

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF HENNEPIN

FOURTH JUDICIAL DISTRICT

Dakota Natural Growers, Inc., 605 Cannabis, LLC, All SD Can LLC, ASDC2 LLC, ASDC3 LLC, Recruiting & Placement, Inc., CIJK Enterprises Worldwide, LLC, RAD Investments, LLC, Larry Brady, Cory Drake, Donald Drake II, Rob deWit, Dustin Sejnoha, John Schwartzle, Marvin Amdahl, Lynn Amdahl, Dave Nielson, Ren Preheim, Patrick Ortman, Don Drake, Jon Baymiller, Robert Moseman, Jane Moseman, and Michael Tiedeman and Ryan Tiedeman, as trustee for the Tiedeman Family Trust,

Plaintiffs,

v.

Will Hailer, eST Ventures LLC,
Badlands Fund GP LLC,
and Badlands Ventures LLC,

Defendants.

Case No.: _____

Judge: _____

Case Type: _____

SUMMONS

THIS SUMMONS IS DIRECTED TO THE ABOVE-NAMED DEFENDANT.

1. You are being sued. The Plaintiff has started a lawsuit against you. The *Complaint* is attached to this *Summons*. Do not throw these papers away. They are official papers that start a lawsuit and affect your legal rights, even if nothing has been filed with the court and even if there is no court file number on this *Summons*.

2. **You must BOTH reply, in writing, AND get a copy of your reply to the person/business who is suing you within 21 days to protect your rights.** Your reply is called an *Answer*. Getting your reply to the Plaintiff is called service. You must serve a copy of your *Answer* or *Answer and Counterclaim* (Answer) within 21 days from the date you received the *Summons and Complaint*.

ANSWER: You can find the Answer form and instructions on the MN Judicial Branch website at www.mncourts.gov/forms under the “Civil” category. The instructions will explain in detail how to fill out the Answer form.

3. **You must respond to each claim.** The Answer is your written response to the Plaintiff's Complaint. In your Answer you must state whether you agree or disagree with each paragraph of the Complaint. If you think the Plaintiff should not be given everything they asked for in the Complaint, you must say that in your Answer.

4. **SERVICE: You may lose your case if you do not send a written response to the Plaintiff.** If you do not serve a written *Answer* within 21 days, you may lose this case by default. You will not get to tell your side of the story. If you choose not to respond, the Plaintiff may be awarded everything they asked for in their *Complaint*. If you agree with the claims stated in the *Complaint*, you don't need to respond. A default judgment can then be entered against you for what the Plaintiff asked for in the *Complaint*.

To protect your rights, you must serve a copy of your Answer on the person who signed this Summons in person or by mail at this address:

Matthew R. Veenstra
Saul Ewing LLP
33 South Sixth Street, Suite 4750
Minneapolis, MN 55402

5. Carefully read the Instructions (CIV301) for the *Answer* for your next steps.
6. Legal Assistance. You may wish to get legal help from an attorney. If you do not have an attorney and would like legal help:
- Visit www.mncourts.gov/selfhelp and click on the "Legal Advice Clinics" tab to get more information about legal clinics in each Minnesota county.
 - Court Administration may have information about places where you can get legal assistance.

NOTE: Even if you cannot get legal help, you must still serve a written Answer to protect your rights or you may lose the case.

7. Alternative Dispute Resolution (ADR). The parties may agree to or be ordered to participate in an ADR process under Rule 114 of the Minnesota Rules of Practice. You must still serve your written Answer, even if you expect to use ADR.

Dated: December 5, 2022

SAUL EWING LLP

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Dated: December 5, 2022

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ATTORNEYS FOR PLAINTIFFS

MINNESOTA
JUDICIAL
BRANCH

STATE OF MINNESOTA
COUNTY OF HENNEPIN

DISTRICT COURT
FOURTH JUDICIAL DISTRICT

Dakota Natural Growers, Inc., 605 Cannabis, LLC, All SD Can LLC, ASDC2 LLC, ASDC3 LLC, Recruiting & Placement, Inc., CIJK Enterprises Worldwide, LLC, RAD Investments, LLC, Larry Brady, Cory Drake, Donald Drake II, Rob deWit, Dustin Sejnoha, John Schwartzle, Marvin Amdahl, Lynn Amdahl, Dave Nielson, Ren Preheim, Patrick Ortman, Don Drake, Jon Baymiller, Robert Moseman, Jane Moseman, and Michael Tiedeman and Ryan Tiedeman, as trustee for the Tiedeman Family Trust,

Case No.: _____
Judge: _____
Case Type: _____

Plaintiffs,

v.

Will Hailer, eST Ventures LLC,
Badlands Fund GP LLC,
and Badlands Ventures LLC,

Defendants.

COMPLAINT

PARTIES

Plaintiffs

1. Plaintiff Dakota Natural Growers, Inc. (“Dakota”) is a South Dakota corporation with its principal place of business in South Dakota.
2. Plaintiff 605 Cannabis, LLC is a South Dakota limited liability company with its principal place of business in South Dakota. The managing member of 605 is Ned Horsted, a South Dakota resident.
3. The remainder of Plaintiffs, other than Dakota and 605, are all relatives, friends and acquaintances of the principal owners and operators of Dakota and 605 who desired to invest in Dakota and 605 (the “Investor Plaintiffs,” and together with Dakota and 605, “Plaintiffs”).

4. Plaintiff All SD Can LLC is a South Dakota limited liability company with its principal place of business in South Dakota.

5. Plaintiff ASDC2 LLC is a South Dakota limited liability company with its principal place of business in South Dakota.

6. Plaintiff ASDC3 LLC is a South Dakota limited liability company with its principal place of business in South Dakota.

7. The managing member of All SD Can LLC, ASDC2 LLC and ASDC3 LLC is Amy DeBerg, who resides in South Dakota.

8. Plaintiff Recruiting & Placement, Inc. is a South Dakota corporation with its principal place of business in South Dakota.

9. Plaintiff CIJK Enterprises Worldwide, LLC, is a South Dakota limited liability company with its principal place of business in South Dakota. The managing member of CIJK Enterprises Worldwide, LLC is Cole Turner, a South Dakota resident.

10. Plaintiff RAD Investments, LLC, is a South Dakota limited liability company with its principal place of business in South Dakota. The managing member of RAD Investments, LLC is David Heibult, a South Dakota resident.

11. Plaintiffs Larry Brady, Cory Drake, Donald Drake II, Rob deWit, Dustin Sejnoha, John Schwartzle, Marvin Amdahl, Lynn Amdahl, Dave Nielson, and Ren Preheim are also South Dakota residents.

12. Plaintiffs Michael Tiedeman and Ryan Tiedeman are South Dakota residents and trustees of the Tiedeman Family Trust.

13. Plaintiff Patrick Ortman is an Arizona resident.

14. Plaintiff Don Drake is a Wisconsin resident.

15. Plaintiff Jon Baymiller is a Tennessee resident.

16. Plaintiffs Robert and Jane Moseman are Nebraska residents.

Defendants

17. Defendant Will Hailer and his associate Tim Mynett are career political operatives who founded Defendant eST Ventures LLC (“eST Ventures”), purportedly a venture capital firm, and Rose Lake Capital, a private equity firm, in 2020 although neither Defendant had any prior experience or education in either business or finance.

18. Hailer is a resident of Nebraska.

19. On information and belief, eST Ventures is a Delaware limited liability company with a principal place of business in Washington, D.C.

20. Hailer, Mynett and eST Ventures formed Defendant Badlands Fund GP LLC (“Badlands GP”) for the purpose of controlling another investment fund that they also created: Defendant Badlands Ventures LLC (“Badlands Ventures”).

21. Badlands GP is a Delaware limited liability company with its principal place of business in Washington, D.C. Hailer and Mynett are the managers of Badlands GP.

22. Badlands Ventures is a Delaware limited liability company with its principal place of business in Washington, D.C. Badlands GP is the manager of Badlands Ventures.

23. As described further below, on information and belief, Defendants formed Badlands Ventures in order to defraud Plaintiffs by soliciting them for purported investments in Dakota and 605 with the present intention of stealing and/or misappropriating most of the money.

JURISDICTION AND VENUE

24. This Court’s jurisdiction over Defendants and this dispute arises out of Defendants’ execution of a Settlement Agreement, on or about November 30, 2022, that contains a forum selection and choice of law clause which provides: “This Agreement shall be controlled by Minnesota law and any dispute over its terms shall be litigated in Hennepin County, Minnesota

District Court.” A true and correct copy of the Settlement Agreement is attached hereto as **Exhibit 1**.

FACTUAL BACKGROUND

A. The Investor Plaintiffs’ Interest in Investments with Dakota and 605

25. The founders of Dakota and 605 were leaders in the effort to de-criminalize cannabis in South Dakota. Upon the legalization of cannabis for medical purposes in the state, the principal owners and operators of Dakota (Josh Wood and Bekki Engquist-Schroeder) and 605 (Ned Horsted) were eager to rapidly grow their businesses and establish market share in the newly legal industry. To this end, they sought investment capital from their relatives and close acquaintances, including the Investor Plaintiffs.

26. These efforts were highly successful. All of the Investor Plaintiffs in this action are would-be angel investors in Dakota and 605. Collectively, the Plaintiffs sought to invest \$3,543,500.00 in the two companies, with half of that amount invested in each of the two companies. All of the Investor Plaintiffs and their principals are either themselves close contacts with the founders of Dakota or 605 or they were introduced to Dakota and 605 by such a close contact.

B. Defendants’ Misrepresentations to the Investor Plaintiffs

27. In or around early 2022, Hailer approached Wood, Engquist-Schroeder, and Horsted and proposed that Hailer would be able to raise millions of dollars in additional investment funding if they would only allow Hailer to control the capital raise through his purported venture capital firm, eST Ventures.

28. Hailer persuaded Wood, Engquist-Schroeder, and Horsted to introduce him to the Investor Plaintiffs based on his promise to raise millions of dollars in additional capital.

29. Hailer told the Investor Plaintiffs in March 2022 that he and eST Ventures “have secured \$6M of investment outside of South Dakota” and that he assumed that another \$1.5 million would be raised within the state making Badlands Ventures “an \$11M[illion] fund.”

30. Hailer promised Plaintiffs that the first \$10 million raised would be invested 50/50 in Dakota and 605, and that funds raised in excess of \$10 million would be invested solely in a third business, which was a cannabis testing facility also located in South Dakota. Among other representations, Hailer stated that eST Ventures had vetted “approximately 300+ potential growers, cultivators and operators in South Dakota and are ONLY willing to invest in [these] three facilities.”

31. On information and belief, Hailer’s representations that: (1) the Investor Plaintiffs’ funds would only be invested in Dakota and 605; (2) Hailer and eST Ventures intended to solicit additional investors; and (3) Hailer and eST Ventures had “secured” \$6 million from other investors were false when made.

32. In reliance upon the representations of Hailer and eST Ventures, the Investor Plaintiffs invested \$3,543,500.00 in Badlands Ventures via execution of subscription agreements granting them units in Badlands Ventures.

33. Badlands Ventures signed separate nonbinding term sheets with Dakota and 605, pursuant to which Badland Ventures stated its intention to buy \$5 million of equity in each company.

34. On information and belief, the \$3,543,500.00 invested by the Investor Plaintiffs in Badlands represents 100% of the total capital invested in Badlands Ventures. In other words, Defendants never secured any other investor, for any amount.

C. Defendants' Ongoing Obfuscation Regarding the Investment Plaintiffs' Money

35. Hailer repeatedly told Plaintiffs that the entire \$11 million would be fully subscribed and closed within days or weeks, and that the fund would then close on the promised \$5 million investments in Dakota and 605.

36. On April 18, 2022, Hailer told Plaintiff Jon Baymiller that “We would be closed if a small group of folks that had committed to several millions within South Dakota had their funds in. They aren’t in yet but I know we will get there. Yes, the \$5M guy is set. We will be at \$11M shortly.”

37. On May 28, 2022, Hailer told Plaintiffs via email that “We are close to being fully subscribed but not 100% of the way there yet” and that “the next update we will provide you will be July 15. By that point, the fund will be fully subscribed.”

38. On July 23, 2022, Hailer told Plaintiffs that “We are closing [on the two \$5 million investments] with both vertical grow companies [Dakota and 605] in the next 15 business days.”

39. The failure of the Badlands Ventures fund to secure the \$10 million that Hailer promised was highly problematic for Dakota and 605, who needed Plaintiffs’ money to build facilities and operate, and also for Plaintiffs, who intended that Dakota and 605 receive the money for those purposes.

40. Hailer and Badlands GP ultimately advanced \$1.860 million of the \$3.543 million invested by the Investor Plaintiffs to Dakota and 605 in exchange for promissory notes that were convertible into equity units in the two companies.

41. Hailer and Badlands GP never told the Investor Plaintiffs that they had made any other investments or done anything else with the remaining \$1.683 million of Plaintiffs’ money, which pursuant to the Badlands Ventures LLC agreement should be safely in a Badlands Ventures’

bank account until such time as it would be invested in Dakota and 605 per the representations of Hailer and eST Ventures.

D. Defendants' Failure to Advance Funds to Dakota and DNG

42. On information and belief, Hailer and Badlands GP have, without authorization, moved at least some—and perhaps all—of Plaintiffs' \$1.683 million out of Badlands Ventures' bank account for purposes other than Badlands Ventures' business. This money has been misappropriated and/or stolen.

43. Plaintiffs' belief is based on Hailer's repeated failures to advance funds (that should be in Badlands Ventures' bank accounts) to Dakota and 605, notwithstanding Hailer's repeated promises to do so.

- a. For example, on August 26, Hailer promised to wire hundreds of thousands of dollars to Dakota and 605, but claimed that the Office of Foreign Assets Control ("OFAC"), which enforces economic sanctions in the financial system, had placed a hold on the funds. This explanation makes no sense, as all of Badlands Ventures' funds came from Plaintiffs who reside domestically.
- b. On August 31, Hailer claimed that "he was still waiting on a call from the bank" about the alleged OFAC hold.
- c. On September 6, Hailer again claimed he was "waiting on a call back from the bank that we can move money today."
- d. On September 22, Hailer said that "Remaining of current tranche will be wire [sic] tomorrow split between [Dakota and 605] and arrive tomorrow or Monday in your accounts."
- e. On September 26, when no money arrived, Hailer said "I just landed a call into the bank. I personally hit send on wires Friday afternoon."

- f. After hearing nothing from Hailer for several days, Hailer claimed on October 5 that he “ha[d] been in the hospital the last few days. Supposed to get out Friday.”
- g. On October 19, Hailer gave the following “update”: “they are expecting Friday I will get out [of the hospital] and I’ll work it fast then—earlier if I get out earlier.”
- h. On October 24, Hailer claimed that he was “just waiting on confirmation numbers that the 1.76 [million dollars] of investor money has moved [to Dakota and 605].”
- i. Also on October 24, Hailer claimed that he “just did \$1M to each company” but that he “may need to do it in two closes -- \$8M[illion] now and the remaining \$2M[illion] in November.” Neither 605 nor Dakota received any such funds, including the “\$1M” Hailer purportedly wired.
- j. On October 25, Hailer claimed again that he “sent \$1M wires to each of [Dakota and 605]” but “the bank limit was \$1M so they both didn’t get sent—bank says the 500k will go to each of you in the morning [and that] they will get limit reset and hopefully the remainder of the \$1M out by end of day. . . Rest assured --\$500k min will be to you tomorrow and the other \$500k if not tomorrow [then] the next day.”

44. Neither Dakota nor 605 received the “first” \$500,000 wire that Hailer had claimed to have sent. Rather, each company only received \$50,000 each. On the very next day, October 26, Hailer attempted to justify the discrepancy by stating that the bank must have “forgot[ten] a zero” when they sent the two wire transfers. Hailer further claimed that he was “working with [his] other bank that has the big final tranche to see if I can just move that direct.”

45. Neither company received a “second” wire transfer for any amount.

E. Defendants' Refusal to Allow Inspection of Badlands Ventures' Bank Accounts

46. Plaintiffs' belief that Hailer and Badlands GP have misappropriated or stolen their money is further based on the Defendants' failure to allow Plaintiffs to inspect the books and records of Badlands Ventures to confirm the amount of money in Badlands Ventures' bank accounts and see where and when any transfers were made out of the accounts.

47. Section 12.2 of the Badlands Ventures' LLC agreement provides that "proper and complete books of account of the Company . . . shall be open to inspection by the Members at any reasonable time."

48. Plaintiffs' counsel Jason Tarasek requested inspection of Badlands Ventures' books on November 2 via letter to counsel for Hailer and Badlands GP, Bobby Weinberger. That request was refused, allegedly because Tarasek had not "confirmed" that he represented all Plaintiffs.

49. On November 23, Tarasek renewed his request via letter that included a list of Tarasek's clients, including all Plaintiffs.

50. Notwithstanding Plaintiffs' rights under Section 12.2 of the Badlands Ventures' LLC agreement, Defendants refused to provide Plaintiffs with bank records (or otherwise allow Plaintiffs access to such records) confirming that Badlands Ventures still has possession of the \$1.683 million that Plaintiffs invested that was not re-invested by Badlands Ventures into Dakota and 605.

F. Defendants' Execution of the Settlement Agreement and Failure to Perform

51. After weeks of negotiations, on November 30, 2022, on behalf of Badlands GP and Badlands Ventures, Hailer executed agreements with the Investor Plaintiffs that would have resolved all disputes between them.

52. Pursuant to these agreements:

- a. Badlands Ventures agreed to invest substantially all of the remainder of the Investment Plaintiffs' undeployed capital into Dakota and 605;
- b. Badlands Ventures agreed to assign its interests in Dakota and 605 to ASDC3 LLC, a new fund controlled by the Investor Plaintiffs; and
- c. the Investor Plaintiffs exchanged their units in Badlands Ventures for units in ASDC3 LLC.

53. Additionally, the parties also signed a Settlement Agreement, which states that it "shall be effective as of the last date on which any Party hereto executes this Agreement (the 'Effective Date')."

54. Pursuant to the Settlement Agreement, Badlands Ventures was required to wire \$944,193.70 to Dakota and \$584,193.70 to 605 "on or prior to the Effective Date."

55. Hailer signed all of the agreements, including the Settlement Agreement, on behalf of Badlands GP and Badlands Ventures on Wednesday, November 30, 2022.

56. Less than two hours after circulating Badlands' signatures on the agreements, Defendants' counsel, Bobby Weinberger, expressly confirmed via email that "the plan is to wire funds and authorize the release . . . once all signatures [from Plaintiffs, 605, Dakota, and ASDC3 LLC] are in hand." In the same email, Mr. Weinberger asked counsel for Dakota and 605, "Do you have a sense of the timeline from here w/r/t obtaining signatures? Are we looking Friday? Monday?"

57. Counsel for Dakota promptly responded that "everyone is motivated to move quickly here given the delays, so I think Friday (or even tomorrow) is certainly possible."

58. Throughout the next day (December 1, 2022), and in anticipation of a prompt closing, counsel for Dakota and 605 sent numerous emails to Mr. Weinberger, updating Mr. Weinberger on the status of the signatures to the agreements.

59. At approximately 6:45 p.m. CST, counsel for Dakota emailed Mr. Weinberger stating, “Bobby, we’re now waiting on just one signature, which we expect to receive shortly. We’ll let you know when we do, but in the interim please tee up the wires so they are ready to go tomorrow (assuming the one remaining sig is received).”

60. At approximately 1:00 p.m. CST on December 2, 2022, counsel for 605 emailed Weinberger all signatures to the Settlement Agreement.

61. Emails with all of the Investor Plaintiffs’ signatures on the other agreements had already been emailed to Weinberger before 1:00 p.m. CST.

62. The Settlement Agreement therefore became effective on December 2, 2022.

63. Mr. Weinberger did not respond to the emails from Plaintiffs’ counsel.

64. At or around that same time, 1:00 p.m. CST, Hailer sent the following text message to the principals of Dakota (Josh Wood) and 605 (Ned Horsted): “Gentlemen – now that everything is signed, I am hoping you would afford me 15 minutes this afternoon. . . . Would want it to be the three of us, no attorney, no others.”

65. In response to Hailer’s text message, counsel for Dakota emailed Weinberger as follows: “I understand that [Hailer] contacted Josh Wood this afternoon asking for a call. I have advised Josh Wood not to respond to or communicate with [Hailer] until after this transaction is completed. Please advise [Hailer] accordingly. Please also confirm that the wires will be initiated today. If not, a complaint will be filed.”

66. Weinberger did not respond.

67. Badlands GP and Hailer have failed to cause Badlands Ventures to send both the \$944,193.70 wire to Dakota and the wire \$584,193.70 to 605.

68. Badlands Ventures has failed to send any money to either Dakota or 605.

69. Section 3 of the Settlement Agreement is a “springing” mutual release that was not immediately effective upon the execution of the agreement by all parties. Rather, by its express terms, the release only becomes effective “[u]pon . . . the disbursement of” the wire transfers to Dakota and 605.

COUNT I – BREACH OF CONTRACT
Against Badlands Ventures, Hailer, and Badlands Fund GP

70. Plaintiffs incorporate by reference and reallege the preceding paragraphs as if stated here.

71. The Settlement Agreement is a valid and enforceable agreement between Plaintiffs and Badlands Ventures.

72. Badlands Ventures was required to pay \$944,193.70 to Dakota and \$584,193.70 to 605 on or before December 2, 2022.

73. Badlands Ventures breached the Settlement Agreement by failing to make either payment. Badlands Ventures’ breach is ongoing.

74. In this regard, the Settlement Agreement provides, in relevant part, that:

the Party(ies) that prevails in any civil action related to the enforcement or interpretation of this Agreement shall be entitled to payment by the non-prevailing Party(ies) of its/their attorney fees and costs incurred in any civil action related to the enforcement or interpretation of the Agreement.

75. As a result of Badlands Ventures’ breach, Dakota has suffered \$944,193.70 in damages 605 has suffered \$584,193.70 in damages, and the Plaintiffs have incurred, and will continue to incur, costs, expenses and attorney’s fees, all of which are recoverable through this action.

COUNT II – SPECIFIC PERFORMANCE
Against Badlands Ventures, Hailer, and Badlands Fund GP

76. Plaintiffs incorporate by reference and reallege the preceding paragraphs as if stated here.

77. In light of the above-recited allegations, this Court should compel specific performance, namely, the Court should order the Defendants to perform their obligations pursuant to the Settlement Agreement.

COUNT III – FRAUDULENT INDUCEMENT
Against Hailer, eST Ventures, and Badlands Fund GP

78. Plaintiffs incorporate by reference and reallege the preceding paragraphs as if stated here.

79. Defendants represented to Plaintiffs that, among other things, (1) Plaintiffs' funds would only be invested in Dakota and 605; (2) Hailer and eST Ventures intended to solicit additional investors; and (3) Hailer and eST Ventures had "secured" \$6 million from other investors.

80. On information and belief, each statement was false when made and known to be false by Defendants.

81. On information and belief, each statement was made by Defendants with the intent to induce Plaintiffs to enter into the Badlands Ventures LLC Agreement whereby the Plaintiffs would contribute \$3,543,500.00 to the endeavor.

82. Plaintiffs acted upon Defendants' deceptive representations resulting in Plaintiffs investing \$3,543,500.00 into the endeavor pursuant to the Badlands Ventures LLC Agreement.

83. As a result of Defendants' fraudulent inducement, the Plaintiffs have been harmed.

84. Because Defendants fraudulently induced the Plaintiffs to enter into the Badlands Ventures LLC Agreement and invest \$3,543,500.00, the Court should order rescission of the Badlands Ventures LLC Agreement and treat the contract as null and void.

85. The Court should award Plaintiffs \$3,543,500.00 in compensatory rescissory damages to make Plaintiffs whole.

COUNT IV – FRAUD
Against Hailer, eST Ventures, and Badlands Fund GP

86. Plaintiffs incorporate by reference and reallege the preceding paragraphs as if stated here.

87. Defendants represented as fact to Plaintiffs, among other things, that (1) Plaintiffs' funds would only be invested in Dakota and 605; (2) Hailer and eST Ventures intended to solicit additional investors; and (3) Hailer and eST Ventures had "secured" \$6 million from other investors.

88. On information and belief, each statement was false when made and known to be false by Defendants.

89. On information and belief, each statement was made by Defendants with the actual intent to steal the Plaintiffs' money.

90. Plaintiffs contributed \$3,543,500.00 pursuant to the written Badlands Ventures LLC Agreement.

91. On information and belief, Defendants willfully committed deceptive acts for the purpose of benefitting themselves.

92. Plaintiffs have been harmed by Defendants' deceptive actions in the amount of at least \$1.683 million.

93. Plaintiffs are further entitled to punitive damages for Defendants' intentional tort with the exact amount to be proven at trial.

COUNT V – CONVERSION
Against Hailer, eST Ventures, and Badlands Fund GP

94. Plaintiffs incorporate by reference and reallege the preceding paragraphs as if stated here.

95. Plaintiffs contributed \$3,543,500.00 to Badlands Ventures in reliance on Defendants' false representations regarding the use of the funds.

96. Plaintiffs retained a possessory interest in their funds greater than Defendants' interest because Defendants obtained the funds through false pretenses.

97. Of those funds, Defendants removed \$1.683 million without authorization from Plaintiffs. Even if Defendants did not obtain the funds through false pretenses, Defendants' removal of the funds was for a purpose other than that represented by Defendants.

98. Defendants exercised and continue to exercise dominion and control over Plaintiffs' investment property.

99. Defendants' continued exercise of control of the property and Defendants' exercise of control of the property has deprived Plaintiffs of the beneficial use of their property.

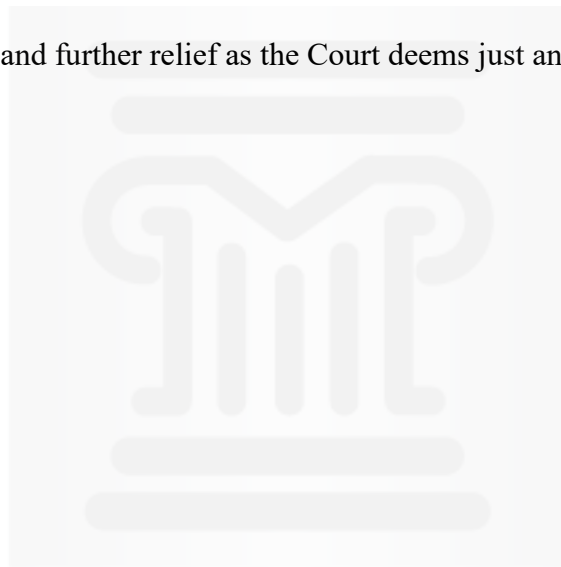
100. Defendants' actions deprived Plaintiffs of the beneficial use of their funds.

101. Defendants' actions have caused Plaintiffs damages in the amount of \$1.683 million.

102. Plaintiffs are further entitled to punitive damages for Defendants' intentional tort with the exact amount to be proven at trial.

WHEREFORE, Plaintiffs pray for judgement against Defendants as follows:

1. An award for damages against Defendants in the amount of at least \$1.683 million,
to be proven at trial;
2. Prejudgment interest, attorney's fees and costs; and
3. Such other and further relief as the Court deems just and equitable.



MINNESOTA
JUDICIAL
BRANCH

Dated: December 5, 2022

SAUL EWING LLP

By: s/ Matthew Veenstra
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Dated: December 5, 2022

**TARASEK LAW OFFICE PLLC
D/B/A MINNESOTA CANNABIS LAW**

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ATTORNEYS FOR PLAINTIFFS

ACKNOWLEDGEMENT

The undersigned does hereby acknowledge that costs, disbursements and reasonable attorney and witness fees may be awarded pursuant to Minn. Stat. § 549.211, to the party against whom the allegations in this pleading are asserted.

s/ Matthew Veenstra
Matthew Veenstra



EXHIBIT 1
to
Complaint

December 5, 2022

MINNESOTA
JUDICIAL
BRANCH

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (this “**Agreement**”) is entered into by and between All SD Can, LLC; ASDC2, LLC; Recruiting & Placement Inc.; Patrick Ortman; Larry Brady; Bill Larson; Cory Drake; Dr. Donald Drake II; Don Drake; Mary Beth McCabe; Mary Beth McCabe Trust; Troy Stultz and Christine Stultz; Rad Investments LLC; Rob deWit; Jon Baymiller; CIJK Enterprises Worldwide, LLC; Dustin Sejnoha; Robert Moseman; Jane Moseman; John Schwartze; Jennie Johnson; Marvin Amdahl and Lynn Amdahl; Dave Nielson; Tiedeman Family Trust, and Ren Preheim (each of the foregoing individually an “**Investor**,” and collectively, the “**Investors**”); Dakota Natural Growers, Inc. (“**DNG**”) and 605 Cannabis, LLC (“**605**” and collectively with DNG, the “**Portfolio Companies**”); Badlands Ventures, LLC (“**Badlands**”) and its manager Badlands Fund I GP LLC (“**Manager**”); and ASDC3 LLC (“**New Fund**”). Each of the Investors, the Portfolio Companies, Badlands, Manager, and New Fund shall be individually referred to herein as a “**Party**” and collectively as the “**Parties**.” This Agreement shall be effective as of the last date on which any Party hereto executes this Agreement (the “**Effective Date**”).

RECITALS

WHEREAS, between April 2022 and August 2022, Badlands entered into separate agreements with the Investors (“**Badlands Agreements**”), pursuant to which the Investors invested an aggregate of \$3,464,500.00 in Badlands Ventures, LLC (the “**Investment**”), it being understood that the Investors and Badlands agreed that Badlands would in turn invest and allocate the Investment into each of the Portfolio Companies;

WHEREAS, between May 2022 and October 2022, Badlands loaned \$750,000 of the Investment in DNG and \$1,110,000 of the Investment in 605 (collectively, the “**Deployed Capital**”) pursuant to interim financing agreements in the form of one or more convertible note agreements (“**Convertible Notes**”);

WHEREAS, in July 2022, Badlands and the Portfolio Companies substantially negotiated the form and substance of the documents governing the investment and allocation of the Investment in the Portfolio Companies, including without limitation the cancellation and conversion of the Convertible Notes (the “**Prior Definitive Agreements**”);

WHEREAS, prior to the execution of this Agreement, a total of \$1,604,500 of the Investment has not yet been invested into the Portfolio Companies by Badlands (the “**Undeployed Capital**”); and

WHEREAS, a dispute among the Parties has arisen regarding the Undeployed Capital (the “**Dispute**”);

WHEREAS, the Parties seek to resolve the Dispute amicably subject to the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

AGREEMENT

1. Incorporation of Recitals. The Recitals above are incorporated herein as though fully set forth in this Paragraph and are hereby made a part of this Agreement.
2. Consideration. In consideration for the obligations set forth herein and the satisfaction of the Despite, the Parties shall perform the following actions and execute the following documents:
 - a. On or prior to the Effective Date, Badlands shall:
 - i. Execute documents governing its investment and allocation of the Investment in the Portfolio Companies (collectively, the “**Definitive Investment Documents**”), it being agreed and understood that the Definitive Investment Documents shall be in form and substance satisfactory to the Portfolio Companies; and
 - ii. Fund and wire the Remaining Capital (as defined below) in accordance with the following allocation schedule: \$944,193.70 to an account designated in writing by DNG, and \$584,193.70 to an account designated in writing by 605. As used herein, the term “**Remaining Capital**” shall mean the Undeployed Capital less the Larson Refund (as defined herein) less the Settlement Payment (as defined below). The Term “**Larson Refund**” shall mean \$46,312.60. Bill Larson agrees that as of the date hereof, the Larson Refund has, in fact, been paid.
 - b. On or prior to the Effective Date, the Investors, New Fund, and Badlands shall execute that certain “**Contribution, Exchange and Disclamation Agreement**” attached hereto as **Exhibit A**, pursuant to which each Investor shall contribute its equity in Badlands in exchange for equity in New Fund.
 - c. On or prior to the Effective Date, Badlands shall execute that certain Assignment of Stock attached hereto as **Exhibit B** and that certain Assignment of Units attached hereto as **Exhibit C** (collectively, the “**Assignment Agreements**”), pursuant to which Badlands shall assign its interest in the Portfolio Companies to New Fund. The Parties agree and acknowledge that, upon Badlands’ execution of the Assignment Agreements, Badlands shall have no right, title, or interest in and to the Portfolio Companies.
 - d. On or prior to the Effective Date, New Fund shall execute joinders to the Definitive Investment Documents, agreeing to bound in all respects to the same.
 - e. On the Effective Date, Badlands shall pay Robert Weinberger Law PC a total of \$29,800 in the aggregate (“**Settlement Payment**”). The Settlement Payment shall be wired to an account designated by Manager in writing. Payment of the Settlement Payment shall satisfy the obligations of DNG pursuant to Section 7.8 of the Stock Purchase Agreement of even date herewith between DNG and Badlands.

The Parties acknowledge and agree that this Section 2, and the performance of all obligations set forth in Section 2, are essential and material terms of this Agreement and without them, this Agreement would not have been entered into.

3. Mutual Release. Upon the execution of this Agreement and the Assignment Agreements, and the disbursement of the Remaining Amount and Settlement Payment as provided for herein, each Party, on behalf of itself and its past and present successors, assigns, employees, agents, officials, officers, managers, members, shareholders, directors, representatives and anyone acting or claiming to act on their behalf, and each of them, hereby release, acquit and forever discharge each other Party and their past and present successors, assigns, suppliers, employees, agents, officials, officers, shareholders, directors, representatives and anyone acting or claiming to act on their behalf, and each of them, from any and all claims, causes of action, demands, suits and damages, known or unknown, asserted and not asserted, liquidated or unliquidated, fixed or contingent, direct or indirect, relating in any way to the Dispute, the Investment, the Badlands Agreements, any fiduciary duties related to or arising from the Dispute, the Investment, or the Badlands Agreements, which may have arisen from the beginning of time until the Effective Date of this Agreement.

4. No Admission of Liability. This Agreement is a compromise of the Dispute and any consideration provided as part of this Agreement is not made and shall not be construed as an admission of liability on the part of any of the Parties hereto. Likewise, the Parties acknowledge and agree that any consideration provided does not constitute, and shall not be construed as, a reflection of any damages suffered. This Agreement is intended and entered into to avoid litigation between the Parties hereto and to resolve and conclude the dispute between and among the Parties.

5. Representations and Warranties. Each Party represents to the other Parties that: (i) it is duly organized, or incorporated validly existing and in good standing under the laws of the jurisdiction of its formation and is duly qualified and licensed in each jurisdiction where its activities require such qualification or license; (ii) it has full power, capacity, and authority to enter into this Agreement, and that none of them has sold, assigned, or in any manner transferred any claims which any of them ever had against the other to any third party, and that no other releases or settlements are necessary from any other person or entity to release and discharge completely the other parties from the claims specified herein; (iii) this Agreement constitutes a legal, binding and valid obligation of each Party, enforceable against each Party in accordance with the terms set forth within this Agreement; and (iv) the execution, performance and delivery of this Settlement will not constitute any breach or default under any provision of any of its governance documents, contracts, agreements, mortgages, trusts or other documents, or any order, rule, regulation or law of any jurisdiction that binds it. In addition to the foregoing, other than with respect to the Larson Refund, each Investor still wishes to proceed with the Investment.

6. Entire Agreement and Release. This Agreement represents an integrated document negotiated and agreed to among the Parties and shall not be amended, modified, or supplemented, nor shall any of its provisions be deemed to be waived, unless in a written agreement signed by authorized representatives of the Parties. This Agreement, the Assignment Agreements, the Definitive Investment Documents, and the Contribution and Exchange Agreement represent the entire and sole agreement between the Parties pertaining to the matters set forth herein.

7. Multiple Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument, but which shall become effective only upon the execution by all Parties. Signatures received by facsimile or other electronic means (including via DocuSign) shall constitute originals for purposes of the execution of the Agreement.

8. Headings. The headings to this Agreement are inserted for convenience only and shall not affect the meaning of the Agreement or any portion thereof.

9. Legal Representation. The Parties acknowledge that they were given the opportunity to fully review, question and revise this Agreement. The Parties acknowledge that they had the opportunity to receive the advice of independent legal counsel prior to the execution of this Agreement and have fully exercised that opportunity to the extent desired and fully understand its terms and provisions.

10. Drafter. Each Party has cooperated in the drafting and preparation of this Agreement. Hence, any construction to be made of this Agreement shall not be construed against any Party on the basis that the Party was the drafter.

11. Enforcement. This Agreement shall be controlled by Minnesota law and any dispute over its terms shall be litigated in Hennepin County, Minnesota District Court. The Parties agree that the Party(ies) that prevails in any civil action related to the enforcement or interpretation of this Agreement shall be entitled to payment by the non-prevailing Party(ies) of its/their attorney fees and costs incurred in any civil action related to the enforcement or interpretation of the Agreement.

12. Voluntary Release. The Parties acknowledge that this Agreement was not executed under any form of duress, coercion or undue influence and that they are entering into this Agreement freely and voluntarily.

13. Further Assurances. The Parties agree to cooperate fully, to execute any and all supplementary documents, and to take all additional actions which may be necessary or appropriate to give full force and effect to the basic terms and intent of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date and year first above written.

INVESTORS:

All SD Cap LLC
DocuSigned by:
By: Amy DeBerg
(name) 63BBE4D73006459...
Its: _____
Date: 12/2/2022 | 8:21 AM PST

ASDC2 LLC
DocuSigned by:
By: Amy DeBerg
(name) 63BBE4D73006459...
Its: _____
Date: 12/2/2022 | 8:21 AM PST

Patrick B
DocuSigned by:
By: Patrick Artman
(name) F8A30196890248D...
Its: _____
Date: 12/2/2022 | 8:20 AM PST

Larry B
DocuSigned by:
By: [Signature]
(name) F90A5917C0374AC...
Its: _____
Date: 12/2/2022 | 10:34 AM CST

Bill La
DocuSigned by:
By: [Signature]
(name) EFDBF8C8E5824C4...
Its: _____
Date: 12/2/2022 | 9:07 AM PST

Cory D
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By: [Signature]
(name) D94277C7DF0149...
Its: _____
Date: 12/2/2022 | 11:48 AM CST

Dr. Don
DocuSigned by:
By: [Signature]
(name) A6207A56291C64...
Its: _____
Date: 12/2/2022 | 9:35 AM PST

Don Dr
DocuSigned by:
By: [Signature]
(name) 8A9D3235B59C4A0...
Its: _____
Date: 12/2/2022 | 11:23 AM CST

Mary H
DocuSigned by:
By: Mary H Mc Cabe
(name) CBD480C25864444...
Its: _____
Date: 12/2/2022 | 8:19 AM PST

Mary H
DocuSigned by:
By: Mary H Mc Cabe
(name) CBD480C25864444...
Its: _____
Date: _____

Troy S
DocuSigned by:
By: Troy Stultz
(name) 8C84002B4FF743F...
Its: _____
Date: 12/2/2022 | 11:44 AM CST

Marvin
DocuSigned by:
By: Marvin Amdahl
(name) 95D1092DDBC944B...
Its: _____
Date: 12/2/2022 | 9:34 AM PST

Rad Investments LLC
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By: [Signature]
(name) BB4518E520904AF...
Its: _____
Date: 12/2/2022 | 10:14 AM CST

CIJK E
DocuSigned by:
By: [Signature]
(name) 17DFD16F1F7643D...
Its: _____
Date: 12/2/2022 | 8:47 AM PST

DocuSigned by:
Rob De
By: Rob deWit
Date: 12/2/2022 | 10:14 AM CST

DocuSigned by:
Jon Ba
By: Jon Baymiller
Date: 12/2/2022 | 12:42 PM CST

DocuSigned by:
Dustin
By: [Signature]
Date: 12/2/2022 | 12:20 PM CST

DocuSigned by:
Robert
By: Robert Moseman
Date: 12/2/2022 | 10:55 AM CST

DocuSigned by:
Jane M
By: Jane Moseman
Date: 12/2/2022 | 8:51 AM PST

DocuSigned by:
John S
By: John Schwartzke
Date: 12/2/2022 | 10:55 AM PST

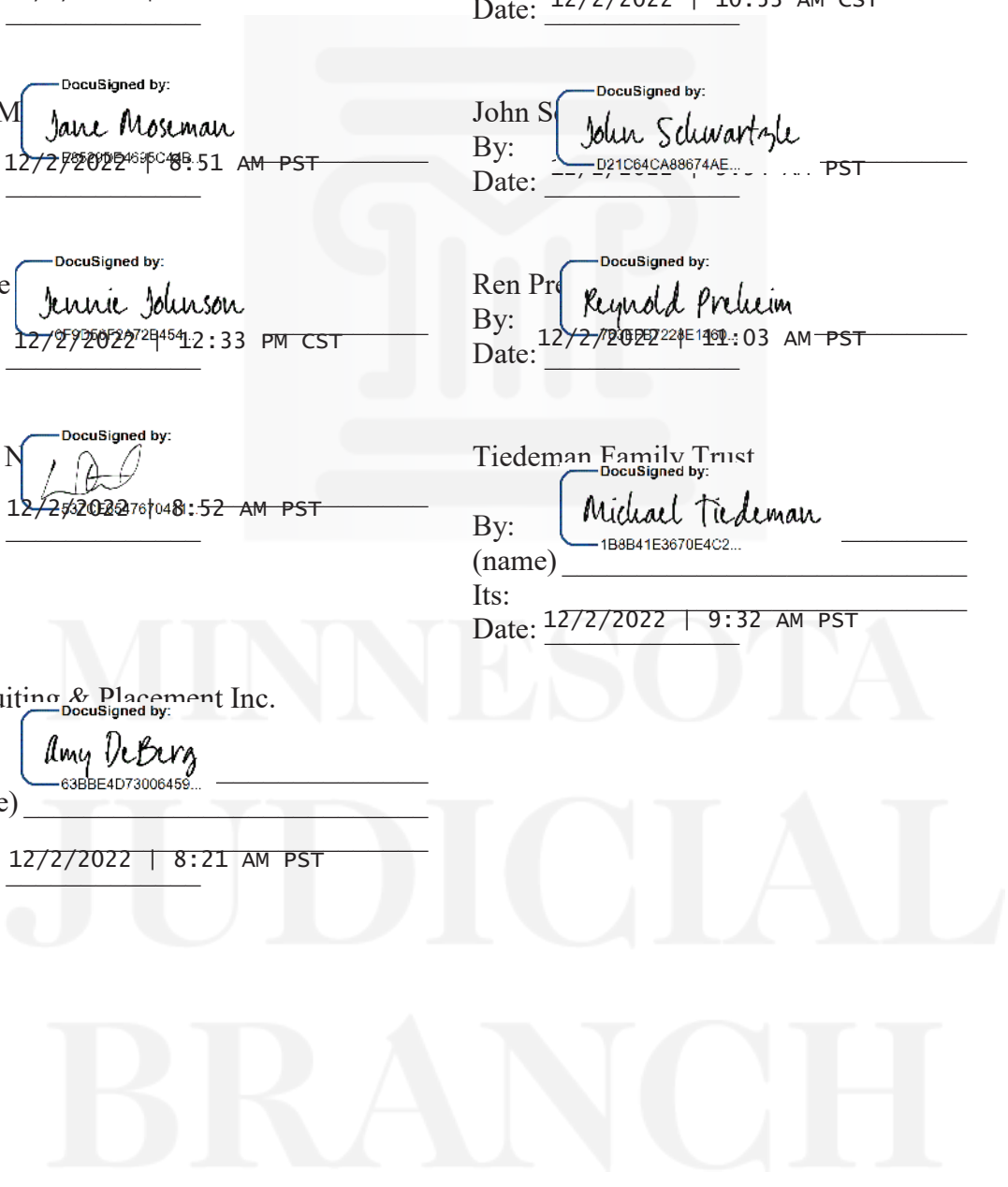
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By: Jennie Johnson
Date: 12/2/2022 | 12:33 PM CST

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Ren Pr
By: Reynold Preheim
Date: 12/2/2022 | 11:03 AM PST

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Dave N
By: [Signature]
Date: 12/2/2022 | 8:52 AM PST

Tiedeman Family Trust
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By: Michael Tiedeman
(name) 1B8B41E3670E4C2...
Its: _____
Date: 12/2/2022 | 9:32 AM PST

Recruiting & Placement Inc.
DocuSigned by:
By: Amy DeBerg
(name) 63BBE4D73006459...
Its: _____
Date: 12/2/2022 | 8:21 AM PST



PORTFOLIO COMPANIES:

DocuSigned by:
By: Rebecca Engquist-Schroeder
(name) 39651E49F798430
Its: Ceo
Date: 11/30/2022

DocuSigned by:
By: 605 Ca
(name) 007DFB4C98C5477...
Its: _____
Date: _____

BADLANDS:

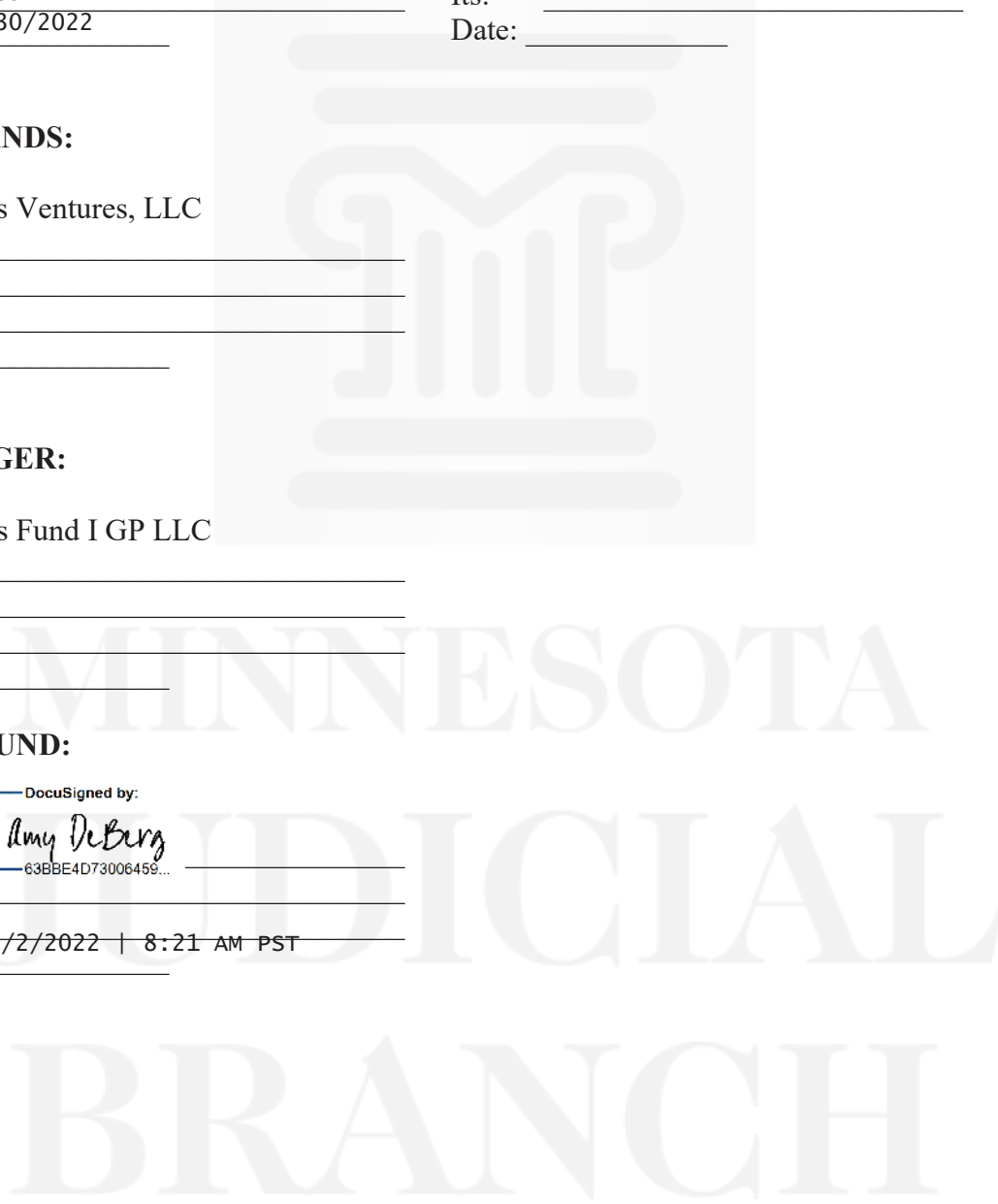
Badlands Ventures, LLC
By: _____
(name) _____
Its: _____
Date: _____

MANAGER:

Badlands Fund I GP LLC
By: _____
(name) _____
Its: _____
Date: _____

NEW FUND:

DocuSigned by:
By: Amy DeBerg
(name) 63BBE4D73006459...
Its: _____
Date: 12/2/2022 | 8:21 AM PST



PORTFOLIO COMPANIES:

Dakota Natural Growers, Inc.

By: _____

(name) _____

Its: _____

Date: _____

605 Cannabis, LLC

By: _____

(name) _____

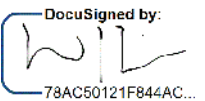
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Date: _____

BADLANDS:

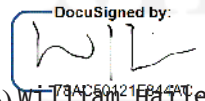
Badlands Ventures, LLC

By Badlands Fund I GP LLC, its
Manager

By:  _____
(name) _____
Its: Manager
Date: 11/30/2022

MANAGER:

Badlands Fund I GP LLC

By:  _____
(name) _____
Its: Manager
Date: 11/30/2022

NEW FUND:

ASDC3 LLC

By: _____
(name) _____
Its: _____
Date: _____