

FILED
03-10-2020
Clerk of Circuit Court
Pierce County, WI
2020CV000047

STATE OF WISCONSIN CIRCUIT COURT PIERCE COUNTY

LEGACY HEMP LLC
W12335 694th Ave.
Prescott, WI 54021

Plaintiff,

v.

Case No.: _____

Case Codes: 30303, 30704, 35006

TERRAMAX HOLDINGS CORPORATION
2600 Victoria Ave.
Regina, Saskatchewan, Canada S4T1K2

Defendant.

SUMMONS

THE STATE OF WISCONSIN

To the above named Defendant:

You are hereby notified that the Plaintiff named above has filed a lawsuit or other legal action against you. The Complaint, which is attached, states the nature and basis of the legal action.

Within 20 days of receiving this Summons, you must respond with a written answer, as that term is used in Chapter 802 of the Wisconsin Statutes, to the Complaint. The Court may reject or disregard an answer that does not follow the requirements of the statutes. The Answer must be sent or delivered to the Court, whose address is Clerk of Circuit Court, Pierce County Courthouse, 414 W. Main Street, Ellsworth, WI 54011, and to Stafford Rosenbaum

LLP, 222 West Washington Avenue, Suite 900, P.O. Box 1784, Madison, WI 53701-1784.

You may have an attorney help or represent you.

If you do not provide a proper answer within 20 days, the Court may grant Judgment against you for the award of money or other legal action requested in the Complaint, and you may lose your right to object to anything that is or may be incorrect in the Complaint. A Judgment may be enforced as provided by law. A Judgment awarding money may become a lien against any real estate you own now or in the future, and may also be enforced by garnishment or seizure of property.

Dated: March 10, 2020

STAFFORD ROSENBAUM LLP

By Electronically signed by Jeffrey A. Mandell

Jeffrey A. Mandell

State Bar Number 1100406

Matthew V. Fisher

State Bar Number 1088968

Larry A. Konopacki

State Bar Number 1054011

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TERRAMAX HOLDINGS CORPORATION
2600 Victoria Ave.
Regina, Saskatchewan, Canada S4T1K2

Defendant.

COMPLAINT

Plaintiff, Legacy Hemp LLC, by and through its attorneys, Stafford Rosenbaum LLP, for its complaint against Defendant, Terramax Holdings Corporation, alleges and states as follows:

NATURE OF THE ACTION

This is an action for injunctive relief and actual damages arising from Defendant Terramax Holdings Corporation's violations of the Wisconsin Fair Dealership Law, breaches of a distributor contract, and breach of the covenant of good faith and fair dealing.

PARTIES

1. Plaintiff, Legacy Hemp LLC ("Legacy"), is a Wisconsin limited liability company with its principal place of business located at W12335 694th Ave., Prescott, Wisconsin.

2. Defendant, Terramax Holdings Corporation (“Terramax”), is a Saskatchewan corporation with its principal place of business located at 2600 Victoria Ave., Regina, Saskatchewan, Canada, S4T1K2. Upon information and belief, Terramax’s registered agent is Hugh John Oliver Campbell whose address is Box 345, Qu’Appelle, Saskatchewan, Canada, S0G4A0.

JURISDICTION AND VENUE

3. Jurisdiction exists under Wis. Stat. § 801.05(4) in that Legacy has been injured in this state by Terramax’s acts outside of Wisconsin and because Terramax has engaged in solicitation activities in this state and products processed or serviced by Terramax have been used or consumed in Wisconsin in the ordinary course of trade. The Court also has personal jurisdiction over Terramax under Wis. Stat. § 801.05(1)(d) because Terramax has engaged in substantial and not isolated interstate sales and marketing activities in Wisconsin.

4. The claims asserted in this Complaint arose in Prescott, Wisconsin and, therefore, Pierce County is the proper venue pursuant to Wis. Stat. § 801.50(2)(a). In addition, Terramax does substantial business in Pierce County such that venue is appropriate under Wis. Stat. § 801.50(2)(c).

FACTUAL BACKGROUND

5. Legacy is engaged in the marketing and sale of industrial hemp seed in the United States. It has been a front runner in the resurgence of the industrial hemp industry since 2014. Following the passage of the Federal Farm Bill of 2014, Legacy’s affiliates were the first to legally import industrial hemp into the United States. Legacy has worked

with multiple state departments of agriculture as well as research universities to set up industrial hemp testing. Legacy continues to partner with companies and farmers with production contracts for industrial hemp in the United States.

6. Terramax is engaged in the field of proprietary maintenance, production, and sale of industrial hemp seed. The X-59 Hemp Nut (“X-59”) is one of Terramax’s most stable and well-tested crops produced to date. Among other qualities, X-59 is desirable because it has good shatter resistance, large seed size, low dockage, very low THC levels, moderate season, moderate height, and can be harvested directly using conventional equipment.

The Distributor Agreement and Course of Dealing – Legacy’s Right to Sell X-59 Hemp Seed in the United States

7. In April 2016, Legacy and Terramax entered into a Germ Plasm Transfer, Royalty, and Working Agreement for the distribution and sale of X-59 hemp seed in the United States (the “Distributor Agreement”). A true and correct copy of the Distributor Agreement is attached hereto as **Exhibit A**.

8. The Distributor Agreement provides Legacy with exclusive rights to sell X-59 hemp seed in seven states: Kentucky, Illinois, Minnesota, Iowa, North Dakota, Nebraska, and Indiana (the “Exclusive States”).

9. The Distributor Agreement further provides Legacy with non-exclusive rights to sell X-59 hemp seed in the rest of the United States. Specifically, the Distributor Agreement states that “[s]eed of the variety shall not be marketed into States that do not strictly require the use of only certified hemp seed for planting or allow farmer saved hemp

seed.” (Exhibit A at ¶ 3). Furthermore, the Distributor Agreement states that “[Legacy] shall not market any of the variety as seed outside the USA.” (*Id.* at ¶ 23). Nowhere does the Distributor Agreement limit Legacy to selling X-59 hemp seed only in the Exclusive States.

10. The course of dealing between Legacy and Terramax further demonstrates that Legacy has the non-exclusive right to market and sell X-59 hemp seed in states other than the Exclusive States. Terramax has acknowledged Legacy’s rights under the Distributor Agreement to sell X-59 hemp seed in states other than the Exclusive States on numerous instances.

11. For example, in March of 2017, Terramax emailed the director of the Colorado Department of Agriculture stating that Legacy is “our agent in the U.S. for X59.”

12. In February of 2018, Terramax forwarded to Legacy a request to purchase X-59 hemp seed made by Cornell University in New York, noting in the forwarded message that Legacy “might want to respond to this request.”

13. In March of 2018, Terramax forwarded to Legacy a request to purchase X-59 hemp seed from a person “enrolled in the Montana Hemp pilot program.”

14. In a number of instances, Terramax has asked Legacy to address issues with possible illegal sales in states other than the Exclusive States. For example, despite the fact that Wisconsin is not one of the Exclusive States, Terramax asked Legacy to deal with an issue in March of 2018 with a purported researcher in Nevada who was attempting to sell X-59 hemp seed in Wisconsin and was telling farmers that they could use it as breeder seed.

15. In April of 2018, Terramax forwarded to Legacy a request to purchase seed from an individual who expressed “interest in growing your X-59 in Wisconsin.”

16. During the summer of 2019, Legacy’s agronomist, Brian Parr, gave a presentation in Montana for IndHemp LLC (“IndHemp”), a Montana-based industrial hemp seed distributor and a customer of Legacy. Terramax management personnel were present for the presentation, at which Mr. Parr identified himself as the agronomist for Legacy, stated that Legacy was the supplier of the seed, and said that he was there to provide information to help farmers purchasing seed from IndHemp. Mr. Parr specifically met with representatives from Terramax to discuss Legacy selling X-59 hemp seed to IndHemp and thereby into Montana.

17. In July of 2019, principals from Legacy and Terramax met in Canada to discuss Legacy’s efforts to sell X-59 hemp seed in states other than the Exclusive States. The primary purpose of this meeting was for Legacy to convey its concerns about the resources it was using to raise the brand profile of X-59 hemp seed in states where Legacy did not have exclusive distribution rights, as well as its concern that Terramax might authorize other sellers of X-59 hemp seed who would reap the rewards of Legacy’s efforts. Terramax did not, either in the planning of or during this meeting, ever express the opinion that Legacy lacked the right to sell X-59 hemp seed into states other than the Exclusive States.

Legacy's Investment in and Dependence upon X-59 Hemp Seed

18. For almost four years, Legacy has, in its distribution relationship with Terramax, exemplified solid business fundamentals, integrity, outstanding sales performance, and exceptional customer service.

19. Legacy has helped Terramax build a market for X-59 hemp seed in Wisconsin and throughout the United States.

20. Legacy has invested a substantial amount of time, money, and effort into building its business around X-59 hemp seed, especially in Wisconsin.

21. Legacy is headquartered in Prescott, Wisconsin, where its key personnel are situated and where all strategic decisions involving its marketing and sale of X-59 hemp seed are made.

22. Since Legacy began selling X-59 hemp seed in 2017, Legacy's primary business has been the marketing and sale of X-59 hemp seed.

23. Since 2017, Legacy has bought and sold more than 322,890 pounds of X-59 hemp seed. In 2018, for example, a majority of Legacy's sales of X-59 hemp seed were to Wisconsin farmers.

24. Legacy has made significant investments in advertising and promoting X-59 hemp seed, both in the Exclusive States and in other states, including Wisconsin. Examples of Legacy's efforts include, but are not limited to, the following:

- (a) participating in trade shows in more than twelve states, including in the state of Wisconsin, to promote X-59 hemp seed;
- (b) investing in custom apparel to market X-59 hemp seed;

- (c) promoting X-59 hemp seed at the National Farm Bureau trade show in 2019;
- (d) participating in and funding a variety of trials for X-59 hemp seed at more than twelve major universities, including the University of Wisconsin;
- (e) providing support services, such as production, harvest, and storage guidelines for X-59 hemp seed producers in various states;
- (f) marketing X-59 hemp seed on its website and through electronic communications; and
- (g) promoting X-59 hemp seed at industry forums.

25. At all relevant times, Terramax was aware of Legacy's efforts and never objected to Legacy's work building a market for X-59 hemp seed anywhere in the United States.

26. Legacy made these investments, along with maintaining key personnel, to fulfill Legacy's obligations to Terramax and to help expand Terramax's market share in the United States.

Terramax's Exercise of Control Over Legacy's Operations Marketing and Selling X-59 Hemp Seed

27. The Distributor Agreement provides Terramax considerable control over the distribution relationship between Legacy and Terramax. Specifically this includes:

- (a) Terramax's appointment of Legacy as the exclusive distributor of X-59 hemp seed in the Exclusive States and as a non-exclusive distributor in the remaining United States (Ex. A at ¶1);

(b) Terramax's receipt of a royalty fee on all X-59 hemp seed sold by Legacy (Ex. A at ¶5);

(c) Terramax's requirement that Legacy "endeavor to take all necessary measures to maintain proprietary control of the seed increases in the interests of [Legacy] and Terramax" (Ex. A at ¶2);

(d) Terramax's mandate that Legacy "use its best efforts and maintain an aggressive programme to promote the sale of [X-59 hemp seed] in the specified States of the USA" (Ex. A at ¶3);

(e) Terramax's grant to Legacy of the right to appoint sub-licensees to increase and market X-59 hemp seed in order to maximize returns (Ex. A at ¶4);

(f) Terramax's imposition of the obligation that Legacy "do its utmost to produce and maintain the certified seed and production at the highest levels of quality" (Ex. A at ¶6);

(g) Terramax's requirement that Legacy allow "any representative of Terramax to visit the area of production and view and sample any of the stored seed production of the variety as they may wish with prior notice" (Ex. A at ¶7);

(h) Terramax's requirement that Legacy enable review and inspection, by an accountant appointed by Terramax, all records of Legacy relating to the Distributor Agreement (Ex. A at ¶8);

(i) Terramax's mandate that Legacy fulfill all procedural requirements in order to maintain the registration of X-59 hemp seed and to provide copies of all documents and correspondence relating thereto to Terramax (Ex. A at ¶10);

(j) Terramax's imposition upon Legacy of obligations not to sell, transfer, or in any way dispose of genetic material of X-59 hemp seed and to take all reasonable measures to prevent such a transfer to third parties (Ex. A at ¶12);

(k) Terramax's mandate that Legacy report any unauthorized use of X-59 hemp seed to Terramax (Ex. A at ¶21); and

(l) Terramax's imposition upon Legacy of obligations not to attempt to modify, alter, or replicate X-59 hemp seed (Ex. A at ¶22).

28. The above elements, along with other factors, demonstrate the existence of a community of interest between Legacy and Terramax.

Terramax's Efforts To Terminate the Distributor Agreement with Legacy

29. The term of the Distributor Agreement is for a seven (7) year period, commencing April 22, 2016. Renewal periods are by mutual agreement. (Ex. A at ¶13)

30. The Distributor Agreement provides that either party shall be entitled to terminate the Agreement before the end of its term in the event that the other party:

(1) is in default of its obligations, which has not been cured within thirty (30) days of written notice;

(2) has become insolvent, or is in receivership, or is in the proceedings of bankruptcy; or

(3) there has been a transfer of controlling interest in Legacy.

Upon termination of the Distributor Agreement, Legacy is to cease marketing X-59 hemp seed and to dispose of remaining X-59 hemp seed in the commercial non-seed market. (Ex. A at ¶14)

31. On January 2, 2020, Terramax's legal counsel sent a letter (attached here as **Exhibit B**) to Legacy notifying it that Terramax considers Legacy to be in breach of the Distributor Agreement as follows:

- (a) Legacy has sold X-59 hemp seed outside of its authorized territory because it sold X-59 hemp seed to IndHemp in Montana and is not authorized to sell X-59 hemp seed in Montana; and
- (b) Legacy has failed to provide Terramax with detailed information regarding the sales of X-59 hemp seed that it has made.

Terramax requested that Legacy provide a detailed list of all of the sales of X-59 hemp seed by Legacy from January 1, 2019 to date, including the name and contact information for each customer, the amount of X-59 hemp seed sold to each customer, and the date of the sale to each customer. Terramax stated that, should Legacy fail to comply with its request, Terramax would consider Legacy to be in default under the Distributor Agreement and would terminate same, including cancellation of Legacy's outstanding X-59 hemp seed order set for pick-up/delivery in April of 2020.

32. By letter dated January 22, 2020 (attached hereto as **Exhibit C**), Legacy's legal counsel responded to Terramax's letter. Legacy pointed out that the Distributor Agreement and the parties' course of dealing conclusively establish that Legacy has the non-exclusive right to market and sell X-59 hemp seed in states other than the Exclusive States; therefore, Legacy's sale of X-59 hemp seed to IndHemp in Montana is not in breach of the Distributor Agreement. Legacy further advised Terramax that, even though the

Distributor Agreement does not require it to do so, Legacy was voluntarily providing the information requested by Terramax related to Legacy's sale of X-59 hemp seed.

33. By letter dated February 11, 2020 (attached hereto as **Exhibit D**); Terramax responded to Legacy's January 22 letter by advising that "Terramax maintains that Legacy has breached the Agreement and Terramax is entitled to terminate the Agreement." Terramax conditioned any future business relationship on, *inter alia*, obtaining an unequivocal and enforceable commitment that neither Legacy nor any sub-licensee designated by Legacy has sold or distributed or will sell or distribute X-59 hemp seed outside of the Exclusive States.

Terramax Grants IndHemp the Exclusive Right To Distribute X-59 Hemp Seed in Thirty-One States

34. Upon information and belief, around the time that Terramax began threatening Legacy with termination, Terramax entered into a contract with IndHemp, one of Legacy's largest customers in 2019, granting it exclusive rights to market and sell X-59 hemp seed in thirty one (31) states.

FIRST CLAIM FOR RELIEF
Violation of Wisconsin Fair Dealership Law

35. Legacy adopts by reference and incorporates as if set forth here in full all of the preceding allegations.

36. Legacy is a "dealer" and Terramax is a "grantor" as those terms are defined in the Wisconsin Fair Dealership Law ("WFDL"), Wis. Stat. ch. 135.

37. Terramax granted Legacy the right to sell or distribute X-59 hemp seed and to substantially associate Legacy with Terramax's trademark, trade name, logotype, and advertising.

38. There is a "community of interest" between Legacy and Terramax, as that term is used in the WFDL and understood through case law. Legacy and Terramax have a continuing financial interest in which they cooperate and coordinate their activities in operating the dealership business and marketing the dealership's goods. And Legacy and Terramax share common goals in their business relationship.

39. Accordingly, the Distributor Agreement is a "dealership" as defined in the WFDL.

40. Because the dealership is located in Wisconsin, the WFDL governs that relationship.

41. The WFDL prohibits Terramax from terminating Legacy's dealership without at least ninety (90) days' written notice that specifies good cause for terminating the dealership and that affords Legacy at least sixty (60) days to cure the deficiencies specified in the written notice.

42. The WFDL defines "good cause" to mean "failure by a dealer to comply substantially with essential and reasonable requirements imposed upon him by the grantor, or sought to be imposed by the grantor, which requirements are not discretionary as compared with requirements imposed on other similarly situated dealers by terms or in the matter of their enforcement; or bad faith by the dealer in carrying out the terms of the dealership."

43. At all times material hereto, Legacy has substantially complied with all of the essential and reasonable requirements that Terramax has imposed on Legacy through the Distributor Agreement.

44. Legacy has never been insolvent or in receivership, and is not in the proceedings of bankruptcy.

45. At no time when the Distributor Agreement was in effect has there been a transfer of controlling interest in Legacy.

46. Terramax's letters dated January 2, 2020 and February 11, 2020 do not constitute sufficient notice to satisfy the WFDL's requirements. The letters fail to assert good cause for termination, and they do not provide a sufficient opportunity to cure.

47. Because the WFDL applies and has been violated, and because Legacy's rights as a distributor in its exclusive and non-exclusive territories cannot be terminated without Terramax causing irreparable damage that cannot be adequately remedied at law, Terramax must be enjoined from terminating Legacy's dealership in whole or in part.

48. As a result of Terramax's ostensible termination of the Distributor Agreement without good cause, Legacy is also entitled to damages in an amount to be determined at trial.

SECOND CLAIM FOR RELIEF

Attorney's Fees

49. Legacy adopts by reference and incorporates as if set forth here in full all of the preceding allegations.

50. The WFDL provides that “[i]f any grantor violates this chapter, a dealer may bring an action against such grantor in any court of competent jurisdiction for damages sustained by the dealer as a consequence of the grantor’s violation, together with the actual costs of the action, including reasonable actual attorney fees.”

51. As a result of Terramax’s violations of the WFDL, as set forth above, Legacy is entitled to the reasonable actual attorney fees that it incurs in this matter.

THIRD CLAIM FOR RELIEF
Breach of Contract-Termination

52. Legacy adopts by reference and incorporates as if set forth here in full all of the preceding allegations.

53. The term of the Distributor Agreement is for a period of seven (7) years, commencing April 22, 2016.

54. By its own terms, the Distributor Agreement can be terminated by Terramax before the end of its term only in the event that: (1) Legacy is in default of its obligations, which has not been cured within thirty (30) days of written notice; (2) Legacy has become insolvent, or is in receivership, or is in the proceedings of bankruptcy; or (3) there has been a transfer of controlling interest in Legacy.

55. At all times material hereto, Legacy has substantially complied with the terms of the Distributor Agreement; has not been insolvent, in receivership, or in the proceedings of bankruptcy; and there has not been a transfer of controlling interest in Legacy.

56. As a result, Terramax's unilateral termination of Legacy is in breach of the Distributor Agreement.

57. As a result of Terramax's breach of the Distributor Agreement, Legacy has been damaged in an amount to be determined at trial.

FOURTH CLAIM FOR RELIEF
Breach of Contract-Exclusive Territory Grant to IndHemp

58. Legacy adopts by reference and incorporates as if set forth here in full all of the preceding allegations.

59. The Distributor Agreement and course of dealing between Legacy and Terramax grant Legacy the non-exclusive right to market and sell X-59 in states other than the Exclusive States.

60. Upon information and belief, Terramax recently granted IndHemp the exclusive right to market and sell X-59 hemp seed in thirty-one (31) states.

61. Terramax's agreement with IndHemp breached the Distributor Agreement by curtailing Legacy's non-exclusive right to market and sell X-59 hemp seed in those thirty-one (31) states.

62. As a result of Terramax's breach of the Distributor Agreement, Legacy has been damaged in an amount to be determined at trial.

FIFTH CLAIM FOR RELIEF
Breach of the Covenant of Good Faith and Fair Dealing

63. Legacy adopts by reference and incorporates as if set forth here in full all of the preceding allegations.

64. Terramax's conduct, as described above, has had and continues to have the effect of injuring and/or destroying Legacy's ability to receive the benefits of the Distributor Agreement and violates the spirit of the Distributor Agreement.

65. Terramax's conduct is in breach of the covenant of good faith and fair dealing implied by the Distributor Agreement.

66. Terramax's breach has caused Legacy to suffer damages in an amount to be proven at trial.

WHEREFORE, for the foregoing reasons, Plaintiff Legacy Hemp LLC, demands judgment against Defendant Terramax Holdings Corporation, as follows:

(a) Entry of an injunction prohibiting Terramax from proceeding with its announced intention to terminate Legacy's distributorship or take any action to harm Legacy's distributorship, including but not limited to actions Terramax has already threatened, such as communicating to state seed regulatory agencies the inaccurate information that Legacy is not authorized to sell X-59 hemp seed in their states.

(b) Entry of an injunction prohibiting Terramax from infringing upon Legacy's non-exclusive right to market and sell X-59 hemp seed in any state outside of the Exclusive States;

(c) Compensatory damages in an amount to be determined at trial;

(d) All costs and attorneys' fees permitted under the WFDL and otherwise permitted by law; and

(e) Any other relief this Court deems just and equitable.

PLAINTIFF HEREBY DEMANDS A JURY TRIAL OF 12 PERSONS

Dated: March 10, 2020

STAFFORD ROSENBAUM LLP

By Electronically signed by Jeffrey A. Mandell

Jeffrey A. Mandell

State Bar Number 1100406

Matthew V. Fisher

State Bar Number 1088968

Larry A. Konopacki

State Bar Number 1054011

Attorneys for Plaintiff

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mfisher@staffordlaw.com

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608.256.0226

EXHIBIT A

Made and entered into on the 19 day of January, 2019, by and between
 Legacy Hemp LLC, hereafter referred to as "THE AGENT"
 11609 Dawson Springs Rd
 Crofton, KY, 42217 USA
 AND
 Terramax Holding Corporation, hereinafter referred to as Terramax,
 Box 390
 Qu'Appelle, Saskatchewan, Canada S0G 4A0

For the purposes of this agreement the phrase "specified States of the USA" shall refer to Kentucky, Illinois, Minnesota, Iowa, North Dakota, Nebraska, Indiana, and such other states as mutually agreed in writing by Terramax and THE AGENT.

Whereas Terramax is engaged in the field of proprietary maintenance, production and sale of X59 (Hemp Nut) hemp seed (hereafter referred to as "the variety"); and

Whereas THE AGENT is engaged in seed maintenance, production, marketing and sales of seed varieties in the USA; and

Whereas THE AGENT and Terramax wish to enter into an agreement in accordance to which THE AGENT will receive seed of the variety from Terramax to produce commercial seed therefrom, from which to sell seed into the specified States of the USA, and to pay Terramax annual royalties pursuant to the terms and conditions of this agreement.

Now therefore the parties agree as follows:

1. The intent of this agreement is that Terramax grants exclusive licence to THE AGENT within the specified States of the USA for the maintenance, multiplication, and marketing of the variety.
2. THE AGENT shall endeavour to take all necessary measures to maintain proprietary control of the seed increases in the interests of THE AGENT and Terramax.
3. THE AGENT shall use its best efforts and maintain an aggressive programme to promote the sale of the variety in the specified States of the USA. Seed of the variety shall not be marketed into States that do not strictly require the use of only certified hemp seed for planting or allow farmer saved hemp seed.
4. THE AGENT will have the right to appoint sub-licensees to increase and market the variety in order to maximise returns.
5. THE AGENT shall pay a royalty fee to Terramax on all quantities of seed sold of the variety. A royalty shall be established at USD\$0.30 per pound. Payment of Terramax royalty shall be made by the 30th day of the month following the date of sale of the seed of the variety. The payment shall be accompanied by a detailed statement of quantities sold by THE AGENT and its sub-licensee
6. THE AGENT shall do its utmost to produce and maintain the certified seed and production at the highest levels of quality.
7. THE AGENT shall enable any representative of Terramax to visit the area of production and view and sample any of the stored seed production of the variety as they may wish with prior notice.
8. Upon Terramax's request, THE AGENT shall enable Terramax to review and inspect, by an accountant appointed by Terramax, all records of THE AGENT relating to this agreement.
9. Where plant varieties protection rights (PVR) are registered in the USA, pertaining to this variety, it shall be registered in the name of Terramax.
10. All procedural requirements in order to maintain the registration of the variety, once registered, will be fulfilled by THE AGENT. Copies of all documents and correspondence relating thereto will be forwarded to Terramax.
11. The proprietary rights of the variety shall remain in the sole ownership of Terramax.
12. THE AGENT undertakes not to sell, transfer, or in any way dispose of genetic material of the variety, and shall take all reasonable measures to prevent such a transfer to third parties.
13. This agreement shall commence on the date of signature hereof, and shall extend for a seven (7) year period, subject to the terms and conditions of this agreement. Renewal for continued periods will be by mutual agreement.
14. Either party shall be entitled to terminate this agreement before the end of its term in the event that the other party:
 - i. Is in default of its obligations hereunder, which has not been cured within thirty (30) days of written notice
 - ii. Has become insolvent, or is in receivership, or is in the proceedings of bankruptcy.
 - iii. There has been a transfer of controlling interest in THE AGENT's company.
15. Termination shall be by written notice to that effect.
16. Upon termination of this agreement, THE AGENT shall cease to market the variety as seed and dispose of remaining production in the commercial non-seed market.
17. Confidentiality: The parties and their employees, and or their affiliated companies, shall keep confidential all proprietary information and data pertaining to the variety and the sale thereof.
18. This agreement and any right or obligation thereunder, shall not be assigned to any other party by THE AGENT without the approval of Terramax.
19. This agreement shall be governed and construed in accordance of the legal system of the district of distribution.
20. In no event will either party be liable to the other party, or to any third party, for any indirect, special or consequential damages, which include without limitation, any loss of income or loss of profits.
21. If THE AGENT becomes aware or has any knowledge of unauthorized use of the variety THE AGENT shall promptly notify Terramax.
22. THE AGENT and its affiliates and sub-licensees undertake not to attempt to modify, alter, or replicate the variety outside the terms of this agreement.
23. THE AGENT shall not market any of the variety as seed outside the USA.
24. THE AGENT represents and warrants to Terramax that it has the knowledge, capacity, experience, resources, and expertise required to carry out its obligations hereunder in respect of all Terramax's requirements for the receiving, handling, purchase, sale, and processing of the licenced variety in accordance with good, current, modern and state of the art standards, practice and technology. THE AGENT further represents that it is authorized pursuant to all Applicable Laws to perform its obligations under this agreement.

IN WITNESS THEREOF, THE PARTIES HAVE HEREUNTO SIGNED:

Legacy Hemp LLC

By

Kenneth E. Anderson
 (Print Name)

Date:

3-22-16

Place:

Prescott WI USA

AND Terramax Holding Corporation

By

Hugh Campbell
 (Print Name)

Date:

3-22-2016

Place:

Qu'Appelle Saskatchewan

EXHIBIT B



MILLER THOMSON
AVOCATS | LAWYERS

MILLER THOMSON LLP
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T 306.347.8300
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MILLERTHOMSON.COM

January 2, 2020

Via Email: ken@legacyhemp.com

Legacy Hemp LLC
11609 Dawson Springs Rd.
Crofton, KY, 42217 USA

Attention: Kenneth Anderson

Jeff N. Grubb, Q.C.
Direct Line: 306.347.8393
Direct Fax: 306.347.8350
jgrubb@millerthomson.com

File No.: 0173524.0009

Dear Sir:

Re: X59 (Hemp Nut) Germ Plasm Transfer, Royalty and Working Agreement dated April 22, 2016 between Legacy Hemp LLC ("Legacy") and Terramax Holdings Corp. (the "Agreement")

We are legal counsel for Terramax Holdings Corp. ("Terramax").

We have been informed that Legacy is in breach of the Agreement as follows:

1. Legacy has sold X59 hemp seed outside of its authorized territory. Enclosed is an invoice Legacy provided to a customer in Montana. Legacy is not authorized to sell X59 hemp seed in Montana.
2. Legacy has failed to provide Terramax with detailed information regarding the sales of X59 hemp seed that it has made.

On behalf of Terramax and in accordance with the Agreement, we demand that within 30 days of the date of this letter that Legacy do the following:

- A. Provide to us a sworn declaration by Kenneth Anderson of Legacy confirming as follows:
 - i) That except for the X59 hemp seed sold to the customer in Montana as shown in the enclosed invoice, at no time has either Legacy or any sub-licensee designated by Legacy sold or distributed any X59 hemp seed outside of states specified in the Agreement (i.e. Kentucky, Illinois, Minnesota, Iowa, North Dakota, Nebraska, and Indiana); and
 - ii) That from and after this date (i.e. January 2, 2020) neither Legacy nor any sub-licensee designated by Legacy will sell or distribute any X59 hemp seed outside of states specified in the Agreement (i.e. Kentucky, Illinois, Minnesota, Iowa, North Dakota, Nebraska, and Indiana) without firstly obtaining the written authorization of Terramax.
- B. Provide to us a detailed list of all of the sales of X59 hemp seed made by Legacy from January 1, 2019 to date, including the name and contact information for each customer, the amount of X59 hemp seed sold to each customer, and the date of the sale to each customer.

Should Legacy refuse or fail to provide the above information to us within 30 days of the date of this letter, Terramax will consider Legacy to be in default under the Agreement and that it failed to cure such default. As a consequence Terramax will terminate the Agreement, including cancellation of Legacy's seed order mentioned below.

We also understand that Legacy has ordered 200,000 lbs of X59 hemp seed from Terramax for pick-up/delivery in April of this year (i.e. 2020). The price for such seed is \$2.25 US per pound FOB Terramax's processing facility at Qu'Appelle, SK, Canada. In order to process your order, Terramax requires payment of a 10% deposit (i.e. \$45,000 US), such to be paid to Terramax within 30 days of the date of this letter. The balance (i.e. \$405,000 US) is to be paid at or prior to pick-up/delivery. No seed will be released without payment in full. Notwithstanding the foregoing, if Legacy refuses or fails to provide the information demanded in points A and B above within the allotted time, Terramax will terminate the Agreement, including cancellation of Legacy's 2020 seed order.

Yours sincerely,

MILLER THOMSON LLP

Per:


Jeff N. Grubb, Q.C.
JNG/az

Enclosure

c. Terramax Holdings Corp. Attn: Hugh Campbell (via email)
44027230.1

↑

44027230.1

Legacy Hemp, LLC
1303 Westview Dr
Suite 200
Hastings, MN 55033 US
accounting@legacyhemp.com



Invoice

BILL TO
IND Hemp
PO BOX 940
Wolf Point, MD 59201

INVOICE # 1037
DATE 04/19/2019

DATE	ACTIVITY	DESCRIPTION	QTY	RATE	AMOUNT
04/19/2019	Seed Sales		60,000	3.30	198,000.00
04/19/2019	Bagging Fee		1	1,980.00	1,980.00

PAYMENT	100,000.00
BALANCE DUE	\$99,980.00

EXHIBIT C



Larry A. Konopacki

222 West Washington Avenue, Suite 900
P.O. Box 1784
Madison, WI 53701-1784
lkonopacki@staffordlaw.com
608.259.2607

January 22, 2020

Registered
Via ~~Certified~~ Mail:

Via Email: jgrubb@millerthomson.com

Jeff N. Grubb, Q.C.
Miller Thomson, LLP
Bank of Montreal Building
2103 - 11th Avenue, Suite 600
Regina, SK S4P 3ZB
Canada

RE: Legacy Hemp, LLC and Terramax Holdings Corp. Matter

Dear Attorney Grubb:

We are attorneys for Legacy Hemp, LLC ("Legacy"). Mr. Ken Anderson forwarded to us for our review your letter dated January 2, 2020 regarding the March 22, 2016 contract between Legacy and Terramax. A copy of this contract is enclosed for your reference. The conclusions in your letter appear to be based on a simple misreading of this contract. We look forward to working with you to clear up any confusion in this matter and to continuing the mutually-beneficial relationship between Legacy and Terramax.

The contract provides Legacy with exclusive rights to sell X59 hemp seed in the following 7 states: Kentucky, Illinois, Minnesota, Iowa, North Dakota, Nebraska, and Indiana. The contract also provides Legacy with the nonexclusive right to sell X59 seed in the rest of the United States, pursuant to Sections 3 and 23 of the contract.

Not only is this clear from the face of the contract, it has also been the ongoing understanding of both parties since the execution of this deal. Some of the examples of communications and other actions by Terramax and Mr. Hugh Campbell that support this interpretation include the following:

- In March of 2017, Terramax emailed the director of the Colorado seed program stating that Legacy is "our agent in the U.S. for X59."

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Madison Office

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January 22, 2020

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- In February of 2018, Terramax forwarded to Legacy a request to purchase X59 seed made by Cornell University in New York, noting in the forwarded message that Legacy “might want to respond to this request.”
- In March of 2018, Mr. Campbell forwarded to Legacy a request to purchase seed from a person “enrolled in the Montana Hemp pilot program.”
- In a number of instances, Mr. Campbell has asked Legacy to address issues with possible illegal sales in states other than the 7 listed above. For example, despite Wisconsin not being one of the states in which Legacy holds exclusive X59 marketing rights, Mr. Campbell asked Legacy to deal with an issue in March of 2018 with a supposed researcher in Nevada that was attempting to sell X59 into Wisconsin and was telling farmers that they could use it for breeder seed.
- In April of 2018, Mr. Campbell forwarded to Legacy a request to purchase seed from a person who expressed “interest in growing your X-59 in Wisconsin.”
- Last Summer, Legacy’s agronomist, Brian Parr, gave a presentation *in Montana* for Ken Elliot and IND Hemp, at which Mr. Campbell and Tom Benson *were present*. In that presentation, Mr. Parr identified himself as the agronomist for Legacy, stated that Legacy was the supplier of the seed, and said that he was there to provide information to help the farmers purchasing seed from Mr. Elliot. Mr. Parr met with and discussed the particular sale of X59 seed to IND Hemp with Tom Benson and with Mr. Campbell separately. He spoke with Mr. Benson for approximately 45 minutes about this sale and stayed in touch with him throughout the season in regard to production problems that arose from time to time. He also spoke with Mr. Campbell for 10-15 minutes about this sale of seed into Montana.
- Ken Anderson met with Mr. Campbell in Canada last July, along with one of Legacy’s employees. At that meeting, Mr. Anderson and Mr. Campbell discussed Legacy’s X59 seed sales efforts in states other than its 7 exclusive states. The primary purpose of that discussion was for Mr. Anderson to express his concerns about the time and money he has spent raising the brand profile of X59 in states where *he does not hold exclusive rights*, by selling seed in these states and supporting buyers with Legacy’s resources, despite the risk of Terramax authorizing more people to sell X59 in those states allowing them to reap the rewards of Legacy’s efforts.

Your letter also asserts that Legacy has “failed to provide Terramax with detailed information regarding the sales of X59 hemp seed that it has made.” In fact, Legacy has provided to Terramax all information required to be provided under the contract. Section 5 of the contract,

January 22, 2020

Page 3

which is the only contract provision that relates to reporting of information, simply requires Legacy Hemp to provide “a detailed statement of the quantities sold” by Legacy. This provision is also clear on its face. It does not require the reporting of any information other than quantities sold, which Legacy has provided.

However, In the interest of maintaining a good working relationship between Terramax and Legacy, Legacy is more than willing to provide information about the states in which it sold X59 seed and the quantities sold in those states. This information is enclosed. Legacy is also willing to comply with future reasonable requests for additional information that exceeds Legacy’s contract obligations. All you or Terramax need do is ask.

Please also note that both Legacy and Terramax are bound by a mutual covenant of confidentiality Under Section 17 of the contract. This provision requires each party, their employees, and affiliated companies to “keep confidential all proprietary information and data pertaining to the variety and the sale thereof.” Legacy will faithfully fulfill this obligation and expects that Terramax will do the same especially with respect to any information voluntarily provided by Legacy to Terramax as offered above, and to other information learned by Terramax about Legacy’s business activities with respect to X59, regardless of the source of that information. This would certainly apply to the information contained in the invoice that you enclosed with your letter.

We strongly believe that U.S. Courts would find that there has been no breach of this contract by Legacy, based solely on the express terms of the contract itself (U.S. contract law would apply to this matter under Section 19 of the contract). Further, if there could be any doubt as to the contract’s clear terms, such doubt would be erased when looking at the actions of Terramax and Legacy during the term of the contract. These actions clearly show Terramax’s understanding of Legacy’s right to non-exclusive sales in the U.S. outside of its exclusive area, examples of which are provided above.

When Mr. Anderson received your letter, he was quite surprised that Mr. Campbell had not reached out to him personally to discuss this, as they have had many direct communications and a number of face-to-face meetings over recent years and have a business relationship that Legacy sees as mutually beneficial and productive. All became clear recently when Mr. Ken Elliot, a customer of Legacy, contacted Legacy staff and informed them that he had purchased *exclusive* rights from Terramax to market X59 in 20 states. If what we were told is correct, this means that Terramax has entered into a contract with Mr. Elliot that Terramax does not have the authority to execute. If so, Legacy stands ready and willing to discuss options and is committed to being constructive in finding a mutually-agreeable solution to this problem. Ken Anderson asked that Hugh contact him directly to talk about how this issue can be resolved. If Legacy misunderstood Mr. Elliot, and Mr. Elliot only contracted for *non-exclusive* rights in those 20 states, then there should not be a problem since Legacy and Mr. Elliot can certainly compete for X59 sales in those states.

January 22, 2020

Page 4

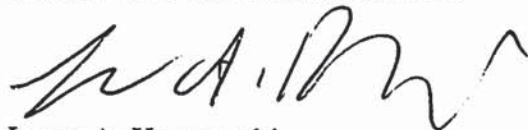
However, over the last 3-plus years, Legacy has worked hard to protect this cultivar for Terramax. It has spent considerable time and money to that end. The actions taken by Legacy to help Terramax in that regard go far beyond the simple notification obligation under Section 21 of the contract. Unfortunately, continuing to do this is going to be impossible moving forward. When Legacy was the only authorized sales agent in the U.S., it was fairly easy to determine who was offering illegal sales. Now, Legacy simply will not know, at least with respect to sales outside of its exclusive 7 states, whether another sales offer was appropriately arranged through Mr. Elliot.

Lastly, with respect to Legacy's seed order, there was an apparent error or miscommunication. Legacy requested 60,000 lbs. of seed, not 200,000 lbs. However, your disappointing choice to bypass Legacy and deal with Legacy's customer directly has required them to re-evaluate their need for seed moving forward. This is because part of Legacy's X59 plans for the upcoming year were based on supplying Mr. Elliot and IND Hemp with seed. Legacy will re-assess its needs for seed and communicate with you in the upcoming weeks.

Moving forward, we trust that the information provided above has been sufficient to convince you of the correct interpretation of the respective rights and obligations of the parties under the contract, and therefore Legacy intends to continue to market X59 during the remaining term of the contract both in its 7 exclusive states and in other states where markets exist. If this is not correct, please either communicate with me or ask Mr. Campbell to contact Mr. Anderson directly as soon as possible so that we can engage further to bring this matter to resolution.

Sincerely,

STAFFORD ROSENBAUM LLP



Larry A. Konopacki

LAK:mai

Enclosures

cc: Ken Anderson, Legacy Hemp

State	Pounds
IL	5,100
IN	18,900
KY	2,000
MN	23,500
ND	121,790
WI	6,550
AL	450
CA	5,950
DE	100
KS	5,450
MI	1,900
MT	70,000
NC	300
NY	900
OK	5,600
OR	1,050

Minus 1,225 used for seed production we paid a higher royalty for for.
 Minus 35,350 used for seed production we paid a higher royalty for.

TOTAL 269,540 Royalty paid on 234,190 because 35,350 was used for seed production because Terramax cc

Made and entered into on the 22 day of March, 2020, by and between
Legacy Hemp LLC, hereafter referred to as "THE AGENT"
11609 Dawson Springs Rd
Crofton, KY, 42217 USA
AND
Terramax Holding Corporation, hereinafter referred to as Terramax,
Box 390
Qu'Appelle, Saskatchewan, Canada S0G 4A0

For the purposes of this agreement the phrase "specified States of the USA" shall refer to Kentucky, Illinois, Minnesota, Iowa, North Dakota, Nebraska, Indiana, and such other states as mutually agreed in writing by Terramax and THE AGENT.

Whereas Terramax is engaged in the field of proprietary maintenance, production and sale of X59 (Hemp Nut) hemp seed (hereafter referred to as "the variety"); and
Whereas THE AGENT is engaged in seed maintenance, production, marketing and sales of seed varieties in the USA; and
Whereas THE AGENT and Terramax wish to enter into an agreement in accordance to which THE AGENT will receive seed of the variety from Terramax to produce commercial seed therefrom, from which to sell seed into the specified States of the USA, and to pay Terramax annual royalties pursuant to the terms and conditions of this agreement.

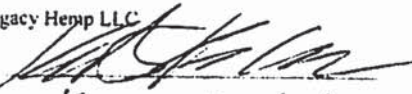
Now therefore the parties agree as follows:

1. The intent of this agreement is that Terramax grants exclusive licence to THE AGENT within the specified States of the USA for the maintenance, multiplication, and marketing of the variety.
2. THE AGENT shall endeavour to take all necessary measures to maintain proprietary control of the seed increases in the interests of THE AGENT and Terramax.
3. THE AGENT shall use its best efforts and maintain an aggressive programme to promote the sale of the variety in the specified States the USA. Seed of the variety shall not be marketed into States that do not strictly require the use of only certified hemp seed for planting or allow farmer saved hemp seed.
4. THE AGENT will have the right to appoint sub-licensees to increase and market the variety in order to maximise returns.
5. THE AGENT shall pay a royalty fee to Terramax on all quantities of seed sold of the variety. A royalty shall be established at USD\$0.30 per pound. Payment of Terramax royalty shall be made by the 30th day of the month following the date of sale of the seed of the variety. The payment shall be accompanied by a detailed statement of quantities sold by THE AGENT and its sub-licensee
6. THE AGENT shall do its utmost to produce and maintain the certified seed and production at the highest levels of quality.
7. THE AGENT shall enable any representative of Terramax to visit the area of production and view and sample any of the stored seed production of the variety as they may wish with prior notice.
8. Upon Terramax's request, THE AGENT shall enable Terramax to review and inspect, by an accountant appointed by Terramax, all records of THE AGENT relating to this agreement.
9. Where plant varieties protection rights (PVR) are registered in the USA, pertaining to this variety, it shall be registered in the name of Terramax
10. All procedural requirements in order to maintain the registration of the variety, once registered, will be fulfilled by THE AGENT. Copies of all documents and correspondence relating thereto will be forwarded to Terramax.
11. The proprietary rights of the variety shall remain in the sole ownership of Terramax.
12. THE AGENT undertakes not to sell, transfer, or in any way dispose of genetic material of the variety, and shall take all reasonable measures to prevent such a transfer to third parties.
13. This agreement shall commence on the date of signature hereof, and shall extend for a seven (7) year period, subject to the terms and conditions of this agreement. Renewal for continued periods will be by mutual agreement.
14. Either party shall be entitled to terminate this agreement before the end of its term in the event that the other party:
 - i. Is in default of its obligations hereunder, which has not been cured within thirty (30) days of written notice
 - ii. Has become insolvent, or is in receivership, or is in the proceedings of bankruptcy.
 - iii. There has been a transfer of controlling interest in THE AGENT's company.
15. Termination shall be by written notice to that effect.
16. Upon termination of this agreement, THE AGENT shall cease to market the variety as seed and dispose of remaining production in the commercial non-seed market.
17. Confidentiality: The parties and their employees, and or their affiliated companies, shall keep confidential all proprietary information and data pertaining to the variety and the sale thereof.
18. This agreement and any right or obligation thereunder, shall not be assigned to any other party by THE AGENT without the approval of Terramax.
19. This agreement shall be governed and construed in accordance of the legal system of the district of distribution.
20. In no event will either party be liable to the other party, or to any third party, for any indirect, special or consequential damages, which include without limitation, any loss of income or loss of profits.
21. IF THE AGENT becomes aware or has any knowledge of unauthorized use of the variety THE AGENT shall promptly notify Terramax
22. THE AGENT and its affiliates and sub-licensees undertake not to attempt to modify, alter, or replicate the variety outside the terms of this agreement.
23. THE AGENT shall not market any of the variety as seed outside the USA.
24. THE AGENT represents and warrants to Terramax that it has the knowledge, capacity, experience, resources, and expertise required to carry out its obligations hereunder in respect of all Terramax's requirements for the receiving, handling, purchase, sale, and processing of the licenced variety in accordance with good, current, modern and state of the art standards, practice and technology. THE AGENT further represents that it is authorized pursuant to all Applicable Laws to perform its obligations under this agreement.

IN WITNESS THEREOF, THE PARTIES HAVE HEREUNTO SIGNED:

Legacy Hemp LLC

By


Kenneth E. Anderson
(Print Name)

Date:

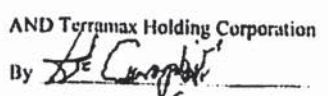
3-22-16

Place:

Prescott WI USA

AND Terramax Holding Corporation

By


Hugh Campbell
(Print Name)

Date:

3-22-2016

Place:

Qu'Appelle Saskatchewan

EXHIBIT D



MILLER THOMSON
AVOCATS | LAWYERS

MILLER THOMSON LLP
BANK OF MONTREAL BUILDING
2103 - 11TH AVENUE, SUITE 600
REGINA, SK S4P 3Z8
CANADA

T 306.347.8300
F 306.347.8350

MILLERTHOMSON.COM

February 11, 2020

Via Email: lkonopacki@staffordlaw.com

Stafford Rosenbaum LLP
222 West Washington Avenue, Suite 900
P.O. Box 1784
Madison, WI, USA 53701-1784

Attention: Larry A. Konopacki

Jeff N. Grubb, Q.C.
Direct Line: 306.347.8393
Direct Fax: 306.347.8350
jgrubb@millerthomson.com

File No.: 0173524.0009

Dear Sir:

Re: X59 (Hemp Nut) Germ Plasm Transfer, Royalty and Working Agreement dated April 22, 2016 between Legacy Hemp LLC ("Legacy") and Terramax Holdings Corp. (the "Agreement")

We are in receipt of your letter dated January 22, 2020.

Our client was surprised and disappointed to learn that Legacy was selling X59 hemp seed outside of the seven states identified in the Agreement. While Terramax has on a few occasions authorized Legacy to donate a few pounds of X59 hemp seed for research purposes to certain facilities outside of the seven specific states, at no time has Terramax authorized, or even known, that Legacy was selling seed in as many states outside of the seven and in the quantities identified in your letter. Terramax maintains that Legacy has breached the Agreement. In that regard, we note as follows:

1. Clause 3 of the Agreement does not authorize the sale by Legacy of X59 hemp seed outside of the seven states. The second sentence in the clause simply forbids the sale of seed into any of the seven states that do not strictly require the use of certified hemp seed for planting or that allow a farmer to save hemp seed.
2. Clause 23 of the Agreement does not authorize the sale by Legacy of X59 hemp seed outside of the seven states. It just states that no marketing of X59 hemp seed outside of the USA is allowed. That does not make selling in states other than the specified seven allowable.
3. Terramax was not informed by any Legacy representatives that it was selling X59 hemp seed into Montana. Terramax learned of that directly from IND Hemp, not Legacy. Learning of that sale is what prompted Terramax to instruct us to send our letter of January 2, 2020 to Legacy. Terramax is adamant that at no time did Mr. Ken Anderson or anyone else on behalf of Legacy inform Terramax that Legacy was indeed selling X59 hemp seed outside of the seven specified states. In fact, Mr. Anderson met with Mr. Campbell during the summer of 2019 to request that Legacy be allowed to sell X59 hemp seed into states other than the specified seven. That request was denied. Terramax maintains that Legacy knew and understood that it had no authority to sell X59 hemp seed outside of the seven specified states.

4. While it is stated in your letter that Legacy has no obligation to provide details to Terramax of its sales of X59 hemp seed, including the name and contact information for each customer, Terramax says that Legacy did in fact provide that full information in the first year or two of the term of the Agreement.
5. Clause 19 of the Agreement does not entail that the law of the USA applies, as you suggest. The clause specifies that the Agreement be governed by the "legal system of the district of distribution". One of the features of the Agreement is the supply by Terramax of X59 hemp seed to Legacy. That is the "distribution" referenced in clause 19. The seed Terramax supplies Legacy is from its plant located at Qu'Appelle, Sk. and that location is the "district of distribution". It is Saskatchewan law that governs the Agreement. With respect, it makes no sense that an agreement between Terramax and Legacy be governed by the locations that Legacy in turn sells the seed. Those locations have no connection to Terramax that would make their law relevant to the governing of the Agreement.
6. Terramax has recently come to understand that North Dakota, Kentucky, and Nebraska are states that do "not strictly require the use of only certified hemp seed for planting or allow farmer saved seed". Clause 3 of the Agreement specifically prohibits Legacy from selling seed into those states. Your letter confirms that in 2019 Legacy sold X59 hemp seed into two of those states. That constitutes a further breach of the Agreement by Legacy.

In light of the above, Terramax maintains that Legacy has breached the Agreement and Terramax is entitled to terminate the Agreement.

Terramax may be willing to consider continuing its business relationship with Legacy, but firstly the following concerns would have to be met to Terramax's satisfaction:

1. Terramax will require a listing of the full details of all 2019 sales by Legacy (or any sub-licensee designated by Legacy) of X59 hemp seed, including the name and contact information for each customer, along with the declaration(s) obtained from each producer to not retain or sell any X59 hemp seed for growing purposes. This information is required for Terramax to be able to confirm that the quantity and states of Legacy's (or any sub-licensee designated by Legacy) X59 hemp seed sales in 2019 have been fully, correctly and accurately identified in the attachment to your letter to us of January 22, 2020.
2. Obtaining an unequivocal and enforceable commitment that from and after January 1, 2020 neither Legacy nor any sub-licensee designated by Legacy has or will sell or distribute any X59 hemp seed (including common seed derived from X59 hemp seed) outside of states specified in the Agreement, excluding North Dakota, Kentucky, and Nebraska as they do not strictly require the use of only certified hemp seed for planting and they allow farmer saved seed, without firstly obtaining the express and written authorization of Terramax. Further, should any of the remaining four states (i.e. Illinois, Minnesota, Iowa, and Indiana) at any point not strictly require the use of only certified hemp seed for planting or allow farmer saved seed, then Legacy will immediately cease and refrain from selling or distributing any X59 hemp seed (including common seed derived from X59 hemp seed) into those states.



Please let us know if Legacy is willing to explore a continuing business relationship with Terramax and is able to satisfy the above concerns.

Yours sincerely,

MILLER THOMSON LLP

Per:

Jeff N. Grubb, Q.C.
JNG/az

c. Terramax Holdings Corp. Attn: Hugh Campbell (via email)

