

RETURN DATE: JULY 19, 2022 : SUPERIOR COURT

SHAREHOLDER REPRESENTATIVE  
SERVICES, LLC : JD OF HARTFORD

v. : AT HARTFORD

THE GREENROSE HOLDING CO. INC. : JUNE 24, 2022

## **COMPLAINT**

### **COUNT ONE: BREACH OF CONTRACT (DEFERRED CASH PAYMENT)**

1. The Plaintiff Shareholder Representative Services, LLC ("Plaintiff") is a Colorado limited liability company with a principal place of business at 950 17<sup>th</sup> Street, Suite 1400, Denver, Colorado 80202.

2. Defendant The Greenrose Holding Co. Inc. ("Defendant" or "Greenrose"), f/k/a Greenrose Acquisition Corp., is a Delaware corporation with a principal place of business at 111 Broadway, Amityville, New York 11701.

3. The Plaintiff and the Defendant are parties to an Agreement and Plan of Merger effective as of March 12, 2021 ("the Merger Agreement"), and Amendments Nos. 1 and 2 to the Merger Agreement (the "Amendments"). The Plaintiff is a party to the Merger Agreement and the Amendments solely in its capacity as the representative of the Selling Securityholders of Theraplant and brings this action solely in that capacity. The Selling Securityholders, as defined in the Merger Agreement, "means each [Theraplant] Company Member that is entitled to receive cash consideration pursuant to Section 1.7(a) of the Merger Agreement."

4. The purpose of the Merger Agreement was to merge GNRS CT Sub LLC, a Connecticut limited liability company, and Theraplant, LLC also a Connecticut limited

liability company, pursuant to the Delaware General Corporation Law, the Connecticut General Statutes Section 34-600 et seq., and the Connecticut Uniform Limited Liability Act, thereby making Theraplant the surviving entity wholly-owned and controlled by Defendant Greenrose.

5. Section 1.7(a) of the Merger Agreement provides that “Each Company Unit issued and outstanding immediately prior to the Effective Time shall be cancelled and extinguished and converted into the right to receive cash (without interest thereon) in accordance with the terms hereof.” Section 1.9 of the Merger Agreement set forth the method of calculation of determining the cash payments due the Company Members, and Section 1.10 of the Merger Agreement set forth the method of payment to the Company Members of the cash payments to which they became entitled.

6. The parties agreed in the Merger Agreement (Section 9.7) that any claims or disputes related to the Merger Agreement “shall be governed by and construed in accordance with the laws of the State of Connecticut, without giving effect to any choice of law or conflict of law provision or rule that would cause the application of the law of any jurisdiction other than the State of Connecticut.” The parties further agreed in the Merger Agreement (Section 9.9) “to the exclusive jurisdiction of any state or federal court sitting in the state of Connecticut in any action arising out of or relating to this agreement or any of the transactions related hereto . . .” Accordingly, this Court has personal jurisdiction over the parties and subject matter jurisdiction over the claims asserted herein.

7. The Parties entered into Amendment No. 2 to the Merger Agreement on November 26, 2021.

8. Section 1 of Amendment No. 2 to the Merger Agreement added the defined term “Deferred Cash Payment Amount” to the Merger Agreement, which was defined, in relevant part, as “Ten Million (\$10,000,000) plus simple interest thereon at the rate of nine percent (9%) per annum, payable in equal monthly installments during the first twelve months following Closing.”

9. Section 2 of Amendment No. 2 to the Merger Agreement provides, in clause (g), that:

(g) Parent shall pay the Deferred Cash Payment Amount, as it becomes due and payable and with accrued interest thereon, to Paying Agent on behalf of the Company Members for further distribution by Paying Agent to the Company Members in accordance with the Allocation Certificate. Any agreement with any Financing Sources shall expressly permit payment by Parent of the Deferred Cash Payment Amount (either in cash or Parent Common Stock) (i) with respect to the first six monthly payments, without restriction, and (ii) with respect to the last six monthly payments, subject solely to blockage by the Financing Source as a result of an Event of Default (as defined in the credit agreement between Greenrose and the Financing Source) as a result of a payment default or the Financing Source accelerating the loan.

To provide assurance on payment of the Deferred Cash Payment Amount, Parent shall establish, for the benefit of the Company Members, a separate account to be funded at all times with two months’ of payments on the Deferred Cash Payment Amount. It is expected that funding from such account will be from Company revenue, though funding can be from other sources as well. Parent agrees to maintain the amount available in such account for the benefit of the Company Members, until such time as the Deferred Cash Payment Amount has been paid to the Company Members in full, or all of such amount has been converted in accordance with this Section. Parent grants to the Steering Committee and its designated agents or representatives the right to review and inspect the records of Parent and the Company to confirm such account is operating in accordance with this paragraph.

10. Greenrose made only partial payments of the monthly payments of the Deferred Cash Payment Amount for the payments due in February and March of 2022, having paid only \$316,049.26 of a total payment of \$871,300.00 for each such month, and Greenrose has failed to make the monthly payments of the Deferred Cash Payment Amount for the payments due in April, May and June of 2022.

11. By the conduct as set forth, Defendant breached its obligations under the Merger Agreement, as amended, owing to the Plaintiff. As a result of the failure to pay Plaintiff the Deferred Cash Payment Amounts due and owing, the Plaintiff has sustained money damages.

**COUNT TWO: BREACH OF CONTRACT (TPT HOLDINGS PROCEEDS)**

1- 7. The Plaintiff repeats, realleges, and incorporates by reference herein paragraphs 1 – 10 of this Complaint as paragraphs 1 – 10 of Count Two.

8. Section 3 of Amendment No. 2 provides:

Investment held by TPT Holdings, LLC. Parent and the Company agree that for purposes of calculating the New (sic) Working Capital of the Company, the Company's indirect investment in LLL shall be disregarded. Parent and the Company agree that any proceed realized from the disposition of the Company's investment in LLL held by TPT Holdings, LLC shall be split evenly (50-50), and the proceeds due to the Company from any such disposition shall be distributed to the Selling Securityholders through the Paying Agent in the same manner as Closing proceeds are distributed to the Selling Securityholders.

9. TPT Holdings, LLC is a wholly owned subsidiary of Theraplant. When Defendant Greenrose acquired Theraplant pursuant to the Merger Agreement it also acquired TPT Holdings. Although the Company's investment in LLL (Leafline Industries, LLC, a Minnesota Licensed cannabis company, acquired by Green Thumb

Industries, Inc., a Canadian public company) realized proceeds neither Defendant Greenrose nor its Paying Agent have distributed the Company's (i.e. Theraplast's) share to the Selling Securityholders. The amount due the Plaintiff on behalf of the Selling Securityholders is no less than \$260,000 plus shares of stock of Green Thumb Industries, Inc.

10. By its conduct as set forth above, Defendant breached its obligations under the Merger Agreement, as amended, owing to the Plaintiff. As a result of the Defendant's failure to pay or distribute to the Plaintiff the monies and stock due and owing, the Plaintiff has sustained money damages. Plaintiffs have sustained additional damages from the delay in Company Members receiving Green Thumb Industries stock as the price of the stock has gone down.

**COUNT THREE: BREACH OF THE COVENANT OF GOOD FAITH AND FAIR DEALING**

1 – 12. The Plaintiff repeats, realleges, and incorporates by reference herein paragraphs 1 – 10 of Count Two of this Complaint and paragraphs 8, 9, and 10 of Count One of this Complaint as paragraph 1 – 13 of Count Three.

14. The Merger Agreement, as amended, contained an implied covenant of good faith and fair dealing, requiring that the Defendants not do anything that would injure the right of the Selling Securityholders to receive the benefits of the agreement. The Defendants intentionally misled the Selling Securityholders into believing that it had or would have sufficient funds to make the payments to or provide the additional consideration to the Selling Securityholders due under the Merger Agreement, as amended. The Defendants were motivated not by an honest mistake but by a dishonest

purpose intended to benefit the Defendants at the expense of the Selling Securityholders.

15. As a result of the conduct of the Defendants described above, the Plaintiff is entitled to punitive damages in addition to money damages, on behalf of the Selling Securityholders.

#### **COUNT FOUR: CONVERSION**

1-12. The Plaintiff repeats, realleges, and incorporates by reference herein paragraphs 1 – 12 of Count Three of this Complaint as paragraphs 1 – 12 of Count Four.

13. Section 3 of Amendment No. 2 to the Merger Agreement makes clear that one half of the proceeds realized from the disposition of the Defendant Greenrose's investment in Leafline Industries, LLC belongs to the Selling Securityholders. Despite demand, Defendant Greenrose has refused to turn over to the Plaintiff the monies and stock belonging to the Selling Securityholders, and has deprived them of those monies and stock for an indefinite period of time. Defendant Greenrose was not authorized to withhold the monies and stock due to the Selling Securityholders.

14. As a result of the Defendant Greenrose's conversion the Selling Securityholders have been harmed and have sustained money damages.

WHEREFORE, the Plaintiff seeks the following relief as to all counts:

As to Count One:

1. Money damages;
2. Interest;
3. Costs; and

4. Such other and further relief as the Court deems just and equitable.

As to Count Two:

1. Money damages;
2. Interest;
3. Costs; and
4. Such other and further relief as the Court deems just and equitable.

As to Count Three:

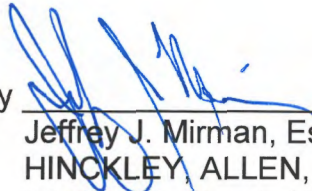
1. Punitive damages;
2. Interest;
3. Costs; and
4. Such other and further relief as the Court deems just and equitable.

As to Count Four:

1. Money damages;
2. Punitive damages;
3. Interest;
4. Costs; and
5. Such other and further relief as the Court deems just and equitable.

THE PLAINTIFF,

SHAREHOLDER REPRESENTATIVE  
SERVICES LLC

By 

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Jeffrey J. Mirman, Esq.  
HINCKLEY, ALLEN, & SNYDER, LLP  
20 Church Street, 18<sup>th</sup> Floor  
Hartford, CT 06103  
860-331-2762  
860-278-3802 (Fax)  
[jmirman@hinckleyallen.com](mailto:jmirman@hinckleyallen.com)  
Juris No. 428858

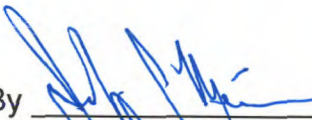
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**STATEMENT OF AMOUNT IN DEMAND**

The amount, legal interest, or property in demand under this Complaint is greater than Fifteen Thousand Dollars (\$15,000.00), exclusive of interest and costs.

THE PLAINTIFF,

SHAREHOLDER REPRESENTATIVE  
SERVICES LLC

By 

Jeffrey J. Mirman, Esq.  
HINCKLEY, ALLEN, & SNYDER, LLP  
20 Church Street, 18<sup>th</sup> Floor  
Hartford, CT 06103  
860-331-2762  
860-278-3802 (Fax)  
[jmirman@hinckleyallen.com](mailto:jmirman@hinckleyallen.com)  
Juris No. 428858