

# EXHIBIT A

DATE FILED: July 27, 2020 3:45 PM  
 FILING ID: 6F367D76C0A04  
 CASE NUMBER: 2020CV30195

DISTRICT COURT, MESA COUNTY, COLORADO 125 N. Spruce Street, Grand Junction, CO 81501 (970) 256-3637	<p style="text-align: center;"><b>▲ COURT USE ONLY ▲</b></p>
PLAINTIFFS: <b>MOOSE AGRICULTURAL, LLC and COLORADO HEMP SOLUTIONS, LLC</b>  v.  DEFENDANT: <b>LAYN USA, INC.</b>	
<i>Attorneys for Plaintiffs:</i> Benjamin M. Wegener, #36952 WEGENER, SCARBOROUGH, YOUNGE & HOCKENSMITH, LLP 743 Horizon Court, Suite 200 Grand Junction, CO 81506 (970) 242-2645, Ext. 203 <a href="mailto:ben@wegscar.com">ben@wegscar.com</a>	Case Number:  Division:
<b>COMPLAINT AND JURY DEMAND</b>	

Plaintiffs Moose Agricultural, LLC and Colorado Hemp Solutions, LLC, by and through their attorneys, Wegener, Scarborough, Younge & Hockensmith, LLP, hereby provide the following as their Complaint against Defendant Layn USA, Inc., and state as follows:

**I. JURISDICTION & PARTIES**

1. Moose Agricultural, LLC is a Colorado corporation authorized to do business in the State of Colorado, with a principal business address of 3026 Highway 50, Grand Junction, Colorado 81503.
2. Colorado Hemp Solutions, LLC is a Colorado limited liability corporation with a principal business address of 3026 Highway 50, Grand Junction, Colorado 81503.
3. Layn USA, Inc. is a California corporation which can be served via its registered agent, Lori Farrow, at 20250 Acacia St. #200, Newport Beach, California 92660.
4. Venue is proper in Mesa County under C.R.C.P. 98, as the transactions identified herein occurred in Mesa County, Colorado.
5. The Court has personal and subject matter jurisdiction over this matter pursuant to

Colo. Const. Art. VI, § 9.

## II. GENERAL ALLEGATIONS

6. On or about May 22, 2019, Plaintiffs Moose Agricultural, LLC (“Moose Agricultural”) and Colorado Hemp Solutions, LLC (“Colorado Hemp”) entered into a “High CBD Hemp Biomass Product Supply Agreement,” (“Agreement”) with Layn USA, Inc. (“Layn”).

7. Per the terms of the Agreement, Layn agreed to buy, and Moose Agricultural and Colorado Hemp agreed to sell, high cannabidiol industrial hemp biomass product (“Product”) for industrial purposes, which was to meet certain specifications set forth in Attachment C to the Agreement.

8. Paragraph 2(h) of the Agreement provides in relevant part that:

Additionally, at any time during the term of this agreement, Supplier [Moose Agricultural and Colorado Hemp] shall make samples of crop or harvested Product available to Layn for testing, at Layn’s sole expense, to ensure compliance of the Product with the specifications herein, all laws and regulations, Supplier’s warranties and industry standards.

9. Attachment C to the Agreement states in relevant part:

### B. Specifications:

1. High CBD Dried Biomass Quality standard:

- a. Minimum 8% CBD
- b. THC less than 0.3% by 2019 Farm Bill definition
- c. moisture not greater than 10%
- d. impurities less than 0.5%

C. Testing: For final CBD calculations, 3 independent labs mutually selected by both parties will provide potency testing. The mean average of the three results CBD percentage will be used.

10. The Agreement provided that quantity of Product that Layn agreed to purchase from Moose Agricultural and Colorado Hemp was equal to the total quantity of Product produced from harvests grown by Moose Agricultural and Colorado Hemp from 100 acres in 2019 and 500 acres in 2020.

11. Paragraph 3 of the Agreement states that:

The price for Product shall be determined as follows:

a. Price. Layn shall pay Supplier [Moose Agricultural and Colorado Hemp] \$2.00 per percent of CBD content per pound in the year 2019; and, dollar amount per percentage of CBD per pound will be negotiated for the year 2020. Based on Supplier's minimum output of 1,500 pounds per acreage, the equivalent CBD content and corresponding purchase price is as follows:

- i. Year 2019:  $8 \times 1500 \times 100 = 1,200,000$  CBD points  
 $\$2.00 \times 8 \times 1,500 \times 100 = \$2,400,000$ ;
- ii. Year 2020:  $8 \times 1,500 \times 500 = 6,000,000$  CBD points  
Price to be negotiated and agreed by both parties prior to March 15, 2020

b. Payment. Layn agrees to pay Supplier according to the following installment schedule.:

- i. Year 2019
  - a) 10% (\$240,000 is due within 20 calendar days after execution of this Agreement;
  - b) 20% (\$480,000) is due after Supplier's planting is completed and Layn's timely inspection is completed. This payment shall be made before June 30, 2019;
  - c) 40% (\$960,000) is due prior to Supplier's shipment of biomass and homogenized sample result is confirmed to meet biomass quality standard; and,
  - d) 30% (720,000) the final remaining payment is due within 30 days after delivery of the entire amount of Supplier's total Product as specified in this Agreement.
- ii. Year 2020: Payment plan to be negotiated and agreed by both parties prior to Mar 15, 2020.

12. Per Paragraph 10 of Attachment A to the Agreement, the Agreement is to be governed by and interpreted in accordance with the laws of the State of Delaware, except any such law mandating the application of the law(s) of a different jurisdiction.

13. Pursuant to the Agreement, Plaintiffs planted, grew, and harvested the Product, and had it tested.

14. In October 2019, Plaintiffs informed Layn that there were 8,192 pounds of product ready for delivery to Layn in accordance with the Agreement. However, Layn took no action and let the product sit for months.

15. Thereafter, at the request of Layn, other rounds of testing occurred. At one point, Layn representative Yebo Li contacted representatives of the lab where samples of the hemp biomass were going to be sent for testing, and during this conversation, the lab identified the ways in which samples should be sent in.

16. Instead of preparing the product for testing the manner identified by the lab representatives, which is how Plaintiffs had sent in samples in the past, Mr. Li required the samples to be run through a spice grinder, which is not industry standards, as it degraded the quality of the samples considerably.

17. The Agreement does not require that the samples be ground in the manner insisted upon by Mr. Li, as that is not only contradictory to industry standards, but also results in damage to the product, as further discussed herein.

18. Plaintiffs objected to the use of a spice grinder prior to testing, as, among other things, grinding up hemp seeds in such a manner results in the presence of hemp seed oil in the product that must then be removed through the winterization process.

19. However, Mr. Li demanded that the samples be put through a spice grinder for a period of time, and then the samples were put through the sieve to find the chunks. After this, the chunks were then run through the spice grinder on their own and mixed back in with the samples.

20. This grind process destroyed the samples for any meaningful testing, as the samples had been through the spice grinder so much that they were hot to the touch.

21. Following the departure of Mr. Li from Grand Junction, Plaintiffs ground additional hemp biomass in the normal fashion in accordance with industry standards, and had that sent to Eurofin Technologies, a laboratory both Plaintiffs and Layn had previously agreed to use for testing.

22. The Eurofin testing revealed that the CBD content of that product was within the specifications identified in the parties' Agreement.

23. However, testing on the biomass product which was ground in the manner insisted upon by Mr. Li had lowered CBD content, which was below the specifications identified in the parties' Agreement, but which would not have occurred but for the actions of Mr. Li.

24. Layn thereafter began to raise other ostensible "issues" with Plaintiffs' performance under the contract, including whether or not Plaintiffs were permitted to obtain biomass product from third parties.

25. However, these “issues” were pretextual in nature, in an apparent attempt on the part of Layn to avoid fulfilling its obligations under the Agreement, as Layn had long known that the product had been grown from seeds/seedlings which had been cultivated by Plaintiffs.

26. Layn thereafter requested additional testing be performed, in manners which were not contemplated by the Agreement, which were further attempts to avoid its contractual obligations, and which resulted in additional delay.

27. CBD levels in hemp biomass product degrade over time, and the longer Layn delayed in performing its obligations under the Agreement, the more the biomass product supplied by Plaintiffs degraded and the CBD levels lowered.

28. The Agreement calls for a specific testing plan, which was not followed or complied with by Layn.

29. Layn’s actions in attempting to unilaterally modify that testing process as an attempt to avoid its contractual obligations under the Agreement.

30. Plaintiffs have abided by the Agreement and provided the product entirely within the contractual requirements and specifications, and the product produced by Plaintiffs was conforming with the Agreement and all applicable industry standards.

31. Layn has wrongfully rejected the goods and thus breached the parties’ agreement, including, but not limited to, under the Delaware Uniform Commercial Code, 6 Del.C. § 2-703.

32. Layn’s actions and omissions described above are in breach of contract, and these actions and/or omissions are in breach of Layn’s obligations to act in good faith and fair dealing.

33. Layn’s actions and/or omissions have caused Plaintiffs to suffer direct damages, including but not limited to the amounts Plaintiffs would have received under the terms of the contract, i.e., the \$1,200,000 which has not been paid by Layn, the costs to store the product Plaintiffs have incurred, which Plaintiffs would not have borne but for Layn’s actions and/or omissions, the costs which have been or will be incurred by Plaintiffs in selling or otherwise disposing of the biomass product, as well as any other damages which were reasonably foreseeable at the time the contract was made.

34. Moose Agricultural and Colorado Hemp have met all conditions precedent to bringing this lawsuit and asserting the claims herein.

### **III. CLAIMS FOR RELIEF**

#### **First Cause of Action**

**(Breach of Contract)**

35. Plaintiffs incorporate by reference the statements and allegations contained in Paragraphs 1 through 34 as fully set forth herein.

36. Plaintiffs entered into the Agreement with Layn for Plaintiffs to supply and Layn to purchase the Product upon the terms and conditions identified in the Agreement.

37. Plaintiffs have met all conditions precedent and have substantially performed all of their obligations under the Agreement; furthermore, Plaintiffs are not in breach of any of their duties or obligations under the Agreement.

38. Layn has failed to perform under the Agreement by, among other things, wrongfully rejecting the biomass product supplied by Plaintiffs.

39. Layn's actions and/or omissions are in breach of the Agreement, and these actions and/or omissions are in breach of Layn's obligation to act in good faith and fair dealing with the Plaintiffs.

40. Layn's breaches, as well as its actions and/or omissions causing these breaches, have caused Plaintiffs direct damages as identified above, as well as costs and attorney fees, all in amounts to be proven at trial.

**IV. PRAYER FOR RELIEF**

WHEREFORE, Plaintiffs respectfully request that the Court:

- A. Award Plaintiffs all actual and direct damages it has sustained as a result of Layn's breach of contract;
- B. Award Plaintiffs their reasonable attorney fees, costs, court fees, pre-judgment and post-judgment interest, and expert witness fees, as allowed by law or contract, as well as any and all other costs and fees allowed by law; and
- C. Award Plaintiffs such other and further relief as the Court deems just and proper.

**V. JURY DEMAND**

Plaintiffs request that this matter be tried to a jury of six (6) on all issues so triable.

Respectfully submitted this 27<sup>th</sup> day of July, 2020.

**WEGENER, SCARBOROUGH,  
YOUNGE & HOCKENSMITH, P.C.**

*/s/ Benjamin M. Wegener, Original signature on file in the  
Law Offices of Wegener, Scarborough, Young &  
Hockensmith, LLP*

By

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Benjamin M. Wegener, # 36952  
*Attorneys for Plaintiffs*



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<b>DISTRICT COURT CIVIL (CV) COVER SHEET FOR INITIAL PLEADING OF COMPLAINT, COUNTERCLAIM, CROSS-CLAIM OR THIRD PARTY COMPLAINT AND JURY DEMAND</b>	

1. This cover sheet shall be filed with the initial pleading of a complaint, counterclaim, cross-claim or third party complaint in every district court civil (CV) case. It shall not be filed in Domestic Relations (DR), Probate (PR), Water (CW), Juvenile (JA, JR, JD, JV), or Mental Health (MH) cases.
  
2. Check the boxes applicable to this case.
  - Simplified Procedure under C.R.C.P. 16.1 **applies** to this case because this party does not seek a monetary judgment in excess of \$100,000.00 against another party, including any attorney fees, penalties or punitive damages but excluding interest and costs and because this case is not a class action or forcible entry and detainer, Rule 106, Rule 120, or other expedited proceeding.
  - Simplified Procedure under C.R.C.P. 16.1, **does not apply** to this case because (check one box below identifying why 16.1 does not apply):
 

This is a class action or forcible entry and detainer, Rule 106, Rule 120, or other similar expedited proceeding, **or**

- This party is seeking a monetary judgment for more than \$100,000.00 against another party, including any attorney fees, penalties or punitive damages, but excluding interest and costs (see C.R.C.P. 16.1(c)),**or**
- Another party has previously stated in its cover sheet that C.R.C.P. 16.1 does not apply to this case.
- This party has elected exclusion from C.R.C.P. 16.1.
- This party makes a **Jury Demand** at this time and pays the requisite fee. See C.R.C.P. 38. (Checking this box is optional.)

Respectfully submitted this 27th day of July 2020.

**WEGENER, SCARBOROUGH,  
YOUNGE & HOCKENSMITH, P.C.**

*/s/ Benjamin M. Wegener, Original signature on file in the  
Law Offices of Wegener, Scarborough, Young &  
Hockensmith, LLP*

By

\_\_\_\_\_  
Benjamin M. Wegener, # 36952  
*Attorney for Plaintiff*

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<b>SUMMONS – LAYN USA, INC.</b>	

**THE PEOPLE OF THE STATE OF COLORADO**

**To the Defendants named above: LAYN USA, INC.**

You are summoned and required to file with the clerk of this court an Answer or other response to the attached complaint within twenty-one (21) days after this summons is served on you in the State of Colorado, or within thirty-five (35) days after this Summons is served on you outside the State of Colorado.

If you fail to file your Answer or other response to the Complaint in writing within the applicable time period, judgment by default may be entered against you by the Court for the relief demanded in the Complaint, without any further notice to you.

The following documents are also served with this summons: Complaint and Civil Cover Sheet.

**This summons is issued pursuant to Rule 4, CRCP, as amended.  
 A copy of the Complaint must be served with this Summons.**

Respectfully submitted this 27th day of July, 2020.

**WEGENER, SCARBOROUGH,  
YOUNGE & HOCKENSMITH, LLP**

*/s/ Benjamin M. Wegener, Original signature on file  
in the Law Offices of Wegener, Scarborough,  
Younge & Hockensmith, LLP*

By

\_\_\_\_\_  
Benjamin M. Wegener, #36952  
*Attorney for Plaintiff*