OF CONTRIBUTION</u>
Robert Schulten	105 Waterville Road Southport, CT 06890	██████████	\$200,000.00
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# **Nutmeg Dispensary**

## **Exhibit H**

### **New Patient Manual**

November 1, 2013

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# I. PATIENT UPDATES, EDUCATION & ORIENTATION

## A. OVERVIEW.

Nutmeg Dispensary is committed to providing patients accurate information regarding the health effects of medical marijuana and we understand accurate medical information is just one of many ways to address the myths and misinformation that persist. Patient education and support are essential to achieving a patient's overall wellness. Our education and support program is designed to the specific needs of each patient so that they can learn the important legal and medical aspects of medical marijuana. Additionally, each patient and caregiver will participate in our orientation process, topics include:

- Patient Education Overview
- UConn Efficacy Study
- Substance Abuse and Misuse Counseling
- Patient Handbook
- Patient Welcome
- Patient Guidelines to Stay Safe and Healthy
- Medical Marijuana Law Overview for Connecticut
- Nutmeg's Medication Check Service (consultation on possible drug interactions)
- Guide to Using Marijuana
- Dosage, Potency and Tolerance
- Side Effects of Using Marijuana
- Applications for marijuana and cannabinoids
- Understanding Edibles
- References and resources
- Qualifying Patient FAQ's

## B. ORIENTATION.

Each patient and caregiver will be required to go through an orientation with our Dispensary. The orientation will include:

- Meet with a dispensary technician to register into the Nutmeg program
- Validate and document information and patient registry
- Sign a medical records release form for the indicating physician (if necessary)
- Description of products and services available
- Invite each patient to elect-in to Nutmeg's UConn Efficacy Study
- Invite each patient to participate in Nutmeg's MCS Program, which is a review of all a patient's medications, and
- Receive a new patient handbook

Each patient and caregiver who registers at Nutmeg will receive his or her own copy of our Patient Handbook that includes information on the following topics:

- Patient guidelines to stay safe and healthy
- Patient's rights

- Medical marijuana law overview
- Nutmeg services provided
- Guide to Medical marijuana
- Understanding edibles
- Applications for marijuana and cannabinoids
- Substance abuse prevention
- References and resources

The Intake/Orientation Process will provide the patients with the following:

1. A comprehensive understanding of Nutmeg's rules
2. Available education and counseling opportunities and library resources
3. Various methods of administration and related side effects
4. Safety and effectiveness relating to edibles
5. Legal information from the DCP (see  
[http://www.cga.ct.gov/current/pub/chap\\_420f.htm](http://www.cga.ct.gov/current/pub/chap_420f.htm))
6. Recent scientific literature on clinical applications and health effects of medical marijuana

#### **D. CT DCP REGULATIONS REGARDING PATIENT EDUCATIONAL MATERIALS**

A dispensary facility shall provide information to qualifying patients and primary caregivers regarding the possession and use of marijuana. The dispensary facility manager shall submit all informational material to the commissioner for approval prior to being provided to qualifying patients and primary caregivers. Such informational material shall include information related to:

- (1) Limitations on the right to possess and use marijuana pursuant to the Act and sections 21a-408-1 to 21a-408-70, inclusive, of the Regulations of Connecticut State Agencies;
- (2) Safe techniques for proper use of marijuana and paraphernalia;
- (3) Alternative methods and forms of consumption or inhalation by which one can use marijuana;
- (4) Signs and symptoms of substance abuse; and
- (5) Opportunities to participate in substance abuse programs.

## **II. THE MOST IMPORTANT SERVICE WE PROVIDE IS EDUCATION & COUNSELING.**

**The Most Important Service Nutmeg Provides is Education & Counseling.**

### **Opportunities for Consultation:**

Our dispensaries will serve as our on-site-resources for patients needing counseling and education about the pros and cons of medical marijuana, methods of administration, legal aspects and current research. As there is no officially approved training course in administration of medical marijuana, Nutmeg will endeavor to identify and consolidate a variety of high quality resource materials and research as found in the most respected medical journals

Nutmeg believes that the best way to provide counseling and education to our patients is through one-on-one interviews and information sessions. Furthermore, Nutmeg's patient management software (as described in Nutmeg's Operations Manual- attached as Schedule E) will allow us to identify Nutmeg patients with specific medical conditions. As such, should we become aware of research helpful to a particular subgroup of our patients (cancer patients, for example), we can provide them with specific information pertaining to their condition, either by e-mail or hand delivery to them on their next visit to Nutmeg.

During Nutmeg's hours of operation, Nutmeg's dispensaries will be our on-hand to answer questions and provide one-on-one consultations. The Dispensary will be staffed by a minimum of two people at all times and patients will required to make appointments allowing for adequate time for the dispensary to provide consultation. Extra time will be scheduled for first time visitors to our facility.

If after consultation with one of our dispensaries, the patient seeks additional information, Nutmeg will establish an on-site and virtual library containing numerous books, information brochures, and digital media. Some of these materials, such as our menu of products and services, will be created in-house and others will be obtained via various industry vendors. This will allow us to provide information about our evolving programs, services and products as well as up-to-date research.

Nutmeg's website will have two areas, one public that provides basic information and is largely static and a private, password-protected area, accessible only to our patients with electronic copies of all our educational and counseling materials. Our web-site will provide a valuable resource for patients at all stages of inquiry. Our web-site, a non-published version can be found at <http://robertschulten.wix.com/nutmeg-2>, and will include:

#### **Public Side:**

- Directions and hours of operation
- List of available services
- Nutmeg's mission, values, rules and vision
- Background information on our dispensaries

- Legal
- What to expect
- Contact Information
- Registration Information

**Patient-Only & Password Protected Side:**

- Information about our products menu, including composition of individual strains
- Information on dosage and methods of ingestion
- Information on substance abuse
- One-on-One counseling opportunities provided by Nutmeg

**Opportunities to Participate in Substance Abuse Programs:**

In addition to our one-on-one dispensary consultation, Nutmeg offers free one-on-one consultation, assessment and referral with Nutmeg's licensed professional clinician with extensive poly-substance abuse experience, Jo-Ann Brill. Jo-Ann has 30 years experience in substance abuse counseling experience and is a Licensed Clinical Social Worker (LCSW). Jo-Ann is currently employed in the behavioral health emergency room of a local area hospital where she is a psychiatric social worker evaluating psychiatric and substance patients, assessing their immediate mental health needs or substance abuse issues and coordinating their required services with referring agencies. This service will be provided on an appointment only basis. This service will be provided on an appointment only basis.

A patient can expect from Nutmeg a 50-minute session during which time a formal assessment is conducted. Once an evaluation is completed, treatment recommendations will be made. Each patient will have an individualized treatment plan in place and the appropriate intervention will be made at that time.

If a patient has an immediate need or concern, they can directly contact the Connecticut Department of Mental Health and Addiction Services ("DMHAS"), at 860-418-7000 or toll free number at 800-446-7348 or at [www.ct.gov/dmhas](http://www.ct.gov/dmhas). In the event of an emergency or crisis, a hotline is available through the Greater Bridgeport Community MH Center (203) 551-7507 or 1-800-586-9903.

Nutmeg's reference library will have available a number of publications published by DMHAS that cover a range of substance abuse issues.

**About the Facilitator-** Jo-Ann Brill, Licensed Professional Clinician with extensive poly-substance abuse experience

Jo-Ann's 33-year career as a LCSW working in a variety of clinical assignments. Jo-Ann is currently employed in the behavioral health emergency room of a local area hospital where she is a psychiatric social worker evaluating psychiatric and substance patients, assessing their immediate mental health needs or substance abuse issues and coordinating their required services with referring agencies.

**B. EDUCATIONAL OPPORTUNITIES**

**1. NUTMEG'S REFERENCE LIBRARY AND WEBSITE.**

Nutmeg will maintain a reference library in a very relaxing setting, and will maintain a current and interactive website. Nutmeg is committed to keeping its patients and staff informed and educated by providing an extensive reference library that includes current research on medical marijuana, legal aspects, booklets on specific conditions treated by cannabis, and reference materials on integrative medicine. See "Library Reference Materials" for a complete list of what will be available on site. In addition, the information contained in the New Patient Packet will also be available in our reference library. All of the educational materials, notices and postings referenced herein will also be available on Nutmeg's website.

## **2. INTERNET RESOURCES ON MEDICAL MARIJUANA**

- State Of CT Department Of Consumer Protection Who Administer The Medical Marijuana Program (MMP) In CT:  
<Http://Www.Ct.Gov/Dcp/Cwp/View.Asp?A=4287&Q=503670&Dcpnav=1>
- Norml Org: <http://norml.org/>
- Procon.Org: <http://medicalmarijuana.procon.org/>
- Americans for Safe Access: <http://safeaccessnow.org/>
- Wikipedia: [https://en.wikipedia.org/wiki/Medical\\_cannabis](https://en.wikipedia.org/wiki/Medical_cannabis)
- Drug War Facts.Org: <http://www.drugwarfacts.org/cms/>
- Drug Policy Alliance: <http://www.drugpolicy.org/>
- Marijuana Policy Project: <Http://Www.Mpp.Org>
- Cannabinoid Medicines: <http://www.cannabis-med.org/?Inq=en>
- Smart About Marijuana (SAM): <http://learnaboutsam.com/>
- American Family Physician: <http://www.aafp.org/afp/1999/1201/p2583.html>
- National Cancer Institute:  
<http://www.cancer.gov/cancertopics/pdq/cam/cannabis/patient>
- LiveStrong: <http://www.livestrong.com/article/85963-benefits-medical-marijuana/>
- Health Magazine: <http://www.health.com/health/condition-article/0,,20499017,00.html>
- WebMD: <http://www.webmd.com/cancer/tc/ncicdr0000688139-overview>
- NJ Department of Health, Scholarly Articles/ Palliative use of Medical Marijuana: <http://www.state.nj.us/health/medicalmarijuana/index.shtml>
- American Cancer Society:  
<http://www.cancer.org/treatment/treatmentsandsideeffects/complementaryandalternativemedicine/herbsvitaminsandminerals/marijuana>
- Medicinal Plants: <http://medicinalplants.us/herb-drug-interactions-cannabis>

### **Know Your Rights:**

1. Americans for Safe Access. Know Your Rights-  
<http://www.safeaccessnow.org/section.php?id=434>
- 2.

### **Medical Research:**

1. Medical Studies Involving Cannabis and Cannabis Extracts (1990 - 2012):  
<http://medicalmarijuana.procon.org/view.resource.php?resourceID=000884>

2. Main»About Marijuana»Health Endorsements»Quick Reference:  
[http://norml.org/aboutmarijuana/item/quick-reference?category\\_id=734](http://norml.org/aboutmarijuana/item/quick-reference?category_id=734)
3. Main»Library»Health Reports: <http://norml.org/library/health-reports>
4. Americans for Safe Access: Medical Cannabis Research-  
<http://americansforsafeaccess.org/section.php?id=218>
5. Drug Policy Alliance- Science, Studies, and Research-  
<http://www.mpp.org/issues/research/>
6. Cannabinoid Medicines- Clinical Studies and Case Reports-  
<http://www.cannabis-med.org/studies/study.php>
- 7.

#### **The Program in CT, FAQ's from the DCP:**

<http://www.ct.gov/Dcp/cwp/view.asp?a=4287&q=509630&dcpNav=|55381|>

#### **Overview Information:**

1. Top 10 Pros and Cons-Should marijuana be a medical option? :  
<http://medicalmarijuana.procon.org/view.resource.php?resourceID=000141>
2. Americans for Safe Access-Myths & Facts about Medical Marijuana-  
<http://americansforsafeaccess.org/article.php?id=5934>
3. Wikipedia: [https://en.wikipedia.org/wiki/Medical\\_cannabis](https://en.wikipedia.org/wiki/Medical_cannabis)
4. Drug Policy Alliance- Frequently Asked Questions- Marijuana-  
<http://www.mpp.org/reports/faq-mj.html>
5. Cannabinoid Medicines- FAQ's- <http://www.cannabis-med.org/index.php?tpl=faqlist&id=53&lng=en>
- 6.

#### **How to Use:**

1. ASA's Guide to Using Marijuana-  
<http://americansforsafeaccess.org/article.php?id=2533>

### **3. NUTMEG WEBSITE: NUTMEGDISPENSARY.COM**

Nutmeg has developed a website that includes directions to our facility, patient access to marijuana pricing, full listing of services offered, team member biographies and pictures, and other useful resources (all aspects of website to be vetted by DCP prior to posting). Our unpublished site can be found at: <http://robertschulten.wix.com/nutmeg-2>

### **4. EDUCATIONAL MATERIALS.**

Nutmeg will also provide educational materials from Americans for Safe Access (ASA). We find their materials to be of a very high caliber. ASA has compiled a number of educational booklets covering a range of medical conditions and the efficacy of medical marijuana in treating these conditions. Nutmeg is planning to have a paid membership with ASA. Each booklet contains the following sections:

- Why Marijuana is Legal to Recommend
- Overview of the Scientific Research on Medical Marijuana
- Research on Marijuana and [specific condition addressed by booklet]
- Comparison of Medications: Efficacy and Side Effects

- Testimonials of Patients and Doctors
- History of Marijuana as Medicine
- Scientific and Legal References

These booklets are concise summaries for the administration of and current research regarding the application of medical marijuana in treating the associated condition. They contain clinical as well as anecdotal evidence on the efficacy of medical marijuana treatments and include citations for relevant research materials for further reading. These booklets will be available to all patients free of charge.

Booklets will be available for these specific conditions:

- Multiple Sclerosis and Medical Marijuana
- Cancer and Medical Marijuana
- HIV/AIDS and Medical Marijuana

## 5. CT DCP How to ENROLL BROCHURE.

**What Is the Medical Professional's Role?**

Physicians can only certify patients for marijuana where there is a bona-fide physician-patient relationship:

- Complete a medical physical assessment of the patient's medical history and current medical condition;
- Diagnose the patient as having a debilitating medical condition;
- Prescribe, or determine it is not in the patient's best interest to prescribe, prescription drugs to address the symptoms or effects for which the certification is being issued.
- Concluded that, in the physician's medical opinion, the potential benefits of the palliative use of marijuana would likely outweigh the health risks to the patient; and
- Explained the potential risks and benefits of the palliative use of marijuana to the patient or, where the patient lacks legal capacity, to the parent, guardian or other person having legal custody of the patient.

**How Much Marijuana Can Patients Possess?**

A Board of Physicians will recommend to the Department the amount of marijuana reasonably necessary to ensure uninterrupted availability for a one month supply by October 1, 2012.



Scan this QR code with your smart phone to visit our Medical Marijuana Program website.

**What Is Not Permitted Under the Palliative Use of Marijuana Act?**

Your temporary registration certificate does not permit the use of marijuana:

- in a motor bus or a school bus or in any other moving vehicle;
- in the workplace;
- on any school grounds or any public or private school, dormitory, college or university property;
- in any public place;
- in the presence of a person under the age of eighteen (18); or
- in any other way that endangers the health or well-being of a person other than the qualifying patient or the primary caregiver.

**What Are the Benefits of Having a Temporary Registration Certificate?**

While patients complying with the Act are immune from arrest and prosecution under state law, registration does not provide any protections from federal prosecution.

While you may be held responsible for possessing marijuana by the federal government, you are more likely to be prosecuted if you carry or consume marijuana on federal property, such as immigration checkpoints, federal parks, airports, or any other federal land.

**Connecticut Medical Marijuana Program**



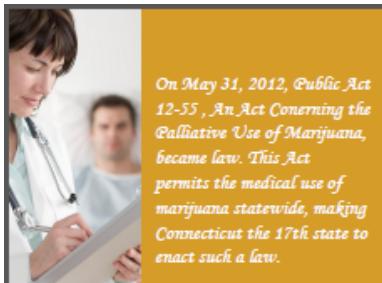
**How to Register for a Temporary Medical Marijuana Registration Certificate**



Connecticut Department of Consumer Protection  
Medical Marijuana Program  
165 Capitol Avenue, Room 145 • Hartford, CT 06106  
860.713.6066 • [www.ct.gov/dcp/mmp](http://www.ct.gov/dcp/mmp)



860.713.6066 • [www.ct.gov/dcp/mmp](http://www.ct.gov/dcp/mmp)



On May 31, 2012, Public Act 12-55, An Act Concerning the Palliative Use of Marijuana, became law. This Act permits the medical use of marijuana statewide, making Connecticut the 17th state to enact such a law.

Connecticut's medical marijuana temporary registration certificates are available only to Connecticut residents being treated for a debilitating medical condition.

**Debilitating Medical Conditions:**

- Cancer
- Glaucoma
- Positive Status for Human Immunodeficiency Virus or Acquired Immune Deficiency Syndrome
- Parkinson's Disease
- Multiple Sclerosis
- Damage to the Nervous Tissue of the Spinal Cord with Objective Neurological Indication of Intractable Spasticity
- Epilepsy
- Cachexia
- Wasting Syndrome
- Crohn's Disease
- Posttraumatic Stress Disorder



**Qualifications for a Temporary Registration Certificate:**

- Qualifying patient must be a Connecticut resident.
- Qualifying patient and primary caregiver must be at least eighteen (18) years of age or older.
- Qualifying patient cannot be an inmate confined in a correctional institution or facility under the supervision of the Connecticut Department of Corrections.
- Primary caregiver cannot have been convicted of a violation of any law pertaining to the illegal manufacture, sale or distribution of a controlled substance.

**What Do I Need?**

Before you begin the application process make sure you have the following items available:

- Proof of residency
- Proof of identity
- Current passport size photograph

If your physician determines a caregiver is needed, your caregiver must also have the following items available:

- Proof of identity
- Current passport size photograph

**Temporary Registration Certificate - Application Process**

Beginning on October 1, 2012, physicians may begin certifying qualified patients for the palliative use of marijuana through an online registration system that the Department of Consumer Protection has developed.

If you are a patient seeking to register with the Department's Medical Marijuana Program you must:

**Make an appointment with your physician:**

- Only your physician can initiate your application by certifying for the Department that you have a medical condition that qualifies you for a temporary medical marijuana registration certificate.

**A qualifying patient application includes the following forms and fee:**

- a physician form;
- a patient form;
- a primary caregiver form, if applicable; and
- a \$25.00 application fee for each qualifying patient and primary caregiver.

Only check, money order, cashier check or credit card (online only) payments will be accepted (checks/money orders should be made payable to "Treasurer, State of CT").

The department will not accept cash payments.

Applicants paying by personal check will be subject to a holding period on their application until the check clears.

A temporary registration certificate expires one (1) year from the date of the physician certification.

## 6. RESEARCH AND MEDICINAL EFFECTS TRACKING

Nutmeg is working with UCONN's School of Pharmacy, Dr. Michael White, to develop a database to help evaluate the efficacy of medical marijuana. Nutmeg's goal will be to roll out this data collection methodology to all CT based dispensaries. This will be done in tight conjunction with the DCP.

Nutmeg places great emphasis on researching and developing product and dosing methodologies that best fit the needs of patients. We will use patient feedback forums including anonymous web-based tools, pharmacist consultations, and direct feedback documentation to assess patient satisfaction. Results of the proposed research study with UCONN's School of Pharmacy will be shared with doctors state wide to help them administer to their patients needs better.

The outline of the proposed study, as presented to UCONN is as follows:

### UCONN: Medical Marijuana Efficacy Analysis

#### Background:

CT was the 16<sup>th</sup> State to approve legislation regarding the production and distribution of medical marijuana for palliative uses. The CT Department of Consumer Protection

(DCP) will oversee a two-tier system of producers, which will be responsible for the growth and manufacture of medical marijuana into various dosage forms and dispensary facilities, which will dispense the products made by producers to the public.

Eligible criteria for the program include patients who are Connecticut residents and are being treated for a debilitating disease by a Connecticut-licensed physician.

The 11 current recognized debilitating medical conditions include:

- Cancer
- Glaucoma
- Positive Status for HIV or Acquired Immune Deficiency Syndrome
- Parkinson's Disease
- Multiple Sclerosis
- Damage to the Nervous Tissue of the Spinal Cord with Objective Neurological Intractable Spasticity
- Epilepsy
- Cachexia
- Wasting Syndrome
- Crohn's Disease
- Post Traumatic Stress Disorder

The soon to be licensed CT medical marijuana dispensary facilities are ideally situated in the supply chain to collect objective and subjective data from both producers and patients.

### **Goal:**

The research goal is to formulate a scientifically rigorous methodology to evaluate the efficacy and adverse effects of marijuana strains including variation in:

- Tetrahydrocannabinol (THC)
- Tetrahydrocannabinol acid (THCA)
- Cannabidiols (CBD)
- Cannabidiolic acid (CBDA)
- Any other active ingredient that constitutes at least 1% of the marijuana dispensed

Evaluate the efficacy and adverse effects of treating the 11 disease states approved by the Department of Consumer Protection in regards to variation in dosage form, (vaporizers, topical applications, baked products, etc.), dosage frequency and administration.

The pharmacologic effects of medical marijuana are believed to be dose-related and subject to considerable variability among patients. More research is needed to determine proper dosage levels and administration techniques to achieve optimal therapeutic benefit. This research will help guide physicians by evaluating indications, contraindications, dosages and possible drug interactions.

## **Available Data Sets**

Nutmeg is ideally suited to collect the necessary data since it has access to all data collected per the regulations and through interactions with patients. The data can be categorized into four major groups by source:

1. Supplied by Producer to Dispensary (per regulations):
  - The name and address of the producer
  - The brand name of the marijuana product that was registered with the department pursuant to section 21a-408-59 of the Regulations of Connecticut State Agencies
  - A unique serial number that will match the product with a producer batch and lot number so as to facilitate any warnings or recalls the department or producer deem appropriate
  - The date of final testing and packaging
  - The expiration date
  - The quantity of marijuana contained therein
  - A terpenes profile and a list of all active ingredients, including:
    - a) tetrahydrocannabinol (THC)
    - b) tetrahydrocannabinol acid (THCA)
    - c) cannabidiol (CBD)
    - d) cannabidiolic acid (CBDA)
    - e) Any other active ingredient that constitute at least 1% of the marijuana batch used in the product.
  - A pass or fail rating based on the laboratory's microbiological, mycotoxins, heavy metals and chemical residue analysis; and
  - Such other information necessary to comply with state of Connecticut labeling requirements for similar products not containing marijuana,
2. Supplied by Doctor to Dispensary (per regulations):
3. Supplied by Dispensary (per regulations):
  - Drug Enforcement Administration Pharmacy number
  - The serial number of assigned to each marijuana product dispensed to a patient, as assigned by the dispensary facility
  - Patient Birth date
  - Patient Sex code
  - New or refill code
  - Quantity
  - Days supply
  - Drug Enforcement Administration Prescriber identification number
  - Date order written, which shall be the date the written certification was issued
  - Number of refills authorized
  - Order origin code, which shall be provided by the department
  - Patient last name
  - Patient first name
  - Patient street address
  - State
  - Drug name, which shall be the brand name of the marijuana product
  - The date of dispensing the marijuana
  - The quantity of marijuana dispensed

- The name and registration certificate number of the qualifying patient and, where applicable, the primary caregiver
- The name of the certifying physician
- Such directions for use as may be included in the physician's written certification or otherwise provided by the physician
- Name of the dispensary
- Name and address of the dispensary facility
- Any cautionary statement as may be required by Connecticut state statute or regulation

4. Supplied by Patient to Dispensary (by interview if patient elects-in):

- a. TBD but may include:
  - i. Daily dose
  - ii. Frequency
  - iii. Method of intake
  - iv. Other medications, dosage and frequency
  - v. Other alternative medicines, dosage and frequency
  - vi. Metric of efficacy
  - vii. Metric of side effects
  - viii. Overall satisfaction with product

### **Implementation**

- Patients will need to elect-in
- Monthly patient survey will be taken preferentially by the dispensary but may also be available on-line for patient convenience.
- Monthly downloads to UConn for analysis
- Efficacy and side-effect metrics need to be developed

### **7. SUMMARY OF OVERALL GOAL**

Nutmeg's overall goal is to provide an Integrative Approach to Wellness. Once our dispensary staff specialists have consulted with and assisted the patient in choosing the best suited-suited form and type of marijuana in an educated and responsible manner, then such specialists can help the patient choose other health services that they may benefit from in the encourage pursuit of overall "wellness".

## **II. NUTMEG'S RULES AND GUIDELINES**

**DEAR NUTMEG PATIENT,**

We are happy to welcome you to our ever growing family.

We are grateful for such a wonderful opportunity and location. It is important to respect our neighbors and community at all times.

**THESE FEW GUIDELINES WILL HELP US TO STAY SAFE AND HEALTHY:**

- You must be at least 18 years old with a valid CT DCP Registry I.D. card to enter
- Please have your CT ID or CT-DL ready at the door for check-in
- Do not use or consume your medicine in your car, parking lot or in the neighborhood
- No cell phone calls or cameras are allowed in the building
- You may not resell or distribute your medication
- For safety, place your medication out of sight before leaving Nutmeg
- Respect all Staff, Patients and Neighbors
- Nutmeg does NOT condone recreational drug use

**IF YOU FAIL TO COMPLY WITH THESE GUIDELINES, NUTMEG WILL TAKE THE NECESSARY LEGAL STEPS TO MAKE SURE THE CT LAWS ARE STRICTLY FOLLOWED.**

We want to be able to serve you for years to come.

Please be courteous to our neighbors and help us to avoid complaints.

Please report suspicious behavior to us

Do not forget to "Treat the Neighborhood with Respect!"

### III. NUTMEG COMPASSION PROGRAM

#### A. COMPASSION DISCOUNT PROGRAM

1. Nutmeg will occasionally offer discounted marijuana or marijuana products, either as incentives or as assistance for those with lesser ability to pay, such as seniors (65 years of age or over), veterans and patients on disability.
2. State, Federal and Military Disability Patients- 5% discount once per month (ID required)
3. Cancer and AIDS Compassionate Care Program- 10% discount once per month (ID required)
4. Nutmeg's Medication Check Service will be provided to all patients

#### B. CUSTOMER LOYALTY PROGRAM POSSIBILITIES

Nutmeg plans to offer a Premium Loyalty Program and a newsletter:

- **Premium Loyalty Program-** Reward patients who spend the most. Use our customer relationship management software to track higher value purchases over time and we plan to invite patients who meet certain thresholds to join. Alternatively, Nutmeg may invite high-spending patients to sign up for your program at the point of sale.
- **Communicate Regularly With Patients-** Be mindful of patients who use our facility often. Segment them out in email and direct marketing efforts and communicate with them often.

### IV. PATIENT FREQUENTLY ASKED QUESTIONS

#### A. FAQ'S FROM CT DCP

**The following sections can be found at:**

[http://www.ct.gov/dcp/cwp/view.asp?a=4287&q=531642&dcpNav=1&dcpNav\\_GID=2109](http://www.ct.gov/dcp/cwp/view.asp?a=4287&q=531642&dcpNav=1&dcpNav_GID=2109)

#### Qualifying Patient FAQs

##### **Q. Who is eligible to use medical marijuana?**

A. To qualify, a patient needs to be diagnosed by a Connecticut-licensed physician as having one of the following debilitating medical conditions that is specifically identified in the law: cancer, glaucoma, HIV, AIDS, Parkinson's disease, multiple sclerosis, damage to the nervous tissue of the spinal cord with objective neurological indication of intractable spasticity, epilepsy, cachexia, wasting syndrome, Crohn's disease or post-traumatic stress disorder. Patients also have to be at least 18 years of age and be a resident of Connecticut. An inmate confined in a correctional institution or facility under the supervision of the Department of Correction will not qualify, regardless of their medical condition.

##### **Q. How do I register as a patient?**

A. The first step is to make an appointment with the physician treating you for the debilitating condition for which you seek to use marijuana. You will not be able to

register in the system until the Department receives a certification from your physician that you have been diagnosed with a condition that qualifies for the use of medical marijuana and that, in his or her opinion, the potential benefits of the palliative use of marijuana would likely outweigh the health risks of such use. We began accepting physician certifications on October 1, 2012.

Once your physician has certified you for the use of marijuana, the Department will seek additional information and documents from you demonstrating, among other things, your identity and residency to determine whether you are qualified under the statute to register with the Department. Once the Department receives the required information, we will make a determination as to whether you are eligible for a registration certificate and, if so, one will be sent to you.

**Q. I have been contacted by, or saw an advertisement for, someone claiming they can help me get a patient or caregiver registration certificate. Is there a way for me to find out if this company is associated with the Department of Consumer Protection?**

A. The Department of Consumer Protection is not working with any outside businesses in connection with the patient and caregiver registration process. Moreover, the Department has not shared any information about the registration process with anyone, beyond what is on this website. Our goal is to design a registration system that is easy to understand and that would not require you to work with a third party in order to register. Also, the only information the Department will be requesting will be information that you, your physician, or where applicable, your caregiver should have.

**Q. My medical condition is not listed as one that would make me eligible for medical marijuana. Can additional medical conditions be added to the list?**

A. The Commissioner of Consumer Protection has established a Board of Physicians consisting of physicians or surgeons who are board-certified in one of the following specialties: neurology, pain medicine, pain management, medical oncology, psychiatry, infectious disease, family medicine or gynecology. The board will recommend to the Department of Consumer Protection additional medical conditions, medical treatments, or diseases to be added to the list of medical conditions that qualify for the palliative use of marijuana. To be added as a qualifying condition, such recommendations will need to be approved by the Department and implemented by the adoption of a regulation. The Department of Consumer Protection's [regulations on medical marijuana](#) have set out a process by which members of the public can petition the Board of Physicians to recommend additional medical conditions, medical treatment or diseases to the list of conditions that qualify for the palliative use of marijuana.

**Q. Does the law require health insurers to cover medical marijuana?**

A. No. The law explicitly says it does not.

**Q. Can patients use medical marijuana anywhere?**

A. No. The law prohibits ingesting marijuana in a bus, a school bus or any moving vehicle; in the workplace; on any school grounds or any public or private school, dormitory, college or university property; in any public place; or in the presence of anyone under 18. It also prohibits any use of palliative marijuana that endangers the health or well-being of another person, other than the patient or primary caregiver.

**Q. How much marijuana can a patient have on hand?**

A. The maximum allowable monthly amount is 2.5 ounces unless your physician indicates a lesser amount is appropriate. Any changes to the allowable amount will be based on advice from the Board of Physicians.

**Q. Can a landlord refuse to rent to someone or take action against a tenant solely because the tenant is qualified to use medical marijuana?**

A. No.

**Q. Can a school refuse to enroll someone solely because the person is qualified to use medical marijuana?**

A. No.

**Q. Can an employer decide not to hire someone or decide to fire, or otherwise penalize or threaten that person, solely because the person is qualified to use medical marijuana?**

A. No. An employer, however, may prohibit the use of intoxicating substances during work hours or discipline an employee for being intoxicated while at work.

**Q. What are my options as a patient if I have a qualifying medical condition and believe that medical marijuana would be the most effective treatment for my symptoms but my physician will not certify me for the medical marijuana program?**

A. The Department of Consumer Protection cannot require physicians or hospitals to recognize marijuana as an appropriate medical treatment in general or for any specific patient. If you believe that your physician is not providing you with the best medical care for your condition, then you may want to consider working with a different physician. The Department, however, cannot refer you to a different physician; any information we receive regarding which physicians have, or will, certify patients for medical marijuana is being treated with the utmost level of confidentiality.

## **Primary Caregiver FAQs**

If a physician concludes that a patient whom he or she has certified for the palliative use of marijuana is in need of a caregiver, then the patient may identify one person to serve as their primary caregiver. All primary caregivers **must register** with the Connecticut Medical Marijuana Program and must pass a criminal background check before they will be issued a registration certificate.

**Q. Who determines whether a patient needs a primary caregiver?**

A physician who certifies a patient for the palliative use of marijuana is also responsible for assessing whether the patient needs a primary caregiver. The Department of Consumer Protection will not register a primary caregiver for a patient unless the need for the caregiver is documented by the patient's physician in his or her written certification to the Department.

**Q. Who can serve as a primary caregiver?**

A. To be qualified as a patient's primary caregiver, you must:

- Be 18 years old or older;

- Agree to undertake responsibility for managing the well-being of the qualifying patient with respect to the palliative use of marijuana;
- Have not been convicted of a violation of any law pertaining to the illegal manufacture, sale or distribution of a controlled substance; and
- Not be the qualifying patient's physician.

In addition, if the qualifying patient lacks legal capacity, you must be the patient's parent, guardian or other person having legal custody of the patient.

**Q. Who chooses the patient's primary caregiver?**

A. Once the physician certifies for the Department that a qualifying patient is in need of a primary caregiver, the patient can choose who will be their caregiver so long as the caregiver meets the standards discussed above. In fact, no one will be permitted to apply for a primary caregiver registration until a qualifying patient has identified the person as their caregiver, thereby initiating the caregiver registration process.

**Q. Can a patient have more than one primary caregiver?**

A. No, the Department will only register a single caregiver on behalf of a patient.

**Q. Can I serve as a primary caregiver for more than one patient?**

A. Ordinarily no; the only exception is if you have a parental, guardianship, conservatorship or sibling relationship with **each** qualifying patient for whom you are registering to be the primary caregiver.

**Dispensary Facility and Producer FAQs**

**Q. Will every pharmacy in the state dispense medical marijuana?**

A. No, pharmacies will not be licensed to dispense marijuana; only licensed **pharmacists** will be able to apply for and obtain a dispensary license from the Department of Consumer Protection.

**Q. Who will grow the marijuana?**

A. Only producers licensed by the Department of Consumer Protection will be authorized to cultivate marijuana. At any one time, the number of licensed producers shall be at least three and not more than 10. The Department has established regulations that set out the qualifications for licensed producers and has issued Requests for Applications (RFAs). Among other things, any person applying to be licensed as a producer will have to demonstrate they have the financial capacity to build and operate a secure indoor facility that could grow pharmaceutical-grade marijuana and the ability to maintain adequate controls to prevent the diversion, theft or loss of the marijuana in their facility.

**Q. Can I use the application form currently available from the Department of Consumer Protection for a Manufacturer or Wholesaler of Drugs, Cosmetics or Medical Devices to apply to be a producer or dispensary of medical marijuana?**

A. No. The appropriate application forms are now listed on our "[License, Permit & Registration Forms](#)" webpage.

**Q. I have been contacted by, or saw an advertisement for, someone offering to help me set up a medical marijuana dispensary or production facility. Is there a way for me to find out if this company is associated with the Department of Consumer Protection?**

A. The Department is not working with anyone outside the agency on the selection process or on development of dispensary or production facilities. As with any other time when you may consider hiring a consultant, contractor or vendor, we strongly encourage you to do your homework first. You should research the business you will be dealing with, ask for references and then contact those references. If you are asked to sign a contract, read that contract, or have your lawyer read that contract, carefully before you sign it.

## **B. MORE FREQUENTLY ASKED QUESTIONS**

These come from [www.olives-branch.com/FAQ](http://www.olives-branch.com/FAQ):

### **Let's Talk About Medical Marijuana**

#### **1. What is medical marijuana?**

Medical marijuana comes from a plant, the cannabis plant. Cannabis has been a naturally occurring plant on this earth for several thousand years. In the United States, marijuana was a patented medicine throughout the 1800s and early 1900s. The medicinal effects of the plant come from the trichomes that are found on the leaves, leaf buds and flowers. At this time, research has discovered 85 distinct cannabinoids, each playing a part in the overall therapeutic effects that make up marijuana. Of the 85 cannabinoids discovered, THC, CBD and CBN are the most prevalent and most researched. It has been found that each component balances the other, making the use of the whole plant far superior than the manufactured break up of just THC (Marinol) or THC:CBD (Sativex).

There are two basic strains of Cannabis: Sativa and Indica. Each one has its own set of distinct characteristics, effects and botany. The effectiveness of Marijuana is directly related to the strain being used. Researchers are beginning to identify particular strains that are good for sleep, pain, appetite, and energy, as well as for specific conditions and symptoms.

#### **2. What are the benefits of using medical marijuana?**

Scientific studies have consistently proven that medical marijuana may help with symptoms of the chronically ill. Medical marijuana is known to have positive effects in the treatment of nausea, lack of appetite, cachexia, unintentional weight loss, anorexia, appetite loss from chemotherapy and radiation, pain, arthritis, migraine, epilepsy, depression, anxiety, PTSD, irritable bowel disease, AIDS, Crohn's disease, colitis, fibromyalgia, chronic pain and certain symptoms of multiple sclerosis and spinal cord injuries.

For additional information on the therapeutic uses of marijuana please check out: [Emerging Clinical Applications For Cannabis & Cannabinoids: A Review of the Recent Scientific Literature, 2000 - 2011 from NORML](http://www.norml.org/advocacy/research/2011)

#### **3. Is medical marijuana safe?**

In 1988, the DEA's Chief Administrative Law Judge, Francis L. Young, ruled after extensive hearings that, "Marijuana, in its natural form, is one of the safest therapeutically active substances known."

Marijuana is a remarkably safe herbal medicine. The reason for this may be explained by how it is processed in the body. Marijuana's active ingredients, cannabinoids, work with endocannabinoid system in our bodies. Endocannabinoids are a natural part of the endocannabinoid system, and the receptor cells for this system are concentrated in many parts of the brain and throughout our body. The one place where they are lacking is in the brain stem, which is where the body controls respiratory and cardiovascular functions. You will not stop breathing and your heart will not stop beating due to your marijuana use. Therefore, even strong doses do not endanger life. \*

Being an educated patient is paramount to successfully managing any illness or disease.

\* Excerpts from [Marijuana Medical Handbook](#) by Gieringer, Rosenthal, Carter  
\* [NORML](#)

*Excerpts taken from the ASA website*

#### **4. Are there side effects of medical marijuana?**

An effect is therapeutic if it treats the problem or helps reach a goal. Variables such as dose, absorption factors, the environment and attitudinal mindset all contribute to your perception of the effect.

Marijuana usually has a soothing and comforting effect on the mind. Moderate doses tend to induce a sense of well-being and a dreamy state of relaxation. Marijuana's medicinal benefits affect the perception of pain, mood, hunger and muscle control.

Many patients experience the feeling of a dry mouth and throat, red eyes, giddiness and altered reaction times. You should never drive a vehicle or operate heavy machinery while under the influence of marijuana.

At stronger doses some people do experience an increased heart rate, palpitations, anxiety, paranoia, nausea and dizziness. Remember, it is impossible, regardless of quantity or potency to overdose on Marijuana and any/all side effects will go away with time.

\* Excerpts taken from the Cannabis in Medical Practice, ASA, Norml, and The Marijuana Medical Handbook

#### **5. Everyone tells me that medical marijuana is bad for me. Are they right?**

Whether a drug or medicine is over the counter, prescription, legal or illegal it has potential risks. There is no drug/medicine that is completely safe. Any drug/medicine can be abused.

A drug /medicine is neither good nor bad, but rather the manner in which it is used may be good or bad for a particular person. In order to decrease any potential harm from a drug/medicine, people should obtain some basic information regarding the inherent risks and benefits of the drug.

Like all medications, marijuana can cause harm if taken in excess or abused. Some people respond poorly to it, finding it to be more unpleasant than beneficial. Just like any medicine that can be prescribed, not every medication works for every patient, nor are their effects and side effects the same. There may be some populations that are susceptible to increased risks from the use of cannabis, such as adolescents, pregnant or nursing mothers, and patients who have a family history of mental illness. Patients with Hepatitis C, decreased lung function (such as chronic obstructive pulmonary disease), or who have a history of heart disease or stroke may also be at a greater risk

of experiencing adverse side effects from marijuana. Respiratory damage, increased risk of heart attack, psychosis and harm to the fetus in pregnant women who smoke marijuana, are all adverse side effects that may be experienced by patients who have compromised health conditions where smoking may exacerbate their effects.\* The staff at Olive's Branch are well versed in the medicinal uses of cannabis and can help you make an educated decision if it is right for you.

## **6. Does Marijuana interact with other medications?**

"Cannabis and THC have been shown to alter the absorption and elimination of other drugs (Benowitz and Jones 1977, Paton and Pertwee 1972). Because of possible additive or synergistic action, cannabis should not be used in combination with alcohol, sedatives, or sleeping pills since that would increase sedation. For patients using theophylline, cannabis will increase the metabolic processing of that drug (Jusko et al.1979). Please advise our physician of all medications that you are taking. We will do our best to determine any interactions that may occur with your use of medical cannabis.

## **7. Could I be allergic to Cannabis?**

This is a possibility that should be considered with any medication. An allergic reaction can be as mild as an upset stomach, show up as a rash, or can be as serious as to impair your breathing; requiring emergency care. Despite its widespread use throughout history, hypersensitivity or allergic reactions to cannabis have rarely been reported (Liskow et al 1971, Kagen et al. 1983, Anibarro and Fontella 1996)

## **8. Will I develop a physical dependence to Cannabis?**

For patients using cannabis as a medicine, abrupt cessation of cannabis use should not cause any severe withdrawal symptoms. There has been documented a mild withdrawal syndrome associated with the cessation of marijuana, however, this is not a common reaction and does not occur in the majority of users. Your body does not become physically dependent on cannabis.

Some patients have experienced withdrawal symptoms which include: agitation, headache, irritability, insomnia, mood swings and mild depression. These symptoms are often described as mild to uncomfortable and are generally not medically serious requiring additional intervention.

## **Getting Your Recommendation**

### **1. What medical conditions are eligible to use Medical Marijuana?**

Each state has its own lists of approved medical conditions.

#### **Connecticut (2012)**

"Debilitating medical condition" means (A) cancer, glaucoma, positive status for human immunodeficiency virus or acquired immune deficiency syndrome, Parkinson's disease, multiple sclerosis, damage to the nervous tissue of the spinal cord with objective neurological indication of intractable spasticity, epilepsy, cachexia, wasting syndrome, Crohn's disease, posttraumatic stress disorder, or (B) any medical condition, medical treatment or disease approved by the Department of Consumer Protection (<http://www.ct.gov/dcp/cwp/view.asp?a=4287&q=509628&dcpNav=|55376|>)

### **2. Can anyone get a medical marijuana recommendation?**

Only patients with qualifying medical conditions will receive a valid recommendation from the state. Physicians who evaluate patients for cannabis use have a fundamental

obligation to carefully and competently screen their patients. Physicians are committed to "do no harm."

### **3. Is there an age limit for access to medical marijuana?**

You have to be at least 18 years of age to be able to seek approval for medical cannabis use. In most states a minor may be approved for the use of medical marijuana with parental consent. The parent also has to agree to become the minor's primary caregiver.

### **4. How long is a recommendation valid for?**

Generally, a recommendation is valid for up to one year as long as your use of medical cannabis is appropriate under your state's Medical Marijuana program and you continue to meet all of their requirements.

### **5. What is a caregiver and do I need one?**

In broad terms, a caregiver is defined as an individual who can possess, cultivate and/or provide medical cannabis to a qualified medical cannabis patient. There are variations from state to state about who can be a caregiver and how many patients a caregiver can serve, along with what caregiver can do.

In the state of Connecticut individual caregivers may be responsible for only one patient at a time. (<http://www.ct.gov/dcp/cwp/view.asp?a=4287&q=511226&dcpNav=1>)

In the state of Rhode Island individual caregivers may be responsible for up to 5 patients, and they also have cultivation rights for their patients. (<http://www.health.ri.gov/healthcare/medicalmarijuana/for/patients>)

Choosing whether you need a caregiver is a personal decision. Caregivers are there to help you acquire medical cannabis. Caregivers are protected from arrest and most receive compensation for their services.

Additionally, as a patient you may need a caregiver to assist with things that are unrelated to medical cannabis. Caregivers may offer additional services such as grocery shopping, household chores, light meal preparation, and transportation to doctor's appointments or any other support. You should discuss your expectations at the outset of the relationship so both parties are clear. It is strongly recommended that you have a written contract outlining your agreement, detailing the services that will be provided, which is signed by both of you.

As in any business deal, if something is not right, speak up. Remember it is about your needs, so make sure that you are being properly taken care of. If not, move on...there are many compassionate people out there, and we can help you find one if necessary.

## **The Legal Side of Things**

### **1. If I am looking for a recommendation for medical marijuana, will my information be reported to the police or the government?**

Medical records are subject to well-established confidentiality and privacy protections. Your records are protected under [HIPPA guidelines](#). The doctor who evaluates you has no obligation to report to anyone that you are using medical cannabis. This is true even if the doctor concludes you do not qualify for medical cannabis use.

### **2. Is my recommendation valid in any other state?**

If you have a medical marijuana registry identification card from any other state, U.S. territory, or the District of Columbia you may use it in Arizona, Maine, Michigan,

Montana, and Rhode Island. It has the same force and effect as a card issued by the state where you reside. Legislation is always changing, it is highly recommended that you check with the state where you are travelling to in case there have been changes to their laws.

We are going to be drug tested at work. I have a doctor's recommendation for medical marijuana. If I test positive for marijuana can they still fire me?

You may not be fired for medical cannabis use alone. While having approval for medical cannabis allows you to possess and to use a certain amount of cannabis, your employer may prohibit the use of an intoxicating substance during work hours or discipline an employee for being intoxicated at work. An employer may not penalize or threaten an employee solely due to that person's status as a medical cannabis patient.

Marijuana law is changing daily as states grapple with patients rights. If you need legal assistance, we can help you find a lawyer who will be knowledgeable about your rights in your state.

### **3. Can physicians provide medical marijuana for patients?**

No. Physicians may legally recommend medicinal cannabis for qualifying patients, but they may not prescribe nor provide it. Your physician cannot recommend where to get medical cannabis. Your physician will not discuss the locations of dispensaries or how to obtain cannabis. If asked, your physician should explain that federal law prohibits this discussion.

### **4. Can I still drive and use medical marijuana?**

Cannabis can impair driving performance by interfering with attentiveness, short-term memory and reaction time. There are a number of states grappling with drugged driving laws as it becomes clear that a number of medications have an effect on a patient's ability to drive safely.

"Although cannabis is said by most experts to be safer with motorists than alcohol and many prescription drugs, responsible cannabis users never operate motor vehicles in an impaired condition." (NORML 1996)

A number of states have passed zero-tolerance laws making it illegal to drive with any detectable amount of marijuana in your system. We do not recommend driving or operating heavy machinery under the influence of medical cannabis.

Please see the [NORML site](#) for more information.

## **Using Medical Marijuana**

### **1. Is there a correct dose of medical marijuana?**

Correct dosage of medication includes the correct amount of the drug as well as the route and frequency of administration. Cannabis has a very wide margin of safety and it is virtually impossible to overdose on it. Finding the right dose for the patient is highly individualized. One person may be much more sensitive than another to the various components in marijuana. Furthermore, the patient's reactions to the components that make up marijuana are highly individualistic. Our physicians will help you determine what the right dose and route if best for you.

Medical cannabis can be administered in a variety of ways. It can be smoked, swallowed, eaten, applied under the tongue or rubbed on topically. Each method of delivery has a distinct course of action.

### **2. How often do I need to use medical marijuana?**

"Depending on the desired effect, a patient may need to use cannabis on a continual basis to maintain a therapeutic level as with glaucoma. For patients with a seizure disorder or frequent spasticity problems, a regular pattern of use may be preferred to prevent symptoms from occurring (i.e. every 4 hours). Other patients may use cannabis on an "as needed" basis, such as before chemotherapy to control the nausea and vomiting. Cannabis may be used prior to meals if the desired effect is to increase the appetite. It may be used an hour before bedtime to assist with sleep. Our physicians will assist you in what they believe your dosing and frequency may be. We are always available for questions once you begin treatment with medical marijuana.

\* Cannabis in Medical Practice

### **3. Will I develop a tolerance to the effects of cannabis?**

Tolerance to medications means that if a drug is used frequently and regularly, over time the patient would need to increase the dose required to produce the same effect. In regards to the medical use of marijuana, patients have found that tolerance to the therapeutic effects develops more slowly, if at all, than tolerance to the "high" and other side effects. \*

\* Cannabis in Medical Practice

### **4. Is smoking medical cannabis bad for me?**

There are many who believe that you need to weigh the pros and cons when it comes to smoking medical marijuana. Smoking marijuana produces the immediate effects and refined control of dose. By this route, marijuana smoke is inhaled and absorbed through the lungs. Because the lungs have a large surface area and many blood vessels leading directly to the brain, the onset of effects are produced rapidly. Due to this rapid onset, experienced smokers can easily titrate their dose to achieve the desired subjective effect. When smoking cannabis the dose received can be altered by changing how much smoke is inhaled, the time between inhalations, and the number of inhalations taken.\* Typically, the effects following smoked administration are relatively short-lived, lasting no longer than one to two hours.

Smoking does however emit tars and noxious gases that are found inherently in smoke. Some feel that the amount smoked is variably small, thereby the benefits outweighing the risks. Cannabis can also be vaporized. Vaporizers heat the cannabis to temperatures just below the point of combustion where smoke is produced. This separates the THC and other medically active cannabinoids from the plant material without burning, and they are released into a vapor. This vapor is then inhaled.

### **5. What is a vaporizer?**

A vaporizer is a product that can be purchase to assist in the consumption of medical marijuana and a variety of other herbs. The temperature at which the cannabis is heated is between 365°F and 420°F, this is the point where the cannabinoids release into a vapor. Combustion of plant material begins at around 540°F, therefore many if not all of the negative effects of smoking are mitigated. A deterrent to vaporizers is the initial cost, but due to the decreased amount of cannabis needed per dose and healthier administration method, most patients feel it is a good investment. [MORE INFORMATION](#)

### **6. What is an edible?**

An edible is food that has medical cannabis infused into its ingredients. Edibles are longer lasting, and have lag time, the amount of time it takes to feel their effects. After

oral ingestion, the medicine must move from the stomach to the small intestine, where it is absorbed into the bloodstream. Before reaching the bloodstream, however, some of the drug is metabolized by the liver. Once in the bloodstream, it moves to the heart and then to the brain. This is why there is a delay in effect, which generally occurs in one and a half hours.

It is recommended to exercise caution when trying an edible for the first time. Most edibles are enjoyable to eat and it is easy to exceed a comfortable dose. The effects experienced are more variable, are of longer duration, and cannot be altered minute by minute. It is recommended that you try a quarter of a dose the first time using an edible, wait 45 minutes, and then try another quarter dose if you have not achieved the desired effect. This will greatly decrease your likelihood of experiencing a stronger effect than you desire. Proceeding to quickly and over consuming the edible, by the time all the doses have hit your system, you are "over medicated. If you experience uncomfortable side effects, eating something or sleeping may reduce your discomfort. Time is the only needed antidote.

#### **7. What is a tincture?**

Tinctures are a concentrated extract of marijuana, usually prepared in a base of alcohol, oil, or glycerol. They offer a convenient way to medicate in a non-smoking environment. Dosages are measured with a dropper or atomizer (spray) and delivered under the tongue to be absorbed through the capillaries of the mouth directly into the bloodstream. This is similar to how the effects of smoked cannabis is processed in the body.

Tinctures can also be put into a juice or a tea and consumed as a drink. The effect you feel with this method is similar to that of an edible.

#### **8. What is a topical?**

Applying Cannabis topically in the form of a lotion, ointment or salve has been shown to produce anti-inflammatory processes to patients. Patients have found it helps to clear skin conditions such as psoriasis and eczema. It is known to relieve muscle spasms, knots and soreness.

## V. NUTMEG REFERENCE MATERIALS

### A. NUTMEG'S KNOW YOUR EDIBLES

Welcome to the Nutmeg's guide to safety and effectiveness for the consumption of edibles and drinks that are enhanced with marijuana. Below are some tips for safety and effectiveness in consuming edibles, with awareness to the strength and amounts that each individual should take to alleviate their symptoms. Here at Nutmeg we offer five strengths of edibles, starting at **one-half** strength and increasing to a **single dose, triple dose, five dose, and finally ten-dose** strength. If you are "cannabis-naive" or first-time edible patient we suggest starting with a half-dose edible and observe the effect that the lightest strength has on your body and mind. Gradually increase the strength if necessary.

All of our edibles are carefully enhanced with a consistent strength and will not vary. If you are not getting the desired effect, you may be building a tolerance to the medicine; thus you can just adjust the dose accordingly. Also, giving your body a rest: taking a "medicine vacation" for a few days or taking it every other day for a week can increase the effectiveness of the medicine.

When using Nutmeg's products it is important to not cross medicate or use alcohol, as the effects may be strengthened and cause a THC overreaction such as extreme drowsiness, dizziness, or nausea . Do not operate machinery or drive while medicating with edibles which might cause drowsiness or slow reflexes. All of our products are safe; however, there should always be a safe place and a specific period of time reserved for the consumption of this medicine. If you over-medicate, please be reminded the symptoms will disappear in a few hours. Stay calm, hydrated, and eat food.

Nutmeg is pleased to bring you another way to medicate with our enhanced drinks. Each drink contains three servings per bottle and is labeled on the neck with the amount of THC in the bottle as a standard. This number corresponds to the whole amount in the bottle and **not each serving**. Our drinks and edibles are quite strong. If you are new to the use of marijuana, one serving, or a third of the bottle, should be the starting point for medicating. We follow all regulations for safety in the bottling of these drinks and they are tested in a lab for safety and shelf life. It is recommended to take this medication with a protein/fatty food, such as raw nuts, or nut butter to increase the absorption and decrease the risk of over-medication.

Responsible use is important to you and to the community in which you live. Remember, **Start Low and Go Slow**. When eating or drinking cannabis, it can take up to 1 to 1-1/2 hours to see effectiveness, and that effect can last 8-12 hours, depending upon individual body chemistry. It is advisable to wait for one hour before taking more.

**Please Keep Out Of The Reach Of Children.** All enhanced products and medication should be kept in a safe, preferable locked location so that children cannot access them.

## **B. Cannabis Vaporization Offers Advantages**

See article from NORML: <http://norml.org/library/item/part-2#vapor>

## **C. NUTMEG WARNINGS**

### **INGESTION OPTIONS**

It is our intention to provide edible products to our patients, as we believe this to be a necessary method of dose delivery, especially for patients with compromised lung function. We will work with our patients to develop a menu that satisfies their specific ingestion plan that meets their needs and desires.

### **SAFE SMOKING TECHNIQUES**

Tobacco smoke is a direct cause of emphysema. However, some research shows that marijuana smoke does not cause emphysema. Tobacco smoke can cause both acute and chronic bronchitis. Marijuana smoke is more likely to cause acute bronchitis rather than chronic, but both usually can be remedied simply by reducing or temporarily stopping smoking. Coughing while smoking, you have inhaled too much smoke. Coughing after smoking, you have been smoking too often. Most medicinal marijuana patients medicate just once or twice a day. The most intense usage may be found among glaucoma patients, some who administer the cigarette equivalent of two packs a day. For those, smoking marijuana poses severe respiratory risk.

To reduce respiratory irritation, simply reduce smoke inhalation. Sift out low- to- no potency twigs and seeds. When given the choice, choose bud over leaf. Leaf averages only 1 to 2 per cent THC, while ordinary bud averages 5 to 10 per cent. Recently improved methods of hybridization grow technology have produced strains with increased scores.

The health equation is obvious. The more potent your medicine, the less you will need to use. Store your marijuana medication in such a way as to assure it retains its potency. Smaller size quantities may be purchased in a plastic vial type dispensing container. That is only a first line of defense. Such vials are waterproof, but not air proof, else its sweet aroma would not penetrate beyond the vial. Place that vial inside a second "oven bag," marketed for roasting. Such bags are indeed air proof. Larger size quantities may come in plastic bags which can be doubled up. Bags hardly protect the delicate marijuana from being crushed, however, so place the double bag inside a rigid and airtight container such as glass or Tupperware type plastic. Keep the bud whole to keep it fresh and thereby retain its potency. Next, store the rigid container in a cool, dark place. Refrigerators are fine, and freezers are better. Kept frozen, marijuana will lose little potency. Do not store in an any area (such as an unfinished attic or cellar) that in the coldest winter months is exposed to night and day temperature fluctuations sufficient to freeze and thaw, and refreeze and re-thaw causing marijuana to crumble, with a similar consequent loss of potency as from being crushed.

Given the choice, go organic, as pesticides and other chemicals washed off food are not washed off during normal cannabis processing and use. Trust your throat and your head. If just a little puff causes you to cough, or if a little too much gives you a headache, do not blame the marijuana, blame the chemicals. Breathe deeply if you want, but do not hold that breath. Once the delicate membranes of the cilia of your

lungs are coated by the air and the medicinal smoke, no amount of holding your breath will provide any greater effect. Instead, it only further irritates your lungs. Cannabinoids are fat-soluble and so are quickly absorbed through the lungs. Tars, however, are absorbed more slowly. So take it easy, breathe easily and do not hold your breath!

### **POTENTIAL SIDE EFFECTS**

Nutmeg will be responsible for maintaining up- to- date information on medical marijuana research at all times. He will be responsible for overseeing the transmission of new potential risks and benefits to our patients via educational material. The following potential side effects will also be conveyed by written package insert and verbally at the time of dispensing.

Common Side Effects:

- Trouble remembering things
- Sleepiness
- Anxiety
- Paranoia

Per DCP regulations Nutmeg will also include in writing the following, "If you have a concern that an error may have occurred in the dispensing of your marijuana you may contact the Department of Consumer Protection, Drug Control Division, by calling (Department of Consumer Protection telephone number authorized pursuant to section 21a-2 of the Connecticut General Statutes)."

Some people are not affected the above symptoms of medical marijuana, which are relative to the individual patient's current health status. For example, people who have a history of mental or health problems should be advised not to smoke or ingest it, unless it was proven that it would not adversely affect his or her behavior. First time smokers of marijuana should always use a small dose to see how it would affect their body or mind. This is a good way to see if marijuana is okay for the patient, with the minimal side effects and dangers associated with smoking marijuana.

Medical marijuana causes physical side effects as well when used in large doses. Some side effects can be cured with remedies that are simple. Water or juice is very good in preventing dry mouth (cottonmouth). Sugar and fat free foods are also great in fixing the hunger you might encounter when smoking or ingesting marijuana. If there is a problem with headaches or nausea, a warm bath might help. Things that should be avoided with smoking marijuana are drinks that contain caffeine, fatty foods with a lot of sugar, and excessive exercise.

### **PHYSICAL ADVERSE EFFECTS OF MARIJUANA MAY INCLUDE:**

- Dry mouth
- Nausea
- Headache
- Tremor
- Decreased coordination
- Increased heart rate
- Altered pulmonary status
- Altered body temperature
- Reduced muscle strength

- Decreased cerebral blood flow
- Increased food consumption

There are also side effects that alter brain function. These types of side effects are usually associated with brain disorders. If anyone experiences an adverse effect that they cannot control, such as those listed below, they are not recommended to smoke or ingest marijuana until they consult their physician for advice.

### **NEUROPSYCHIATRIC ADVERSE EFFECTS OF MARIJUANA:**

- Anxiety and panic
- Paranoia
- Confusion
- Aggressiveness
- Hallucinations
- Altered libido
- Possible suicidal ideation
- Depersonalization
- De- realization
- Poor sense of time
- Worsened short- term memory
- Addictive behaviors
- Motivational syndrome

### **C. NUTMEG LEGAL WARNINGS**

#### **Sensible Use of Medical Marijuana**

Like any medicine, marijuana can be misused. Excessive or inappropriate use can contribute to problems including sleeplessness, overeating, and time management issues. Due to the political climate surrounding marijuana use research, clinical studies have produced widely conflicting conclusions about the true benefits and potential side effects of marijuana use. Always listen to the advice of your doctor and use good judgment when using medical marijuana. These guidelines help identify ways of using medical marijuana in a positive way.

Adults should only use marijuana as part of a healthy, balanced, and responsible lifestyle. Do not take marijuana with you outside of Connecticut, you are no longer protected by Connecticut Medical Marijuana laws and may be subject to prosecution.

The decision to use marijuana should be made freely, and not because of social pressure. Marijuana users should be well informed about its effects on themselves and others. These effects include legal risks, health risks, and personal consequences.

Never use marijuana as an excuse for antisocial or irresponsible behavior. Marijuana users should model and reward responsible use, particularly with new users. Develop sensible marijuana use limits for you based on personal, health, situational, and cultural factors. It is important to be objective about your personal marijuana use and listen to the constructive advice of others.

Avoid marijuana use that puts you or others at risk, such as when driving, at work, or in public places. Remember, personal use of marijuana is still illegal under federal law, and penalties are stiff.

Use of marijuana by children is inappropriate.

Marijuana use should contribute to, rather than detract from, a patient's health, well-being, creativity, work relationships, and social obligations.

# **Nutmeg Dispensary**

## **Exhibit I**

### **Operation Manual**

November 1, 2013

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# I. DISPENSARY OVERSIGHT

## A. OVERVIEW.

The management team of Nutmeg Dispensary will consist of a Dispensary Facility Manager, Mark Roberts and the Dispensary Facility Backer, Robert Schulten. Robert Schulten, the Dispensary Facility Backer, will oversee finance and administration. Subject matter experts in legal, accounting & tax, security, IT and Data Integrity, HIPPA compliance and Human Resources, also give guidance.

The Managing Partners will focus Nutmeg on:

- Implementation of our mission statement
- Financial and growth strategy
- Meet or exceed regulatory compliance
- Patient safety and security measures
- Community relations

Responsibilities of managers and subject matter experts are as follows:

- Mark Roberts- (Dispensary Manager) Manage day-to-day operations, quality assurance oversight, patient counseling and education, inventory management, ensure employee tasks are executed with respect to full compliance with corporate policies, industry practices, and safety rules.



- Robert Schulten (Chief Administration Officer, "CAO")- Hiring staff and contractors, budget & financial oversight, resource allocation, DCP compliance, establish & maintain internal controls including record keeping, implementing safety protocols



- Fred Ury, Ury and Moscow, Fairfield- Legal

- Doug Steinschneider- Information Technology, Fairfield
- Mark Resco, MCI Security, Security and Surveillance, Fairfield
- Jim Gargan, Raines & Gargan, CPAs- accounting & Tax, Brookfield
- ADP- payroll & Outsourced HR
- Cartel Systems (“CCS”)- Patient tracking, HIPPA, patient & sales data collection

## B. NUTMEG’S REGULATORY CHECKLIST.

Nutmeg continues to work with DCP to meet or exceed all regulatory requirements. Detailed plans have been developed and are attached as follows:

- Security & Surveillance
- Personnel
- Short and long-term financial projections and sensitivities
- Patient and employee data integrity
- Patient educational materials information
- Product flows within the Dispensary.

To ensure regulatory compliance, Nutmeg has developed the following checklist to help assume compliance within the outline of the regulations broken down by frequency, depending upon whether the reports are scheduled daily, weekly, quarterly, annually or ad hoc:

## NUTMEG REGULATORY CHECKLIST

---

### START UP

DCP	Description
PMP Uploading- Daily	Sign-up and test to meet system requirements
Review of marketing materials & advertisements	Sent to DCP for prior to dissemination

Human Resources	Description
Dispensary Manager License	Complete licensing and registration requirements. Get identification card.
Dispensary Technician License	Complete licensing and registration requirements. Get identification card.
Dispensary Backer License	Complete licensing and registration requirements. Get identification card.
Designate Dispensary Facility Manager	
All Nutmeg employees & Facility Backer	Must be 18 years of age and registered with DCP

Patient Information	Description
CRM System for patient tracking	Find best HIPPA Compliant system
Labeling System in Place	DCP Compliant in composition, size and design

Dispensary	Description
POS System operations & sales records management	Make sure "Dispensing Error" warning, per DCP regulations, are clearly displayed on receipts, HIPPA requirements meet, cyber security best practices in place
Marijuana Receiving Process	In place and tested prior to opening to report discrepancies and opening & on-hand inventories

Closed -Circuit Security Alarm System	Installed by professionals, covers all perimeter entry points and windows, meets DCP regulations, covers all perimeter entry points and windows, monitored 24/7 by monitoring company, motion detector, duress alarm, panic alarms, hold-up alarm, automatic voice dialer
Closed -Circuit Security Alarm System	DCP approved back-up alarm system required
Alarm System	Conforms to local codes, rules, ordinances
Alarm System	Written operating instructions on site
Alarm System	Two systems in place, compliant with DCP
Alarm System	Process in place to report all false and real alarms to DCP
False Alarms	Process to minimize or eliminate false alarms
False Alarms	Process to maintain date and time records of false alarms
False Alarms	Manager can get to dispensary and deactivate system within 5 minutes
False Alarms	Process to have installation company inspect system after two false alarms in a one-year period
Locks	Commercial grade 2, non residential locks installed at all entry/exit points and surveillance room
Closed -Circuit Security Surveillance System	All camera placements have been inspected and approved by DCP and LEO as satisfactory
Closed -Circuit Security Surveillance System	Process in place to erase or destroy recordings before disposal, sale or when discarded
Closed -Circuit Security Surveillance System	Process in place to retain surveillance recordings for at least 30 days
Closed -Circuit Security Surveillance System	Process in place to ensure surveillance recordings are not destroyed if licensee is aware of pending investigation or litigation
Closed -Circuit Security Surveillance System	All records are time and date stamped
Closed -Circuit Security Surveillance System	All cameras are continuously recorded 24 hours per day
Closed -Circuit Security Surveillance System	Video recording allows for the exporting of still images to a printer with a 9600 dpi resolution in jpeg, bmp or gif format
Closed -Circuit Security Surveillance System	Exported video can be saved in an industry standard file format that can be played on a standard PC using QuickTime or Windows Media Player
Closed -Circuit Security Surveillance System	All cameras, recording devices and network switching equipment have battery backup system that supports 15 minutes of recording if there's a power outage
Closed -Circuit Security Surveillance System	Failure notification system provides audible and/or text and visual notification within five minutes of failure by phone, email or text alert
Closed -Circuit Security Surveillance System	Process to produce clear color still photo from any camera image live or recorded
Closed -Circuit Security Surveillance System	Color printer capable of producing a 9600 dpi print

## DAILY

DCP Reporting	Description
PMP Uploads	Dispensary Manager to verify that reports have properly loaded each morning
Inventory Report	Daily .dispensary Manager sing-off
Security Reports	Review of systems operational status
Reportable Events	Address on ad hoc basis
Facility Dispensing record log	Dispensary must sign or initial daily

Interior of Facility	Description
Staff Wearing Panic Buttons	Dispensary Facility Manager Responsibility
Regulations Available for Inspection	Dispensary Facility Manager Responsibility
Nutmeg Quality Assurance Manual Available	Dispensary Facility Manager Responsibility
Clean Reception, Dispensary and Parking Lot Areas,	Dispensary Facility Manager Responsibility no trash, clean smell
Security	Test Doors, Cameras and Security

POS Equipment	Operational and Ready to Open
Signage	Check for Display of Dispensary facility permit, name of dispensary facility manager, Hours of Operation, Price of products offered, Name of Dispensary Manager, Do Not Enter signs for secure areas, Reporting of Diagnosing Errors Sign
Patient Self Assessment Report	Manager to put into database daily, maintain electronically for three years following date the patient ceases to designate Nutmeg
Employee Licenses Displayed	Facility Manager to Check that employees are wearing name tags or similar form of id, including position at Nutmeg
Surveillance Video Storage	Upload to Cloud if needed
Visitor Badge Process	DCP permission in writing is required. Visitors log-in and dispensary or technician escort in limited access areas and log-out with return of badge
Visitor log	Log of all visitors with date, time, purpose
Emergency required visits	Reported to DCP as soon as practical, include name, company, purpose, date, time

Sales	Description
Proof of Identification	Patient or caregiver has proper license and identifying credentials
Proof of Identification	ID has picture and date of birth, CT DL, State ID, Military ID, US Passport
Facility Entry	License card swipe required to enter
Facility Entry	Receptionist review of license against proof of ID
Facility Entry	Employees trained and authorized to confiscate patient registry IDs if they suspect the cards are fraudulent
Facility Entry	Process to turn over confiscated cards to DCP within 72 hours
Ordering	Check on PMP to verify patient is under monthly amount limit
Ordering	Process in place to record all sales and business transactions
Ordering	Process to retain all transaction records for current and prior 3 years
Validation of Nutmeg	Process to report Nutmeg as patient's new primary dispensary within 72 hours of change
Patient Information	Dispensary manager will submit to patient's information regarding possession and use of marijuana. All information to be submitted to DCP for approval prior to providing to patients.
Review patient controlled substance history	Dispensary to review each patient's PMP records
Serial Numbers	Assign serial numbers and maintain records on all sales

Inventory	Description
Receiving Documented	Direct supervision by dispensary who also accepts delivery. Put into safe after scanning into system.
Morning Count & Review	By dispensary manager

## WEEKLY

DCP	Description
Week End Inventory Count	Signed by dispensary and saved for DCP review
Inventory	Description
Dispensing Errors	Reviewed by staff and fixes enacted

## QUARTERLY

DCP	Description
CT DCP Efficacy Reports	Collection done daily, compiled and sent to DCP each month end
Inventory Report	

## ANNUAL

DCP	Description

Dispensary Permit Renewal	With DCP, date TBD
<b>Human Resources</b>	<b>Description</b>
Dispensary Manager License	Apply for new identification cards at 45 days prior to expiration, \$100
Dispensary Technician & employee License	Apply for new identification cards at 45 days prior to expiration, \$50
Dispensary Backer License	Apply for new identification cards at 45 days prior to expiration, \$100
Dispensary Facility permit	45 days before expiration and \$5000

## AD HOC

DCP	Description
Changes of Dispensary Facility Manager	Whether immediate change or absent for 16 consecutive days or for 42 days, \$50
Dispensing Errors	8"x10" sign at counter, "If you have a concern that an error may..."
Dispensing Errors	Quality Assurance review for every dispensing error, but monthly at a minimum
Reportable Events	Inventory discrepancies, diversion, theft, loss or unauthorized destruction will be reported to DCP and LEO's
Reportable Events	Each event will be documented, signed, are reported within 24 hours of discovery of event. Corrective measures taken need to be reported as well.
Alarm Activation w/public safety personnel response	Notify DCP next day and written notification no later than 10 business days
Security Breach	Notify DCP next day and written notification no later than 10 business days
Security Alarm failure	If expected to last more than 8 hours
Patient Change of Preferred Dispensary Report	Sent to DCP by Facility Manager as required
Change of Employee Name or Address	Sent to DCP by Facility Manager as required

D

Human Resources & Administrative Compliance	Description
Employee Training	Security Measures and Controls Module
Employee Training	Emergency Procedures and Instructions Module
Employee Training	PIPPA and Patient Confidentiality Module
Employee Training	Received Quality Assurance Training & Manual
Criminal Actions	Report criminal activities, rule violations by employees. Dispensary Facility Manager to Report within 1 day of activity
Change of Employee Name or Address	Sent to DCP by Facility Manager as required within 5 days
Discharge of Workers	Dispensary facility manager will return to DCP the identification card whose employment has been terminated no later than five business days after termination
Workers Compensation Obtained	Facility Manager through ADP
Report all new employees	To DCP
<b>Dispensary</b>	<b>Description</b>
Access Control Changes	Who has access to reports, information and specific areas of the dispensary (safe and surveillance rooms)
Dispensing Errors	Dispensary facility manager to notify all dispensary employees that all errors are to be reported immediately to dispensary on duty

## II. HOURS OF OPERATION

### A. HOURS OF OPERATION

### Section F: Proposed Dispensary Department Hours

41. State the proposed dispensary department hours of operation for each day. The dispensary department is where marijuana will be sold.

Monday	10	to	6
Tuesday	10	to	6
Wednesday	_____	to	_____
Thursday	10	to	8

Friday	10	to	8
Saturday	9	to	2
Sunday	_____	to	_____

### Section G: Proposed Dispensary Facility Hours

42. State the proposed dispensary facility hours of operation for each day. The dispensary facility includes areas where non-marijuana products and services will be offered.

Monday	10	to	6
Tuesday	10	to	6
Wednesday	_____	to	_____
Thursday	10	to	8

Friday	10	to	8
Saturday	9	to	2
Sunday	_____	to	_____

## **III. MEDICAL MARIJUANA ACQUISITION**

### **A. PURCHASING STANDARDS**

As a purchasing department in an ever-changing consumer market, Nutmeg will make available to patients statistics on what is selling well for each specific disease state. This is a benefit of working with the UConn School of Pharmacy's Efficacy Study (supported by Nutmeg).

Nutmeg expects our producers to trim as tightly as possible; we know our patients like naked flowers ("buds"). Our expectations are the buds will have a minimal number of leaves attached. It is important that each sales unit is graded for consistency and we expect producers to pull out smaller buds or downgrade the quality of the sales unit. Buds smaller than a dime or a nickel should be pulled out, along with any not fully developed flowers or buds. Producers will get more money per pound if these two rules are followed and so will Nutmeg. The smaller buds are salable separately, but sold at a discount.

### **B. TERMS**

At the time of purchase, a firm payment date will be set 14 days from purchase. Vendors will be paid on that date.

### **C. SELLING EDIBLES To NUTMEG**

- All samples must be pre-packaged. We will not accept any edibles that are not individually packaged. We also require dosage/dry weight marijuana amounts. All ingredients must be listed.
- Avoid anything colorful or potentially appealing to children.
- Avoid established food/ingredient brand names.
- No use of the word "organic."

## IV. RECEIVING AND INVENTORY TRACKING

### A. OVERVIEW.

Tracking and inventory control is essential to all aspects of Nutmeg. The goal of inventory control is to create a wholly transparent process of distribution so that at any time the conditions and quantity of every product, regardless of its location is documented. This will allow us to maintain exceptional control and promptly recognize any misallocations or theft. The goals of Nutmeg's inventory policies and procedures are as follows:

- Ensuring product integrity for our patients
- Preventing internal or external product diversions
- Complying with DCP regulations
- Tracing key statistics related to our patient, products and business

There are four components to a comprehensive inventory control system

- Well trained and well supervised staff
- State-of-the-art-electronic inventory tracking
- Information security
- Rigorous operational protocols of management, oversight and accountability

Relevant to inventory control is the overall security of our facility, which has been described in detail in our security plan. During hours of operation a dispensary will have immediately available a sufficient amount of marijuana needed to satisfy a small number of transactions stored in lockable narcotics cabinet located under the counter. The under counter narcotics locker adds an additional layer of security if the dispensary needs to step away from the counter, allowing the dispensary facility to have all marijuana in its possession in a locked enclosure. This ensures that there are no security gaps between the components of our security control system. The proposed under counter narcotics locker is pictured below:

## Narcotics Cabinet

 [printable version](#)



7" locking external drawer  
Two 1.5" sliding internal trays  
Four dividers per tray  
Dividers adjust on 1" centers  
Right-hand hinged door with lock  
10.5" clear space at bottom of unit  
Welded steel construction  
White body, charcoal base  
Dimensions are 24" X 24" X 38"

Lozier Narcotics Cabinets keep your narcotics inventory safe and secure. Many states require narcotics to be stored in a locked cabinet. We recommend that you check with your local pharmacy board regarding your state's regulations. Product update: Now with recessed handle pulls. Price does not include countertop. [Order countertops here.](#)

Combining Nutmeg's Patient and Inventory Management software, security procedures, and weekly physical inventory checks, our medical marijuana will be tracked with a high degree of accuracy. Inventory checks and crosschecks are performed in accordance with CT DCP regulations and with the procedures set forth in Nutmeg's Security Plan. This section delineates the policies and procedures for the Inventory control in the dispensary.

### B. RECEIVING PROCESS.

For security reasons the date and time of receiving product from a producer will be handled exclusively by the dispensary facility manager. Once secured inside Nutmeg, the product will be scanned into the inventory system so that the producer's identification number is collected for each salable unit. Once all units have been scanned, totals will be checked against the invoice or shipping manifest. All salable units are to be locked securely in the safe. The dispensary facility manager will then sign or initial invoice documents. Receiving will always be done in what is defined as the "Safe Room" on the facility blueprint.

### C. SELECTION OF PATIENT MANAGEMENT, POS SOFTWARE AND INVENTORY MANAGEMENT SYSTEMS

Integral in the Receiving Process is the software used to track inventory. Nutmeg has reviewed but not finally selected a vendor for our Patient Management, POS software or Inventory Management systems but we are strongly favoring Café Cartel. The vendors we have reviewed include:

- Café Cartel

- MJ Freeway
- 420 Soft
- MMjOS
- MJ Menu

The critical-to-quality considerations in the selection of a Patient Management vendor were:

- Proven medical software that uses strict security policies
- Patient and physician information data entry
- Information is stored on secure server at the hosted location
- Patient wish list notification via email and/or mobile phone
- Patient data entry directly from the driver license via magnetic swipe card reader
- HIPPA compliant

The critical-to-quality considerations in the selection of Point of Sale (“POS”) vendor were:

- Every action has a virtual paper trail, so you see the time and date for every transaction, as well as which staff member performed it.
- Integration with PMP upload requirements
- User levels will provide the ability to limit access to different areas of the system by individualizing each user's privileges.
- Reports covering sales, inventory, vendors, and patient transactions.
- Sales tax reports.
- Data export to Excel for all reports.
- Data export at the product level to QuickBooks.
- Web-based solution where data is encrypted and stored remotely and backed up nightly, ensuring secure access from anywhere, anytime. Data is safe from fire, hardware theft and other loss.
- Total transaction amount adjustment capability. (manager code required)
- Ability to print comprehensive medicine labels and receipts at the time of sale. This may include dispensary information, disclaimer, medication details, and patient information, strain tests and ingredients.
- Create and apply discounts and specials.
- Easily scan producer identification number and Nutmeg identification number, so that each transaction is tied back to inventory and inventory is adjusted accordingly.
- Easy to add notes to current or previous transactions for tracking symptoms or effectiveness.
- Easy to navigate menu list of products with custom attributes.
- Flexibility in recording sale in grams, ounces, or by the piece.
- Sales of non-medicated products
- Integration with surveillance system to track unusual discounts or cash-outs
- Support for common POS hardware, cash drawers, receipt and label printers, bar code scanners, touch screen monitors and magnetic card swipe

The critical-to-quality considerations in the selection of Inventory Management vendor are:

- Inventory entry via barcode scan, inventory purchase and balance real-time tracking.
- Inventory balance adjustment capability
- Interactive reports.
- Cash and percentage promotions (with ability to notify via email and/or mobile

phone).

- Automatic barcode generator (no additional software necessary to create barcodes).
- Import data to EXCEL (for further integration with QUICKBOOKS, etc.)
- Ability to apply discounts on smaller quantity and combining them.

## **D. DISPENSING PROCESS**

Once marijuana has been scanned into our inventory tracking software and invoices have been signed and checked it will now be permitted for sale. During hours of operation a dispensary will have only immediately available a sufficient quantity of medical marijuana needed to satisfy x amount of transactions. This supply of medical marijuana will be stored in a quick access safe located directly below the dispensing counter, but not visible to the public. The remaining bulk of our inventory shall remain locked inside a separate safe room located inside the dispensary department.

Limiting the quantity of marijuana immediately accessible will act to deter misallocations, theft and promote an organized workflow.

## **D. THE ROLE OF DISPENSARY FACILITY MANAGER IN INVENTORY MANAGEMENT**

The dispensary facility manager is responsible for the storing, tracking, counting, and safekeeping of cash, medicine, and other dispensary products. All medicine is stored within Nutmeg's safes, following the receiving process until it is sold to our patients.

## **E. SAFES OPENING & CLOSING**

The safes will be opened only by the dispensary and they will be opened every day that the dispensary facility is open. The safes will be closed after the dispensary facility closes, but not until all Sales POS stations have been closed out for the day and all cash tills have been delivered into the safes.

## **F. GENERAL INVENTORY POLICIES**

- Never leave large amounts of money or marijuana alone anywhere except in a safe.
- All doors must stay locked and closed; only one door to a room may be left open when moving items.
- Safe room must stay locked unless someone is inside.
- Never leave large amounts of money laying around in Safe Room, even if the doors are locked; always put away and store in the Big Bills Storage Box.
- Any changes made to the POS must be reviewed and approved by the dispensary facility manager (e.g., product conversion vouchers, quantity adjustments, by-product vouchers, physical inventory adjustments, item-edits, etc.)
- All money must be double-counted.
- Physical Inventories must be conducted on a daily and timely basis.

## **G. INVENTORY DAILY DUTIES**

### **Upon Arrival**

1. The dispensary facility manager must arrive 30 minutes before the opening of the dispensary
  - a. Store non-essential personal items in the employee break room. No backpacks or other bags are allowed in the dispensary department.
  - b. Check the posted schedule for any changes. If you have not already, approve your schedule by initialing in the space requested. If there is a problem with the schedule, discuss it with the Dispensary Facility Manager.
  - c. Notify/remind your staff of any important issues, such as break restrictions, appointments, or personal needs for todays shift.
2. Once you have stored your personal belongings and are ready to start working, you may clock in. Priority #1: Assure sufficient marijuana for scheduled and expected appointments for the day and priority #2: Dispense Cash Funds & Prepare Cash Tills for all Shifts.
3. Adhere to the break schedule in accordance with the policy set forth in the Employee Handbook.
4. Count and reconcile the First Drop register tills at the appropriate time.
5. The dispensary closes at approximately 7 pm.

#### Dispensary Closing

1. Prior to dispensary closing, make sure all First Drops from today have been counted.
2. Prior to dispensary closing, move all sales products into the safe or locked storage.
3. Supervise all closing tasks.

## **H. CASH HANDLING PROCEDURES**

At the start of each day, the dispensary will create a cash drawer of \$200 to be used for cash transactions. Throughout the day, the cashier will drop all dollar bills larger than \$20 into a locked drop box that will be located underneath the register. Throughout the day the dispensary manager will collect money from the drop box at staggered times to prevent a surplus of cash in the drop box. The manager will then place the cash into the safe at least 3 times daily depending on the cash flow for the day.

At closing, the Dispensary Manager and one employee will total the cash for the day and verify the daily total. All cash for the day will be placed together and stored in the safe. The following day, the manager will verify the previous day's total and the final number will be recorded with a signature. Any discrepancies in count should be immediately brought to the attention of the Chief Administration Officer.

Every other day the cash from the safe will be deposited into the bank. The person depositing the money should be inconspicuous during delivery and the times of deposit will be irregular.

All bills larger than \$20 will be checked using a FraudFighter or equivalent system.

## **I. CASH MANAGEMENT/TILL DROPS**

Each POS is assigned a cash drawer containing a cash till. The Dispensary Facility Manager executes Till Drops twice every day, one at 1pm and one at closing.

## **J. CREDIT CARD MACHINE ISSUES**

Collect the settlement reports from each terminal in the morning, and stamp them with the correct bar stamp.

## **K. WEEKLY INVENTORY COUNT**

The dispensary conducts a physical count of all inventories every week to ensure absolute accuracy and accountability. This is an important undertaking, and therefore both the Dispensary Facility Manager and the Administration Officer is involved. The control report, per DCP regulations is as follows:

Nutmeg Dispensary  
4750 Main Street  
Bridgeport, CT 06660

### **Weekly Inventory Control Report for Marijuana Stock**

**For Week Ending:** \_\_\_\_\_

**Date of the inventory review:** \_\_\_\_\_

**Summary of the inventory findings:** \_\_\_\_\_

**Inventory Reviewed by:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date of receipt(s) of marijuana:** \_\_\_\_\_

**Producer Name:** \_\_\_\_\_

**Producer Address:** \_\_\_\_\_

**Marijuana kind received** \_\_\_\_\_

**Quantity of marijuana received:** \_\_\_\_\_

**Attached is the record of all marijuana sold, dispensed or otherwise disposed of and includes:**

**1. Date of sale**

- 2. Name of the dispensary facility**
- 3. Qualifying patient or primary caregiver to whom the marijuana was sold**
- 4. Address of such person**
- 5. Brand and quantity of marijuana sold**

**L. Inventory Opening Checklist**

- Collect settlement report slips verifying "settlement successful" from credit card machines on floor.
- Verify all registers are ready for opening. Log onto the POS and review daily sales reports from previous day.
- Line up edibles in the safe to easily view entire contents.
- Build an inventory chart of edibles.
- The Dispensary Manager is responsible for inventory including morning restock, adding new items, edibles, and displays.
- Make sure the Change Box has appropriate change.
- Check in with the dispensary facility manager to make sure they have all the staff needed, if anyone is sick, or if additional staffing is needed.

Confirm all equipment, all medicine and all money resources are accounted for and ready for opening.

**M. Inventory Closing Checklist**

- Collect and reconcile all first drop register tills including reliefs. Place the cash report in a numbered envelope and secure them in the safe.
- At approximately 15 before the close of business, begin preparations to close the POS Counter.
- Secure all Sales Floor register tills and change box in the safe. All product inventories should also be secured in the safe. Lock down the safe and set alarm.
- Turn off all lights and computers, and then clock out.

**N. DISPOSAL OF UNUSED, CONTAMINATED, EXPIRED OR SURPLUS MARIJUANA**

It is Nutmeg's intent to put all disposal responsibility on the Producer who supplied the marijuana to Nutmeg. Nutmeg will store marijuana securely in a safe until the Producer arrives to pick-up the unused, contaminated, expired or surplus marijuana

**O. SAFES**

Per DCP regulations, Marijuana is to be stored in an approved safe that is defined as follows:

- An approved safe or safe(s) as used in sections 21a-262-1 to 21a-262-10, inclusive, of the Regulations of Connecticut State Agencies means any safe(s) that has been approved prior to January 1, 1975 or any safe(s) which conforms to or exceeds all of the following standards:

1. Underwriters Laboratories, Inc. certified with a minimum of a B Burglary Rate;
2. Underwriters Laboratories, Inc. certification as being equipped with a relocking device;
3. Weight of 750 pounds or more or rendered immobile by being securely anchored to a permanent structure of the building; and
4. Adequate interior space to store all controlled substances required to be kept within.

Nutmeg plans to work with Corporate Safe Specialist ("CSS" found at [www.corporatesafe.com](http://www.corporatesafe.com)) for safes, one will be used for cash and two will be used to store marijuana.

CSS is a highly reputable Illinois based company who supplies a many of the national branded pharmacies. These cash control machines are integrated into the POS system to improve productivity and minimize robbery, burglary and internal theft. Nutmeg will incorporate one of the following machines:

Single Note	Dual Note	Dual Note, Double Door
 Accept and validate bills with confidence while illuminating the flow of cash through operations.	 Increase the speed, accuracy and efficiency of cash management.	 Increase operational flexibility and security by reducing cash exposure.
The 2510 provides increased confidence in cash deposit accuracy and automatic counts of money received, while protecting against counterfeit currency. Through an intuitive touch-screen interface, employees are able to make accurate and verified shift-close deposits. This allows management to review and reconcile deposits automatically, by cashier or by shift, making the day-close reporting much faster and easier.	The 2713 is fitted with dual bill validators increasing cash processing speed and volume. The ability to accept cash in a secure, closed-safe environment enables productivity gains. Retail staff can spend more time with customers, since they spend less time conducting cash transactions, transferring cash from the point of sale to the safe, counting cash in preparation for a bank deposit and reconciling discrepancies when counts do not match receipts.	The dual validators in the 2820 provide high volume processing and the dual doors limit access to the primary funds. Drop-drawer and bill validator deposits are secured in the top compartment with a unique set of access rights. With immediate view of cash flow across locations, and detailed transaction data to support accountability audits, the ability to maximize cash flow and reduce cash shrinkage is greatly enhanced.
<b>SPECIFICATIONS FOR 2510</b> Exterior Dimensions: 24.5" H x 10.25" W x 17.25" D Interior Dimensions: 23.5" H x 9.5" W x 16.25" D Drop Slot Dimensions: 4" H x .5" W Weight: 185 lbs		
<b>SPECIFICATIONS FOR 2713</b> Exterior Dimensions: 26.5" H x 13.25" W x 17.25" D Interior Dimensions: 25.5" H x 12.25" W x 16.25" D Drop Slot Dimensions: 4" H x .5" W Weight: 235 lbs		
<p><b>Features Available on all ACCS Units</b></p> <p><b>TECHNOLOGY FEATURES</b></p> <ul style="list-style-type: none"> <li>• Each bill validator is armored-car ready with locking 1,200 note capacity</li> <li>• Intuitive color touch-screen interface</li> <li>• Wireless or Ethernet network connectivity</li> <li>• Remote cash monitoring and safe access authorization management</li> <li>• Large memory storage of over 100,000 transactions to support audits and discrepancy analysis</li> <li>• Detailed transaction reporting of deposits, drops, door openings and pickups</li> </ul> <p><b>STRUCTURAL FEATURES</b></p> <ul style="list-style-type: none"> <li>• Consolidated cash management reporting across multiple locations</li> <li>• Unlimited number of users allowing greater accountability</li> <li>• Ability to set up multiple time lockouts or time delay periods</li> <li>• POS and back office Integration with defined interfaces for POS systems from Radiant Systems, Pinnacle Corporation and Retailix</li> <li>• Remote support access for software rollouts/updates, setup control and data retrieval/upload</li> <li>• McAfee Solidifier™ Integration to protect against unauthorized changes to operating system, device or application software</li> <li>• Audible alerts on how long before door opens and when a door has been open too long</li> <li>• High speed thermal printer</li> <li>• Compliant with PCATS Auto-Safe standards</li> <li>• Optional Dallas Key or swipe card for secondary access control</li> <li>• Optional bulk note feeders</li> <li>• Optional international configurations. Software currently available in seven languages and thirteen currencies.</li> </ul>		

Nutmeg will require two B5025 safes for marijuana storage, these are the same safes used by CT pharmacies to store narcotics. A picture from the CSS website:





## **V. PROCEDURES FOR SAFELY DISPENSING MEDICAL MARIJUANA**

### **A. OVERVIEW OF PROCESS AND SAFETY MEASURES.**

#### **For Patients and Caregivers:**

Qualified patients or their registered caregiver will pass from the well-lighted and surveilled parking lot, and first enter Nutmeg's vestibule. After entering the building through the commercial grade steel front door with commercial locks, patients step through to find themselves in the reception area. Patients will give to the receptionist their CT State issued medical marijuana registry card, it will be swiped to verify the patient's credentials and determine that the identity of the patient matches all the patient's credentials. For proof of identity, the patient must provide an additional form of non-expired photo identification that may include CT driver's license, US passport, military or dependent ID. The Nutmeg receptionist will use the dispensary's workstation terminal to retrieve the patient's records from the Patient Management/POS Software used by Nutmeg to track its patients' information. The receptionist will be able to pull up the following information for registered patients:

- A photo of the patient
- A copy of their CT driver's license
- Purchase history
- Record key information including registration certificate expiration date, and month-to-date purchase volume.
- Nutmeg management has the ability to prohibit sales to a specific registration certificates
- All important patient information including: name, phones, email, mailing address, physician information, electronic certification verification and expiration, birth date, designated caregiver status, diagnosis information/symptoms, favorites, preferred contact method, permission to communicate, and paperwork status.

Once an existing patient of Nutmeg has been verified, the receptionist will (i) evaluate whether the patient is in good standing (i.e., he or she has not violated any of Nutmeg's policies or procedures) and (ii) ascertain the amount of medical marijuana which is available to the patient based upon the allowable limits within any one month period. (This confirmation of the amount of medical marijuana available to the patient is also conducted at the dispensing counter by the Dispensary Technician – a double-check ensuring full compliance with Connecticut regulations).

If the patient has an appointment and a valid CT State registry card with matching photo identification, but is a new patient then that patient (or caregiver) will be then buzzed through the second security door, admitting them to the dispensary area where they can finish their registration process. Nutmeg will allow patients to provide the majority of the required registration information on-line from our website to expedite the process for first time patients visiting Nutmeg.

**It is important to note, the door leading into the reception area and the door into the dispensary area cannot both be opened at the same time. For security reasons, the**

**entrance door cannot be opened if a visitor is being buzzed through to the dispensary. This prevents unwanted visitors from entering. Since patients will be scheduled by appointment only, Nutmeg does not expect this entry process to inconvenience patients.**

Upon exiting the dispensary, the patient will reverse the course outlined above. At all times, in the hallways, common areas and parking lot, the patient will be visible on security cameras and their movements recorded.

#### **Access Control for Employees:**

As an additional **layer** of security, beyond what is required in the CT DCP regulations, Nutmeg will install an Access Control System at the front and back doors of the facility. The system will monitor who goes where and when and is an integral part of Nutmeg's overall security system. In order to ensure internal security, staff members will be assigned individual IDs cards that, based on their individual security clearance, will either grant or deny entry into sensitive areas (front and back doors, Surveillance Room and Safe Room). This will also allow for a very effective audit trail of all company personnel. Non-company personnel will be denied access through the facility, unless cleared, and properly logging-in and escorted by an authorized employee. Access control augments Nutmeg's comprehensive security management system and will provide compliance, operational efficiency and audit control over Nutmeg's security and business operations.

Please note entrances to all sensitive areas are protected by the dual key entry system that includes both an electronic card entry and keyed commercial lock. This alarm code will change monthly and will be known only by the dispensary manager and the administration officer. It will take a properly authorized electronic card to get through the second door from the Plexiglas security area into the dispensary reception area.

## **D. DISPENSARY SALES PROCEDURES**

Once a patient has been verified by the reception in the reception area, and has proceeded into the dispensary area, he or she shall sit in the dispensing area until called to the dispensing counter. Patients are called to the dispensing counter in turn, and, while waiting, may peruse the dispensary's printed listing of available marijuana products.

This menu contains a description of the medical marijuana product, the products' characteristics (i.e., variety, strength, attributes) and prices (for various quantities typically purchased), and often includes a photograph. Nutmeg's "menu" will include, in addition to flowers or buds, additional and/or alternative forms of medical marijuana and dosages.

All of these alternative dosage forms are laboratory tested for cannabinoid content, strength and consistency. They are provided to patients in sealed, tamper-proof packaging, and labeled with the name of product, nutritional information, cannabinoid content, and equivalent amount (weight) of dried plant material per unit, so that, upon check-out, the allowable amount of medical marijuana eligible for the patient to obtain (pursuant to CT DCP Regulations) is not exceeded for the applicable thirty-day period. In addition to marijuana products, other items will be available for purchase by Nutmeg's patients, which will aid them in safely and conveniently storing and/or using the marijuana they obtain from Nutmeg. These products will include, among other things:

- Lock boxes and child-proof storage containers, for extra safety when storing marijuana in a refrigerator or other area where minors may be present.
- Vaporizers and other inhalation supplies.
- Reference and information materials, such as books, magazines and DVDs.

Dispensaries can pass along to patients their knowledge of the effects of different strains, various forms of ingestion, and the use of topical products. This one-on-one personalized service will enable patients to choose the best and most effective medical marijuana for their symptoms and illness.

In addition, the Dispensary is knowledgeable regarding the proper “titration” technique for various dosage forms, especially as it pertains to ingestible forms of medical marijuana. “Titration” refers to the ingestion of medical marijuana by means of small, progressive steps, so that a patient receives just enough to have the desired effect. Nutmeg’s staff will also provide written consultation information to the patient for reading at home (i.e., Nutmeg’s “Know Your Edibles”). Nutmeg also has an easy, flexible return policy, allowing patients to exchange medicine for alternative varieties that may work better for them.

Once a patient has selected the type and amount of marijuana for purchase, and the Dispensary has verified through the PMP System that the amount is within the allowable amount for that patient at that time. The Inventory Software is utilized to record the particulars of the marijuana purchase, the price is calculated by the software, and a label containing all of this information is printed by the software and affixed to the medicine container, after which the patient pays for the transaction.

## **E. PATIENT PRIVACY**

All employees of Nutmeg will be familiar with the guidelines of the Health Insurance Portability and Accountability Act (HIPAA) and all CT health care information laws. To satisfy our obligation to maintain the highest level of privacy, we have developed an in-house Privacy Pamphlet and it is based on CT law and the HIPAA instruction course HIPAA: Privacy Essentials for the Physician’s Office.

A preliminary dispensary technicians training manual has been developed and is included in our application under the title “Staff Training & Employment Manual”. A major focus of Nutmeg’s training is to assure 100% HIPPA compliance. Dispensary technician’s prerequisite training as pharmacy technicians, give them an excellent introduction into HIPPA requirements. Nutmeg will advance their understanding and educate them on how to use Nutmeg’s IT system tools to promote the patient HIPPA standards. Our patient’s privacy is extremely important to us, we have employed Doug Steinschneider, Nutmeg’s Data Integrity Manager to help set the best path for our patient’s information security.

Nutmeg maintains for every patient, at minimum, sufficient identifying information to validate a patient under our care at the point of entry to our facility. Patients will be required to present their cards before entry, and we will have in our medical records, at a minimum, their name and identification credentials. When a new patient visits our facility for the first time, we will ask them to sign our HIPAA / Confidentiality Statement.

They may, at that time, ask us to remove all but their I.D. from our records. We will give patients the option of determining which identifiable information we capture.

From that point forward, we will protect all identifying patient information and may not use or disclose any individual patient's health information except for helping them secure an appropriate marijuana type, for payment purposes, or regular dispensary operations. Any additional uses of a patient's health care information would require an advanced authorization signed by the patient.

Our security system includes video cameras that will record our facility around the clock and video will be stored in our system for at least 30 days. For security purposes, our system will have sufficient resolution for recognition of all patients entering our facilities. Much like a bank, we will not permit entrance to people wearing sunglasses, hoods and apparel that diminish our staff's ability to positively identify the cardholder. Our video will be held in a secured and pass- code protected video hard drive. After 30 days, our system will automatically delete all video recordings. Our HIPAA Confidentiality Statement will inform patients of our video surveillance policy and general information and privacy practices. All practices will be fully compliant with State and Federal information and privacy law.

To safeguard our patient's privacy, Nutmeg will establish policies and procedures to address the following privacy matters:

- Appoint the Dispensary Facility Manager as privacy officer.
- Develop a notice of privacy, including an acknowledgement form.
- Define who can access and who cannot access protected health information (PHI).
- Establish a procedure to allow patients to amend their medical records
- Develop audit trails to provide patients with a listing of all who accessed or received information from their records.
- Establish a protocol that states release of only the minimum information necessary where applicable.
- Review information security including passwords and access to information.
- Revise our authorization form to include the specific HIPAA language on a regular basis.
- Establish a privacy complaint policy and protocol.
- Institute a policy allowing patients to access their medical records.

Because of the sensitive nature of our business and for protection of our patient's health care information, Nutmeg stresses a culture of strict privacy. In addition to the above, the following procedures will be vigilantly monitored among all personnel:

- Never use e-mail username and password and URL to someone in the same e-mail
- Do not store username and password information in the same file on our desktop.
- Create a numbered sheet of paper with your password information and then on another piece of paper in a separate location with the numbers, username information and website locations (if possible, laminate the sheets of paper and keep them in two separate secured locations).
- Create different accounts for contractors accessing the same website
- Change passwords every 60-90 days.

- Do not ask any internet browser to remember your password for any site
- If purchasing a product and using a secure web form, it is okay to put Nutmeg's e-mail account – otherwise, do not give Nutmeg's or your e-mail address out online
- If posting a company sponsored event (i.e.: educational seminar) or something online that requests a reply for the public, create a random e-mail address that will forward to your e-mail.

Adherence to software procedure will be strictly enforced to ensure accurate recordkeeping, including protocols to ensure that quantities purchased do not suggest re-distribution;

## **F. NUTMEG DISPENSARY AND QUALITY ASSURANCE**

Nutmeg Dispensary takes the accurate dispensing of marijuana seriously. Subsequently, Nutmeg will take all appropriate actions necessary for Quality Assurance and follow on Peer Review. In the unlikely event of a dispensing error, certain steps MUST be followed to ensure that the safety of the patient is assured. In addition, it is of utmost importance that any procedural operations can be modified to help prevent an occurrence in the future.

A sign (mandated minimum size of 8"x10") will be prominently posted for patients to read. This sign will display a contact number, beyond the dispensary phone number, for the Department of Consumer Protection that can be contacted for any error. The sign will read, "If you have a concern that an error may have occurred in the dispensing of your marijuana, you may contact the Department of Consumer Protection, Drug Control Division, by calling (Department of Consumer Protection telephone number authorized pursuant to section 21a-2 of the Connecticut General Statutes)."

1. This same statement will also be printed for the patient on their receipt. This will help avoid the conflict of printing on the dispensing bag and the stipulation that all bags must be unmarked.
2. The dispensary facility will have, in a readily accessible location and kept current, a 'Quality Assurance Peer Review' binder. This binder will contain the specifics of any dispensing errors, which may have occurred. All incidents will be kept in chronological order and available for review by any qualified employee and required State or Federal personnel.

## **G. QUALITY ASSURANCE AND PEER REVIEW INITIAL DISCOVERY DOCUMENT**

**Confidentiality Notice : The information contained in this document is privileged and confidential intended for internal use for the prevention of dispensary errors. The authorized recipient of this information is prohibited from disclosing this information to any other party and is required to destroy the information after its stated need has been fulfilled. Copying, distribution, or action taken in reliance on the contents of these documents is strictly prohibited**

**Date:** \_\_\_\_\_

**Date of Incident:** \_\_\_\_\_

**Name of Discovering Pharmacist:** \_\_\_\_\_

**Serial Number of Prescription:** \_\_\_\_\_

**Patient Name:** \_\_\_\_\_

**Patient Contact Number:** \_\_\_\_\_

**Condition of Patient (if known):** \_\_\_\_\_

**Prescribing Physician:** \_\_\_\_\_

**Physician Phone Number:** \_\_\_\_\_

**Physician Fax Number:** \_\_\_\_\_

**Additional information as known at this time:** \_\_\_\_\_

**Brief Description of Incident:** \_\_\_\_\_

**Follow on Reporting for Peer Review to be completed by:** \_\_\_\_\_

## **H. QUALITY ASSURANCE AND STEPS TO FOLLOW**

1. In the event of a dispensing incident, there will be an immediate 'initial report' of the incident. This will serve as a basis for a full and detailed review that will follow within **48 hours** of the occurrence. Basic factual information will be contained
  - a. Date of occurrence.
  - b. Dispensary who made initial discovery.
  - c. Patient Name (with full contact information for patient or legally authorized representative) and condition of patient (if known)
  - d. Doctor contact information.
  - e. Additional information as needed/given.
2. After the initial discovery has been processed, and any follow up details added, a full and detailed report will be made. This report will consist of the above-mentioned detail plus any comments necessary to make a complete understanding of the incident and how it may have occurred. Such information will contain, but will NOT be limited to, any dates of contact with either patient (or legal representative), contact with physician or physician representative, any outcome to the patient (if known), contributing factors, changes to operating procedures, and any additional information that can be obtained (i.e.: time of day of occurrence, staff present, staff ratio, comments) to help assist in understanding and prevention of similar events.
3. All dispensary personnel will review the incident and all information that may be pertinent to the incident, and sign off as to their acknowledgement of the incident. This will help assure a transition to a full and comprehensive understanding of any change in procedure that may have been altered so that such an occurrence can be prevented in the future. In addition, employees will be able to use incidents as a 'case study' for the impact of past incidents to realize their impact and importance.
4. The Quality Assurance Committee (QAC): This will be determined upon setup but must consist of at least two dispensaries (if available) and two technicians. The committee composition is designed to prevent possible collusion and allow for a more adequate distribution of information and findings of the QAC. All names and titles of the QAC will be recorded and be made available for review. The QAC will make a quarterly analysis of all incidents that may have occurred. The QAC will take notes of any findings of incidents that have occurred (**but are not limited to**) within the last quarter. Any findings of the Committee will be implemented immediately and transmitted to all Staff in such a manner as that they are aware of, and are capable of implementing, changes to Procedure. In the case of Technicians, they will sign off on any changes to Procedure and such documentation will be kept in the file containing their Training. In addition, any new staff will automatically receive the additional information and knowledge of incidents and prevention.
5. All incidents, QAC findings, reviews, notations and changes to Procedure, etc. will be kept in an orderly, chronological file and made available (**but NOT limited**) to required State and Federal personnel upon legal requirement for viewing.



## I. **QUALITY ASSURANCE COMMITTEE (QAC) MEETING AND RECOMMENDATION**

**Date:** \_\_\_\_\_

**Date of Last Meeting:** \_\_\_\_\_

**Time:** \_\_\_\_\_

**Pharmacist:** \_\_\_\_\_

**Pharmacist:** \_\_\_\_\_

**Technician:** \_\_\_\_\_

**Technician:** \_\_\_\_\_

**Incidents or Occurrences since last meeting:**

1:

2:

3:

**Recommendations of the QAC:**

**Changes to Procedure:**

**Changes to Policy:**

**Changes and recommendations to the physical setup of Dispensary:**

**Requests for information from other PCD's (if any)**

The above information is confidential and property of Nutmeg Dispensary. It may contain Protected Health Information. Any dissemination or distribution without the authorization of the QAC is in direct violation of Nutmeg Dispensary Policy. All information contained within is for the advancement and prevention of dispensing errors within Nutmeg Dispensary or other PCD's upon review of the QAC and the legal department. Unintentional or Intentional violation of both PHI and proprietary information is punishable by both Criminal and Civil Action. Any unintentional disclosures must be made available upon discovery

## **J. QUALITY ASSURANCE AND PEER REVIEW INITIAL DISCOVERY DOCUMENT**

**Confidentiality Notice:** The information contained in this document is privileged and confidential intended for internal use for the prevention of dispensary errors. The authorized recipient of this information is prohibited from disclosing this information to any other party and is required to destroy the information after its stated need has been fulfilled. Copying, distribution, or action taken in reliance on the contents of these documents is strictly prohibited

**Date:** \_\_\_\_\_

**Date of Incident:** \_\_\_\_\_

**Name of Discovering Pharmacist:** \_\_\_\_\_

**Serial Number of Prescription:** \_\_\_\_\_

**Patient Name:** \_\_\_\_\_

**Patient Contact Number:** \_\_\_\_\_

**Condition of Patient (if known):** \_\_\_\_\_

**Prescribing Physician:** \_\_\_\_\_

**Physician Phone Number:** \_\_\_\_\_

**Physician Fax Number:** \_\_\_\_\_

**Additional information as known at this time:** \_\_\_\_\_

**Brief Description of Incident:** \_\_\_\_\_

**Follow on Reporting for Peer Review to be completed by:** \_\_\_\_\_

## **K. PRODUCT SAFETY**

It is central to our mission to provide the highest quality medicine and deliver it as safely as possible to our patients.

**Dose Administration:** It is CT DCP regulations to label medical marijuana packaging with THC and CBD dosages.

**Educational Materials:** We will provide safety related pamphlets, as described in the New Patient Manual that will support, inform and instruct patients as to the proper administration techniques and the risks and side effects associated with medical marijuana consumption.

## **L. PRODUCT LABELING**

A mock-up of the Nutmeg label to ensure accurate labeling as required by the DCP:

Caution: Federal law prohibits the transfer of this drug to any person other than the patient for whom it was prescribed.

**Nutmeg Dispensary**

400 Post Road

Fairfield, CT 06824

[www.NutmegDispensary.com](http://www.NutmegDispensary.com)

Patient: DOE, JOHN

1414 Mockingbird Lane, Town, CT 06890

Cert#: [REDACTED]

Caregiver: Lew, Jane

Indication Date: 02/15/2013

Cert#: [REDACTED]

Date Filled: 02/17/2013

Dispensary or Tech: Mark Robbins

Cert. Physician: Dr. Czuzka, 123 Park Street, Fairfield, CT 06899

Take as directed

Weight Dispensed: 24.5 grams

Serial # [REDACTED]

No Refills

**Med Expires: 05/31/2014**

## **M. NO EMERGENCY DISPENSING**

Unlike a pharmacy, at Nutmeg there will be no Emergency Dispensing. An “emergency prescription”, is defined to mean that the immediate administration of the drug is necessary for proper treatment of the intended ultimate user, that no alternative treatment is available (including a drug which is not a schedule II controlled substance), and it is not possible for the prescribing practitioner to provide a written prescription for the drug at that time.

## **N. PARTIAL DISPENSING**

Nutmeg may partially dispense if the dispensary is unable to supply the full quantity available, provided the dispensary notes the quantity supplied in the electronic prescription record (CT PMP) within 24 hours.

## VI. PROCEDURES FOR ACCURATE RECORDKEEPING AND PROTOCOLS TO ADDRESS QUANTITIES PURCHASED/REDISTRIBUTION ISSUES

All sales of medical marijuana will be entered in our Patient Management database (Café Cartel). This will allow Nutmeg to maintain an audit trail on each patient's PHI. Each registered patient will have an individual sales profile in our system and each sale entry will indicate at a minimum seen in the chart on the next page. All stored data, whether stored locally or on a cloud server will be encrypted for security.

In addition to the records necessary to enter a patient's profile and purchase history into the CT PMP, records will be kept on all patient consultations in which the patient's health and marijuana use are discussed.

There are many other requirements including:

- Nutmeg Operations Manual
- Information Security & Data Integrity Manual
- Staff Training and Employment Manual
- Nutmeg Handling PHI and Other Confidential Information (HIPAA)
- Facility Security Manual

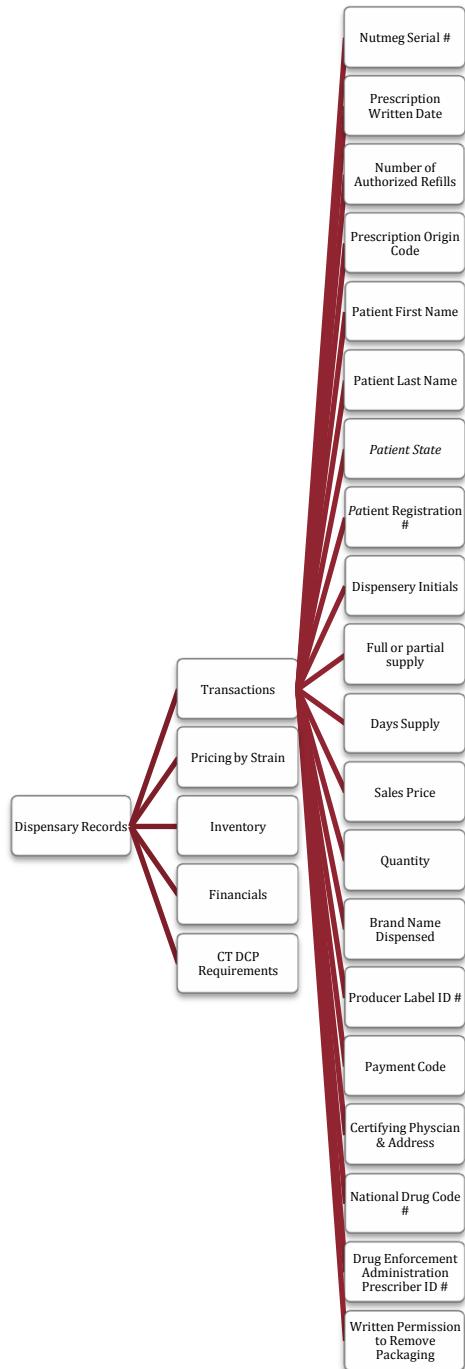
Nutmeg's records are an important part of our ability to deliver comprehensive quality care. These records are vital to an integrated understanding of the patient's needs. They provide the history and details of physician recommendations, patient assessments and concerns, required verification, patient education and support, and staff-patient communications. Based on the documented history of a patient's treatment response, well-kept records help Nutmeg assess effectiveness for his or her conditions as well treatment alternatives.

Our Patient Record Keeping Handbook will be given to each member on our team. The standards we value the most have guided us in preparing our policies and procedures are:

- Regular training of staff to maintain that familiarity with current regulations, technology and dispensary practices.
- Compliance with federal laws such as HIPAA to protect patients against misuse of information identifiable to them.
- Accurate and complete patient records that can be interpreted by knowledgeable, authorized third parties
- Standardization of abbreviations, acronyms and symbols throughout the record for consistency and record integrity
- Development of a Recordkeeping handbook, detailing the policies and procedure to be provided to staff. The Handbook will be updated and revised to ensure on-going regulatory compliance

Ongoing quality improvement strategies, including audits that will help us continuously improve patient safety and satisfaction

# Dispensary Records Overview



Prior to every sale, the Dispensary personnel will log into the patient's profile and examine their sale/purchase history to assure the qualifying patient, together with the qualifying patient's caregiver where applicable, obtains no more than a one-month supply of marijuana in a one-month period.

We will track individual patient purchase histories in conjunction with that of their qualified primary care giver. No purchase will be allowed that exceeds the quantities permitted by State law.

All records will be maintained for three years. If any electronic equipment is sold or replaced, the obsolete equipment will have all patient record data erased. Dispensary facility personnel will be trained regularly on the implications of the HIPPA requirements on patient's Personal Health Information (PHI) and their data records.

## **VII. PROCEDURES FOR PATIENT SERVICES**

### **A. OVERVIEW**

Patient Services consists of Reception and New Patient Orientation. The overarching purpose of reception is to act as an ambassador for patients, to educate and inform patients about the dispensary and to ensure the dispensary is in strict compliance with all city, state, and federal regulations with regard to patient registration and dispensary access. New Patient Orientation is a team approach by reception, dispensary techs and the dispensary to make the patients comfortable, educate them and to help them make the right choices.

### **B. RECEPTION**

A dispensary technician working in Reception is primarily responsible for the following:

- Greet & check in patients as they enter the building, providing excellent patient care, full compliance, and database accuracy. (This is the routine task of the receptionist).
- Answer the phones, receive and transfer calls to staff, and adhere to company policies regarding what can and cannot be shared over the phone.
- Maintain the aesthetics of the reception area, ensuring a clean, organized, and well-stocked environment. Also, ensure the overall aesthetic meets our standard of excellence.

### **C. NEW PATIENT ORIENTATION**

A dispensary or dispensary technician working in New Patient Orientation is primarily responsible for the following:

- Orient new patients to Nutmeg by ensuring an exceptional first impression and educating new patients on company policies, procedures, and the dispensary facilities.
- Register new patients.
- Enter new patients into the patient database with absolute accuracy.
- Ensure legal compliance.
- Verify medical status of patients and maintain all compliance-related documentation.

### **D. PATIENT SERVICES SCHEDULING**

To meet the needs of both New Patient Orientation and Reception, Nutmeg may utilize more than one dispensary technician. The number of dispensary technicians on duty will depend on the demands of the department, but will never exceed the current acceptable dispensary to technician ratio. All personnel covering these positions and shifts must be licensed dispensary technicians.

- 

### **E. AESTHETICS, CLEANLINESS, & ORGANIZATION**

Dispensary technicians are responsible for ensuring the reception desk, lobby, counseling area, and dispensary area always reflect our standards for excellence with regard to cleanliness, organization, and overall aesthetics.

## **F. PATIENT SERVICES OPENING CHECKLIST FOR TECHNICIANS**

### Upon arrival

1. Do not clock in yet. Store your non-essential personal items as appropriate. No backpacks or other bags are allowed in the dispensary, behind the Reception desk, or on the break room floor.
2. Check the posted schedule for any changes. If you have not already, approve your schedule by initialing in the space requested. If there is a problem with the schedule, discuss it with the Dispensary Manager.
3. Notify/remind either the Dispensary Manager or CAO of any important issues, such as break restrictions, appointments, or personal needs for today's shift.
4. Clock in

Once you have stored your personal belongings and are ready to start working, you may clock in.

### 5. Morning Meeting

All Dispensary Facility Personnel meet in the dispensary are 10 minutes before opening every morning. During the meeting, post assignments and break schedules will be designated by the Dispensary Manager. Also covered in this meeting are new policies and procedures, special assignments for the day, and a review of existing policies a needed.

### 6. Reception

- a. Turn on the reception computers and monitors.
- b. Verify that the database is working properly on all computers.
- c. Verify pending patients are in the New Patient Verification folder.

### 7. Sign On to Computer Workstation

Sign on to your computer workstation.

## **G. PATIENT SERVICES CLOSING CHECKLIST**

### 1. Dispensary Closing Confirmation.

Do not begin any closing duties before the Dispensary Manager has provided the "clear" call.

### 2. Counseling Offices

- a. Remove all Patient Registration Forms from the Inbox. Count and total the number of new patients for the day. Review for completion.
- b. File the Registration Forms in the Patient Registration.
- c. Close all programs and turn off the computer monitor.
- d. Close the window blinds in the reception office.
- e. Straighten the receptionist's office (discard water bottles; straighten/organize loose items, etc.).

### 3. Reception

- a. Review next day appointments.
- b. Enter appointment no-shows into the spreadsheet.
- c. Shut down both Reception computers.
- d. Straighten the Reception Desk.
- e. Close the window blinds in the Reception lobby.

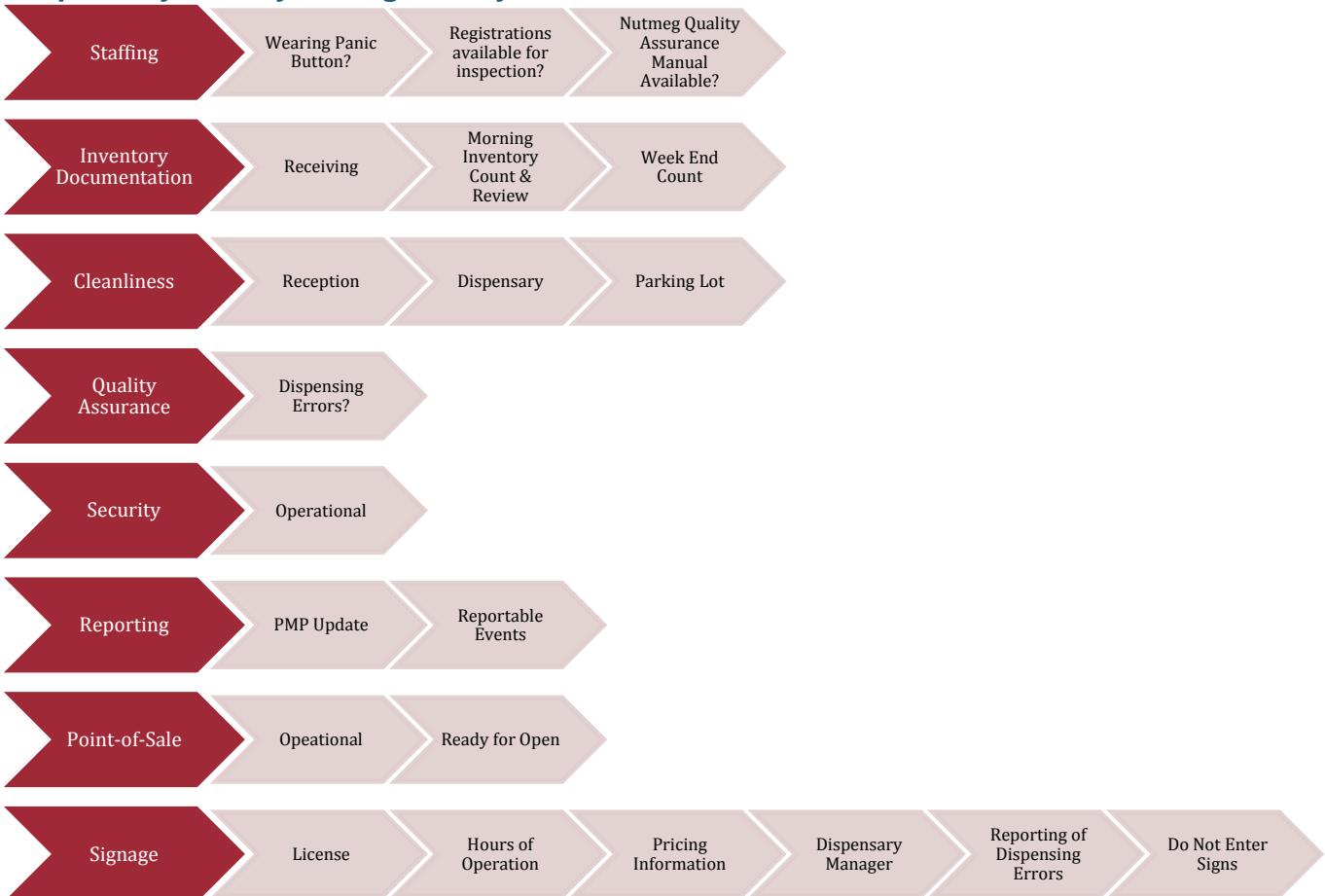
f. Restock the Literature Display Rack.

4. Clock Out

- Clock out and then gather your personal belongings.
- 

## H. MANAGER OPENING CHECKLIST

### Dispensary Facility Manager Daily Routine



## **VIII. NUTMEG PACKAGING REQUIREMENTS**

Marijuana will be dispensed in standard sized child-resistant packaging. The packaging will meet the standard for “special packaging” as set forth in the Poison Prevention Packaging Act of 1970 Regulations, 16 CFR 1700.1(b)(4). Two labels will be on every vial dispensed, one is patient specific label generated Nutmeg’s integrated Inventory Management system. The label applied at by the Dispensary will include:

- The serial number, as assigned by the dispensary facility
- The date of dispensing the marijuana
- The quantity of marijuana dispensed
- The name and registration certificate number of the qualifying patient and, where applicable, the primary caregiver
- The name of the certifying physician such directions for use as may be included in the physician’s written certification or otherwise provided by the physician
- Name of the dispensary
- Name and address of the dispensary facility
- Any cautionary statement as may be required by state statute or regulation
- A prominently printed expiration date based on the producer’s recommended conditions of use and storage that can be read and understood by the ordinary individual.

Additionally, the expiration date required by this section shall be no later than the expiration date determined by the producer and no person except a dispensary, or a dispensary technician operating under the direct supervision of a dispensary, shall alter, deface or remove any label so affixed.

At time of dispensing, the dispensary is to place the packaged product in a company supplied safety bag. Bags are to be non-translucent in appearance to act as a safety feature. Nutmeg shall include the following printed statement on the receipt which marijuana is contained: "If you have a concern that an error may have occurred in the dispensing of your marijuana you may contact the Department of Consumer Protection, Drug Control Division, by calling (Department of Consumer Protection telephone number authorized pursuant to section 21a-2 of the Connecticut General Statutes)." The statement shall be printed in a size and style that allows such statement to be read without difficulty by consumers.

To ensure our patient’s safety, Nutmeg employees will adhere to the following set of guidelines:

- Define who can access and who cannot access protected health information (PHI).
- Create a procedure to document all non-authorized disclosures
- Develop audit trails to provide patients with a listing of all who accessed or received information from their records.
- Establish a protocol that states release of only the minimum information necessary,

where applicable.

- Review information security including passwords and access to information.
- Revise our authorization form to include the specific HIPAA language on a regular basis.
- Establish a privacy complaint policy and protocol.
- Institute a policy allowing patients to access their medical records.

## IX. OVERVIEW OF NUTMEG'S PATIENT EDUCATION AND COUNSELING PROGRAM

*Our mission statement "Making sick people's life better is what inspires us." helps focus our patient education and counseling programs.*

*Nutmeg wants patients to feel cared for, to be recognized as important members of society, and to leave our facility inspired and with the necessary information to make the proper medical decisions.*

Nutmeg is committed to providing patients accurate and timely information regarding the health effects of marijuana. Patient education is essential to achieving overall patient wellness. With our well-designed education and support program, each patient and caregiver will participate in our orientation process and receive a copy of the **Nutmeg New Patient Manual**, which is included in our application as Exhibit H. An overview of that document follows:

### A. ORIENTATION:

Each patient and caregiver will be required to go through an orientation with our trained technicians or Dispensary. The orientation will include:

- Meet with a professional to register into the Nutmeg program
- Validate and document information and patient registry
- Sign a medical records release form
- Description of products and services available and
- Receive a new patient handbook

### B. PATIENT HANDBOOK

The contents of the Handbook will be reviewed in detail with every patient during the patient orientation and registration process. The Patient Handbook contains a wide variety of topics:

- Patient guidelines to stay safe and healthy
- Patient's rights
- Marijuana law overview
- Services
- Guide to marijuana
- Sativa vs. Indicia
- Methods of administering
- Understanding edibles
- Applications for marijuana and cannabinoids
- Substance abuse prevention
- References and resources
- Patient FAQ's
- Research and medicinal efficacy tracking

Our dispensary technicians are committed to providing patients accurate information on the health effects of medical marijuana. We may provide educational materials from Americans for Safe Access (ASA). ASA has compiled a number of educational booklets covering a range of medical conditions and the efficacy of medical marijuana in treating these conditions. Each booklet contains the following sections:

- Why Marijuana is Legal to Recommend
- Overview of the Scientific Research on Medical Marijuana
- Research on Marijuana and [specific condition addressed by booklet]
- Comparison of Medications: Efficacy and Side-Effects
- Testimonials of Patients and Doctors
- History of Marijuana as Medicine
- Scientific and Legal References

These booklets are concise summaries for the administration of and current research regarding the application of medical marijuana in treating the associated condition. They contain clinical as well as anecdotal evidence on the efficacy of medical marijuana treatments and include citations for relevant research materials for further reading. These booklets will be available to all patients free of charge.

Nutmeg recognizes that patients must often cope with life-altering or debilitating conditions and will provide support to these patients to enhance their well being

# X. CAFÉ CARTEL POS SYSTEM QUOTE

Phone 1-866-973-8099  
 FAX 1-866-973-8099  
 WEB [www.cafecartel.com](http://www.cafecartel.com)  
 Email

Nutmeg Dispensary

Quote  
 Order # 41332

**Coast To Coast Business Solutions, Inc**  
 8340 CLAIREMONT MESA BLVD Ste.213  
 SAN DIEGO, CA 92111

Robert Schulten  
 Account #  
 Phone # 203-209-0146

Reseller:  
 Bill To:  
 CT

Ship To:

Quote		Completed				
Quote #	PO #	Sales Rep		Prepared By Denigris, J.		
Description	Item #	Unit	QT	Origin	Unit Price	Total

## Products

1	Indica Altera 3400S	Altera 3400SM	1.00	\$2,359.00	\$2,359.00
CCS POS Dispensary Software -PioneerPOS 15" All In One Touch PC - 2GB, 80 GB HD -Embed Epson Receipt Printer -16" Cash Drawer -Integrated Magnetic Card Reader					
2	VoyagerGS 9590 Barcode Scanner	9590	1.00	\$149.00	\$149.00
3 8"LCD Customer Display Upgrade Optional Product -Replaces 2 Line VFD Customer Display					
4	Label Printer LP2824	2824-21100-0001	1.00	\$299.00	\$299.00
5	Zebra Label Paper	ZebraLblPaper	1.00	\$0.00	\$0.00
FREE with Complete POS Purchase Optional Product - 12 Rolls, 1370 labels each - 2.25x2					
6	Patient Check-In Station	Patient Check-In	1.00	\$1,450.00	\$1,450.00
- CCS POS Medical Marijuana Dispensary Software Hardware includes: - Computer - 2.6 GHz -i3, RAM 4 GB,500+ GB, Windows 8 Pro - 20" LCD Monitor - Keyboard & Mouse - Driver License Barcode Scanner - 2D Scanner					

## Services

1	Software Training	StdTraining	1.00	\$0.00	\$0.00
Unlimited Online/Phone training for 90 Days					
2	90 Day Service Plan	90 Day Service Plan	1.00	\$0.00	\$0.00
Service Plan includes Unlimited Phone/Email/Online Tech Support, Software Upgrades Yearly Service plans are available after 90 Days					
3	Free Shipping	Free Shipping	1.00	\$0.00	\$0.00
Free Shipping in USA					

Agreement of Purchase.

Returns:

All custom item returns are subject to a 15% stocking fee and customer assumes return shipping charges.

Return Policy included in Sales Agreement.

Software purchases are non-refundable

Sign: \_\_\_\_\_ Date: \_\_\_\_\_

Phone 1-866-973-8099  
FAX 1-866-973-8099  
WEB [www.cafecartel.com](http://www.cafecartel.com)  
Email

Nutmeg Dispensary

Quote  
Order # 41332

**Coast To Coast Business Solutions, Inc**  
8340 CLAIREMONT MESA BLVD Ste.213  
SAN DIEGO, CA 92111

Robert Schulten  
Account #  
Phone # 203-209-0146  
Bill To: Reseller:  
Ship To:

CT

Quote		Completed
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Quote #	PO #	Sales Rep	Prepared By Denigris, J.
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Description	Item #	Unit	QT	Origin	Unit Price	Total
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Item Quantity:	9
Sub Total:	\$4,382.00
Tax:	\$0.00
Total:	\$4,382.00
Balance Due:	\$4,382.00

Payment: