Re: July 26, 2016 Department of Public Health Request for Information from Mayflower Medicinals, Inc. (Application 3 of 3)

Please be advised that this correspondence is a supplement to Mayflower’s July 28, 2016 response to the Department of Public Health’s (“DPH”) July 26, 2016 Request for Information from Mayflower Medicinals, Inc. (“Mayflower”). The DPH requested the following information:

1. **DPH Request:** Please explain how paragraph 5 of the iAnthus Capital Management, LLC Loan Agreement complies with state usury law.

   **Mayflower’s Response:** In addition to the previously provided explanation regarding how paragraph 5 of the iAnthus Capital Management LLC Loan Agreement (the “Agreement”) complies with state usury law, the Agreement has specific safeguards to ensure that it does not violate state usury law.

   In relevant part, Paragraph 19 of the Agreement, titled “No Usury” states the following:

   “The Lender and the Borrower intend to comply at all times with applicable laws of the Commonwealth of Massachusetts and the United States regarding usury (“Applicable Usury Laws”). If at any time such laws would ever render usurious any amounts called for under this Agreement or Note, then it is the Borrower’s and the Lender’s express intention that: (a) the Borrower shall not be required to pay interest at a rate in excess of the maximum lawful rate, (b) that the provisions of this Section 19 shall control over all other provisions of this Agreement or any Note which may be in apparent conflict herewith, (c) that such excess amount shall be credited to the unpaid
principal balance of the Loan Amount under the Note(s) (or, if all Notes have been fully paid, refunded by the Lender to the Borrower), and (d) the provisions hereof shall be reformed and the amounts thereafter collectible under this Agreement and Note(s) reduced, without the necessity of the execution of any further documents, so as to comply with the then Applicable Usury Laws, but so as to permit the recovery by the Lender of the fullest amount otherwise called for under this Agreement and Note(s)...” [Emphasis Added]

Accordingly, even in the event that the interest rate and fees in the Agreement would be deemed usurious, Section 19 ensures that the rate would be adjusted in order to comply with state usury law. However, as previously explained in Mayflower’s July 28, 2016 response to DPH’s July 26, 2016 RFI, the delinquency charge pursuant to Paragraph 5 of the Agreement does not result in a violation of state usury law.

Thank you for your attention to this matter.

Very Truly Yours,

Brandon Kurtzman, Esq.

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Enclosures