To Whom It May Concern:

I hereby certify that according to the records of this office,

**MASS MEDI-SPA INC.**

is a domestic corporation organized on **August 07, 2013**

I further certify that there are no proceedings presently pending under the Massachusetts General Laws Chapter 180 section 26 A, for revocation of the charter of said corporation; that the State Secretary has not received notice of dissolution of the corporation pursuant to Massachusetts General Laws, Chapter 180, Section 11, 11A, or 11B; that said corporation has filed all annual reports, and paid all fees with respect to such reports, and so far as appears of record said corporation has legal existence and is in good standing with this office.

In testimony of which,

I have hereunto affixed the Great Seal of the Commonwealth on the date first above written.

[Signature]

Secretary of the Commonwealth

Certificate Number: 15084571510

Verify this Certificate at: http://corp.sec.state.ma.us/CorpWeb/Certificates/Verify.aspx

Processed by: nmc
SECTION D. EMPLOYMENT AND EDUCATION FORM

This Employment and Education form must be completed and signed by each of the following individuals: The Corporation's Chief Executive Officer, Chief Operations Officer, Chief Financial Officer, individual/entity responsible for marijuana for medical use cultivation operations, and individual/entity responsible for the RMD security plan and security operations. Submit one Employment and Education form for each of the above individuals when submitting a Management and Operations Profile to the Department of Public Health.

Name

Daniel Balling

Residential Address

[Redacted]

Title (at applicant non-profit corporation)

Chief Operations Officer, Individual in charge of dispensary operations

Name of Applicant Non-Profit Corporation

Mass Medi-Spa Inc.

Highest Education Attained – Institution, Degree, and Year

Massachusetts College of Pharmacy, Bachelor in Pharmacy, 1987
Past 10 Years of Employment by Employer, Title and Time Period. List chronologically, beginning with most recent employment. Add more forms if space is needed for additional employment history entries.

<table>
<thead>
<tr>
<th>Employer</th>
<th>Title</th>
<th>Time Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dan's Pharmacy</td>
<td>Owner / Operator / Pharmacist</td>
<td>1999 - present</td>
</tr>
</tbody>
</table>

Signed under the pains and penalties of perjury, I agree and attest that all information included in this form is complete and accurate.

Signature of the Individual

08/29/2015
Date Signed
November 19, 2015

Jeffrey Roos, President
Mass Medi-Spa, Inc.
84 Polpis Rd
Nantucket, Ma. 02554

RE: Opinion regarding RMD’s compliance with guidelines for engaging
with management companies.

Dear Mr. Roos;

You have asked that this office advise Mass Medi-Spa, Inc. ("Mass Medi") on whether the formation of a business arrangement by contract with a third-party entity would comply with Massachusetts Law and regulation, specifically, with 105 CMR 725.00, Chapter 369 of the acts of 2012, and MGL chapter 180. Mass Medi has applied to the Massachusetts Department of Public Health, “DPH”, for licenses to operate two Registered marijuana Dispensaries, “RMD” as a non-profit organization. It seeks to enter into a contract with a for-profit corporation, South Shore BioPharma, LLP, to allow SS BioPharma to provide an array of support services to Mass Medi, including financing its start-up costs and providing other management and consultancy services for fees.

Prior to rendering an opinion, I assume for the purposes of this analysis that you have provided to the law firm all pertinent information. I have for review a Memorandum of Understanding between Mass Medi and South Shore BioPharma, LLP. I have reviewed opinion letters of attorney Anita Litchtblau of Casner & Edwards, dated January 17, 2014 and Valerio Romano, dated January 21, 2014. I have reviewed pertinent statutes, regulations, and the compliance guidance issued May 15 2015, by DPH, regarding its Medical Use of Marijuana Program. I assume that to the extent Mass Medi would be found non-compliant
with the compliance guidance directive issued by DPH or non-compliant with law, it would endeavor to become fully compliant. I have reviewed the corporate formation documents as well as the corporate bylaws.

The regulations-105 CMR 725.00, require RMD’s to perform the following pertinent steps: incorporate pursuant to chapter 180, operate on a non-profit basis for the benefit of registered qualifying patients; and ensure that revenue of the RMD is used solely in furtherance of its non-profit purpose. The non-profit corporation pursuant to section 3 of chapter 180, is prohibited from having capital stock or stockholders. The dilemma faced by Mass Medi and any RMD issued a license to operate a dispensary is that the corporation cannot raise capital to fund its start-up costs from the sale of stock or partnership interests, a common method of financing. Further complicating the matter is that with federal prohibition of state sanctioned medical-use marijuana laws, there are no commercial lenders willing to finance RMD’s. The question is whether it would be permissible for a RMD to arrange third-party contracts whereby for-profit companies could finance the non-profit expecting a rate of return on investment and collect fees for performing management services without offending the letter or spirit of the enabling legislation.

While no actual prohibition exists for such arrangements, the compliance guidance memo issued by DPH updated May 15, 2015, is instructive. The document offers guidance for compliance with the non-profit requirements of the act and regulations as they relate to the following transactions an RMD may engage in:

1. Management Companies, third-party Transactions
2. Related Party Transactions
3. Real estate
4. Compensation of employees
5. Board of Directors: Conflicts of Interest and compensation
6. Revenue sharing

The Memo discusses each type of relationship in some detail. The DPH states that management companies can be used to provide supplies, equipment and services. Such contracts should compensate for the fair market value of the supplies, equipment and services. Any loans secured by the RMD should be executed with commercially reasonable terms and be in full compliance with Massachusetts law.

As to related parties, an RMD must be able to demonstrate that the transactions involve compensation for the fair market value of any property, services, and equipment. Real Estate must be leased at fair market value for the property in question. Compensation of employees should be commercially reasonable for the industry and must be balanced against the appearance of
diverting revenue in conflict with the regulations. Board members must be free of conflicts of interest which could undermine their duty of loyalty.

The compliance guidance memo makes clear that revenue sharing is prohibited.

What is not made clear in the guidance memo is whether commercially reasonable or fair market value is to be commensurate with cost of capital given the risks and uncertainties inherent in the type of investment. Certainly commercially reasonable in institutional investing includes a weighting of risk as all investment streams are benchmarked to or priced to risk. The closest point at which an investment would be considered risk free is a treasury bond. For example, the return of a treasury bond is lower than an investment in a common stock. So, I will assume for the balance of this opinion letter that the term “commercially reasonable” and “fair market value”, incorporates risk adjustments into the cost of capital for financing the start-up costs of a new business which is a licensed dispensary.

Risk is defined in Barron's FINANCE & INVESTMENT HANDBOOK Sixth Edition, as a “measurable possibility of losing or not gaining value. Risk is differentiated from uncertainty, which is not measurable.” The medical-use marijuana industry concerns not just risk to capital but uncertainty. Risks can be reduced by different strategies, while uncertainty is not as easy to manage. An RMD seeking financing must attract investment capital in the face of many risks, including but not limited to liquidity risks, substantial risk to principal, and a form of political risk, not of nationalization per se, but of nationalization of the enforcement of the Controlled Substances ACT, which like expropriation, can have the effect of eviscerating the enterprise value of an RMD. Moreover, this being tied to the development of real estate, investors assume risks such as construction risk, and peculiar to this industry, there is a lack of bank financing. It is assumed that when DPH issued its guidance, it did so with full awareness of the complexities in this type of investment.

An investor is assumed to be a sophisticated investor, and this is a person or entity that adjusts for risk. This investor would price the value of the investment using a Risk-Adjusted Discount Rate, which is the rate necessary to determine the present value of an uncertain or risky stream of income. It is the risk-free rate plus a risk premium (price) that is based on an analysis of the risk characteristics of the particular project which determines the true cost of capital. The investor would either intuitively or consciously use a capital asset pricing model to price the expectation of what rate of return would offset the risk of loss. (CAPM is grounded in the theory that investors demand higher returns for higher risks.)

There is additional upward pressure on cost of capital to the non-profit due
to small pool of financing choices. There are no commercial banks, or investment bankers willing to enter the market as of yet. Usually, there is incremental cost of capital, debt being cheaper than equity, whereas, the legal cannabis industry presents a capital structure with no ability for use of leverage and offers no clear exit strategy out of the investment. The closest parallel with this type investment is that of venture capital investments, early rounds. And while perhaps over simplistic but nevertheless instructive, in a Paper titled RISK AND RETURN OF VENTURE CAPITAL by John H Cochrane, Graduate School of Business, University of Chicago,, March 19, 2004, the author discussed historic discount rates for venture capital investments: on page 5, he cites Smith and Smith (2000), which studied discount rates which were reported on average to be 35% to 50%. It seems reasonable to conclude that for an investor willing to invest in a for profit entity which sole focus is investing in a medical-use marijuana dispensary, a 40% discount rate would be appropriate. This high discount rate compresses the value of an investment significantly which produces its inverse, that being a higher price to pay to lure investment capital.

In reviewing the draft Memorandum of Understanding, it shows that the non-profit has contractually obligated its business venture to pay for start-up capital an 18% rate of return on two costly newly constructed buildings but a caveat that Mass medi also offer the for profit venture firm the ability to earn larger fees for deploying its trade secret knowledge and management expertise in exchange for fees. If Mass Medi would need to hire a team of skilled technicians, cultivation consultants, compliance and security personnel up-front, the cost to start-up operations would increase. Instead, it is assigning that responsibility to the for profit company to perform those important services, which is reasonable and prudent. So long as the salaries are tied to those comparable in the industry, the flow of funds to the for profit as a return on capital is “commercially reasonable adjusted for risk.”

In the MOU reviewed, there are earn-outs available to South Shore BioPharma which are tied to actual services rendered. The salaried employees are to be marked up 25% as a profit margin. However, the for profit company will have the responsibility to recruit, hire, train, and manage HR for each employee. While the contract may become lucrative, the risks of sinking investments to realize those profits but losing all invested funds due to an abrupt shuttering of the business renders that profit margin inherently reasonable, and at risk.

The licensing fees are reasonable if the opportunity costs in acquiring all the trade secret knowledge is on par with the payments expected to flow to SS BioPharma over time. The for profit company is contractually obligating its deployment of IP in exchange for a future stream of payments which carries a high risk of never being realized. From a review of the mechanics of the
cultivation supply chain, there is an inherent complexity to it such that for Mass Medi to invest in that scope of expertise up front would no doubt balloon the start-up costs considerably, perhaps to an unreachable degree. Mass Medi is simply shifting some of the needed capital onto the for profit which will deploy the needed capital at risk of loss. The licensing arrangement seems commercially reasonable as the for profit is assuming considerable risks at the same time it bets on considerable rewards. This is normal investor behavior and not some method of diverting cash to a for profit company. In an investment of this type, the future payout is commensurate with the high risk that it will never come.

The guidance memo prohibits revenue sharing. Revenue sharing occurs when two entities share equally in risk and reward. In situations where a non-profit partners with a for-profit company and the risks of loss are spread just as the revenues, this is the type of structure frowned upon. In reviewing the MOU in this case, no such revenue sharing exists because the risks of loss are uneven as one would expect in an arms length transaction and the ability for South Shore BioPharma to earn profits over the contractually fixed 18%, will be directly tied to its ability to produce success. However, the for profit company remains at risk in every phase of its investment while sparing Mass Medi of risks of loss at the same time. This type of investment is not of a revenue sharing type. It is more a standard venture capital type investment.

It is therefore the opinion of this counsel that the contractual relationship entered into between Mass Medi and SS BioPharma does not offend Massachusetts Law, regulation or the compliance guidance issued by DPH, assuming that the term commercially reasonable takes into consideration the cost of capital premium expected for an investment of this type.

Very truly yours,

Robert E Kelley
MASS MEDI-SPA, INC.

SPECIAL MEETING OF BOARD OF DIRECTORS

Minutes of Meeting of quorum of voting members of Board of Directors

This 19th day of November, 2015, a meeting of the Board of Members was duly called in accordance with rule 5.2, to address amendments to the bylaws, as well as a vote on certain company business. The meeting was called to order by the company president Jeffrey Roos who presented the Board with several motions to adopt resolutions.

RESOLUTION: A proposed amendment to the Bylaws was presented titled CONFLICTS OF INTEREST AND AMENDMENT TO ANTI-LOBBYING POLICY. After review of the motion a unanimous vote carried to amend the bylaws, by inserting as Exhibit A to existing corporate bylaws amending section 2.2. Bylaws are amended and vote affirmed.

RESOLUTION: A Memorandum of Understanding was presented with a request that the Board vote to authorize Jeffrey Roos to execute it on behalf of the company. Board members were given time to review the proposed MOU and after deliberations, and comments, a unanimous vote carried and the Board authorized Jeff Roos to execute the MOU with South Shore BioPharma LLP.

RESOLUTION: Upon motion duly carried, the meeting was adjourned and the resolutions shall be noted and placed in the minutes of meetings book. Jeffrey Roos was authorized to execute the MOU on behalf of the corporation and was authorized to execute an acknowledgement that the bylaws were amended and the amendment attached to the bylaws.

In WITNESS WHEREOF, the undersigned affirms that the resolutions and votes are duly recorded herein in its correct form and substance. 

[Signature]

Jeffrey Roos
EXHIBIT A

AMENDMENT TO CORPORATE BYLAWS

CONFLICT OF INTEREST AND AMENDMENT TO ANTI-LOBBYING
POLICY

2.2 OF BYLAWS is AMENDED with the following which is to supplement but not replace the provision. Conflict of Interest and Anti-lobbying policies are intended to supplement but not replace any applicable state and federal laws governing conflicts of interests and lobbying of members of the Board or other key founders. Every member of a charity has a duty of loyalty to the charity and all who endeavor to act for the charity in the conduct of its business affairs and to make the charity transparent as to any form of self-dealing or in using funding opportunities as a means to back a particular political stand.

It is the firm rule of Mass Medi-Spa, Inc. to comply with a conflicts of interest and anti-lobbying policy. Board members and officers must act vigilantly to remediate apparent conflicts of interest and lobbying efforts.

It is required that all directors, officers, or employees disclose to the Board any time that they believe or have reason to believe that their personal interests which includes financial, political, or personal interests of themselves or family conflicts with the charitable purposes of the entity.

Any interested person who has a potential interest which may be in conflict with the corporate charitable cause shall disclose such apparent conflict to the disinterested members of the Board only who shall take their position into account as well as the pertinent facts and after deliberating on the case, in private, shall issue a ruling on whether such activities are in conflict with the charitable purposes of the corporation.

If such a determination is made, or an interested person is found to have violated the conflict of interest policy, the Board shall not delay pursuing all means necessary including initiating litigation, or referring the matter to the Massachusetts Attorney general for its actions which at a minimum removes the conflict. All interested members who are found to have violated the conflicts policy must return the corporation to the status quo ante, or if the interested person fails to or cannot resolve the conflict, and litigation is commenced, then the interested person shall pay the costs including legal fees and any damages, which may arise from said conflict.

No part of the assets of the corporation and no part of any net earnings of the corporation shall be divided among or inure to the benefit of any officer, director, or member of the corporation or any private individual, or be appropriated for any purposes other than the purposes of the
corporation as herein set forth except that the corporation may authorize action to pay reasonable compensation to officers or Board members so long as a determination is made that the salary or other form of remuneration is reasonable based on actual work performed for the charity, which furthers the charitable purpose, and was at fair market value.

While no substantial part of the activities of the corporation shall be the carrying on of propaganda or an attempt to influence legislation, a core mission of the charity is in reversing the prohibition on marijuana use particularly for medical benefit, and it is in the best interests of the charitable mission to legalize marijuana for medical use. The corporation continues to be prohibited from engaging in lobbying or of political activities, and is expressly prohibited from lobbying to cause marijuana to be legalized for all purposes; however, it may advance the idea through any reasonable means that medical marijuana should be made legal in all 50 states and by the federal government.

CERTIFICATE OF ADOPTION OF AMENDMENT TO BYLAWS

I, Jeffrey Roos, certify that the above Conflicts policies were duly adopted by a majority of the members of the Board of Directors and Incorporators at a meeting held on November 19, 2015.

______________________________
Jeffrey Roos, President and CEO Mass Medi-Spa Inc.
30. Provide a summary of the RMD’s operating procedures for maintaining confidentiality of registered qualifying patients, personal caregivers, and dispensary agents, as required by law.

Mass Medi-Spa is committed to the protection of patient information against theft, loss, unauthorized access, mis-use or disclosure. A complete policy addressing the issues of collection, access, use and disclosure of patient information is available upon request.

All RMD personnel are expected to maintain the highest level of confidentiality and privacy relative to patient information, and will receive initial training and annual recertification on the Health Information Privacy and Accountability Act (HIPAA).

Operating procedures:
- Upon entrance every patient or caregiver will have their valid photo ID cards and registration cards inspected.
- Patient information will be password protected to limit access to only designated staff.
- Patient passwords will be changed on a regular basis.
- Patient interviews and consultations will be done in a private setting.
- Patient information will not be disclosed to anyone without the patient’s prior consent.
- Patient information will be marked confidential and sent only using secure methods (certified mail or encrypted email).
- All forms or records will be kept in locked or restricted areas.
- All interpreters (as applicable) must sign a patient confidentiality agreement prior to providing services.
- All computer screens will be safeguarded.

Any employee found in breach of either patient or operational privacy will be subject to immediate disciplinary action up to and including termination of employment.

Information on this page has been reviewed by the applicant, and where provided by the applicant, is accurate and complete, as indicated by the initials of the authorized signatory here: JR
35. Provide a summary of the RMD’s operating procedures for patient or personal caregiver home-delivery, if the RMD plans to provide home-delivery services.
36. Provide a summary of the RMD’s policies and procedures for the provision of marijuana for medical use to registered qualifying patients with verified financial hardship without charge or at less than the

We are very committed to increasing access to medical marijuana for those who have limited financial means. For registered qualified patients who need but cannot afford our products due to a documented "Verified Financial Hardship", we will provide reduced cost (less than market price) and free marijuana.

Patients will be pre-qualified for this program if they are a recipient of MassHealth or Supplemental Security Income, or if their income does not exceed 300% of the poverty level, adjusted for family size.

Each patient that requests participation in the low-cost or no-cost program will be required to complete an application.