

**IN THE CIRCUIT COURT OF ST. LOUIS COUNTY  
STATE OF MISSOURI**

231 PARTNERS LLC,	)	
	)	
Plaintiff,	)	
v.	)	Case No. 22SL-CC03247
	)	
CANNAVER, LLC,	)	Division 13
	)	
Defendant.	)	

**SUCCESSOR RECEIVER’S MOTION FOR ENTRY OF AN  
ORDER (i) APPROVING SALE AND BIDDING PROCEDURES AS TO THE  
APPEAL RIGHTS; (ii) SCHEDULING A DATE TO START THE BIDDING  
PROCESS; AND (iii) OTHER RELIEF**

COMES NOW NMBL Strategies (“**Successor Receiver**”), as court-appointed general receiver of CannaVer, LLC pursuant to that certain May 16, 2023 order of this Court and hereby moves (this “**Motion**”) the Court under Mo. Rev. Stat. §§ 515.500, *et seq.* (the “**MCRA**”) to enter the Order attached hereto as Exhibit A: (i) approving sale and auction procedures whereby the Successor Receiver will conduct an auction (the “**Auction**”) at which the Successor Receiver will entertain bids for the purchase of the Appeal Rights held by CannaVer, LLC (“**CannaVer**”); (ii) approving July 22, 2024, as the beginning date of the auction process, and (iii) Other Relief. In support of this Motion, Successor Receiver states as follows:

**INTRODUCTION**

The Successor Receiver, by its appointment of this Court on May 16, 2023, and upon review of the remaining assets of this receivership estate, believes that the intentions of R.S.Mo. § 515.645 would be best conducted by the sale of the Appeal Rights (defined below)

by way of a sealed bids and related bidding process between the top bids received, with initial bids received no later than 5:00p.m. CST on July 22, 2024 via e-mail to the Successor Receiver at [eric@nmb1strategies.com](mailto:eric@nmb1strategies.com) and said final bids to be submitted by the Final Qualified Bidders (defined below) no later than 5:00p.m. CST on July 23, 2024, with the final and winning bid to be announced no later than 12:00p on July 24, 2024 (unless an enlargement of time is deemed necessary by receiver as to the announcement of the final bid).

As this Court and parties are aware, following the initial auction for the sale of certain assets in August 2023, CannaVer retained its ownership interest in the appeal rights subsequent to the State of Missouri’s denial of CannaVer’s three cultivation medical marijuana facility license applications and two dispensary medical marijuana facility applications (collectively, the “**Appeal Rights**”). The Appeal Rights are the subject of an administrative hearing currently pending before the Administrative Hearing Commission for the State of Missouri, bearing consolidated Case Nos. 20-0496, 20-1127 (the “**Administrative Cases**”).

Based on the uncertainties involved with the adjudication of the Administrative Cases, the Successor Receiver believes the prudent action for the liquidation of the Appeal Rights is to sell those rights to a third party via an expedited bidding process as outlined below. The Successor Receiver believes a bidding process will yield the highest and best result for the Receivership Estate, and reduces—if not entirely eliminates—the uncertainties surrounding the outcome of participating in a Final Hearing as to the Administrative Cases. Accordingly, the Successor Receiver has determined that a sealed bidding process for the

Appeal Rights, as more fully set forth herein, is in the best interests of the Receivership, and requests the Court approve the relief requested in this Motion.

### **JURISDICTION AND VENUE**

1. Jurisdiction is proper in this Court under Rev. Stat. Mo. § 478.070.
2. Venue is proper in this Court under Rev. Stat. Mo. § 508.010(2) because CannaVer operated its business in St. Louis County and have assets located in St. Louis County, Missouri.

### **PROPOSED AUCTION AND SALE PROCEDURES**

3. A summary of the Auction and Sale Procedures (the “**Auction Procedures**”) (which Auction Procedures are fully described in Exhibit B) is as follows:

- Those entities wishing to submit a Qualified Bid shall submit their bids to Successor Receiver by 5:00p CT on July 22, 2024 via e-mail at eric@nmb1strategies.com.
- In order to be designated as a “Qualified Bid”, a bid must (i) have an offer to purchase the Appeal Rights, (ii) provide for either 100% cash or be a Qualified Credit Bid (a defined below), (iii) contain an opening offer amount of not less than \$1,000,000 for the Appeal Rights, (iv) must include an executed appeal transfer agreement, subject to the Successor Receiver’s approval, (v) must disclose all of the parties participating in the bid; (vi) must be accompanied by financial statements or evidence satisfactory to the Successor Receiver that the bidder is willing, authorized, capable, and qualified, financially, legally, and otherwise, of unconditionally performing all obligations under the Qualified Bid; (vii) must be without contingencies other than approval by DHSS of a contemplated settlement between the Buyer and DHSS; (viii) if the offer is contingent upon an agreed-to settlement by and between the Buyer and DHSS, must satisfy the Successor Receiver in the Buyer’s ability to realize such a settlement, in the Successor Receiver’s full and complete discretion; and (ix) must state the bidder agrees to be the Back-Up Bidder (as defined in Exhibit B). A proposed Qualified Credit Bid or Qualified Bid must not include any provisions for a break-up fee, expense reimbursement, or similar payment.
- Any entity wishing to submit a Qualified Bid may, at the Successor Receiver’s full and complete discretion, be required to submit a good faith cash deposit (the “Good Faith Deposit”) of an amount equal to the lesser of 10% of its Qualified Bid amount, or \$50,000.00, to the Successor Receiver’s bank account at Triad Bank within 15

days of the Prevailing Bidder reaching a settlement with DHSS. A Good Faith Deposit may be waived if the Successor Receiver believes, in his full and complete discretion, that a Potential Bidder (as defined in Exhibit B) is willing, authorized, capable, and qualified, as well as able to otherwise perform all obligations under the Qualified Bid. Any Good Faith Deposit tendered would be credited against the Prevailing Bid amount of the Appeal Rights. Regardless of payment of a Good Faith Deposit, the entirety of the Prevailing Bid amount (less the Good Faith Deposit, if applicable) shall be paid by the Prevailing Bidder to Successor Receiver within six months of the date when settlement was reached as between the Prevailing Bidder and DHSS.

- If three or more Qualified Bids or Qualified Credit Bids are received, the Successor Receiver shall select, in its full and complete discretion (but ultimately subject to court approval), no more than two Qualified Bids or Qualified Credit Bids as the Final Bids, and shall allow the Final Bidders to submit their last, best and final bid to the Successor Receiver on or before 5:00p CT on July 23, 2024.

- Not later than 12:00p CST on July 24, 2024, the Successor Receiver shall announce the Prevailing Bid for purchase of the Appeal Rights.

- All secured lenders will be allowed to credit bid their indebtedness for their collateral.

- The Successor Receiver retains the discretion to reject any bid that Successor Receiver deems inadequate or insufficient or that is not in compliance with these Sale Procedures. Further, the Successor Receiver may extend or modify any of the deadlines set forth in these Sales Procedures in its sole discretion.

4. Notice of the Auction and Sale Procedures has been provided as follows:

- On or before July 20, 2024, the Successor Receiver shall post notification of the Notice of Auction and Bid Deadline in Connection with the Auction (“**Auction Notice**”), to all entities which Successor Receiver believes to be potential buyer candidates, including but not limited to all persons and/or entities which were contacted by the initial receiver in this matter regarding the sale of all or some of the assets held by CannaVer. On or before July 20, 2024, the Receiver shall send additional emails to primary buyer candidate contacts attaching the Auction Notice.

- On or before July 20, 2024, the Successor Receiver shall email an Auction Notice to various bidder candidates including strategic buyers, trade groups for cannabis and private equity groups, including but not limited to those parties listed in prior receiver’s April 24, 2023 Certificate of Service as filed with this Court.

- The Successor Receiver shall also provide a marketing packet to all entities which request the same from Successor Receiver.

### **RELIEF REQUESTED**

#### **I. The Sale Procedures Should be Approved Under Section 515.645 of the MCRA.**

5. Section 515.645(1) of the MCRA provides that “[t]he receiver with the court’s approval after notice and a hearing may use, sell, or lease estate property other than in the ordinary course of business.” Mo. Rev. Stat. § 515.645(1). Section 515.645(2) of the MCRA further provides in pertinent part that “[t]he court may order that a general receiver’s sale of estate property ... free and clear of liens, claims, and of all rights of redemption, whether or not the sale will generate proceeds sufficient to fully satisfy all claims.” Mo. Rev. Stat. § 515.645(2). Additionally, neither the MCRA, generally, nor Mo. Rev. Stat. § 515.645, specifically, requires a particular sale process be employed by Successor Receiver.

6. The selling procedures set forth herein, ensures the maximum benefit to be derived from the Appeal Rights.

7. The sealed bidding process ensures fairness to all parties, and creates an arm’s length transaction for the sale of the Appeal Rights.

8. Successor Receiver respectfully asserts that the Court should approve the Sale Procedures.

#### **II. The Bidding Process Should be Scheduled to begin on July 22, 2024.**

9. The Successor Receiver believes that a bidding process which is set forth herein and is scheduled to begin on July 22, 2024 will allow for the fair and prudent

liquidation of the Appeal Rights, which would maximize the value of the Appeal Rights for the benefit of the parties to this suit, CannaVer creditors, and all other interested parties.

10. The expedited nature of the auction as contemplated herein allows for the best possible outcome to maximize the value of the Appeal Rights, given the upcoming Final Hearing date.

### **NOTICE**

11. Notice of this Motion is being sent under and in accordance with Sections 515.520, 545, 585, 610 and 645 of the MCRA, including notice to all parties asserting any interest in the Appeal Rights, or who otherwise have file notices or claims within this matter.

### **CONCLUSION**

WHEREFORE NMBL Strategies, as court-appointed general Successor Receiver of CannaVer, LLC, respectfully requests that the Court enter an Order substantially in the form attached hereto as Exhibit A approving the Auction Procedures which are outlined in Exhibit B, set the Auction date for July 22, 2024, and for all other and further relief as this Court deems just and proper.

Respectfully submitted,

LATHROP GPM LLP

/s/ Emily E. Cantwell

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Emily E. Cantwell, #63004  
190 Carondelet Plaza - Suite 1400  
Clayton, MO 63105  
P: 314.613.2800  
F: 314.613.2801  
[emily.cantwell@lathropgpm.com](mailto:emily.cantwell@lathropgpm.com)

*Attorneys for Successor Receiver*

**CERTIFICATE OF SERVICE**

I hereby certify that the foregoing was served via the Court’s electronic filing system and via First-Class Mail on this 15th day of July, 2024 upon all counsel of record and to all those listed below:

Office of the Missouri Secretary of State  
State Capitol, Room 208 or  
State Information Center  
600 W Main  
Jefferson City, MO 65101

Missouri Secretary of State  
Corporations Unit  
James C. Kirkpatrick State Information Center  
P.O. Box 778  
Jefferson City, Missouri 65102

State of Missouri Department of Revenue  
c/o Michael S. Kisling  
P.O. Box 854  
Jefferson City, MO 65105  
[Mike.kisling@dor.mo.gov](mailto:Mike.kisling@dor.mo.gov)

Internal Revenue Service  
St. Louis Office  
1222 Spruce St.  
St. Louis, MO 63103

Metropolitan St. Louis Sewer District  
2350 Market St.  
St. Louis, MO 63103

**Supplemental E-Mail Recipients:**

Ruedi Captial	<a href="mailto:dillon@pureebdexchange.com">dillon@pureebdexchange.com</a>
JPAB	<a href="mailto:ohn@amendment2consultants.com">ohn@amendment2consultants.com</a>
SMSL	<a href="mailto:smazur0129@gmail.com">smazur0129@gmail.com</a>
Arbor Growth	<a href="mailto:daniellerosenblum@gmail.com">daniellerosenblum@gmail.com</a>
Green Wellness Group	<a href="mailto:anderson031307@yahoo.com">anderson031307@yahoo.com</a>
Eric Peterson	<a href="mailto:epeterson@spencerfane.com">epeterson@spencerfane.com</a>
Casey Flipp	<a href="mailto:eflippo@darkhorsemedicinals.com">eflippo@darkhorsemedicinals.com</a>
Dan Oneill	<a href="mailto:dano@steepergrown.com">dano@steepergrown.com</a>
Mitchell Anderson	<a href="mailto:mitch@steepergrown.com">mitch@steepergrown.com</a>
Tony Repanich	<a href="mailto:tony@shieldbanking.com">tony@shieldbanking.com</a>
Shawn	<a href="mailto:medicalbudrx@gmail.com">medicalbudrx@gmail.com</a>
Jay Patel	<a href="mailto:jignesh125@gmail.com">jignesh125@gmail.com</a>
Jaimin Patel	<a href="mailto:jaimin@ptsgrow.com">jaimin@ptsgrow.com</a>

Mitchel Kay	<a href="mailto:mitch@ptsgrows.com">mitch@ptsgrows.com</a>
John Kinsella	<a href="mailto:jjkinsellal@selectdrink.com">jjkinsellal@selectdrink.com</a>
Ian Greenblatt	<a href="mailto:ian.greenblatt4@gmail.com">ian.greenblatt4@gmail.com</a>
Mitchell Greenblatt	<a href="mailto:mgreenblatt@unitedfsi.com">mgreenblatt@unitedfsi.com</a>
Albert Gutierrez	<a href="mailto:albert.gutierrez@budmary.com">albert.gutierrez@budmary.com</a>
Lucas Nelson	<a href="mailto:lucas.nelson@budmary.com">lucas.nelson@budmary.com</a>
Mark O'Donnell	<a href="mailto:mark@msolle.com">mark@msolle.com</a>
Spencer P. Desai	<a href="mailto:spd@desailawfirmllc.com">spd@desailawfirmllc.com</a>
Robert E. Eggman	<a href="mailto:ree@carmodymaddonald.com">ree@carmodymaddonald.com</a>
Josh Corson	<a href="mailto:joshc@jointoperation.com">joshc@jointoperation.com</a>
Beverly Weber	<a href="mailto:bweber@atllp.com">bweber@atllp.com</a>
Beverly Harris	<a href="mailto:bharris@mg-risk.com">bharris@mg-risk.com</a>
Mike Ebbing	<a href="mailto:mikewebbing@yahoo.com">mikewebbing@yahoo.com</a>
Luke Hobbs	<a href="mailto:lukehobbs09@gmail.com">lukehobbs09@gmail.com</a>
Steve Weber	<a href="mailto:steve.weber@ptsgrows.com">steve.weber@ptsgrows.com</a>
Ben Hilman	<a href="mailto:ben@laccapital.com">ben@laccapital.com</a>
Kevin Lemp	<a href="mailto:klemp@4handsbrewery.com">klemp@4handsbrewery.com</a>
Larry Parres	<a href="mailto:lparres@lewisrice.com">lparres@lewisrice.com</a>
J. Michael Bridges	<a href="mailto:Michael.bridges@huschblackwell.com">Michael.bridges@huschblackwell.com</a>
Dave Dare	<a href="mailto:ddare@hdsstl.com">ddare@hdsstl.com</a>
Joseph C. Blanner	<a href="mailto:jblanner@mlklaw.com">jblanner@mlklaw.com</a>
Michael P. Herrmann	<a href="mailto:mherrmann@mlklaw.com">mherrmann@mlklaw.com</a>

*/s/ Emily E. Cantwell*

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# **EXHIBIT A**

**IN THE CIRCUIT COURT OF ST. LOUIS COUNTY  
STATE OF MISSOURI**

231 PARTNERS LLC,	)	
	)	
Plaintiff,	)	
v.	)	Case No. 22SL-CC03247
	)	
CANNAVER, LLC,	)	Division 13
	)	
Defendant.	)	

**ORDER APPROVING SUCCESSOR RECEIVER’S SALE AND AUCTION  
PROCEDURES; SCHEDULING JULY 22, 2024  
AS THE AUCTION DATE AND OTHER RELIEF**

Upon review of Successor Receiver’s Motion for Entry of an Order (i) Approving Sale and Auction Procedures; (ii) Scheduling a Date to Conduct Successor Receiver’s Action; and (iii) Other Relief (the “**Motion**”) and having heard oral argument, pursuant to Mo. Rev. Stat. § 515.645(1) and the MCRA, this Court hereby GRANTS the Motion, such that it is:

ORDERED, ADJUDGED AND DECREED that the Successor Receiver shall be allowed to conduct the Auction (as described and defined in the Motion), and that such Auction shall offer a full and fair opportunity of all potential buyers to purchase the Appeal Rights (as defined in the Motion);

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Auction Sale Procedures as set forth in Exhibit B to the Motion is approved;

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Receiver is authorized to conduct the Auction on July 22, 2024, or to continue such Auction from time to time as necessary;

Notwithstanding the entry of this Order, any party in interest shall maintain the right to object to the sale process or confirmation or approval of the sale held pursuant to the Auction, which sale remains subject to the Court's approval.

**SO ORDERED:**

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\_\_\_\_\_  
Date

# **EXHIBIT B**

**CannaVer LLC**  
**Case No. 22SL-CC03247**

**SALE PROCEDURES – APPEAL RIGHTS**

1. **Consent to Jurisdiction.** All bidders shall be deemed to have consented to the core jurisdiction of the Circuit Court of St. Louis County, and to have waived any right to jury trial in connection with any disputes relating to the Auction and/or the Sales Procedures.

2. **Receivership Assets to be Included in Auction.** The following assets (“**Appeal Rights**”) shall be the subject of the Auction to be held on July 22, 2024:

CannaVer LLC’s ownership interest in the appeal rights following the State of Missouri’s denial of CannaVer’s three cultivation medical marijuana facility license applications and two dispensary medical marijuana facility applications.

3. **Qualified Bids Submitted by July 22, 2024.** Those entities (each a “**Potential Bidder**”) wishing to submit a Qualified Bid shall submit their sealed bids to Successor Receiver by 5:00 CT on July 22, 2024 and may do so via e-mail to the Successor Receiver at [eric@nmbstrategies.com](mailto:eric@nmbstrategies.com).

4. **Definition of Qualified Bid.** In order to be designated as a “Qualified Bid”, a bid must (i) have an offer to purchase the Appeal Rights, (ii) provide for either 100% cash or be a Qualified Credit Bid (a defined below), (iii) contain an opening offer amount of not less than \$1,000,000 for the Appeal Rights, (iv) must include an executed appeal transfer agreement, subject to the Successor Receiver’s approval, (v) must disclose all of the parties participating in the bid; (vi) must be accompanied by financial statements or evidence satisfactory to the Successor Receiver that the bidder is willing, authorized, capable, and qualified, financially, legally, and otherwise, of unconditionally performing all obligations under the Qualified Bid; (vii) must be without contingencies other than approval by DHSS of a contemplated settlement between the Buyer and DHSS; (viii) if the offer is contingent upon an agreed-to settlement by and between the Buyer and DHSS, must satisfy the Successor Receiver in the Buyer’s ability to realize such a settlement, in the Successor Receiver’s full and complete discretion; and (ix) must state the bidder agrees to be the Back-Up Bidder (as defined below). A proposed Qualified Credit Bid or Qualified Bid must not include any provisions for a break-up fee, expense reimbursement, or similar payment.

5. **Good Faith Deposit and Payment.** Any entity wishing to submit a Qualified Bid may, at the Successor Receiver’s full and complete discretion, be required to submit a good faith cash deposit (the “Good Faith Deposit”) of an amount equal to the lesser of 10% of its Qualified Bid amount, or \$50,000.00, to the Successor Receiver’s bank

account at Triad Bank within 15 days of the Prevailing Bidder reaching a settlement with DHSS. A Good Faith Deposit may be waived if the Successor Receiver believes, in his full and complete discretion, that a Potential Bidder (as defined in Exhibit B) is willing, authorized, capable, and qualified, as well as able to otherwise perform all obligations under the Qualified Bid. Any Good Faith Deposit tendered would be credited against the Prevailing Bid amount of the Appeal Rights.

Unless otherwise determined by the Successor Receiver, the failure of a Potential Bidder to tender a Good Faith Deposit on or before the Bid Deadline, shall exclude the Potential Bidder from the Auction. The Good Faith Deposit shall be returned to a Potential Bidder, except for the Prevailing Bidder and Back Up Bidder (as each is defined below), within 5 business days after the closing on the sale of the Appeal Rights. The Prevailing Bidder (or Back Up Bidder, if applicable) shall not receive a return of its Good Faith Deposit unless Successor Receiver, in its sole discretion, elects to terminate the sale of the Appeal Rights.

Regardless of payment of a Good Faith Deposit, the entirety of the Prevailing Bid amount (less the Good Faith Deposit, if applicable) shall be paid by the Prevailing Bidder to Successor Receiver within six months of the date when settlement was reached as between the Prevailing Bidder and DHSS.

6. **Selection of Final Bids by July 23, 2024.** If three or more Qualified Bids or Qualified Credit Bids are received, the Successor Receiver shall select, in its full and complete discretion (but ultimately subject to court approval), no more than two Qualified Bids or Qualified Credit Bids as the Final Bids, and shall allow the Final Bidders to submit their last, best and final bid to the Successor Receiver on or before 5:00p CT on July 23, 2024.

7. **Selection of Qualified Final Offer and Prevailing Bidder.** Not later than 12:00p CST on July 24, 2024, the Successor Receiver shall announce the accepted offer for purchase of the Appeal Rights (the “**Prevailing Bid**”).

8. **Back-up Bidder.** Upon the conclusion of the Auction, the Successor Receiver shall have the right (but not the obligation) to select a bidder other than the Prevailing Bidder and to designate such bidder the “**Back-up Bidder.**” If, for any reason, the Prevailing Bidder is unable or unwilling to timely perform its obligations under the Prevailing Bidder’s definitive sale agreement, the Successor Receiver, in the exercise of its business judgment, may consummate the Auction with the Back-up Bidder without further notice or a hearing.

9. **Qualified Credit Bid.** A “Qualified Credit Bid” is a bid by a party with a perfected security interest (a “Secured Party”) as against CannaVer and/or any assets owned by, or titled in the name of, CannaVer, that offers to purchase assets of CannaVer

that have been pledged as security relating to the indebtedness owed to such Secured Party, respectively, in exchange for a credit of all or a portion of the indebtedness owed to by CannaVer to that Secured Party.

10. **Court and DHSS Approval.** Upon conclusion of the Auction, the Successor Receiver shall submit to the Court a Motion seeking the approval of the Qualified Final Offer and Prevailing Bidder, pursuant to the Missouri Commercial Receivership Act and all related notices required therein. The Qualified Final Offer will be subject to the Court's approval, as well as subject to all necessary approvals by Missouri's Department of Health and Senior Services. Should the Prevailing Bidder (or Back Up Bidder, if necessary) not receive approval by DHSS in relation to its Qualified Final Offer, it shall not be entitled to return of its Good Faith Deposit from the Successor Receiver.

11. **Credit Bids.** All secured lenders will be allowed to credit bid their indebtedness for their collateral.

12. **Successor Receiver Rights Under Sales Procedures.** The Successor Receiver retains the discretion to reject any bid that Successor Receiver deems inadequate or insufficient or that is not in compliance with these Sale Procedures. Further, the Successor Receiver may extend or modify any of the deadlines set forth in these Sales Procedures in its sole discretion.

13. **Headings.** The headings of all sections of these Sale Procedures are inserted solely for the convenience of reference and are not a part of and are not intended to govern, limit or aid in the construction or interpretation of any term or provision hereof.