

1 Martin A. Muckleroy  
State Bar #9634  
2 **MUCKLERoy LUNT, LLC**  
6077 S. Fort Apache Rd., Ste 140  
3 Las Vegas, NV 89148  
Telephone: 702-907-0097  
4 Facsimile: 702-938-4065  
Email: martin@muckleroylunt.com

5  
6 Katherine Lenahan (*pro hac vice*)  
Email: klenahan@faruqilaw.com  
Nina Varindani (*pro hac vice*)  
7 Email: nvarindani@faruqilaw.com  
8 **FARUQI & FARUQI, LLP**  
685 Third Avenue, 26th Floor  
New York, NY 10017  
9 Telephone: 212-983-9330  
Facsimile: 212-983-9331

10 *Attorneys for Lead Plaintiff Richard Ina, Trustee for The Ina Family Trust*

11 **UNITED STATES DISTRICT COURT**  
12 **DISTRICT OF NEVADA**

13  
14  
15 In re: CV SCIENCES, INC. SECURITIES  
LITIGATION

Case No. 2:18-cv-01602-JAD-BNW

**STIPULATION OF SETTLEMENT**

16  
17 This Document Relates to: All Actions

18  
19 This Stipulation of Settlement, dated January 31, 2022 (the “Stipulation”) in the above-  
20 captioned action (the “Action”), is entered into by and between: (i) Lead Plaintiff Richard Ina, as  
21 Trustee for the Ina Family Trust (“Lead Plaintiff” or “Ina”), on behalf of himself and each of the  
22 Class Members (as defined herein); (ii) defendants CV Sciences, Inc. (“CV Sciences”, “CVSI”, or the  
23 “Company”), Michael Mona, Jr., Joseph D. Dowling, and Michael Mona, III (collectively  
24 “Defendants”), by and through their respective counsel. This Stipulation is intended by Lead  
25 Plaintiff and Defendants (collectively, the “Parties”) to fully, finally, and forever resolve, discharge,  
26 release, and settle the Released Claims, as defined below, subject to the approval of the Court and the  
27 terms and conditions set forth in this Stipulation.  
28

1 **I. SUMMARY OF CLAIMS AND PROCEDURAL HISTORY**

2 This Action began on August 24, 2018, when the initial class action complaint was filed in the  
3 United States District Court for the District of Nevada. ECF No. 1. On November 15, 2018, District  
4 Judge Jennifer A. Dorsey appointed Ina as Lead Plaintiff, Faruqi & Faruqi, LLP as Lead Counsel,  
5 and Muckleroy Lunt, LLC as Liaison Counsel. ECF No. 21. Ina filed an Amended Complaint  
6 (“AC”) on January 4, 2019, naming as defendants CV Sciences; former Founder Emeritus, director,  
7 and Chief Executive Officer (“CEO”) Michael Mona, Jr. (“Mona Jr.”); CEO and director Joseph D.  
8 Dowling (“Dowling”); and former Chief Operating Officer (“COO”) and director Michael Mona, III  
9 (“Mona III”). ECF No. 30. The AC alleged that Defendants violated Sections 10(b) and 20(a) of the  
10 Securities Exchange Act of 1934, and SEC Rule 10b-5 promulgated thereunder with relation to the  
11 Company’s lead pharmaceutical product, CVSI-007. *Id.* at ¶¶1, 3. At various points in the litigation,  
12 Mona Jr. and Mona III (collectively, the “Mona Defendants” or the “Monas”) and Dowling and CV  
13 Sciences (collectively, the “Company Defendants”) were represented by separate counsel.

14 On March 5, 2019, Defendants filed a motion to dismiss the AC (the “MTD”) (ECF Nos. 33-  
15 35) to which Lead Plaintiff responded on May 3, 2019. ECF No. 45. While the decision on the MTD  
16 was still pending and after obtaining leave from the Court (ECF Nos. 59-60, 63), Lead Plaintiff filed  
17 as supplemental authority to his opposition to the MTD (“MTD Opposition” or “MTD Opp.”) a  
18 decision from the USPTO’s Patent Trial and Appeal Board (“PTAB”), dated September 17, 2019,  
19 upholding the USPTO’s final rejection of the CVSI-007 patent application. ECF No. 64.

20 On December 10, 2019, the Court denied Defendants’ MTD. *See generally* ECF No. 70  
21 (“MTD Order”).

22 Thereafter, the Parties began to engage in discovery, and Lead Plaintiff filed a Second  
23 Amended Securities Class Action Complaint (“SAC”). ECF No. 127.

24 On May 19, 2020, the USPTO issued United States Patent No. 10,653,639, entitled  
25 “Pharmaceutical Formulations Containing Cannabidiol and Nicotine for Treating Smokeless Tobacco  
26 Addition,” which the Company claims formally grants CV Sciences patent protection for CVSI-007.

27 During the discovery process, the Parties met and conferred frequently over discovery issues.  
28 Lead Plaintiff filed two motions to compel, the first against the Mona Defendants in October 2020

1 (ECF No. 88), which was granted and denied in part (ECF Nos. 109, 111, 149), and the second  
2 against the Company Defendants in March 2021 (ECF No. 130), which was denied as moot after the  
3 parties informed the Court of their intent to engage in settlement negotiations (ECF No. 153).

4 On October 25, 2021, the Parties engaged in a mediation session before Jed D. Melnick, Esq.,  
5 a highly experienced securities litigation mediator at JAMS. The mediation was preceded by  
6 submission of confidential mediation statements and exhibits. The Parties came to an agreement in  
7 principle during the mediation session and thereafter, engaged in negotiations regarding the complete  
8 terms of the settlement which are set forth in this Stipulation and which are subject to approval by the  
9 Court.

## 10 **II. LEAD PLAINTIFF'S CLAIMS AND THE BENEFITS OF SETTLEMENT**

11 Lead Plaintiff believes that the claims asserted in this Action have merit and that the  
12 information developed to date supports his claims. Lead Plaintiff and his counsel recognize and  
13 acknowledge, however, the expense and length of continued proceedings necessary to prosecute the  
14 Action against Defendants through trial and through appeals.

15 Lead Plaintiff and Lead Counsel have also taken into account the uncertain outcome and the  
16 risk of any litigation, especially in complex actions such as this one, as well as the difficulties and  
17 delays inherent in such litigation. Lead Plaintiff and Lead Counsel are also mindful of the inherent  
18 problems of proof and the possible defenses to the securities law violations asserted in the Action.  
19 Lead Plaintiff and Lead Counsel additionally considered the financial position of the Company and  
20 the information produced by Defendants through discovery and in connection with the mediation  
21 under the mediation confidentiality agreement. Lead Plaintiff and Lead Counsel believe that the  
22 settlement set forth in this Stipulation confers substantial benefits upon the Class and is fair,  
23 reasonable, adequate, and in the best interests of Lead Plaintiff and the Class.

## 24 **III. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY**

25 Defendants have denied and continue to deny each and all of the claims alleged by Lead  
26 Plaintiff and the Class in the Action. Defendants expressly have denied and continue to deny all  
27 claims of liability against them arising out of any of the conduct, statements, acts or omissions  
28 alleged, or that could have been alleged in the Action. Defendants also have denied and continue to

1 deny, among other allegations, the allegations that Lead Plaintiff or the Class have suffered any  
2 damage, that the price of CV Sciences common stock was artificially inflated by reasons of alleged  
3 misrepresentations, non-disclosures or otherwise, allegations that Defendants' statements were  
4 misleading, or that Lead Plaintiff or the Class were harmed by the conduct alleged in the Action or  
5 that could have been alleged as part of the Action. Defendants believe that the evidence developed to  
6 date supports their position that they acted properly at all times and that the Action is without merit.  
7 In addition, Defendants maintain that they have meritorious defenses to all claims alleged in the  
8 Action.

9         Nonetheless, Defendants have concluded that further conduct of the Action would be  
10 protracted and expensive, and that it is desirable that the Action be fully and finally settled in the  
11 manner and upon the terms and conditions set forth in this Stipulation. Defendants have, therefore,  
12 determined that it is desirable and beneficial to them that the Action be settled in the manner and  
13 upon the terms and conditions set forth in this Stipulation.

14 **IV. TERMS OF STIPULATION AND AGREEMENT OF SETTLEMENT**

15         NOW, THEREFORE, without any concession by Lead Plaintiff that the Action lacks merit,  
16 and without any concession by Defendants of any liability or wrongdoing or lack of merit in their  
17 defenses, IT IS HEREBY STIPULATED AND AGREED by and among Lead Plaintiff (for himself  
18 and the Class Members) and Defendants, by and through their respective counsel that, subject to the  
19 approval of the Court, the Action and the Released Claims shall be finally and fully compromised,  
20 settled, and released, and the Action shall be dismissed with prejudice, as to all Settling Parties, upon  
21 and subject to the terms and conditions of this Stipulation, as follows:

22         **1. Definitions**

23         In addition to the terms that may be defined elsewhere in this Stipulation, the following terms  
24 as used in the Stipulation have the meanings specified below:

25         1.1        "Authorized Claimant" means a Class Member who submits a valid and timely Proof  
26 of Claim form that is approved for payment by the Claims Administrator or the Court.

27         1.2        "Claim" means the submission to be made by Class Members, on the Proof of Claim  
28 form attached hereto as Exhibit A-2, or as may be required by the Court.

1           1.3     “Claims Administrator” means Analytics Consulting LLC, the firm retained by Lead  
2 Counsel, subject to Court approval, which shall mail and publish the Notices, process Proofs of  
3 Claim, and distribute the Net Settlement Fund to Authorized Claimants.

4           1.4     “Class” means, for the purposes of settlement only, all Persons who purchased the  
5 common stock of CV Sciences in the United States or on the OTC between June 19, 2017 and August  
6 20, 2018 at 1:21 p.m. EST, inclusive, and were allegedly damaged thereby. Excluded from the Class  
7 are: (a) Defendants; (b) the officers and directors of the Company at all relevant times; (c) members  
8 of any Defendant’s immediate families; (d) any entity in which Defendants have or had a controlling  
9 interest or which is related to or affiliated with any of the Defendants; (e) the legal representatives,  
10 heirs, agents, successors or assigns of such excluded Persons; (f) Defendants’ liability insurance  
11 carriers and any affiliates or subsidiaries thereof; (g) those who purchased CV Sciences common  
12 stock on foreign exchanges, in accordance with the United States Supreme Court’s decision in  
13 *Morrison v. Nat’l Australia Bank Ltd.*, 561 U.S. 247, 267 (2010) (“[I]t is in our view only  
14 transactions in securities listed on domestic exchanges, and domestic transactions in other securities,  
15 to which §10(b) applies.”); and (h) any Persons who exclude themselves by submitting a request for  
16 exclusion that is accepted by the Court.

17           1.5     “Class Member” or “Member of the Class” means a Person who falls within the  
18 definition of the Class as set forth in ¶1.4 of the Stipulation.

19           1.6     “Class Period” means the period between June 19, 2017 and prior to August 20, 2018  
20 at 1:21 p.m. EST, inclusive.

21           1.7     “Defendants” mean CV Sciences, Michael Mona, Jr., Joseph D. Dowling, and Michael  
22 Mona, III.

23           1.8     “Effective Date,” or the date upon which this settlement becomes “effective,” means  
24 the date by which all of the events and conditions specified in ¶7.1 of this Stipulation have been met  
25 or have occurred or have been waived.

26           1.9     “Escrow Account” means the escrow account established by the Escrow Agent to  
27 receive the Settlement Amount.

28           1.10    “Escrow Agent” means Huntington National Bank or its successor.

1           1.11 “Excluded Claims” means the (i) derivative claims brought on behalf of CV Sciences,  
2 including *Depoti v. Dowling, et al.*, Docket No. A-18-782513-C (Nev. Dist. Ct. Oct. 10, 2018);  
3 *Francis v. Mona, Jr., et al.*, No. 2:18-cv-02284 (D. Nev. Nov. 30, 2018); *Tarangelo v. Mona, Jr., et*  
4 *al.*, Docket No. A-19-789153-B (Nev. Dist. Ct. Feb. 11, 2019); *Radcliffe v. Joseph Dowling, et al.*,  
5 Docket No. A-19-794377-B (Nev. Dist. Ct. May 7, 2019); *Berry v. Dowling, et al.*, Docket No. 3:20-  
6 cv-01072 (S.D. Cal. Jun. 11, 2020); *Menna v. Dowling, et al.*, Docket No. 37-2021-00019613-CU-  
7 SL-CTL (Cal. Super. Ct. Apr. 22, 2021), and any similar claims that may be filed or consolidated  
8 therewith; or (ii) any claims relating to the enforcement of the settlement.

9           1.12 “Final” means, with respect to any order or Judgment of the Court, that such order or  
10 Judgment represents a final and binding determination of all issues within its scope and has not been  
11 reversed, vacated, or modified in any way and is no longer subject to appellate review, either because  
12 of disposition on appeal and conclusion of the appellate process or because of passage, without  
13 action, of time for seeking appellate review. Without limitation, an order or Judgment becomes final  
14 when: (a) either no appeal therefrom has been filed and the time has passed for any notice of appeal  
15 to be timely filed therefrom; or (b) an appeal has been filed and either (i) the court of appeals has  
16 either affirmed the order or Judgment or dismissed that appeal and the time for any reconsideration or  
17 further appellate review has passed; or (ii) a higher court has granted further appellate review and that  
18 court has either affirmed the underlying order or Judgment or affirmed the court of appeals’ decision  
19 affirming the Judgment or dismissing the appeal. For purposes of this paragraph, an “appeal” shall  
20 include any motion for reconsideration or rehearing or petition for a writ of certiorari or other writ  
21 that may be filed in connection with approval or disapproval of this settlement. Any appeal or  
22 proceeding seeking subsequent judicial review pertaining solely to an order issued with respect to: (i)  
23 attorneys’ fees, costs, or expenses or awards to Lead Plaintiff; (ii) the Plan of Allocation (as  
24 submitted or subsequently modified); or (iii) the procedures for determining Authorized Claimants’  
25 recognized claims, shall not in any way delay, affect, or preclude the time set forth above for the  
26 Judgment to become Final, or otherwise preclude the Judgment from becoming Final.

27           1.13 “Final Approval Hearing” means the hearing scheduled by the Court to determine  
28 whether (i) settlement is fair, reasonable, and adequate; (ii) the Plan of Allocation is fair, reasonable,

1 and adequate; and (iii) Plaintiff's Counsel's request for an award of attorneys' fees and expenses,  
2 including any award to Lead Plaintiff for his costs and expenses, is reasonable.

3 1.14 "Judgment" means the Judgment to be rendered by the Court, substantially in the form  
4 attached hereto as Exhibit B.

5 1.15 "Lead Counsel" means Faruqi & Faruqi, LLP, 685 Third Avenue, 26th Floor, New  
6 York, NY 10017.

7 1.16 "Lead Plaintiff" means Richard Ina, Trustee for The Ina Family Trust.

8 1.17 "Liaison Counsel" means Muckleroy Lunt, LLC.

9 1.18 "Net Settlement Fund" means the Settlement Fund less any attorneys' fees, expenses,  
10 and any award to Lead Plaintiff, provided for herein or approved by the Court, and less Notice and  
11 Administration Expenses, Taxes and Tax Expenses, and other Court-approved deductions.

12 1.19 "Notice" means the Notice of Pendency and Proposed Settlement of Class Action,  
13 which, subject to approval of the Court, shall be substantially in the form attached hereto as Exhibit  
14 A-1.

15 1.20 "Notice and Administration Expenses" means reasonable costs and expenses incurred  
16 in connection with providing Notice to the Class, locating Class Members, soliciting claims, assisting  
17 with the submission of claims, processing Proof of Claim forms, administering and distributing the  
18 Net Settlement Fund to Authorized Claimants, and paying escrow fees and costs, if any.

19 1.21 "Person(s)" means an individual, corporation, limited liability corporation,  
20 professional corporation, partnership, limited partnership, limited liability partnership, association,  
21 joint stock company, joint venture, estate, legal representative, trust, unincorporated association,  
22 government or any political subdivision or agency thereof, and any business or legal entity and their  
23 spouses, heirs, predecessors, successors, representatives, or assigns.

24 1.22 "Plaintiff's Counsel" means, collectively, Lead Counsel and Liaison Counsel.

25 1.23 "Plan of Allocation" means a plan or formula of allocation of the Net Settlement Fund  
26 whereby the Net Settlement Fund shall be distributed to Authorized Claimants. The Plan of  
27 Allocation is not part of the Stipulation and Defendants shall have no responsibility or liability with  
28 respect thereto.

1           1.24   “Preliminary Approval Order” means the Order Preliminarily Approving Settlement  
2 and Providing for Notice as approved by the Court, substantially in the form attached hereto as  
3 Exhibit A.

4           1.25   “Proof of Claim” means a Proof of Claim and Release, which, subject to approval of  
5 the Court, shall be substantially in the form attached hereto as Exhibit A-2.

6           1.26   “Related Parties” means each of Defendants’ predecessors, successors, parent  
7 corporations, sister corporations, subsidiaries, affiliates, assigns, assignors, divisions, joint ventures,  
8 heirs, legatees, executors, administrators, estates, receivers and trustees, settlors, beneficiaries,  
9 officers, directors, shareholders, employees, agents, consultants, contractors, auditors, partners,  
10 insurers, reinsurers, representatives, attorneys, legal representatives, and all persons acting by,  
11 through, under or in concert with them or any of them.

12           1.27   “Released Claims” means all known or unknown claims that both: (a) arise out of, are  
13 based upon, or relate in any way to any of the allegations, acts, transactions, facts, events, matters,  
14 occurrences, statements, representations, misrepresentations or omissions involved, set forth, alleged  
15 or referred to, in this Action, or which could have been alleged in this Action; and (b) arise out of, are  
16 based upon, or relate in any way to the purchase of the common stock of CV Sciences in the United  
17 States or on the OTC during the Class Period. Released Claims do not include (i) any claims relating  
18 to the enforcement of the settlement or (ii) any Excluded Claims. “Released Claims” includes  
19 “Unknown Claims” as defined in ¶1.36 hereof.

20           1.28   “Released Parties” means each and all of the Defendants and their respective Related  
21 Parties.

22           1.29   “Releasing Plaintiff Party” or “Releasing Plaintiff Parties” means Lead Plaintiff, each  
23 and every Class Member, and each of their respective past or present trustees, officers, directors,  
24 partners, employees, contractors, auditors, principals, agents, attorneys, predecessors, successors,  
25 assigns, representatives, affiliates, insurers, parents, subsidiaries, general or limited partners or  
26 partnerships, and limited liability companies; and the spouses, members of the immediate families,  
27 representatives, and heirs of any Releasing Plaintiff Party who is an individual, as well as any trust of  
28 which any Releasing Plaintiff Party is the settlor or which is for the benefit of any of their immediate



1 family members. Releasing Plaintiff Parties do not include any Person who timely and validly seeks  
2 exclusion from the Class.

3 1.30 “Settled Defendants’ Claims” means all known or unknown claims, demands, losses,  
4 rights, and causes of action of any nature whatsoever, that have been or could have been asserted in  
5 the Action or any forum by the Released Parties or any of them against Lead Plaintiff, Class  
6 Members, and Plaintiff’s Counsel, which arise out of or relate in any way to the institution,  
7 prosecution, assertion, settlement, or resolution of the Action (except for claims to enforce the  
8 settlement). “Settled Defendants’ Claims” includes “Unknown Claims” as defined in ¶1.36 hereof.

9 1.31 “Settlement Amount” means Seven Hundred Twelve Thousand Five Hundred U.S.  
10 Dollars (\$712,500) in cash to be paid into the Escrow Account pursuant to ¶¶2.1 and 2.2 of this  
11 Stipulation.

12 1.32 “Settlement Fund” means the Settlement Amount plus any accrued interest or income  
13 earned thereon.

14 1.33 “Settling Parties” means, collectively, Defendants and Lead Plaintiff, on behalf of  
15 himself and Members of the Class.

16 1.34 “Summary Notice” means the summary notice for publication, which, subject to  
17 approval of the Court, shall be substantially in the form attached hereto as Exhibit A-3.

18 1.35 “Tax” or “Taxes” mean any and all taxes, fees, levies, duties, tariffs, imposts, and  
19 other charges of any kind (together with any and all interest, penalties, additions to tax and additional  
20 amounts imposed with respect thereto) imposed by any governmental authority.

21 1.36 “Unknown Claims” means: (a) any and all Released Claims that Lead Plaintiff or any  
22 Class Member does not know or suspect to exist in his, her, their or its favor at the time of the release  
23 of the Released Parties which, if known by him, her, them or it, might have affected his, her, their or  
24 its settlement with and release of the Released Parties, or might have affected his, her, their or its  
25 decision(s) with respect to the settlement, including the decision to object to the terms of the  
26 settlement or to exclude himself, herself, themselves or itself from the settlement Class; and (b) any  
27 Settled Defendants’ Claims that any Released Party does not know or suspect to exist in his, her, their  
28 or its favor at the time of the release of the Lead Plaintiff, Class Members, and Plaintiff’s Counsel,

1 which if known by him, her, them or it, might have affected his, her, their or its decision(s) with  
2 respect to the settlement with and release of the Lead Plaintiff, Class Members, and Plaintiff's  
3 Counsel, or might have affected his, her, their or its decision(s) with respect to the settlement. With  
4 respect to any and all Released Claims and Settled Defendants' Claims, the Settling Parties stipulate  
5 and agree that, upon the Effective Date, Lead Plaintiff and Defendants shall expressly waive, and  
6 each of the Class Members shall be deemed to have, and by operation of the Judgment shall have,  
7 expressly waived any and all provisions, rights, and benefits conferred by California Civil Code §  
8 1542 and any law of any state or territory of the United States, or principle of common law, which is  
9 similar, comparable, or equivalent to California Civil Code § 1542, which provides:

10       A general release does not extend to claims that the creditor or releasing party does not  
11       know or suspect to exist in his or her favor at the time of executing the release and  
12       that, if known by him or her, would have materially affected his or her settlement with  
13       the debtor or released party.

14       Lead Plaintiff and Class Members may hereafter discover facts in addition to or different from  
15 those that any of them now knows or believes to be true related to the subject matter of the Released  
16 Claims, but Lead Plaintiff shall expressly, and each Class Member, upon the Effective Date, shall be  
17 deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and  
18 released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or  
19 non-contingent, disclosed or undisclosed, matured or unmatured, which now exist, or heretofore have  
20 existed, upon any theory of law or equity now existing or coming into existence in the future,  
21 including, but not limited to, conduct that is negligent, intentional, with or without malice, or a breach  
22 of any duty, law or rule, without regard to the subsequent discovery or existence of such different or  
23 additional facts. Similarly, the Released Parties may hereafter discover facts in addition to or  
24 different from those that any of them now knows or believes to be true related to the subject matter of  
25 the Settled Defendants' Claims, but each Defendant shall expressly and each of the Released Parties,  
26 upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully,  
27 finally, and forever settled and released any and all Settled Defendants' Claims, known or unknown,  
28 suspected or unsuspected, contingent or non-contingent, disclosed or undisclosed, matured or  
unmatured, which now exist, or heretofore have existed, upon any theory of law or equity now

1 existing or coming into existence in the future, including, but not limited to, conduct that is negligent,  
2 intentional, with or without malice, or a breach of any duty, law or rule, without regard to the  
3 subsequent discovery or existence of such different or additional facts. The Settling Parties  
4 acknowledge, and Lead Plaintiff, the Class Members, and the Released Parties shall be deemed by  
5 operation of the Judgment to have acknowledged, that the inclusion of “Unknown Claims” in the  
6 definition of Released Claims and Settled Defendants’ Claims was separately bargained for and is a  
7 key element of the settlement of which these releases are a part.

## 8 **2. The Settlement**

### 9 **a. The Settlement Amount**

10 2.1 Defendants and/or Defendant’s insurers, on behalf of all Defendants, shall pay or  
11 cause to be paid the Settlement Amount.

12 2.2 The Settlement Amount will be paid in accordance with the instructions to be provided  
13 by the Escrow Agent within thirty (30) calendar days following the later of: (1) the date of entry of  
14 the Preliminary Approval Order; and (2) Lead Counsel furnishing to Defendants’ counsel adequate  
15 written payment instructions consisting of wire transfer instructions and a completed W-9 form for  
16 the Settlement Fund, including an address and tax ID number. The Settlement Amount shall be paid  
17 by wire transfer.

18 2.3 If the Settlement Amount is not timely paid to the Escrow Agent, Lead Plaintiff may  
19 terminate the Settlement but only if (a) Lead Counsel has notified Defendants’ counsel in writing of  
20 Lead Counsel’s intention to terminate the Settlement, and (b) the entire Settlement Amount is not  
21 transferred to the Escrow Agent within ten (10) calendar days after Lead Counsel has provided such  
22 written notice. Failure by Lead Counsel to timely furnish adequate payment instructions to  
23 Defendants’ counsel pursuant to ¶2.2 shall not be a basis for termination under this section and any  
24 delay in providing such instructions shall extend the period in which the Settlement Amount will be  
25 paid under ¶2.2 by an equivalent number of days.

26 2.4 Other than the Class Action Fairness Act (“CAFA”) expenses referred to in ¶3.1,  
27 which will be paid by Defendants, Defendants shall have no obligation to make any payment besides  
28 the payment of the Settlement Amount in connection with the settlement.

1                   **b. The Escrow Agent**

2           2.5     The Escrow Agent shall invest the Settlement Amount deposited pursuant to ¶¶2.1 and  
3 2.2 hereof in United States Agency or Treasury Securities or other instruments or accounts backed by  
4 the Full Faith & Credit of the United States Government or an agency thereof, or fully insured by the  
5 United States Government or an agency thereof, and shall reinvest the proceeds of these instruments  
6 as they mature in similar instruments at their then-current market rates. All risks related to the  
7 investment of the Settlement Fund in accordance with the investment guidelines set forth in this  
8 paragraph shall be borne by the Settlement Fund. The Released Parties shall have no responsibility  
9 for, interest in, or liability whatsoever with respect to investment decisions or the actions of the  
10 Escrow Agent, or any transactions executed by the Escrow Agent.

11           2.6     The Escrow Agent shall not disburse the Settlement Fund except as provided in this  
12 Stipulation, by an order of the Court, or with the written agreement of Lead Counsel.

13           2.7     Subject to further order(s) and/or directions as may be made by the Court, or as  
14 provided in this Stipulation, the Escrow Agent is authorized to execute such transactions as are  
15 consistent with the terms of the Stipulation.

16           2.8     All funds held by the Escrow Agent shall be deemed and considered to be in *custodia*  
17 *legis* of the Court, and shall remain subject to the jurisdiction of the Court, until such time as such  
18 funds shall be distributed pursuant to this Stipulation and/or further order(s) of the Court.

19           2.9     The settlement is non-recapture; *i.e.*, it is not a claims-made settlement. Upon the  
20 occurrence of the Effective Date, no Defendant, or any other Person who paid any portion of the  
21 Settlement Amount, shall have any right to the return of the Settlement Fund or any portion thereof  
22 for any reason whatsoever (including, without limitation, the number of Proof of Claim forms  
23 submitted, the collective amount of recognized claims of Authorized Claimants, the percentage of  
24 recovery of losses, or the amounts to be paid to Authorized Claimants from the Net Settlement Fund),  
25 except as set forth in ¶7.4 below.

26           2.10    The Escrow Agent may, at any time after entry of the Preliminary Approval Order and  
27 without further approval from Defendants or the Court, disburse at the direction of Lead Counsel up  
28 to \$30,000 from the Settlement Fund prior to or after the Effective Date to pay Notice and

1 Administration Expenses. After the Effective Date, additional amounts, up to a total of \$15,000, may  
2 be transferred from the Settlement Fund to pay for any additional Notice and Administration  
3 Expenses without further order of the Court. Any additional Notice and Administration Expenses in  
4 excess of \$45,000 shall be paid from the Settlement Fund subject to prior approval of the Court.

5 **c. Taxes**

6 2.11

7 (a) The Settling Parties, the Escrow Agent, and the Claims Administrator agree to  
8 treat the Settlement Fund as being at all times a “qualified settlement fund” within the meaning of  
9 Treasury Regulation § 1.468B-1. The Claims Administrator shall be responsible for timely making  
10 such elections as are necessary or advisable to carry out the provisions of this ¶2.11, including but not  
11 limited to the “relation-back election” (as defined in Treasury Reg. § 1.468B-1) to the earliest  
12 permitted date. Such elections shall comply with the procedures and requirements in such  
13 regulations. Additionally, it shall be the responsibility of the Claims Administrator to timely and  
14 properly prepare and deliver the necessary documentation for signature by all necessary parties, and  
15 thereafter to cause the appropriate filing(s) to occur.

16 (b) For the purpose of § 468B of the Internal Revenue Code of 1986, as amended,  
17 and the regulations promulgated thereunder, the “administrator” shall be the Claims Administrator.  
18 The Claims Administrator shall timely and properly file all informational and other tax returns  
19 necessary or advisable with respect to the Settlement Fund (including, without limitation, the returns  
20 described in Treas. Reg. § 1.468B-2(k)). Such returns (as well as the election described in ¶2.11(a)  
21 hereof) shall be consistent with this ¶2.11 and in all events shall reflect that all Taxes (including any  
22 estimated Taxes, interest or penalties) on the income earned by the Settlement Fund shall be paid out  
23 of the Settlement Fund as provided in ¶2.11(c) hereof.

24 (c) All (i) Taxes (including any estimated Taxes, interest, or penalties) arising with  
25 respect to the income earned by the Settlement Fund, including any Taxes or tax detriments that may  
26 be imposed upon the Released Parties or their counsel with respect to any income earned by the  
27 Settlement Fund for any period during which the Settlement Fund does not qualify as a “qualified  
28 settlement fund” for federal or state income tax purposes, and (ii) expenses and costs incurred in

1 connection with the operation and implementation of this ¶2.11 (including, without limitation,  
2 expenses of tax attorneys and/or accountants and mailing and distribution costs and expenses relating  
3 to filing (or failing to file) the returns described in this ¶2.11) (“Tax Expenses”), shall be paid out of  
4 the Settlement Fund; in all events the Released Parties and their counsel shall have no liability or  
5 responsibility for the Taxes or the Tax Expenses. The Settlement Fund shall indemnify and hold each  
6 of the Released Parties and their counsel harmless for Taxes and Tax Expenses (including, without  
7 limitation, Taxes payable by reason of any such indemnification). Further, Taxes and Tax Expenses  
8 shall be treated as, and considered to be, a cost of administration of the Settlement Fund and shall be  
9 timely paid by the Escrow Agent out of the Settlement Fund without prior order from the Court as  
10 directed by Lead Counsel and the Claims Administrator. The Escrow Agent shall be authorized  
11 (notwithstanding anything herein to the contrary) to withhold from distribution to Authorized  
12 Claimants any funds necessary to pay such amounts, including the establishment of adequate reserves  
13 for any Taxes and Tax Expenses (as well as any amounts that may be required to be withheld under  
14 Treas. Reg. § 1.468B-2(1)(2)) as directed by Lead Counsel and the Claims Administrator. The  
15 Settling Parties hereto agree to cooperate with the Escrow Agent, the Claims Administrator, each  
16 other, and their tax attorneys and accountants to the extent reasonably necessary to carry out the  
17 provisions of this ¶2.11.

18 **d. Termination of Settlement**

19 2.12 In the event that this Stipulation is not approved or this Stipulation is terminated,  
20 canceled, or fails to become effective for any reason, the Settlement Fund (including accrued  
21 interest), less expenses paid, incurred, or due and owing consistent with this Stipulation, shall be  
22 refunded pursuant to written instructions from counsel for Defendants in accordance with ¶7.4 herein.

23 **3. Preliminary Approval Order and Final Approval Hearing**

24 3.1 Shortly after execution of the Stipulation, Lead Plaintiff shall submit the Stipulation  
25 together with its exhibits (the “Exhibits”) to the Court and apply for entry of the Preliminary  
26 Approval Order, substantially in the form of Exhibit A attached hereto, requesting, *inter alia*, the  
27 preliminary approval of the settlement set forth in the Stipulation, and approval for the Notice and  
28 Proof of Claim and publication of the Summary Notice, substantially in the forms of Exhibits A-1, A-

1 2, and A-3 attached hereto. The Notice shall include the general terms of the settlement set forth in  
2 this Stipulation, the proposed Plan of Allocation, the general terms of the Fee and Expense  
3 Application (defined below), and the date of the Final Approval Hearing. In accordance with CAFA,  
4 Defendants, at their own cost, shall serve proper notice of the proposed settlement upon those who  
5 are entitled to notice pursuant to CAFA and shall be solely responsible with respect to such notice.

6 3.2 CV Sciences shall provide and/or cause CV Sciences' transfer agent to provide Lead  
7 Counsel, at no cost to Lead Plaintiff or the Class, transfer records for purchases of the Company's  
8 common stock during the Class Period in a usable electronic format, such as an Excel spreadsheet. It  
9 shall be Lead Counsel's sole responsibility to disseminate the Notice, Proof of Claim, and Summary  
10 Notice to the Class in accordance with this Stipulation and as ordered by the Court. Defendants shall  
11 not bear any cost or responsibility for class notice, administration, or the allocation of the Net  
12 Settlement Fund among Authorized Claimants, besides the payment of the Settlement Amount. Class  
13 Members shall have no recourse as to the Released Parties with respect to any claims they may have  
14 that arise from any failure of the notice process.

15 3.3 Lead Counsel shall request that, after notice is given, the Court hold the Final  
16 Approval Hearing and approve the settlement of the Action as set forth herein and to enter the  
17 Judgment. At or after the Final Approval Hearing, Lead Counsel will also request that the Court  
18 approve the proposed Plan of Allocation and the Fee and Expense Application.

19 **4. Releases**

20 4.1 Upon the Effective Date, as defined in ¶1.8 hereof, Lead Plaintiff shall, and each Class  
21 Member shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and  
22 forever waived, released, relinquished, discharged, and dismissed each and every one of the Released  
23 Claims against each and every one of the Released Parties and shall forever be barred, enjoined, and  
24 estopped from commencing, instituting, prosecuting, or maintaining any and all of the Released  
25 Claims against any and all of the Released Parties, whether or not such Class Member executes and  
26 delivers a Proof of Claim.

27 4.2 Upon the Effective Date, as defined in ¶1.8 hereof, each of the Released Parties shall  
28 be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever waived,

1 released, relinquished, and discharged Lead Plaintiff, Plaintiff's Counsel, and each and all of the  
2 Class Members from all Settled Defendants' Claims.

3  
4 **5. Administration and Calculation of Claims, Final Awards, and Supervision of the Settlement Fund**

5 5.1 The Claims Administrator, subject to such supervision and direction of the Court as  
6 may be necessary or as circumstances may require, shall administer and calculate the Claims  
7 submitted by Class Members and shall oversee distribution of the Net Settlement Fund to Authorized  
8 Claimants.

9 5.2 The Settlement Fund shall be applied as follows:

10 (a) to pay all Notice and Administration Expenses;  
11 (b) to pay the Taxes and Tax Expenses;  
12 (c) to pay Plaintiff's Counsel's attorneys' fees and expenses, with interest thereon  
13 (the "Fee and Expense Award"), and an award of reasonable costs and expenses to Lead Plaintiff, if  
14 and to the extent allowed by the Court; and

15 (d) to distribute the Net Settlement Fund to Authorized Claimants as allowed by  
16 this Stipulation, the Plan of Allocation, or the Court.

17 5.3 Upon the Effective Date and thereafter, and in accordance with the terms of the  
18 Stipulation, the Plan of Allocation, or such further approval and further order(s) of the Court as may  
19 be necessary or as circumstances may require, the Net Settlement Fund shall be distributed to  
20 Authorized Claimants.

21 5.4 Within ninety (90) calendar days after the mailing of the Notice or such other time as  
22 may be set by the Court, each Class Member shall be required to submit to the Claims Administrator  
23 a completed Proof of Claim, substantially in the form and content of Exhibit A-2 attached hereto,  
24 signed under penalty of perjury and supported by such documents as are specified in the Proof of  
25 Claim.

26 5.5 Except as otherwise ordered by the Court, all Class Members who fail to timely  
27 submit a valid Proof of Claim within such period, or such other period as may be ordered by the  
28 Court, or otherwise allowed, shall be forever barred from receiving any payment pursuant to this



1 Stipulation and the settlement set forth herein, but will in all other respects be subject to and bound  
2 by the provisions of this Stipulation, the releases contained herein, and the Judgment.

3 Notwithstanding the foregoing, Lead Counsel shall have the discretion (but not the obligation) to  
4 accept late-submitted claims for processing by the Claims Administrator so long as the distribution of  
5 the Net Settlement Fund to Authorized Claimants is not materially delayed thereby. Lead Counsel  
6 shall have no liability for not accepting late claims.

7         5.6     Upon the Effective Date and thereafter, and in accordance with the terms of the  
8 Stipulation, the Plan of Allocation, or such further approval and further order(s) of the Court as may  
9 be necessary or as circumstances may require, the Net Settlement Fund shall be distributed to  
10 Authorized Claimants. If there is any balance remaining in the Net Settlement Fund after a  
11 reasonable period of time after the date of the initial distribution of the Net Settlement Fund, Lead  
12 Counsel shall, if feasible, reallocate such balance among Authorized Claimants in an equitable and  
13 economic fashion. These redistributions shall be repeated until the balance remaining in the Net  
14 Settlement Fund is no longer feasible to distribute to Class Members. Thereafter, any balance which  
15 still remains in the Net Settlement Fund shall be donated to Investor Protection Trust, a nation-wide  
16 non-profit organization dedicated to providing investor education and advocacy.

17         5.7     No Person shall have any claim against Lead Plaintiff, Plaintiff's Counsel, the Claims  
18 Administrator, any other Person designated by Lead Counsel, or any of the Released Parties or their  
19 insurers based on determinations or distributions made substantially in accordance with this  
20 Stipulation and the settlement contained herein, the Plan of Allocation, or further order(s) of the  
21 Court.

22         5.8     It is understood and agreed by the Settling Parties that any proposed Plan of  
23 Allocation of the Net Settlement Fund including, but not limited to, any adjustments to an Authorized  
24 Claimant's claim set forth therein, is not a part of this Stipulation and is to be considered by the Court  
25 separately from the Court's consideration of the fairness, reasonableness, and adequacy of the  
26 settlement set forth in this Stipulation, and any order or proceeding relating to the Plan of Allocation  
27 shall not operate to terminate or cancel the Stipulation or affect the finality of the Court's Judgment  
28 approving the Stipulation and the settlement set forth herein, or any other orders entered pursuant to

1 the Stipulation.

2 **6. Lead Plaintiff's Counsel's Attorneys' Fees and Expenses**

3 6.1 Lead Counsel, on behalf of all Plaintiff's Counsel, may submit an application or  
4 applications (the "Fee and Expense Application") for distributions from the Settlement Fund for: (a)  
5 an award of attorneys' fees; plus (b) expenses incurred in connection with prosecuting the Action,  
6 plus any interest on such attorneys' fees and expenses at the same rate and for the same periods as  
7 earned by the Settlement Fund (until paid) as may be awarded by the Court; plus (c) payment to Lead  
8 Plaintiff for his costs and expenses in representing the Class. Lead Counsel reserves the right to  
9 make additional applications for fees and expenses incurred.

10 6.2 The fees and expenses awarded by the Court shall be payable to Lead Counsel from  
11 the Settlement Fund, as ordered, immediately after the Court executes an order awarding such fees  
12 and expenses notwithstanding any objection thereto. Lead Counsel shall allocate any Court-awarded  
13 attorneys' fees and expenses among Plaintiff's Counsel.

14 6.3 Any payment of attorneys' fees or expenses to Plaintiff's Counsel is subject to the  
15 obligation of Plaintiff's Counsel to make repayment to the Settlement Fund, or to Defendants if  
16 appropriate, of any paid amounts, plus accrued interest at the same net rate as is earned by the  
17 Settlement Fund, if the settlement is terminated pursuant to the terms of this Stipulation or fails to  
18 become effective for any reason, or if, as a result of any appeal or further proceedings on remand or  
19 successful collateral attack, the Fee and Expense Award is reduced or reversed by Final non-  
20 appealable court order. Plaintiff's Counsel agrees that it is subject to the jurisdiction of the Court for  
21 the purpose of enforcing this paragraph. Plaintiff's Counsel shall make the appropriate refund or  
22 repayment in full no later than twenty (20) business days after receiving notice of the termination of  
23 the settlement pursuant to this Stipulation, notice from a court of appropriate jurisdiction of the  
24 disapproval of the settlement by Final non-appealable court order, or notice of any reduction or  
25 reversal of the award of attorneys' fees and/or expenses by Final non-appealable court order.

26 6.4 Lead Counsel's Fee and Expense Application may include a request for  
27 reimbursement of Lead Plaintiff's reasonable costs and expenses in connection with his  
28 representation of the Class pursuant to 15 U.S.C. § 78u-4(a)(4). However, in the event that the

1 Effective Date does not occur, or the judgment or the order approving Lead Plaintiff's application for  
2 an award for his costs and expenses is reversed or modified, or the Stipulation is canceled or  
3 terminated for any other reason, and such reversal, modification, cancellation or termination becomes  
4 final and not subject to review, then Lead Plaintiff shall within twenty (20) business days from  
5 receiving notice from Defendants' counsel or from a court of appropriate jurisdiction, refund to the  
6 Settlement Fund or to Defendants if appropriate such amounts for costs and expenses previously paid  
7 to Lead Plaintiff from the Settlement Fund plus interest thereon at the same rate as earned on the  
8 Settlement Fund in an amount consistent with such reversal or modification.

9       6.5     The procedure for and the allowance or disallowance by the Court of any applications  
10 by Lead Counsel for attorneys' fees and expenses, or the costs and expenses of Lead Plaintiff, to be  
11 paid out of the Settlement Fund, are not part of the settlement set forth in the Stipulation, and are to  
12 be considered by the Court separately from the Court's consideration of the fairness, reasonableness  
13 and adequacy of the settlement set forth in this Stipulation. Any order or proceeding relating to  
14 applications for Lead Counsel's attorney's fees and expenses, or Lead Plaintiff's award, or any  
15 appeal from any order relating thereto or reversal or modification thereof, shall not operate to  
16 terminate or cancel the Stipulation, or affect or delay the finality of the Judgment approving the  
17 Stipulation and the settlement of the Action set forth therein.

18       6.6     Any fees and/or expenses awarded by the Court shall be paid solely from the  
19 Settlement Fund. With the sole exception of Defendants' obligation to pay or cause the Settlement  
20 Amount to be paid into the Escrow Account as provided for in ¶¶2.1-2.2, the Released Parties shall  
21 have no responsibility for any payment of attorneys' fees and/or expenses to Plaintiff's Counsel or  
22 Lead Plaintiff.

23       **7. Conditions of Settlement, Effect of Disapproval, Cancellation or Termination**

24       7.1     The Effective Date of this Stipulation is expressly subject to, and conditioned upon,  
25 the occurrence of all of the following events:

26             (a)     the Court has entered the Preliminary Approval Order, as required by ¶3.1  
27 hereof;

28             (b)     the Settlement Amount has been deposited into the Escrow Account, as

1 required by ¶¶2.1 and 2.2 hereof;

2 (c) the Court has entered the Judgment, or a judgment substantially in the form of  
3 Exhibit B attached hereto;

4 (d) the Court dismisses the Action with prejudice;

5 (e) the Judgment has become Final, as defined in ¶1.12 hereof; and

6 (f) in the event that a case is commenced in respect of CV Sciences under Title 11  
7 of the United States Code (Bankruptcy) prior to the occurrence of any of the foregoing events, that  
8 case has been finally adjudicated and Lead Plaintiff has not exercised its option to terminate the  
9 Stipulation pursuant to ¶7.8 hereof within ten (10) business days of such final adjudication.

10 7.2 Upon the Effective Date, any and all remaining interest or right of the Released Parties  
11 or the Defendants' insurers in or to the Settlement Fund, if any, shall be absolutely and forever  
12 extinguished.

13 7.3 If the Effective Date does not occur, or if this Stipulation is terminated pursuant to its  
14 terms, then this Stipulation shall be canceled and terminated subject to ¶7.6 hereof unless Lead  
15 Counsel and counsel for the Defendants mutually agree in writing to proceed with this Stipulation.

16 7.4 Unless otherwise ordered by the Court, in the event this Stipulation shall terminate, or  
17 be canceled, or shall not become effective for any reason, within twenty (20) business days after  
18 written notification of such event is sent by counsel for the Defendants or Lead Counsel to the  
19 Escrow Agent, the Settlement Fund (including any interest or earnings accrued thereon), less  
20 expenses which have either been disbursed pursuant to ¶¶2.10-2.12 hereof, or are determined to be  
21 chargeable to the Settlement Fund pursuant to ¶¶2.10-2.12 hereof, shall be refunded by the Escrow  
22 Agent pursuant to written instructions from Defendants' counsel. The Claims Administrator shall  
23 apply for any tax refund owed on the Settlement Amount and pay the proceeds, after deduction of  
24 any fees or expenses incurred in connection with such application(s) for refund, pursuant to written  
25 instructions from Defendants' counsel.

26 7.5 In the event that this Stipulation is not approved by the Court or the settlement set  
27 forth in the Stipulation is terminated or fails to become effective in accordance with its terms for any  
28 reason, the Settling Parties shall be restored to their respective positions in the Action as of October

1 25, 2021. In such event, the terms and provisions of this Stipulation, with the exception of ¶¶1.1-  
2 1.36, 2.10-2.12, 6.3-6.4, 7.3-7.8, 8.3, and 8.11 hereof, shall have no further force and effect with  
3 respect to the Settling Parties and shall not be used in this Action or in any other proceeding for any  
4 purpose, and any judgment or order entered by the Court in accordance with the terms of this  
5 Stipulation shall be treated as vacated, *nunc pro tunc*. No order of the Court or modification or  
6 reversal on appeal of any order of the Court concerning the Plan of Allocation or the amount of any  
7 attorneys' fees, expenses, and interest awarded by the Court to Lead Plaintiff or Lead Counsel shall  
8 constitute grounds for cancellation or termination of this Stipulation.

9       7.6     If the Effective Date does not occur, or if this Stipulation is terminated pursuant to its  
10 terms, neither Lead Plaintiff nor Lead Counsel shall have any obligation to pay any amounts  
11 disbursed pursuant to ¶¶2.10-2.12. In addition, any expenses already incurred pursuant to ¶¶2.10-  
12 2.12 hereof at the time of such termination or cancellation but which have not been paid, shall be paid  
13 by the Escrow Agent in accordance with the terms of this Stipulation prior to the balance being  
14 refunded in accordance with ¶¶2.12 and 7.4 hereof.

15       7.7     Defendants represent that to their actual knowledge at the time of execution of this  
16 Stipulation, they are not insolvent, nor do they project that the payment of the Settlement Amount in  
17 accordance with the Stipulation would render them insolvent, within the meaning of and/or for the  
18 purposes of the United States Bankruptcy Code, including §§ 101 and 547 thereof.

19       7.8     If (i) before the Effective Date occurs, a case is commenced in respect of any of the  
20 Defendants or their insurers under Title 11 of the United States Code (Bankruptcy), or a trustee,  
21 receiver or conservator is appointed under any similar law, and (ii) a final order of a court of  
22 competent jurisdiction determining the transfer of money to the Settlement Fund or any portion  
23 thereof by or on behalf of any Defendant to be a preference, voidable transfer, fraudulent transfer or  
24 similar transaction, and any portion thereof is required to be returned, and such amount is not  
25 promptly deposited to the Settlement Fund by or on behalf of any other Defendant, then if both (i)  
26 and (ii) at the election of Lead Plaintiff, as to the Defendant to whom such order applies, the  
27 settlement may be terminated and the Judgment entered in favor of such Defendant shall be null and  
28 void. In such instance, the releases given and the Judgments entered in favor of other Defendants

1 shall remain in full force and effect. Alternatively, at the election of Lead Plaintiff, the Settling  
2 Parties shall jointly move the Court to vacate and set aside the release given and the Judgment  
3 entered in favor of the Defendants and that Defendants and Lead Plaintiff and the Class Members  
4 shall be restored to their respective positions in the Action as of October 25, 2021, and any cash  
5 amounts in the Settlement Fund shall be returned as provided herein.

6 **8. Miscellaneous Provisions**

7 8.1 The Settling Parties (a) acknowledge that it is their intent to consummate this  
8 Stipulation; and (b) agree to cooperate to the extent reasonably necessary to effectuate and implement  
9 all terms and conditions of this Stipulation and to exercise their best efforts to accomplish the  
10 foregoing terms and conditions of this Stipulation.

11 8.2 The Settling Parties intend this settlement to be a final and complete resolution of all  
12 disputes between them with respect to the Action. The settlement resolves claims which are  
13 contested and shall not be deemed an admission by any Settling Party as to the merits of any claim or  
14 defense. The Settling Parties agree that, and the Judgment will contain a finding that, during the  
15 course of the Action, the Settling Parties and their respective counsel at all times complied with the  
16 requirements of Federal Rule of Civil Procedure 11. The Settling Parties agree that the Settlement  
17 Amount and the other terms of the settlement were negotiated in good faith by the Settling Parties,  
18 and reflect a settlement that was reached voluntarily after consultation with competent legal counsel.  
19 The Settling Parties further agree that the parties and their counsel acted in good faith with respect to  
20 the Action and will not assert otherwise. The Settling Parties reserve their right to rebut, in a manner  
21 that such party determines to be appropriate, any contention made in any public forum that the Action  
22 was brought or defended in bad faith or without a reasonable basis.

23 8.3 Neither this Stipulation nor the settlement contained herein, nor any act performed or  
24 document executed pursuant to or in furtherance of this Stipulation or the settlement: (a) is or may be  
25 deemed to be or may be used as, a presumption, concession, or admission of, or evidence of, the  
26 validity of any Released Claim or of any wrongdoing or liability of the Released Parties; or (b) is or  
27 may be deemed to be or may be used as, a presumption, concession, or an admission of, or evidence  
28 of, any fault or omission of any of the Released Parties in any civil, criminal, or administrative

1 proceeding in any court, administrative agency, or other tribunal; or (c) is or may be deemed to be an  
2 admission or evidence that any claims asserted by Lead Plaintiff were not valid in any civil, criminal,  
3 or administrative proceeding.

4 8.4 Any of the Released Parties may file the Stipulation and/or the Judgment in any other  
5 action that may be brought against them in order to support a defense or counterclaim based on  
6 principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or  
7 reduction, or any theory of claim preclusion or issue preclusion or similar defense or counterclaim.

8 8.5 For purposes of this settlement only, the Settling Parties agree to: (i) certification of  
9 the Action as a class action, pursuant to Fed. R. Civ. P. 23(a) and 23(b)(3), on behalf of the Class as  
10 defined in ¶1.4; (ii) the appointment of Lead Plaintiff as Class Representative for the Class; and (iii)  
11 the appointment of Lead Counsel as Class Counsel for the Class pursuant to Fed. R. Civ. P. 23(g).

12 8.6 All of the Exhibits to this Stipulation are material and integral parts hereof and are  
13 fully incorporated herein by this reference.

14 8.7 This Stipulation may be amended or modified only by a written instrument signed by  
15 or on behalf of all Settling Parties or their respective successors-in-interest.

16 8.8 This Stipulation and the Exhibits attached hereto constitute the entire agreement  
17 among the Settling Parties hereto and no representations, warranties, or inducements have been made  
18 to any party concerning the Stipulation or its Exhibits other than the representations, warranties, and  
19 covenants contained and memorialized in such documents. Except as otherwise provided herein,  
20 each party shall bear its own costs.

21 8.9 Lead Counsel, on behalf of the Class, is expressly authorized by Lead Plaintiff to take  
22 all appropriate action required or permitted to be taken by the Class pursuant to this Stipulation to  
23 effectuate its terms and also is expressly authorized to enter into any modifications or amendments to  
24 this Stipulation on behalf of the Class which Lead Counsel deems appropriate.

25 8.10 Each counsel or other Person executing this Stipulation and any of its Exhibits on  
26 behalf of any party hereto warrants that such Person has the full authority to do so.

27 8.11 All agreements by, between or among the Settling Parties, their counsel and their  
28 other advisors as to the confidentiality of information exchanged between or among them shall

1 remain in full force and effect, and shall survive the execution and any termination of this Stipulation  
2 and the final consummation of the Settlement, if finally consummated, without regard to any  
3 condition of the Settlement.

4 8.12 This Stipulation may be executed in one or more counterparts and the signatures may  
5 be by facsimile or electronically. All executed counterparts and each of them shall be deemed to be  
6 one and the same instrument. A complete set of executed counterparts shall be filed with the Court.

7 8.13 Any failure by any of the Settling Parties to insist upon the strict performance by any  
8 other Settling Party of any of the provisions of the Stipulation shall not be deemed a waiver of any of  
9 the provisions thereof, and such Settling Party, notwithstanding such failure, shall have the right  
10 thereafter to insist upon the strict performance of any and all of the provisions of this Stipulation to  
11 be performed by the other Settling Parties to this Stipulation.

12 8.14 The waiver, express or implied, by any Settling Party of any breach or default by any  
13 other Settling Party in the performance of such Settling Party of its obligations under the Stipulation  
14 shall not be deemed or construed to be a waiver of any other breach, whether prior, subsequent, or  
15 contemporaneous, under this Stipulation.

16 8.15 This Stipulation shall be binding upon, and inure to the benefit of, the respective  
17 agents, executors, heirs, devisees, successors, and assigns of the Settling Parties.

18 8.16 The Court shall retain jurisdiction with respect to implementation and enforcement of  
19 the terms of this Stipulation, and all Settling Parties hereto submit to the jurisdiction of the Court for  
20 purposes of implementing and enforcing the settlement embodied in this Stipulation. Any action  
21 arising under or to enforce this Stipulation or any portion thereof, shall be commenced and  
22 maintained only in the Court.

23 8.17 This Stipulation and the Exhibits hereto shall be considered to have been negotiated,  
24 executed, and delivered, and to be wholly performed, in the State of Nevada, and the rights and  
25 obligations of the parties to this Stipulation shall be construed and enforced in accordance with, and  
26 governed by, the internal, substantive laws of the State of Nevada without giving effect to that State's  
27 choice of law principles, except to the extent that federal law requires that federal law govern.

28 IN WITNESS WHEREOF, the parties hereto have caused this Stipulation to be executed, by



1 their duly authorized attorneys, dated January 31, 2022.

2  
3 Dated: January 31, 2022

By: /s/Katherine Lenahan  
Katherine Lenahan

4  
5 Martin A. Muckleroy  
State Bar #9634  
**MUCKLERROY LUNT, LLC**  
6077 S. Fort Apache Rd., Ste 140  
Las Vegas, NV 89148  
Telephone: 702-907-0097  
Facsimile: 702-938-4065  
Email: martin@muckleroylunt.com

9 Katherine M. Lenahan (*pro hac vice*)  
Email: klenahan@faruqilaw.com  
Nina Varindani (*pro hac vice*)  
Email: nvarindani@faruqilaw.com  
**FARUQI & FARUQI, LLP**  
685 Third Avenue, 26th Floor  
New York, NY 10017  
Telephone: 212-983-9330  
Facsimile: 212-983-9331

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14 *Attorneys for Lead Plaintiff Richard Ina, as*  
15 *Trustee for The Ina Family Trust and Lead*  
16 *Counsel for the Class*

17  
18 Dated: January 31, 2022

By: /s/Eric A. Plourde  
Eric A. Plourde

19  
20 **PROCOPIO, CORY HARGRAVES & SAVITCH**  
**LLP**  
Jeffrey A. Garofalo  
State Bar #7345  
3960 Howard Hughes Pkwy., Ste. 500  
Las Vegas, NV 89469  
Telephone: 702-216-2685  
Facsimile: 619-788-5535  
E-mail: jeff.garofalo@procopio.com

21  
22  
23  
24  
25 S. Todd Neal (*pro hac vice*)  
Eric A. Plourde (*pro hac vice*)  
525 B Street, Ste 2200  
San Diego, CA 92101  
Telephone: 619-525-3890  
Facsimile: 619-398-0190  
E-mail: todd.neal@procopio.com  
E-mail: eric.plourde@procopio.com

*Attorneys for Defendants CV Sciences, Inc., Joseph D  
Dowling, Michael Mona, Jr. & Michael Mona, III*

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# **EXHIBIT A**

UNITED STATES DISTRICT COURT  
DISTRICT OF NEVADA

In re: CV SCIENCES, INC. SECURITIES  
LITIGATION

Case No. 2:18-cv-01602-JAD-BNW

**[PROPOSED] ORDER PRELIMINARILY  
APPROVING SETTLEMENT AND  
PROVIDING FOR NOTICE**

This Document Relates to: All Actions

WHEREAS, (i) Lead Plaintiff Richard Ina, as Trustee for the Ina Family Trust (“Lead Plaintiff”), on behalf of himself and each of the Class Members; (ii) defendants CV Sciences, Inc. (“CV Sciences” or the “Company”), Michael Mona, Jr., Joseph D. Dowling, and Michael Mona, III (collectively “Defendants”), have entered into the Stipulation of Settlement, dated January 31, 2022 (the “Stipulation”), which is subject to review under Rule 23 of the Federal Rules of Civil Procedure and which, together with the exhibits annexed thereto, sets forth the terms and conditions for the proposed settlement and dismissal of the class action pending before the Court entitled *In re CV Sciences, Inc. Securities Litigation*, Case No. 2:18-cv-01602-JAD-BNW (D. Nev.) (the “Action”); and the Court having read and considered the Stipulation and the exhibits thereto and submissions made relating thereto, and finding that substantial and sufficient grounds exist for entering this Order; and the Settling Parties having consented to the entry of this Order; and

WHEREAS, unless otherwise defined, all terms used herein have the same meaning as set forth in the Stipulation;

NOW, THEREFORE, IT IS HEREBY ORDERED:

1. The Court has reviewed the Stipulation and does hereby preliminarily approve the settlement set forth therein, subject to further consideration at the Final Approval Hearing described below.

2. Pursuant to Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure, and for purposes of this settlement only, the Action is hereby preliminarily certified as a class action on behalf

1 of all Persons who purchased the common stock of CV Sciences in the United States or on the OTC  
2 between June 19, 2017 and August 20, 2018 at 1:21 p.m. EST, inclusive, and were allegedly damaged  
3 thereby. Excluded from the Class are: (a) Defendants; (b) the officers and directors of the Company at  
4 all relevant times; (c) members of any Defendant’s immediate families; (d) any entity in which  
5 Defendants have or had a controlling interest or which is related to or affiliated with any of the  
6 Defendants; (e) the legal representatives, heirs, agents, successors, or assigns of such excluded Persons;  
7 (f) Defendants’ liability insurance carriers and any affiliates or subsidiaries thereof; (g) those who  
8 purchased CV Sciences common stock on foreign exchanges, in accordance with the United States  
9 Supreme Court’s decision in *Morrison v. Nat’l Australia Bank Ltd.*, 561 U.S. 247, 267 (2010) (“[I]t is in  
10 our view only transactions in securities listed on domestic exchanges, and domestic transactions in other  
11 securities, to which §10(b) applies.”); and (h) any Persons who exclude themselves by submitting a  
12 request for exclusion that is accepted by the Court.

13 3. The Court finds, for the purposes of settlement only, that the prerequisites for a class  
14 action under Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure have been satisfied in that:  
15 (a) the number of Class Members is so numerous that joinder of all members is impracticable; (b) there  
16 are questions of law and fact common to the Class; (c) the claims of Lead Plaintiff are typical of the  
17 claims of the Class he seeks to represent; (d) Lead Plaintiff and Lead Counsel have and will continue to  
18 fairly and adequately represent the interests of the Class; (e) the questions of law and fact common to  
19 the Members of the Class predominate over any questions affecting only individual Class Members;  
20 and (f) a class action is superior to other available methods for the fair and efficient adjudication of the  
21 controversy.

22 4. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, and for purposes of  
23 settlement only, Lead Plaintiff is certified as the Class Representative on behalf of the Class, Lead  
24 Counsel is hereby appointed as Class Counsel, and Liaison Counsel is hereby appointed as Liaison  
25 Class Counsel .

26 5. A hearing (the “Final Approval Hearing”) shall be held before this Court on  
27 \_\_\_\_\_ at \_\_\_\_\_ a.m./p.m. [a date that is at least 100 days from the date of this  
28 Order], at the United States District Court for the District of Nevada, Lloyd D. George Court House,

1 333 S. Las Vegas Blvd., Las Vegas, NV 89101, Courtroom \_\_\_\_, to determine whether the proposed  
2 settlement of the Action on the terms and conditions provided for in the Stipulation is fair, reasonable,  
3 and adequate and should be approved by the Court; whether a Judgment as provided in ¶1.14 of the  
4 Stipulation should be entered; whether the proposed Plan of Allocation is fair, reasonable, and adequate  
5 and should be approved; to determine the amount of fees and expenses to be awarded to Lead Counsel;  
6 and to determine any award to Lead Plaintiff pursuant to 15 U.S.C. § 78u-4(a)(4). The Court may  
7 adjourn the Final Approval Hearing without further notice to the Members of the Class.

8         6.       The Court approves, as to form and content, the Notice of Pendency and Proposed  
9 Settlement of Class Action (the “Notice”), the Proof of Claim and Release form (the “Proof of Claim”),  
10 and the Summary Notice annexed hereto as Exhibits A-1, A-2, and A-3, respectively, and finds that the  
11 mailing and distribution of the Notice and publishing of the Summary Notice substantially in the  
12 manner and form set forth in ¶¶11-12 of this Order meet the requirements of Federal Rule of Civil  
13 Procedure 23, the Private Securities Litigation Reform Act of 1995, and due process, and is the best  
14 notice practicable under the circumstances and shall constitute due and sufficient notice to all Persons  
15 entitled hereto.

16         7.       The firm of Analytics Consulting LLC (“Claims Administrator”) is hereby appointed to  
17 supervise and administer the notice program as well as the processing of claims as more fully set forth  
18 below.

19         8.       The Court approves the appointment of Huntington National Bank as the Escrow Agent  
20 to manage and administer the Settlement Fund for the benefit of the Class.

21         9.       The Escrow Agent may, at any time after entry of this Order and without further  
22 approval from Defendants or the Court, disburse at the direction of Lead Counsel up to \$30,000 from  
23 the Settlement Fund prior to the Effective Date to pay Notice and Administration Expenses. After the  
24 Effective Date, additional amounts, up to a total of \$15,000, may be transferred from the Settlement  
25 Fund to pay for any additional Notice and Administration Expenses without further order of the Court.  
26 For any additional Notice and Administration Expenses above \$45,000, Lead Counsel shall obtain  
27 Court approval for payments out of the Settlement Fund.

28         10.       Not later than seven (7) calendar days after the Court signs and enters this Order, CV

1 Sciences shall provide and/or cause its transfer agent to provide to Lead Counsel transfer records for  
2 purchases and acquisitions of CV Sciences common stock during the Class Period in a usable electronic  
3 format, such as an Excel spreadsheet. This information shall be kept confidential and shall not be used  
4 for any purpose other than to provide the notice contemplated by this Order.

5 11. Not later than twenty-one (21) business days after the Court signs and enters this Order  
6 (the “Notice Date”), the Claims administrator shall mail, by First-Class Mail, postage prepaid, the  
7 Notice and Proof of Claim to the list of record holders of CV Sciences common stock, and shall post to  
8 its website at [www.CVSciencesSecuritiesLitigation.com](http://www.CVSciencesSecuritiesLitigation.com) the Stipulation and its exhibits, this Order, and  
9 a copy of the Notice and Proof of Claim form.

10 12. Not later than fourteen (14) calendar days after the Notice Date, the Claims  
11 Administrator shall cause the Summary Notice to be published once in the national edition of *Investor’s*  
12 *Business Daily* and once over *PR Newswire*.

13 13. Nominees or custodians shall, within ten (10) calendar days of receipt of the Notice and  
14 Proof of Claim form, either: (i) request additional copies of the Notice and Proof of Claim sufficient to  
15 send to all beneficial owners for whom they are nominee or custodian and within ten (10) calendar days  
16 after receipt thereof send copies to such beneficial owners; or (ii) provide the Claims Administrator  
17 with lists of the names, last known addresses and email addresses (to the extent known) of such  
18 beneficial owners. Additional copies of the Notice and Proof of Claim form shall be made available to  
19 any nominee or custodian requesting the same for the purpose of distribution to beneficial owners.

20 14. The Claims Administrator shall, if requested, reimburse nominees or custodians out of  
21 the Settlement Fund solely for their reasonable out-of-pocket expenses incurred in providing notice to  
22 beneficial owners, up to \$0.70 per unit if the nominee or custodian elects to undertake the mailing of the  
23 Notice and Proof of Claim or up to \$0.10 per name if the nominee or custodian provides the names and  
24 addresses to the Claims Administrator, which expenses would not have been incurred except for the  
25 sending of such notice, and subject to further order of this Court with respect to any dispute concerning  
26 such reimbursement.

27 15. As soon as practicable after receiving lists of beneficial owners from nominees and  
28 custodians, the Claims Administrator shall mail, by First-Class Mail, postage pre-paid, the Notice and

1 Proof of Claim to all Class Members whom the Claims Administrator identifies by reasonable efforts.

2 16. Promptly upon receiving requests from Class Members, the Claims Administrator shall  
3 mail, by First-Class Mail, postage pre-paid, the Notice and Proof of Claim to such beneficial owners  
4 who request it, or otherwise instruct Class Members as to how to receive the Notice electronically and  
5 how to submit a Proof of Claim form.

6 17. At least seven (7) calendar days prior to the Final Approval Hearing, Lead Counsel shall  
7 serve on Defendants' Counsel and file with the Court proof, by affidavit or declaration, of such mailing  
8 and publishing.

9 18. Class Members who wish to participate in the settlement shall complete and submit a  
10 Proof of Claim in accordance with the instructions contained therein. Unless the Court orders  
11 otherwise, all Proof of Claim forms must be postmarked or submitted electronically no later than  
12 \_\_\_\_\_ [a date that is at least ninety (90) calendar days from the Notice Date]. Any Class  
13 Member who does not timely submit a Proof of Claim within the time provided shall be barred from  
14 sharing in the distribution of the proceeds of the Net Settlement Fund, unless otherwise ordered by the  
15 Court, but shall nevertheless be bound by any final judgment entered by the Court. Notwithstanding the  
16 foregoing, Lead Counsel may, in its discretion, accept late-submitted claims for processing by the  
17 Claims Administrator so long as distribution of the Net Settlement Fund to Authorized Claimants is not  
18 materially delayed thereby. No person shall have any claim against Lead Plaintiff, Plaintiff's Counsel,  
19 or the Claims Administrator by reason of the decision to exercise such discretion whether to accept late  
20 submitted claims.

21 19. Class Members shall be bound by all determinations and judgments in this Action,  
22 whether favorable or unfavorable, unless they request exclusion from the Class in a timely and proper  
23 manner, as hereinafter provided. A Class Member wishing to make such request shall mail, by First-  
24 Class Mail, a request for exclusion in written form such that it is received, not simply postmarked, on or  
25 before \_\_\_\_\_ [a date that is at least twenty-one (21) calendar days prior to the Final  
26 Approval Hearing] by the Claims Administrator at the address designated in the Notice. Such request  
27 for exclusion must state the name, address, and telephone number of the Person seeking exclusion, must  
28 state that the sender requests to be "excluded from the Class and does not wish to participate in the



1 settlement in *In re CV Sciences, Inc. Securities Litigation*, Case No. 2:18-cv-01602-JAD-BNW (D.  
2 Nev.),” and must be signed by such Person. Such Persons requesting exclusion are also directed to state  
3 the transaction information requested in the Notice, and provide copies of broker confirmations or other  
4 documentation of those transactions. The request for exclusion shall not be effective unless it provides  
5 the required information and is made within the time stated above, or the exclusion is otherwise  
6 accepted by the Court. Class Members who timely and validly request exclusion from the Class shall  
7 not be bound by the settlement and shall not be entitled to receive any payment out of the Net  
8 Settlement Fund as described in the Stipulation and Notice.

9       20. The Claims Administrator shall cause to be provided simultaneously to Lead Counsel  
10 and Defendants’ counsel copies of all requests for exclusion, and any written revocation of requests for  
11 exclusion, as expeditiously as possible.

12       21. Any Member of the Class may enter an appearance in the Action at his, her, their or its  
13 own expense, individually or through counsel of their own choice. If such Class Member does not enter  
14 an appearance, he, she, they or it will be represented by Lead Counsel.

15       22. Any Member of the Class who has not timely and validly requested exclusion may  
16 appear at the Final Approval Hearing and show cause why the proposed settlement of the Action should  
17 or should not be approved as fair, reasonable, and adequate, why a judgment should or should not be  
18 entered thereon, why the Plan of Allocation should or should not be approved, and why fees, costs, or  
19 expenses should or should not be awarded to Lead Counsel or Lead Plaintiff; provided, however, that  
20 no Class Member shall be heard at the Final Approval Hearing or entitled to contest such matters,  
21 unless that Person has submitted said written objections and copies of any papers and briefs in support  
22 thereof with the Clerk of the United States District Court for the District of Nevada at the address set  
23 forth below as well as mailed copies thereof by first-class mail to Lead Counsel and Defendants’  
24 Counsel at the addresses set forth below:

25  
26       **Clerk’s Office**  
27       Clerk of the Court  
28       United States District Court  
      District of Nevada  
      Lloyd D George Courthouse  
      333 S. Las Vegas Blvd.

1 Las Vegas, NV 89101

2 **Lead Counsel**

3 Katherine M. Lenahan  
4 FARUQI & FARUQI, LLP  
5 685 Third Avenue, 26th Floor  
6 New York, NY 10017

7 **Defendants' Counsel**

8 S. Todd Neal  
9 Eric A. Plourde  
10 Procopio, Cory, Hargreaves & Savitch LLP  
11 525 B Street, Suite 2200  
12 San Diego, CA 92101

13 23. Such objections, papers, and briefs must be received, not simply postmarked, on or  
14 before \_\_\_\_\_ [a date that is at least twenty-one (21) calendar days prior to the Final Approval  
15 Hearing]. Any Member of the Class who does not make his, her, their or its objection in the manner  
16 and time provided shall be deemed to have waived such objection and shall forever be foreclosed from  
17 making any objection to the fairness or adequacy of the proposed settlement as set forth in the  
18 Stipulation, to the Plan of Allocation, or to the award of fees, costs, and expenses to Lead Counsel or  
19 Lead Plaintiff, unless otherwise ordered by the Court. Attendance at the Final Approval Hearing is not  
20 necessary. Class Members wishing to be heard orally in opposition to approval of any of the foregoing,  
21 however, are required to indicate in their written objection their intention to appear at the hearing and to  
22 include in their written objections the identity of any witnesses they may call to testify and copies of  
23 any exhibits they intend to introduce into evidence at the Final Approval Hearing. If an objector hires  
24 an attorney to represent him, her, or it for the purposes of making an objection, the attorney must file a  
25 notice of appearance with the Court and effect service on the parties to the Action on or before  
26 \_\_\_\_\_ [a date that is at least twenty-one (21) calendar days prior to the Final Approval  
27 Hearing].

28 24. All funds held by the Escrow Agent shall be deemed and considered to be in *custodia legis* of the Court, and shall remain subject to the jurisdiction of the Court, until such time as such funds shall be distributed pursuant to the Stipulation and/or further order(s) of the Court.

25. All opening briefs and documents in support of final approval of the settlement, the Plan

1 of Allocation, and any application by Lead Counsel for attorneys' fees and expenses shall be filed and  
2 served by no later than \_\_\_\_\_ [ a date that is at least fifty-six (56) calendar days prior  
3 to the Final Approval Hearing]. Replies to any objections shall be filed and served no later than  
4 \_\_\_\_\_[a date that is at least seven (7) calendar days prior to the Final Approval  
5 Hearing].

6 26. The Released Parties shall not have any responsibility for the Plan of Allocation or any  
7 application for attorneys' fees and expenses submitted by Lead Counsel, and such matters will be  
8 considered separately from the fairness, reasonableness, and adequacy of the Settlement.

9 27. At or after the Final Approval Hearing, the Court shall determine whether the Plan of  
10 Allocation proposed by Lead Counsel, and any application for payment of attorneys' fees, expenses, or  
11 an award to Lead Plaintiff, shall be approved.

12 28. All reasonable expenses incurred in identifying and notifying Class Members, as well as  
13 administering the Settlement Fund, shall be paid as set forth in the Stipulation. In the event the  
14 settlement is not approved by the Court, or otherwise fails to become effective, neither Lead Plaintiff  
15 nor Lead Counsel shall have any obligations to repay any amounts incurred or disbursed pursuant to  
16 ¶¶2.10-2.12 of the Stipulation.

17 29. Neither the Stipulation, nor any of its terms or provisions, nor any of the negotiations or  
18 proceedings connected with it, shall be construed as an admission or concession by Defendants of the  
19 truth of any of the allegations in the Action, or of any liability, fault, or wrongdoing of any kind, and  
20 shall not be construed as or deemed to be evidence of or an admission or concession that Lead Plaintiff  
21 or any Class Members have suffered any damages, harm, or loss.

22 30. The Court reserves the right to adjourn the date of the Final Approval Hearing without  
23 further notice to the Members of the Class, and retains jurisdiction to consider all further applications  
24 arising out of or connected with the proposed settlement. The Court may approve the settlement, with  
25 such modifications as may be agreed to by the Settling Parties, if appropriate, without further notice to  
26 the Class.

27 31. In the event that the settlement does not become Final in accordance with the terms of  
28 the Stipulation or the Effective Date does not occur, the Stipulation, including any amendment(s)

1 thereof, except as expressly provided in the Stipulation, and this Preliminary Approval Order shall be  
2 null and void, of no further force or effect, and without prejudice to any Party, and may not be  
3 introduced as evidence or used in any actions or proceedings by any Person against the Parties, and the  
4 Parties shall be deemed to have reverted to their respective litigation positions in the Action as of  
5 October 25, 2021.

6 32. Pending final determination of whether the proposed settlement should be approved,  
7 neither Lead Plaintiff nor any Class Member, directly or indirectly, representatively, or in any other  
8 capacity, shall commence against any of the Defendants, any action or proceeding in any court or  
9 tribunal asserting any of the Released Claims.

10 33. Pending further order of the Court, all litigation activity, except that contemplated  
11 herein, in the Stipulation, in the Notice, in the Summary Notice, or in the Judgment, is hereby stayed  
12 and all hearings, deadlines, and other proceedings in this Action, except the Final Approval Hearing and  
13 any deadlines set forth in this Order, are hereby taken off calendar.

14 IT IS SO ORDERED.

15 DATED: \_\_\_\_\_

16 THE HONORABLE JENNIFER A. DORSEY  
17 UNITED STATES DISTRICT JUDGE  
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# **EXHIBIT A-1**

UNITED STATES DISTRICT COURT  
DISTRICT OF NEVADA

In re: CV SCIENCES, INC. SECURITIES  
LITIGATION

Case No. 2:18-cv-01602-JAD-BNW

This Document Relates to: All Actions

**NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF CLASS ACTION**

**If you purchased the common stock of CV Sciences, Inc. (“CV Sciences” or the “Company”) in the United States or on the OTC between June 19, 2017 and August 20, 2018 at 1:21 p.m. EST, inclusive, and were damaged thereby, then you may be entitled to a payment from a class action settlement.<sup>1</sup>**

*A federal court authorized this Notice. This is not a solicitation from a lawyer.*

- This settlement notice (the “Notice”) relates to a securities class action brought by an investor who alleges that CV Sciences and certain of its officers and directors made misrepresentations and/or omissions of material fact in violation of the federal securities laws.
- On \_\_\_\_\_, the Court preliminarily approved a settlement of this class action (the “Settlement”). This Settlement is with defendants CV Sciences, Michael Mona, Jr. (“Mona Jr.”), Joseph D. Dowling (“Dowling”), and Michael Mona, III (“Mona III”) (collectively, the “Defendants”). Defendants deny all allegations of misconduct. The two sides disagree on whether the investors could have won at trial, and if so, how much money they could have won.
- The Settlement will provide a \$712,500 Settlement Amount for the benefit of investors who purchased CV Sciences common stock in the United States or on the OTC between June 19, 2017 and August 20, 2018 at 1:21 p.m. EST, inclusive, and are alleged to have been damaged thereby.
- Attorneys for Lead Plaintiff (“Lead Counsel”) will ask the Court for 25% of the Settlement Fund and up to \$50,000 in reimbursement for expenses incurred in prosecuting this lawsuit. Lead Counsel also intends to ask the Court to grant Lead Plaintiff an award of up to \$12,000 for reasonable costs and expenses (including lost wages) directly relating to his

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<sup>1</sup> All capitalized terms not otherwise defined in this document shall have the meaning provided in the Stipulation of Settlement dated January 31, 2022 (the “Stipulation”).

representation of the class. If approved by the Court, these amounts (totaling approximately \$0.004 per damaged share) will be paid from the Settlement Fund.

- The estimated average recovery, after deducting attorneys’ fees and expenses and administrative costs<sup>2</sup> (if approved by the Court), is \$0.008 per share).
- **Your legal rights are affected whether you act or do not act. Read this Notice carefully.**

<b>YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT</b>	
<b>SUBMIT A CLAIM FORM BY _____</b>	The only way to get a payment.
<b>EXCLUDE YOURSELF BY _____</b>	Get no payment. This is the only option that allows you to ever be part of any other lawsuit against CV Sciences and the other Released Parties (as defined below) about the Released Claims (as defined below).
<b>OBJECT BY _____</b>	Write to the Court about why you do not like the Settlement, the proposed Plan of Allocation, or Lead Counsel’s application for an award of attorneys’ fees and payment of expenses, and/or an award of reasonable costs and expenses to Lead Plaintiff.
<b>GO TO A HEARING ON _____ AT _____ A.M/P.M</b>	Ask to speak in Court about the Settlement at the Settlement Hearing.
<b>DO NOTHING</b>	Get no payment. Give up rights.

- These rights and options - **and the deadlines to exercise them** - are explained in this notice.
- The Court in charge of this case still has to decide whether to approve the Settlement. Payments will be made if the Court approves the Settlement and after any appeal is resolved. Please be patient.

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<sup>2</sup> The estimated notice and claims administration costs for this Settlement, which shall be paid from the Settlement Fund, are \$46,924.39. The cost is only an estimate, however, as the administration has not fully commenced as of the date of this Notice. Based upon the estimate, the notice and administration costs per share would be approximately \$0.0009.

## SUMMARY OF THE NOTICE

### **Statement of Lead Plaintiff's Recovery**

Lead Plaintiff has entered into a proposed Settlement with Defendants that, if approved by the Court, will resolve this Action in its entirety. Pursuant to the proposed Settlement, a Settlement Fund consisting of \$712,500 in cash ("Settlement Amount"), plus any accrued interest or income earned thereon (the "Settlement Fund"), has been established. Based on Lead Plaintiff's consulting expert's analysis, it is estimated that if class members submit claims for 100% of CV Sciences' common stock entitled to participate in the Settlement, the estimated average recovery per share of common stock would be \$0.013 per share before deduction of Court-approved fees and expenses, and approximately \$0.008 per share after Court-approved fees and expenses are deducted. **These average recovery amounts are only estimates and an individual Class Member may recover more or less than these estimates.** As described more fully below in the Plan of Allocation beginning on page 14, an individual Class Member's actual recovery will depend on several factors, including: (a) the total number of claims submitted; (b) when the Class Member purchased his, her, or its shares of CV Sciences common stock; and (c) whether and when the Class Member sold his, her, or its shares of CV Sciences common stock.

### **Statement of Potential Outcome of the Case**

The Settling Parties disagree about both liability and damages and do not agree on the damages that would be recoverable if Lead Plaintiff was to prevail on each claim asserted against Defendants. The issues on which the Settling Parties disagree include, for example: (a) whether the statements made or facts allegedly omitted were materially misleading, or otherwise actionable under the federal securities laws; (b) whether any allegedly misleading statements or omissions made by Defendants were made with the requisite level of intent or recklessness; (c) the causes of the loss in the value of the stock; and (d) the amount of alleged damages, if any, that could be recovered at trial.

### **Statement of Attorneys' Fees and Expenses Sought**

With the exception of court-awarded attorneys' fees involved in filing a motion to compel against certain defendants, Lead Counsel has not received any payment for their services rendered or expenses incurred in conducting this Action on behalf of Lead Plaintiff and the Class. If the Settlement is approved by the Court, Lead Counsel will apply to the Court for attorneys' fees of 25% of the Settlement Fund and up to \$50,000 in reimbursement for expenses incurred in prosecuting this lawsuit. If approved by the Court, these amounts (totaling approximately \$0.004 per share) will be paid from the Settlement Fund.

### **Identification of Legal Representatives**

Lead Plaintiff and the Class are represented by Faruqi & Faruqi, LLP, Court-appointed Lead Counsel and Muckleroy Lunt, LLC, Court-appointed Liaison Counsel. Any questions



regarding the Settlement should be directed to Katherine Lenahan, Faruqi & Faruqi, LLP, 685 Third Avenue, 26th Floor, New York, NY 10017, (212) 983-9330, klenahan@faruqilaw.com.

### **Reasons for the Settlement**

For Lead Plaintiff, the principal reason for the Settlement is the immediate benefit of a cash recovery to the Class. This benefit must be compared to the uncertainty of being able to prove the allegations in the operative complaint; the uncertainty of having a class of CV Sciences investors certified; the risk that the Court may grant, in whole or in part, some or all of the anticipated motions for summary judgment to be filed by Defendants; the attendant risks of litigation, especially in complex actions such as this, as well as the difficulties and delays inherent in such litigation (including any appeals).

For Defendants, who deny all allegations of wrongdoing or liability whatsoever and deny that any Class Members were damaged, the principal reasons for entering into the Settlement are to bring to an end the substantial burden, expense, uncertainty, and risk of further litigation.

## **BASIC INFORMATION**

### **1. Why did I get this Notice?**

This Notice is being sent to people who may have purchased CV Sciences common stock in the United States or on the OTC between June 19, 2017 and August 20, 2018 at 1:21 p.m. EST. This Notice is being sent out because, if you made such purchases, you have a right to know about the proposed Settlement of a class action lawsuit, and about all of your options, before the Court decides whether to approve the Settlement.

The purpose of this Notice is to provide you with a Proof of Claim and Release form (“Proof of Claim” or “Claim Form”) and information regarding the deadline to submit that form if you wish to receive a payment from the Settlement.

This Notice explains the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is the United States District Court for the District of Nevada, and the case is known as *In re CV Sciences, Inc. Securities Litigation*, Case No. 2:18-cv-01602-JAD-BNW (D. Nev.) (the “Action”).

### **2. What is a class action?**

In a class action, one or more plaintiffs, called lead plaintiffs or class representatives, sue on behalf of people who have similar claims. The individuals and entities on whose behalf the class representative is suing are known as class members. One court resolves the issues in the case for all class members, except for those who choose to exclude themselves from the class if exclusion is permitted by applicable rules of procedure.

**3. What is this lawsuit about?**

This lawsuit is a putative class action alleging violations of the federal securities laws by Defendants.

The Court has appointed Richard Ina, as Trustee for the Ina Family Trust (“Lead Plaintiff”) to serve as Lead Plaintiff in the Action and has appointed the law firm of Faruqi & Faruqi, LLP to serve as Lead Counsel and Muckleroy Lunt, LLC to serve as Liaison Counsel on behalf of the Class.

This Action claims that CV Sciences’ public statements were materially misleading. The Action seeks money damages against Defendants for violations of the federal securities laws. Defendants deny any wrongdoing or liability whatsoever.

The first complaint was filed in this Action on August 24, 2018 against CV Sciences and certain of its officers and directors. Lead Plaintiff thereafter filed an Amended Securities Class Action Complaint (“AC”) on January 4, 2019 against Defendants. Subsequently, on March 5, 2021, Lead Plaintiff filed a Second Amended Securities Class Action Complaint (“SAC”) against Defendants. The SAC generally alleges that Defendants violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (“Exchange Act”), and Rule 10b-5 promulgated thereunder, by reason of material misrepresentations and omissions. Specifically, Lead Plaintiff alleges that Defendants made materially misleading statements and omissions during the Class Period concerning the Company’s business as alleged in the SAC. (*See, e.g.*, SAC ¶¶49-81). The Action further alleges that the prices of CV Sciences common stock were artificially inflated as a result of Defendants’ actions and that investors suffered injury as a result of the alleged inflation.

Defendants believe that discovery and further litigation would reveal that: (a) the challenged statements were not materially misleading or otherwise actionable under the federal securities laws, at the time they were made; (b) Defendants did not make such statements recklessly or with knowledge that they were misleading; (c) Lead Plaintiff will not be able to prevail on their causal theory related to the stock price decline; and (d) the value of Lead Plaintiff’s alleged damages are not supported or are inflated. Defendants also believe that no class could be certified in this case. As such, Defendants believe they would ultimately prevail in this litigation. However, given the time and expense necessary to continue to pursue this Action, Defendants believe it is in their best interests to enter into the Settlement with Lead Plaintiff and the Class.

**4. How and when was the Settlement reached?**

On March 5, 2019, Defendants filed a motion to dismiss the AC. On May 3, 2019, Lead Plaintiff filed opposition, to which the Defendants replied. On December 10, 2019, the Court denied Defendants’ motion to dismiss, sustaining Lead Plaintiff’s Section 10(b) claims against

Defendants and Lead Plaintiff's control person claims under Section 20(a) against Dowling, Mona Jr. and Mona III.

Thereafter, the parties began to engage in discovery, and Lead Plaintiff filed the SAC. On May 19, 2020, the USPTO issued United States Patent No. 10,653,639, entitled "Pharmaceutical Formulations Containing Cannabidiol and Nicotine for Treating Smokeless Tobacco Addition," which the Company claims formally grants CV Sciences patent protection for the product at issue in this action. During the discovery process, the parties met and conferred frequently over discovery issues. Lead Plaintiff filed two motions to compel discovery: the first against Mona Jr. and Mona III in October 2020, which was granted and denied in part, and the second against CV Sciences and Dowling in March 2021, which was denied as moot after the parties informed the Court of their intent to engage in settlement negotiations.

The Settling Parties met for a mediation on October 25, 2021, before a private mediator. The mediation was preceded by submission of mediation statements and exhibits. Lead Plaintiff reached an agreement-in-principle with Defendants regarding the Settlement at the conclusion of the mediation session. Thereafter, Lead Plaintiff and Defendants executed the Stipulation to formalize their agreement.

### **WHO IS IN THE SETTLEMENT**

To see if you will get money from this Settlement, you first have to determine if you are a Class Member.

<b>5. How do I know if I am part of the Settlement?</b>
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Subject to certain exceptions identified below, everyone who fits this description is a Class Member: all Persons who purchased the common stock of CV Sciences in the United States or on the OTC between June 19, 2017 and August 20, 2018 at 1:21 p.m. EST, inclusive, and were allegedly damaged thereby.

<b>6. Are there exceptions to being included?</b>
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Yes. There are some individuals and entities that are excluded from the Class by definition. Excluded from the Class are: (a) Defendants; (b) the officers and directors of the Company at all relevant times; (c) members of any Defendant's immediate families; (d) any entity in which Defendants have or had a controlling interest or which is related to or affiliated with any of the Defendants; (e) the legal representatives, heirs, agents, successors or assigns of such excluded Persons; (f) Defendants' liability insurance carriers and any affiliates or subsidiaries thereof; (g) those who purchased CV Sciences common stock on foreign exchanges, in accordance with the United States Supreme Court's decision in *Morrison v. Nat'l Australia Bank Ltd.*, 561 U.S. 247, 267 (2010) ("[I]t is in our view only transactions in securities listed on domestic exchanges, and domestic transactions in other securities, to which §10(b) applies."); and (h) any Persons who exclude themselves by submitting a request for exclusion that is accepted by the Court.

**7. What if I am still not sure if I am included?**

If you are still not sure whether you are included, you can ask for free help by calling 1-866-645-2347 or visiting [www.CVSciencesSecuritiesLitigation.com](http://www.CVSciencesSecuritiesLitigation.com). You can also fill out and return the Proof of Claim form described on page 7, in question 9, to see if you qualify.

**THE SETTLEMENT BENEFITS — WHAT YOU GET**

**8. What does the Settlement provide?**

In exchange for the Settlement and release of the Released Claims against the Released Parties, Defendants have agreed to create a \$712,500 fund. After deductions for Court-awarded attorneys' fees, interest, and expenses, settlement administration costs, and any applicable Taxes, the balance of the fund (the "Net Settlement Fund") will be distributed *pro rata* pursuant to the "Plan of Allocation" among all Class Members who send in valid and timely Proof of Claim forms.

The Plan of Allocation, which is subject to Court approval, is discussed in more detail on pages 14-19 of this Notice.

**9. How can I get a payment? When would I get my payment?**

To qualify for a payment, you must submit a timely and valid Proof of Claim form with supporting documents. A Proof of Claim form is being circulated with this Notice. You may also get a Proof of Claim form on the Internet at [www.CVSciencesSecuritiesLitigation.com](http://www.CVSciencesSecuritiesLitigation.com). Read the instructions carefully, fill out the Proof of Claim form, include all the documents the form asks for, sign it, and either mail it to the Claims Administrator or submit it through email at [Info@CVSciencesSecuritiesLitigation.com](mailto:Info@CVSciencesSecuritiesLitigation.com), such that your claim is postmarked (or submitted if sent via email) no later than \_\_\_\_\_.

If you have large numbers of transactions, you may request, or may be requested to, submit information regarding your transactions in electronic files. If you wish to submit your transaction data electronically, you must contact the Claims Administrator at [Info@CVSciencesSecuritiesLitigation.com](mailto:Info@CVSciencesSecuritiesLitigation.com) or visit their website at [www.CVSciencesSecuritiesLitigation.com](http://www.CVSciencesSecuritiesLitigation.com) to obtain the required file layout. You must still timely submit a manually signed Proof of Claim form by mail or email as specified above.

No electronic files will be considered to have been properly submitted unless the Claims Administrator issues to the claimant a written acknowledgement of receipt and acceptance of electronically submitted data. All claimants MUST timely submit a signed Proof of Claim form to be potentially eligible for a payment from this settlement.

The Court will hold a Final Approval Hearing on \_\_\_\_\_ at \_\_\_\_\_ a.m./p.m, to decide whether to approve the Settlement. If the Court approves the Settlement,

there may be appeals after that. It is always uncertain how and when these appeals ultimately will be resolved, and resolving them can take time, perhaps more than a year. It also takes time for all the Proof of Claim forms to be processed. Please be patient.

**10. What am I giving up to get a payment or stay in the Class?**

Unless you exclude yourself, you are staying in the Class, and that means that, upon the “Effective Date,” you will release all “Released Claims” (as defined below) against the “Released Parties” (as defined below).

“Released Claims” means all known or unknown claims that both: (a) arise out of, are based upon, or relate in any way to any of the allegations, acts, transactions, facts, events, matters, occurrences, statements, representations, misrepresentations or omissions involved, set forth, alleged or referred to, in this Action, or which could have been alleged in this Action; and (b) arise out of, are based upon, or relate in any way to the purchase of the common stock of CV Sciences in the United States or on the OTC during the Class Period. Released Claims do not include (i) any claims relating to the enforcement of the settlement or (ii) any Excluded Claims. “Released Claims” includes “Unknown Claims” as defined below.

“Excluded Claims” means the (i) derivative claims brought on behalf of CV Sciences, including *Depoti v. Dowling, et al.*, Docket No. A-18-782513-C (Nev. Dist. Ct. Oct. 10, 2018); *Francis v. Mona, Jr., et al.*, No. 2:18-cv-02284 (D. Nev. Nov. 30, 2018); *Tarangelo v. Mona, Jr., et al.*, Docket No. A-19-789153-B (Nev. Dist. Ct. Feb. 11, 2019); *Radcliffe v. Joseph Dowling, et al.*, Docket No. A-19-794377-B (Nev. Dist. Ct. May 7, 2019); *Berry v. Dowling, et al.*, Docket No. 3:20-cv-01072 (S.D. Cal. Jun. 11, 2020); *Menna v. Dowling, et al.*, Docket No. 37-2021-00019613-CU-SL-CTL (Cal. Super. Ct. Apr. 22, 2021), and any similar claims that may be filed or consolidated therewith; or (ii) any claims relating to the enforcement of the settlement.

“Related Parties” means each of Defendants’ predecessors, successors, parent corporations, sister corporations, subsidiaries, affiliates, assigns, assignors, divisions, joint ventures, heirs, legatees, executors, administrators, estates, receivers and trustees, settlors, beneficiaries, officers, directors, shareholders, employees, agents, consultants, contractors, auditors, partners, insurers, reinsurers, representatives, attorneys, legal representatives, and all persons acting by, through, under or in concert with them or any of them.

“Released Parties” means each and all of the Defendants and their respective Related Parties.

“Settled Defendants’ Claims” means all known or unknown claims, demands, losses, rights, and causes of action of any nature whatsoever, that have been or could have been asserted in the Action or any forum by the Released Parties or any of them against Lead Plaintiff, Class Members, and Plaintiff’s Counsel, which arise out of or relate in any way to the institution, prosecution, assertion, settlement, or resolution of the Action (except for claims to enforce the settlement). “Settled Defendants’ Claims” includes “Unknown Claims” as defined below.

“Unknown Claims” means: (a) any and all Released Claims that Lead Plaintiff or any Class Member does not know or suspect to exist in his, her, their or its favor at the time of the release of the Released Parties which, if known by him, her, them or it, might have affected his, her, their or its settlement with and release of the Released Parties, or might have affected his, her, their or its decision(s) with respect to the settlement, including the decision to object to the terms of the settlement or to exclude himself, herself, themselves or itself from the settlement Class; and (b) any Settled Defendants’ Claims that any Released Party does not know or suspect to exist in his, her, their or its favor at the time of the release of the Lead Plaintiff, Class Members, and Plaintiff’s Counsel, which, if known by him, her, them or it, might have affected his, her, their or its decision(s) with respect to the settlement with and release of the Lead Plaintiff, Class Members, and Plaintiff’s Counsel, or might have affected his, her, their or its decision(s) with respect to the settlement. With respect to any and all Released Claims and Settled Defendants’ Claims, the Settling Parties stipulate and agree that, upon the Effective Date, Lead Plaintiff and Defendants shall expressly waive, and each of the Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived any and all provisions, rights, and benefits conferred by California Civil Code §1542 and any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to California Civil Code §1542, which provides:

**A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**

Lead Plaintiff and Class Members may hereafter discover facts in addition to or different from those that any of them now knows or believes to be true related to the subject matter of the Released Claims, but Lead Plaintiff shall expressly and each Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, disclosed or undisclosed, matured or unmatured, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct that is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. Similarly, the Released Parties may hereafter discover facts in addition to or different from those that any of them now knows or believes to be true related to the subject matter of the Settled Defendants’ Claims, but each Defendant shall expressly and each of the Released Parties, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Settled Defendants’ Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, disclosed or undisclosed, matured or unmatured, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct that is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. The Settling Parties acknowledge, and Lead Plaintiff, the Class Members, and the Released Parties shall be deemed by operation of the Judgment to have acknowledged, that the inclusion of “Unknown Claims” in the definition of Released Claims and Settled Defendants’ Claims was separately bargained for and is a key element of the settlement of which these releases are a part.

If you remain a member of the Class, all of the Court’s orders will apply to you and legally bind you. You will be bound by the releases whether or not you submit a Proof of Claim form and/or receive a payment under the Settlement.

### **EXCLUDING YOURSELF FROM THE SETTLEMENT**

If you do not want a payment from this Settlement, but you want to keep any right you may have to sue or continue to sue the Defendants and the other Released Parties, on your own, about the Released Claims, then you must take steps to get out. This is called excluding yourself — or is sometimes referred to as “opting out” of the Class.

**11. How do I get out of the proposed Settlement?**

To exclude yourself from the Class, you must send a signed letter by mail stating that you request to be “excluded from the Class and do not wish to participate in the settlement in *In re CV Sciences, Inc. Securities Litigation*, Case No. 2:18-cv-01602-JAD-BNW (D. Nev.).” To be valid, your letter must state: (A) your name, address, telephone number, and signature; (B) the date, number, and dollar amount of all purchases, sales, or other dispositions of CV Sciences common stock during period from June 19, 2017 and through and including the close of trading on November 15, 2018. **The letter must also be accompanied by copies of broker confirmations or other documentation of your transactions in CV Sciences common stock.** You must mail your exclusion request such that it is received, not simply postmarked, no later than \_\_\_\_\_ to:

*CV Sciences Securities Litigation*  
Claims Administrator  
P.O. Box 2004  
Chanhassen, MN 55317-2004

You cannot exclude yourself by telephone or e-mail. If you ask to be excluded, you will not get any payment from the Settlement, and you cannot object to the Settlement. You will not be legally bound by anything that happens in this lawsuit, and you may be able to sue (or continue to sue) the Defendants and the other Released Parties in the future.

**12. If I do not exclude myself, can I sue the Defendants and the other Released Parties for the same thing later?**

No. Unless you exclude yourself, you give up any rights to sue the Defendants and the other Released Parties for any and all Released Claims. If you have a pending lawsuit speak to your lawyer in that case immediately. You must exclude yourself from *this* Class to continue your own lawsuit. Remember, the exclusion deadline is \_\_\_\_\_.

**13. If I exclude myself, can I get money from the proposed Settlement?**

No. If you exclude yourself, you will not get money from the proposed Settlement.

## THE LAWYERS REPRESENTING THE CLASS

### 14. Do I have a lawyer in this case? How will the lawyers be paid?

The Court has appointed the law firm of Faruqi & Faruqi, LLP as Lead Counsel and Muckleroy Lunt, LLC as Liaison Counsel (collectively, “Plaintiff’s Counsel”) to represent Lead Plaintiff and all other Class Members in the Action.

You will not be separately charged for the fees or expenses of Plaintiff’s Counsel appointed by the Court. The Court will determine the amount of Plaintiff’s Counsel’s fees and expenses, which will be paid from the Settlement Fund. *See also* Notice at 3 (“Statement of Attorneys’ Fees and Expenses Sought”). If you want to be represented by your own lawyer, you may hire one at your own expense.

## OBJECTING TO THE SETTLEMENT

If you are a Class Member, you can tell the Court that you do not agree with the Settlement or some part of it. You can ask the Court to deny approval by filing an objection. You cannot ask the Court to order a different settlement; the Court can only approve or reject the Settlement. If the Court denies approval, no settlement payments will be sent out and the lawsuit will continue. If this is what you want to happen, you must object.

### 15. How do I tell the Court that I do not like the proposed Settlement?

If you are a Class Member you can object to the Settlement or any part of it, including but not limited to, the Plan of Allocation, or Lead Counsel’s application for attorneys’ fees and expenses, and give reasons why you think the Court should not approve it.

Any objection to the proposed Settlement must be in writing. If you file a timely written objection, you may, but are not required to, appear at the Final Approval Hearing, either in person or through your own attorney. If you appear through your own attorney, you are responsible for hiring and paying that attorney. All written objections and supporting papers must clearly identify:

- The case name and number (*In re CV Sciences, Inc. Securities Litigation*, Case No. 2:18-cv-01602-JAD-BNW (D. Nev.));
- Your full name, address, telephone number, and signature;
- Information sufficient to prove membership in the Class, including the number of shares of CV Sciences common stock purchased or sold during the Class Period, the dates and prices of each such purchase and sale, and broker confirmations or other documentation of your transactions;
- All grounds for the objection, accompanied by any legal support known to you or your counsel;



- The identity of all counsel who represent you, if any;
- A statement confirming whether you or any counsel representing you intend to personally appear and/or testify at the Final Approval Hearing; and
- A list of any persons who may be called to testify and copies of any exhibits you intend to introduce into evidence at the Final Approval Hearing in support of your objection.

Your objection and any supporting papers must be submitted to the Clerk of the United States District Court for the District of Nevada at the address set forth below as well as mailed by first-class mail to Lead Counsel and Defendants' Counsel at the addresses set forth below:

**Clerk's Office**

Clerk of the Court  
United States District Court  
District of Nevada  
Lloyd D George Courthouse  
333 S. Las Vegas Blvd.  
Las Vegas, NV 89101

**Lead Counsel**

Katherine M. Lenahan  
FARUQI & FARUQI, LLP  
685 Third Avenue, 26th Floor  
New York, NY 10017

**Defendants' Counsel**

S. Todd Neal  
Eric A. Plourde  
Procopio, Cory, Hargreaves & Savitch LLP  
525 B Street, Suite 2200  
San Diego, CA 92101

Your objection and supporting papers must be received on or before \_\_\_\_\_.

<b>16. What is the difference between objecting and seeking exclusion?</b>
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Objecting is simply telling the Court that you do not like something about the proposed Settlement. You can object only if you stay in the Class. Excluding yourself is telling the Court that you do not want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

## THE COURT'S FINAL APPROVAL HEARING

### **17. When and where will the Court decide whether to approve the proposed settlement?**

The Court will hold a Final Approval Hearing at \_\_\_\_\_ on \_\_\_\_\_, at the District of Nevada, Lloyd D. George Court House, 333 S. Las Vegas Blvd., Las Vegas, NV 89101, Courtroom \_\_\_\_\_. At this hearing the Court will consider whether the Settlement is fair, reasonable and adequate. The Court also will consider the proposed Plan of Allocation for the proceeds of the Settlement, and the application of Lead Counsel for attorneys' fees, payment of expenses, and an award to Lead Plaintiff for his costs and expenses. The Court will take into consideration any written objections filed in accordance with the instructions in question 15. The Court also may listen to people who have properly indicated, within the deadline identified above, an intention to speak at the hearing; but decisions regarding the conduct of the hearing will be made by the Court. *See* question 19 for more information about speaking at the hearing. After the hearing, the Court will decide whether to approve the Settlement, the proposed Plan of Allocation, and the other applications. We do not know how long these decisions will take.

You should be aware that the Court may change the date and time of the Final Approval Hearing without further notice to the Class. Thus, if you want to come to the hearing, you should check with Lead Counsel before coming to be sure that the date and/or time has not changed.

### **18. Do I have to come to the Final Approval Hearing?**

No. Lead Counsel will answer questions the Court may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you filed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary. Class Members do not need to appear at the hearing or take any other action to indicate their approval.

### **19. May I speak at the Final Approval Hearing?**

If you object to the Settlement, you may ask the Court for permission to speak at the Final Approval Hearing. To do so, you must include with your objection (*see* question 15 above) a statement stating that it is your "Notice of Intention to Appear in *In re CV Sciences, Inc. Securities Litigation*, Case No. 2:18-cv-01602-JAD-BNW (D. Nev.)." Persons who intend to object to the Settlement, the Plan of Allocation, or Lead Counsel's application for an award of attorneys' fees and expenses, and/or the application of an award of reasonable costs and expenses to Lead Plaintiff and who desire to present evidence at the Final Approval Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the Final Approval Hearing. Unless otherwise ordered by the Court, you cannot speak at the hearing if you excluded yourself from the Class or if you have not provided written notice of your intention to speak at the Final Approval Hearing

by the deadline identified, and in accordance with the procedures described in questions 15 and 17 above.

### **IF YOU DO NOTHING**

**20. What happens if I do nothing at all?**

If you do nothing, you will get no money from the Settlement and you will be precluded from starting a lawsuit, continuing with a lawsuit, or being part of any other lawsuit against Defendants and the other Released Parties about the Released Claims in this case, ever again. To share in the Net Settlement Fund you must submit a Proof of Claim form (*see* question 9). To start, continue, or be a part of any other lawsuit against the Defendants and the other Released Parties about the Released Claims in this case you must exclude yourself from this Class (*see* question 11).

### **GETTING MORE INFORMATION**

**21. Are there more details about the proposed Settlement?**

This Notice summarizes the proposed Settlement. For the precise terms and conditions of the Settlement, please see the Stipulation available at [www.CVSciencesSecuritiesLitigation.com](http://www.CVSciencesSecuritiesLitigation.com), or access the Court docket in this case, for a fee, through the Court's Public Access to Court Electronic Records (PACER) system at <https://ecf.nvd.uscourts.gov>.

**PLEASE DO NOT TELEPHONE THE COURT OR THE COURT CLERK'S OFFICE TO INQUIRE ABOUT THIS SETTLEMENT OR THE CLAIM PROCESS.**

You can also get a copy of the Stipulation, and other documents related to the Settlement, as well as additional information about the Settlement by visiting the website dedicated to the Settlement, [www.CVSciencesSecuritiesLitigation.com](http://www.CVSciencesSecuritiesLitigation.com), where you will find answers to common questions about the Settlement, a Proof of Claim form, plus other information to help you determine whether you are a Class Member and whether you are eligible for a payment. You also can call the Claims Administrator toll free at 1-866-645-2347; write to *CV Sciences Securities Litigation*, Claims Administrator, P.O. Box 2004, Chanhassen, MN 55317-2004; or visit the website of Lead Counsel at [www.faruqilaw.com](http://www.faruqilaw.com).

### **PLAN OF ALLOCATION OF NET SETTLEMENT FUND AMONG CLASS MEMBERS**

The Plan of Allocation is a matter separate and apart from the proposed Settlement, and any decision by the Court concerning the Plan of Allocation shall not affect the validity or finality of the proposed Settlement. The Court may approve the Plan of Allocation with or without modifications agreed to among the Settling Parties, or may approve another plan of allocation, without further notice to Class Members.

The objective of the Plan of Allocation is to equitably distribute the Net Settlement Fund

among Authorized Claimants based on their respective alleged economic losses as a result of the alleged fraud, as opposed to losses caused by market- or industry-wide factors, or Company-specific factors unrelated to the alleged fraud. The Claims Administrator shall determine each Authorized Claimant's share of the Net Settlement Fund based upon the recognized loss formula (the "Recognized Loss") described below. A Recognized Loss will be calculated for each share of CV Sciences common stock purchased during the Class Period. The calculation of Recognized Loss will depend upon several factors, including when the shares of CV Sciences common stock were purchased during the Class Period, and for what amounts, and whether such shares were sold, and if sold, when they were sold, and for what amounts. The Recognized Loss is not intended to estimate the amount a Class Member might have been able to recover after a trial, nor to estimate the amount that will be paid to Authorized Claimants pursuant to the Settlement. The Recognized Loss is the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants. The Claims Administrator will use its best efforts to administer and distribute the Net Settlement Fund to the extent that it is equitably and economically feasible.

The Plan of Allocation was created with the assistance of a consulting damages expert, and reflects the unproven allegation that the price of CV Sciences common stock was artificially inflated throughout the Class Period. The estimated alleged artificial inflation in the price of CV Sciences common stock during the Class Period is reflected in Table 1 below. The computation of the estimated alleged artificial inflation in the price of CV Sciences common stock during the Class Period is based on certain misrepresentations alleged by Lead Plaintiff and the price change in the stock, net of market- and industry-wide factors, in reaction to the public announcements that allegedly corrected the misrepresentations alleged by Lead Plaintiff.

Federal securities laws allow investors to recover for losses caused by disclosures which corrected the Defendants' previous misleading statements or omissions. Thus, in order to have been damaged by the alleged violations of the federal securities laws, CV Sciences common stock purchased during the Class Period must have been held during a period of time in which its price declined due to the disclosure of information which corrected an allegedly misleading statement or omission. Lead Plaintiff and Lead Counsel have determined that such price decline occurred during the trading day on August 20, 2018, at approximately 1:21 p.m. EST. Accordingly, if a share of CV Sciences common stock was sold prior to 1:21 p.m. EST on August 20, 2018, the Recognized Loss for that share is \$0.00, and any loss suffered is not compensable under the federal securities laws.<sup>3</sup>

The "90-day look back" provision of the Private Securities Litigation Reform Act of 1995 ("PSLRA") is incorporated into the calculation of the Recognized Loss. The limitations on the calculation of the Recognized Loss imposed by the PSLRA are applied such that losses on CV Sciences common stock purchased during the Class Period and held as of the close of the 90-day period subsequent to the Class Period (the "90-Day Lookback Period") cannot exceed the difference between the purchase price paid for such stock and the average price of CV Sciences

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<sup>3</sup> Purchases of CV Sciences common stock on August 20, 2018, at a price at or above \$5.65 will be considered to have occurred before 1:21 p.m. EST that day. Sales of CV Sciences common stock on August 20, 2018, at a price at or below \$6.90 will be considered to have occurred after 1:21 p.m. EST.

common stock during the 90-Day Lookback Period. The Recognized Loss on CV Sciences common stock purchased during the Class Period and sold during the 90-Day Lookback Period cannot exceed the difference between the purchase price paid for such stock and the rolling average price of CV Sciences common stock during the portion of the 90-Day Lookback Period elapsed as of the date of sale.

In the calculations below, all purchase and sale prices shall exclude any fees, taxes and commissions. If a Recognized Loss amount is calculated to be a negative number, that Recognized Loss shall be set to zero (\$0.00). Any transactions in CV Sciences common stock executed outside of regular trading hours for the U.S. financial markets shall be deemed to have occurred during the next regular trading session.

### **Calculation of Recognized Loss Per Share of CV Sciences Common Stock**

For each share of CV Sciences common stock purchased during the Class Period (i.e., June 19, 2017 and August 20, 2018 at 1:21 p.m. EST, both dates inclusive), the Recognized Loss per share shall be calculated as follows:

- i. For each share of CV Sciences common stock that was sold prior to August 20, 2018, at 1:21 p.m. EST, the Recognized Loss per share is \$0.
- ii. For each share of CV Sciences common stock purchased during the Class Period that was subsequently sold during the period after August 20, 2018, at 1:21 p.m. EST, through November 15, 2018, inclusive (i.e., sold during the 90-Day Lookback Period), the Recognized Loss per share is *the lesser of*:
  - a. \$2.47;
  - b. The purchase price *minus* the sale price; or
  - c. The purchase price *minus* the “90-Day Lookback Value” on the date of sale provided in Table 1 below.
- iii. For each share of CV Sciences common stock purchased during the Class Period and still held as of the close of trading on November 15, 2018, the Recognized Loss per share is the *lesser of*:
  - a. \$2.47; or
  - b. The purchase price *minus* the average closing price of CV Sciences common stock during the 90-Day Lookback Period, which is \$5.00.

<b>Table 1</b>					
<b>Sale / Disposition Date</b>	<b>90-Day Lookback Value</b>	<b>Sale / Disposition Date</b>	<b>90-Day Lookback Value</b>	<b>Sale / Disposition Date</b>	<b>90-Day Lookback Value</b>
8/20/2018	\$4.21	9/19/2018	\$4.84	10/18/2018	\$4.93
8/21/2018	\$4.89	9/20/2018	\$4.86	10/19/2018	\$4.95
8/22/2018	\$5.64	9/21/2018	\$4.87	10/22/2018	\$4.95
8/23/2018	\$5.86	9/24/2018	\$4.87	10/23/2018	\$4.96
8/24/2018	\$5.94	9/25/2018	\$4.88	10/24/2018	\$4.96
8/27/2018	\$5.77	9/26/2018	\$4.89	10/25/2018	\$4.96
8/28/2018	\$5.54	9/27/2018	\$4.90	10/26/2018	\$4.96
8/29/2018	\$5.25	9/28/2018	\$4.90	10/29/2018	\$4.96
8/30/2018	\$5.12	10/1/2018	\$4.90	10/30/2018	\$4.96
8/31/2018	\$5.04	10/2/2018	\$4.89	10/31/2018	\$4.96
9/4/2018	\$4.98	10/3/2018	\$4.87	11/1/2018	\$4.97
9/5/2018	\$4.92	10/4/2018	\$4.85	11/2/2018	\$4.99
9/6/2018	\$4.83	10/5/2018	\$4.85	11/5/2018	\$5.01
9/7/2018	\$4.73	10/8/2018	\$4.85	11/6/2018	\$5.03
9/10/2018	\$4.71	10/9/2018	\$4.85	11/7/2018	\$5.04
9/11/2018	\$4.75	10/10/2018	\$4.85	11/8/2018	\$5.05
9/12/2018	\$4.77	10/11/2018	\$4.85	11/9/2018	\$5.05
9/13/2018	\$4.77	10/12/2018	\$4.86	11/12/2018	\$5.04
9/14/2018	\$4.77	10/15/2018	\$4.89	11/13/2018	\$5.03
9/17/2018	\$4.76	10/16/2018	\$4.90	11/14/2018	\$5.01
9/18/2018	\$4.81	10/17/2018	\$4.91	11/15/2018	\$5.00

### **INSTRUCTIONS APPLICABLE TO ALL CLAIMANTS**

The payment you receive will reflect your proportionate share of the Net Settlement Fund. Such payment will depend on the number of securities that participate in the Settlement, and when those securities were purchased and sold. The number of claimants who send in claims varies widely from case to case.

A purchase or sale of CV Sciences common stock shall be deemed to have occurred on the “contract” or “trade” date as opposed to the “settlement” or “payment” date.

All purchase and sale prices shall exclude any fees, taxes, and commissions.

**Acquisition by Gift, Inheritance, or Operation of Law:** If a Class Member acquired CV Sciences common stock during the Class Period by way of gift, inheritance or operation of law, such a claim will be computed by using the date and price of the original purchase and not the

date and price of transfer. To the extent that CV Sciences common stock were originally purchased prior to commencement of the Class Period, the Recognized Loss for that acquisition shall be deemed to be zero (\$0.00).

Notwithstanding any of the above, receipt of CV Sciences common stock during the Class Period in exchange for securities of any other corporation or entity shall not be deemed a purchase or sale of CV Sciences common stock.

The first-in-first-out (“FIFO”) basis will be applied to purchases and sales. Sales will be matched in chronological order, by trade date, first against CV Sciences common stock held as of the close of trading on June 18, 2017 (the last day before the Class Period begins) and then against the purchases of CV Sciences common stock during the Class Period beginning with the earliest purchase during the Class Period.

The date of covering a “short sale” is deemed to be the date of purchase of shares. The date of a “short sale” is deemed to be the date of sale of shares. In accordance with the Plan of Allocation, however, the Recognized Loss on “short sales” is zero. In the event that a claimant has an opening short position in CV Sciences common stock, the earliest Class Period purchases shall be matched against such opening short position and not be entitled to a recovery until that short position is fully covered.

Option contracts are not securities eligible to participate in the Settlement. With respect to CV Sciences common stock purchased or sold through the exercise of an option, the purchase/sale date of the stock shall be the exercise date of the option and the purchase/sale price of the stock shall be the closing price of CV Sciences common stock on the date of exercise. Any Recognized Loss arising from purchases of CV Sciences common stock acquired during the Class Period through the exercise of an option on CV Sciences common stock<sup>4</sup> shall be computed as provided for other purchases of CV Sciences common stock in the Plan of Allocation.

Payment according to the Plan of Allocation will be deemed conclusive against all Authorized Claimants. A Recognized Loss will be calculated as defined herein and cannot be less than zero. The Claims Administrator shall allocate to each Authorized Claimant a *pro rata* share of the Net Settlement Fund based on his, her, or its total Recognized Loss as compared to the total Recognized Losses of all Authorized Claimants. No distribution will be made to Authorized Claimants who would otherwise receive a distribution of less than \$10.00. If the prorated payment to any Authorized Claimant calculates to less than \$10.00, it will not be included in the calculation (*i.e.*, that Authorized Claimant’s recognized claim will be deemed to be zero) and no distribution will be made to that Authorized Claimant. Any prorated amounts of less than \$10.00 will be included in the pool distributed to those whose prorated payments are \$10.00 or greater.

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<sup>4</sup> Including (1) purchases of CV Sciences common stock as the result of the exercise of a call option, and (2) purchases of CV Sciences common stock by the seller of a put option as a result of the buyer of such put option exercising that put option.

Class Members who do not submit an acceptable Proof of Claim form will not share in the Settlement proceeds. The settlement and the Judgment dismissing this Action with prejudice will nevertheless bind Class Members who do not submit a request for exclusion and/or submit an acceptable Proof of Claim form.

Please contact the Claims Administrator or Lead Counsel if you disagree with any determinations made by the Claims Administrator regarding your Proof of Claim. If you are unsatisfied with the determinations, you may ask the Court, which retains jurisdiction over all Class Members and the claims-administration process, to decide the issue by submitting a written request.

The Defendants, their respective counsel, and all other Released Parties will have no responsibility or liability whatsoever for the processing of Proof of Claim Forms, the investment of the Settlement Fund, the distribution of the Net Settlement Fund, the Plan of Allocation, or the payment of any claim. Lead Plaintiff and Plaintiff's Counsel, likewise, will have no liability for their reasonable efforts to execute, administer, and distribute the Settlement.

Distributions will be made to Authorized Claimants after all claims have been processed and after the Court has finally approved the Settlement. If any funds remain in the Net Settlement Fund by reason of uncashed distribution checks or otherwise, then, after the Claims Administrator has made reasonable and diligent efforts to have Class Members who are entitled to participate in the distribution of the Net Settlement Fund cash their distributions, any balance remaining in the Net Settlement Fund after a reasonable period of time after the date of the initial distribution shall, if feasible, be reallocated in an equitable and economic fashion among Authorized Claimants who negotiated the checks sent in the initial distribution and would receive a minimum of \$10.00. These redistributions shall be repeated, if economically feasible, until the balance remaining in the Net Settlement Fund is *de minimis*. Any *de minimis* balance that still remains in the Net Settlement Fund after such reallocation(s), which is not feasible or economical to reallocate among Authorized Claimants, shall be donated to Investor Protection Trust, a nationwide non-profit organization dedicated to providing investor education and advocacy.

#### **SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES**

If you purchased shares of CV Sciences common stock in the United States or on the OTC between June 19, 2017 and August 20, 2018 at 1:21 p.m., inclusive, for the beneficial interest of a person or organization other than yourself, the Court has directed that, WITHIN TEN (10) CALENDAR DAYS OF YOUR RECEIPT OF THIS NOTICE, you either: (a) provide to the Claims Administrator the name, last known address, and last known email address of each person or organization for whom or which you purchased such CV Sciences common stock; or (b) request additional copies of this Notice and the Proof of Claim form and within ten (10) calendar days after receipt thereof mail the Notice and Proof of Claim form directly to the beneficial owners of that CV Sciences common stock.

You are entitled to reimbursement from the Settlement Fund of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage expense and the cost of ascertaining the names and addresses of beneficial owners. Those expenses will



be paid upon request and submission of appropriate supporting documentation. All communications concerning the foregoing should be addressed to the Claims Administrator:

*CV Sciences Securities Litigation*  
Claims Administrator  
P.O. Box 2004  
Chanhassen, MN 55317-2004  
Phone: 1-866-645-2347  
Email: [Info@CVSciencesSecuritiesLitigation.com](mailto:Info@CVSciencesSecuritiesLitigation.com)

Dated: \_\_\_\_\_

# **EXHIBIT A-2**

*CV Sciences Securities Litigation*  
Claims Administrator  
P.O. Box 2004  
Chanhassen, MN 55317-2004  
www.CVSciencesSecuritiesLitigation.com

**PROOF OF CLAIM AND RELEASE FORM**

**I. GENERAL INSTRUCTIONS**

1. To recover as a Member of the Class based on your claims in the action entitled *In re CV Sciences, Inc. Securities Litigation.*, No. 2:18-cv-01602-JAD-BNW (D. Nev.) (the “Action”), you must complete and, on page 6 hereof, sign this Proof of Claim and Release form (“Claim Form”). If you fail to submit a timely and properly addressed (as set forth in paragraph 3 below) Claim Form along with the requested supporting documentation, your claims may be rejected and you may not receive any recovery from the Settlement Fund created in connection with the proposed settlement of the Action.<sup>1</sup>

2. Submission of this Claim Form, however, does not assure that you will share in proceeds of the settlement of the Action.

3. YOU MUST MAIL YOUR COMPLETED AND SIGNED CLAIM FORM AND THE SUPPORTING DOCUMENTS REQUESTED HEREIN (OR SUBMIT THEM VIA EMAIL TO [Info@CVSciencesSecuritiesLitigation.com](mailto:Info@CVSciencesSecuritiesLitigation.com) SUCH THAT YOUR CLAIM IS POSTMARKED (OR SUBMITTED IF SENT VIA EMAIL) NO LATER THAN [90 CALENDAR DAYS FROM NOTICE DATE] TO THE CLAIMS ADMINISTRATOR, AT THE FOLLOWING ADDRESS:

*CV Sciences Securities Litigation*  
Claims Administrator  
P.O. Box 2004  
Chanhassen, MN 55317-2004  
Phone: 1-866-645-2347  
Email: [Info@CVSciencesSecuritiesLitigation.com](mailto:Info@CVSciencesSecuritiesLitigation.com)

If you are NOT a Class Member (as defined in the Notice), DO NOT submit a Proof of Claim form. Also, NOTE THAT CLAIMS CALCULATING TO AN AWARD AMOUNT OF LESS THAN \$10.00 WILL NOT BE PAID.

4. If you are a Class Member and you did not timely request exclusion from the Class, you will be bound by the terms of any judgment entered in the Action, including the releases provided herein, WHETHER OR NOT YOU SUBMIT A CLAIM FORM.

**II. CLAIMANT IDENTIFICATION**

You are a Class Member if you purchased the common stock of CV Sciences, Inc. (“CV Sciences”) in the United States or on the OTC between June 19, 2017 and August 20, 2018 at 1:21 p.m. EST, inclusive, and were allegedly damaged thereby. Excluded from the Class are: (a) Defendants; (b) the officers and directors of the Company at all relevant times; (c) members of any Defendant’s immediate families; (d) any entity in which Defendants have or had a controlling interest or which is related to or affiliated with any of the Defendants; (e) the legal representatives, heirs, agents, successors or assigns of such excluded Persons; (f) Defendants’ liability insurance carriers and any affiliates or subsidiaries thereof; (g) those who purchased CV Sciences common stock on foreign exchanges, in accordance with the United States Supreme Court’s decision in *Morrison v. Nat’l Australia Bank Ltd.*, 561 U.S. 247, 267 (2010) (“[I]t is in our

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<sup>1</sup> Capitalized terms not defined in this Claim Form have the meaning set forth in the Notice of Pendency and Proposed Settlement of Class Action (“Notice”) that accompanies this Claim Form, and the Stipulation of Settlement, dated January 31, 2022 (the “Stipulation”), which can be obtained at [www.CVSciencesSecuritiesLitigation.com](http://www.CVSciencesSecuritiesLitigation.com).

view only transactions in securities listed on domestic exchanges, and domestic transactions in other securities, to which §10(b) applies.”); and (h) any Persons who exclude themselves by submitting a request for exclusion that is accepted by the Court.

If you purchased CV Sciences common stock and held the certificate(s) in your name, you are the beneficial purchaser as well as the record purchaser. If, however, the certificate(s) was registered in the name of a third party, such as a nominee or brokerage firm, you are the beneficial purchaser, and the third party is the record purchaser.

Use Part I of this form entitled “Claimant Information” to identify yourself and each owner of record (“nominee”) if different from the beneficial owner of CV Sciences common stock that forms the basis of this claim. **THIS CLAIM MUST BE FILED BY THE ACTUAL BENEFICIAL PURCHASER(S), OR THE LEGAL REPRESENTATIVE OF SUCH PURCHASER(S) OF THE CV SCIENCES COMMON STOCK UPON WHICH THIS CLAIM IS BASED.**

All joint purchasers must sign this Claim Form. Executors, administrators, guardians, conservators, and trustees must complete and sign this Claim Form on behalf of persons represented by them and their authority must accompany this claim and their titles or capacities must be stated. The Social Security (or taxpayer identification) number and telephone number of the beneficial owner may be used in verifying the claim. Failure to provide the foregoing information could delay verification of your claim or result in rejection of the claim.

If you are acting in a representative capacity on behalf of a Class Member (for example, as an executor, administrator, trustee, or other representative), you must submit evidence of your current authority to act on behalf of that Class Member. Such evidence would include, for example, letters testamentary, letters of administration, or a copy of the trust documents.

**NOTICE REGARDING ELECTRONIC FILES:** Certain claimants with large numbers of transactions may request, or may be requested, to submit information regarding their transactions in electronic files. All claimants **MUST** submit a manually signed paper Claim Form listing all their transactions whether or not they also submit electronic copies. If you wish to file your claim electronically, you must contact the Claims Administrator at [Info@CVSciencesSecuritiesLitigation.com](mailto:Info@CVSciencesSecuritiesLitigation.com) or visit their website at [www.CVSciencesSecuritiesLitigation.com](http://www.CVSciencesSecuritiesLitigation.com) to obtain the required file layout. No electronic files will be considered to have been properly submitted unless the Claims Administrator issues to the Claimant a written acknowledgment of receipt and acceptance of electronically submitted data.

### **III. CLAIM FORM**

Use Part II of this form entitled “Schedule of Transactions in CV Sciences Common Stock,” to supply all required details of your transaction(s) in CV Sciences common stock. If you need more space or additional schedules, attach separate sheets giving all of the required information in substantially the same form. Sign and print or type your name on each additional sheet.

On the schedules, provide all the requested information with respect to (1) all of your purchases and sales of CV Sciences common stock that took place between June 19, 2017 and November 15, 2018, inclusive; (2) the number of shares of common stock that you held at the opening of trading on June 19, 2017; and (3) the number of shares of common stock that you held at the close of trading on November 15, 2018. Failure to report all such transactions may result in the rejection of your claim.

List each transaction separately and in chronological order, by trade date, beginning with the earliest. You must accurately provide the month, day, and year of each transaction you list.

The date of covering a “short sale” is deemed to be the date of purchase of CV Sciences common stock. The date of a “short sale” is deemed to be the date of sale of CV Sciences common stock.

For each transaction, you must provide, together with this Claim Form, copies of stockbroker confirmations slips, stockbroker statements, or other documents adequately evidencing your transactions in CV Sciences common stock. If any such documents are not in your possession, please obtain a copy or equivalent documents from your broker because these documents are necessary to prove and process your claim. Failure to provide this documentation could delay verification of your claim or result in rejection of your claim.

## CV SCIENCES, INC. SECURITIES LITIGATION

## PART I. CLAIMANT INFORMATION

Name		
Address		
City	State	Zip
Foreign Province	Foreign Country	
Day Phone	Evening Phone	
Email		
Social Security Number (for individuals)	OR	Taxpayer Identification Number (for estates, trusts, corporations, etc.)

## PART II. SCHEDULE OF TRANSACTIONS IN CV SCIENCES COMMON STOCK

**Beginning Holdings:**

A. State the total number of CV Sciences common stock owned at the opening of trading on June 19, 2017, long or short (*must be documented*).

**Purchases:**

B. Separately list each and every share you purchased of CV Sciences common stock during the period from **June 19, 2017 through November 15, 2018, inclusive**, and provide the following information (*must be documented*):<sup>2</sup>

Trade Date (List Chronologically) (Month/Day/Year)	Number of Shares Purchased	Price per Share	Total Cost (Excluding Commissions, Taxes, and Fees)

**Sales:**

<sup>2</sup> Please note: Information requested with respect to your purchase of CV Sciences common stock after 1:21 p.m. EST on August 20, 2018 through and including the close of trading on November 15, 2018 (Section C) is needed in order to calculate your claim; purchases during this period, however, are not eligible under the settlement.

C. Separately list each and every sale of CV Sciences common stock during the period between **June 19, 2017 and November 15, 2018, inclusive**, and provide the following information (*must be documented*):

Trade Date (List Chronologically) (Month/Day/Year)	Number of Shares Sold	Price per Share	Total Cost (Excluding Commissions, Taxes, and Fees)

**Ending Holdings:**

D. State the total number of shares of CV Sciences common stock owned at the close of trading on November 15, 2018, long or short (*must be documented*).

**If additional space is needed, attach separate, numbered sheets, giving all required information, substantially in the same format, and print your name and Social Security or Taxpayer Identification Number at the top of each sheet. NOTE THAT CLAIMS CALCULATING TO AN AWARD AMOUNT LESS THAN \$10.00 WILL NOT BE PAID.**

**YOU MUST READ THE RELEASE AND SIGN BELOW. FAILURE TO SIGN MAY RESULT IN A DELAY IN PROCESSING OR THE REJECTION OF YOUR CLAIM.**

**PART III. SUBSTITUTE FORM W-9**

Request for Taxpayer Identification Number:

Enter taxpayer identification number below for the Beneficial Owner(s). For most individuals, this is your Social Security Number. The Internal Revenue Service (“I.R.S.”) requires such taxpayer identification number. If you fail to provide this information, your claim may be rejected.

Social Security Number (for individuals)	<b>or</b>	Taxpayer Identification Number (for estates, trusts, corporations, etc.)
- -		-

**PART IV. SUBMISSION TO JURISDICTION OF COURT AND ACKNOWLEDGMENTS**

I (We) submit this Claim Form under the terms of the Stipulation described in the Notice. I (We) also submit to the jurisdiction of the Court, with respect to my (our) claim as a Class Member and for purposes of enforcing the releases set forth herein. I (We) further acknowledge that I am (we are) bound by and subject to the terms of any judgment that may be entered in the Action. I (We) agree to furnish additional information to the Claims Administrator to support this claim if requested to do so. I (We) have not submitted any other claim covering the same purchases, acquisitions, or sales of CV Sciences common stock during the relevant period and know of no other person having done so on my (our) behalf.

## PART V. RELEASES

1. I (We) hereby acknowledge full and complete satisfaction of, and do hereby fully, finally, and forever settle, release, and discharge from the Released Claims each and all of the Released Parties as provided in the Stipulation of Settlement.

2. “Released Claims” means all known or unknown claims that both: (a) arise out of, are based upon, or relate in any way to any of the allegations, acts, transactions, facts, events, matters, occurrences, statements, representations, misrepresentations or omissions involved, set forth, alleged or referred to, in this Action, or which could have been alleged in this Action; and (b) arise out of, are based upon, or relate in any way to the purchase of the common stock of CV Sciences in the United States or on the OTC during the Class Period. Released Claims do not include (i) any claims relating to the enforcement of the settlement or (ii) any Excluded Claims. “Released Claims” includes “Unknown Claims” as defined below.

3. “Excluded Claims” means the (i) derivative claims brought on behalf of CV Sciences, including *Depoti v. Dowling, et al.*, Docket No. A-18-782513-C (Nev. Dist. Ct. Oct. 10, 2018); *Francis v. Mona, Jr., et al.*, No. 2:18-cv-02284 (D. Nev. Nov. 30, 2018); *Tarangelo v. Mona, Jr., et al.*, Docket No. A-19-789153-B (Nev. Dist. Ct. Feb. 11, 2019); *Radcliffe v. Joseph Dowling, et al.*, Docket No. A-19-794377-B (Nev. Dist. Ct. May 7, 2019); *Berry v. Dowling, et al.*, Docket No. 3:20-cv-01072 (S.D. Cal. Jun. 11, 2020); *Menna v. Dowling, et al.*, Docket No. 37-2021-00019613-CU-SL-CTL (Cal. Super. Ct. Apr. 22, 2021), and any similar claims that may be filed or consolidated therewith; or (ii) any claims relating to the enforcement of the settlement.

4. “Related Parties” means each of Defendants’ predecessors, successors, parent corporations, sister corporations, subsidiaries, affiliates, assigns, assignors, divisions, joint ventures, heirs, legatees, executors, administrators, estates, receivers and trustees, settlors, beneficiaries, officers, directors, shareholders, employees, agents, consultants, contractors, auditors, partners, insurers, reinsurers, representatives, attorneys, legal representatives, and all persons acting by, through, under or in concert with them or any of them.

5. “Released Parties” means each and all of the Defendants and their respective Related Parties.

6. “Settled Defendants’ Claims” means all known or unknown claims, demands, losses, rights, and causes of action of any nature whatsoever, that have been or could have been asserted in the Action or any forum by the Released Parties or any of them against Lead Plaintiff, Class Members, and Plaintiff’s Counsel, which arise out of or relate in any way to the institution, prosecution, assertion, settlement, or resolution of the Action (except for claims to enforce the settlement). “Settled Defendants’ Claims” includes “Unknown Claims” as defined below.

7. “Unknown Claims” means: (a) any and all Released Claims that Lead Plaintiff or any Class Member does not know or suspect to exist in his, her, their or its favor at the time of the release of the Released Parties which, if known by him, her, them or it, might have affected his, her, their or its settlement with and release of the Released Parties, or might have affected his, her, their or its decision(s) with respect to the settlement, including the decision to object to the terms of the settlement or to exclude himself, herself, themselves or itself from the settlement Class; and (b) any Settled Defendants’ Claims that any Released Party does not know or suspect to exist in his, her, their or its favor at the time of the release of the Lead Plaintiff, Class Members, and Plaintiff’s Counsel, which, if known by him, her, them or it, might have affected his, her, their or its decision(s) with respect to the settlement with and release of the Lead Plaintiff, Class Members, and Plaintiff’s Counsel, or might have affected his, her, their or its decision(s) with respect to the settlement. With respect to any and all Released Claims and Settled Defendants’ Claims, the Settling Parties stipulate and agree that, upon the Effective Date, Lead Plaintiff and Defendants shall expressly waive, and each of the Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived any and all provisions, rights, and benefits conferred by California Civil Code §1542 and any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to California Civil Code §1542, which provides:

**A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**

Lead Plaintiff and Class Members may hereafter discover facts in addition to or different from those that any of them now knows or believes to be true related to the subject matter of the Released Claims, but Lead Plaintiff shall expressly, and each Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, disclosed or undisclosed, matured or unmatured, which now exist, or heretofore have existed upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct that is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. Similarly, the Released Parties may hereafter discover facts in addition to or different from those that any of them now knows or believes to be true related to the subject matter of the Settled Defendants' Claims, but each Defendant shall expressly and each of the Released Parties, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Settled Defendants' Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, disclosed or undisclosed, matured or unmatured, which now exist, or heretofore have existed upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct that is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. The Settling Parties acknowledge, and Lead Plaintiff, the Class Members, and the Released Parties shall be deemed by operation of the Judgment to have acknowledged, that the inclusion of "Unknown Claims" in the definition of Released Claims and Settled Defendants' Claims was separately bargained for and is a key element of the settlement of which these releases are a part.

8. These releases shall be of no force or effect unless and until the Court approves the Stipulation and the settlement becomes effective on the Effective Date.

9. I (We) hereby warrant and represent that I (we) have not assigned or transferred or purported to assign or transfer, voluntarily or involuntarily, any claim or matter released pursuant to this release or any other part or portion thereof.

10. I (We) hereby warrant and represent that I (we) have included all the information requested (including supporting documentation) about all of my (our) purchases and sales of CV Sciences common stock between June 19, 2017 and November 15, 2018, inclusive, and the number of shares of CV Sciences common stock held by me (us) at the beginning of trading on June 19, 2017 and the close of trading on November 15, 2018. I (we) agree to furnish additional information to the Claims Administrator to support this claim if requested to do so.

11. I (We) certify that I am (we are) NOT subject to backup withholding under the provisions of Section 3406 (a)(1)(c) of the Internal Revenue Code because: (a) I am (we are) exempt from backup withholding, or (b) I (we) have not been notified by the I.R.S. that I am (we are) subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the I.R.S. has notified me (us) that I am (we are) no longer subject to backup withholding.

NOTE: If you have been notified by the I.R.S. that you are subject to backup withholding, please strike out the language that you are not subject to backup withholding in the certification above.

I (WE) DECLARE UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE UNITED STATES OF AMERICA THAT ALL OF THE INFORMATION I (WE) PROVIDED ON THIS CLAIM FORM IS TRUE, CORRECT AND COMPLETE.

Signature of Claimant (If this claim is being made on behalf of Joint Claimants, then each must sign):

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Capacity of person(s) signing, e.g. beneficial



purchaser(s), executor, administrator, trustee, etc.)  
 Check here if proof of authority to file is enclosed.  
(See explanation in II. Claimant Identification)

Executed this \_\_\_\_\_ day of \_\_\_\_\_  
[Day] [Month/year]

**THE CLAIM FORM AND SUPPORTING DOCUMENTATION MUST BE POSTMARKED (OR SUBMITTED IF SENT VIA EMAIL TO [Info@CVSciencesSecuritiesLitigation.com](mailto:Info@CVSciencesSecuritiesLitigation.com)) ON OR BEFORE [90 CALENDAR DAYS FROM NOTICE DATE] ADDRESSED TO THE CLAIMS ADMINISTRATOR AS FOLLOWS:**

*CV Sciences Securities Litigation*  
Claims Administrator  
P.O. Box 2004  
Chanhasen, MN 55317-2004  
Phone: 1-866-645-2347  
Email: [Info@CVSciencesSecuritiesLitigation.com](mailto:Info@CVSciencesSecuritiesLitigation.com)

A Claim Form received by the Claims Administrator shall be deemed to have been submitted when posted, if mailed by **[90 CALENDAR DAYS FROM NOTICE DATE]** and if a postmark is indicated on the envelope and it is mailed and addressed in accordance with the above instructions. In all other cases, a Claim Form shall be deemed to have been submitted when actually received by the Claims Administrator.

You should be aware that it will take a significant amount of time to process fully all of the Claim Forms and to administer the settlement. This work will be completed as promptly as time permits, given the need to investigate and tabulate each Proof of Claim. Please notify the Claims Administrator of any change of address.

#### **REMINDER CHECKLIST**

- Please be sure to sign this Claim Form on page 6. If this Claim Form is submitted on behalf of joint claimants, then both claimants must sign.
- Please remember to attach supporting documents. Do NOT send originals of stock certificates. Keep copies of everything you submit.
- Do NOT use highlighter on the Claim Form or any supporting documents.
- If you move after submitting this Claim Form, please notify the Claims Administrator of the change in your address.

# **EXHIBIT A-3**

TO: ALL PERSONS WHO PURCHASED THE COMMON STOCK OF CV SCIENCES, INC. (“CV SCIENCES”) (OTCMKTS: CVSI) IN THE UNITED STATES OR ON THE OTC BETWEEN JUNE 19, 2017 AND AUGUST 20, 2018 AT 1:21 P.M. EST, INCLUSIVE, AND WERE DAMAGED THEREBY (“CLASS”).

YOU ARE HEREBY NOTIFIED, pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the District of Nevada, that Lead Plaintiff Richard Ina, Trustee for the Ina Family Trust (“Lead Plaintiff”), on behalf of himself and each member of the Class, and defendants CV Sciences, Michael Mona, Jr., Joseph D. Dowling, and Michael Mona, III, have reached a proposed settlement of the above-captioned action (“Action”) in the amount of \$712,500 that, if approved, will resolve the Action in its entirety (the “Settlement”).

A hearing will be held on \_\_\_\_\_ at \_\_\_\_\_ a.m./p.m., at the Lloyd D. George Court House, 333 S. Las Vegas Blvd., Las Vegas, NV 89101, Courtroom \_\_\_\_ for the purpose of determining: (1) whether the proposed Settlement as set forth in the Stipulation of Settlement dated January 31, 2022 (“Stipulation”) of the Action is fair, reasonable, and adequate; (2) whether a Judgment should be entered by the Court dismissing the Action with prejudice; (3) whether the Plan of Allocation for distribution of the settlement funds available for distribution is fair, reasonable, and adequate and should be approved; and (4) whether the application of Lead Counsel for the payment of attorneys’ fees in the amount of 25% of the Settlement Fund, reimbursement of Lead Counsel’s expenses up to \$50,000, and an award to Lead Plaintiff for his reasonable costs and expenses up to \$12,000 should be approved.

IF YOU PURCHASED THE COMMON STOCK OF CV SCIENCES IN THE UNITED STATES OR ON THE OTC BETWEEN JUNE 19, 2017 AND AUGUST 20, 2018 AT 1:21 P.M. EST, INCLUSIVE, YOUR RIGHTS MAY BE AFFECTED BY THE SETTLEMENT OF THIS

LITIGATION. You may obtain copies of a detailed Notice of Pendency and Settlement of Class Action (“Notice”) and Proof of Claim and Release form (“Claim Form”) by writing to *CV Sciences Securities Litigation*, Claims Administrator, P.O. Box 2004, Chanhassen, MN 55317-2004, visiting the website [www.CVSciencesSecuritiesLitigation.com](http://www.CVSciencesSecuritiesLitigation.com), e-mailing the Claims Administrator at [Info@CVSciencesSecuritiesLitigation.com](mailto:Info@CVSciencesSecuritiesLitigation.com), or calling the Claims Administrator toll free at 1-866-645-2347. Inquiries other than requests for the above-referenced documents may also be made to Lead Counsel:

Katherine M. Lenahan  
FARUQI & FARUQI, LLP  
685 Third Avenue  
26th Floor  
New York, NY 10017

If you are a Class Member, in order to share in the distribution of the Settlement Fund, you must submit a Claim Form postmarked or submitted electronically no later than \_\_\_\_\_, establishing that you are entitled to recovery. NOTE THAT NO CLAIMS LESS THAN \$10.00 WILL BE PROCESSED OR PAID. Your failure to timely submit your Claim Form will subject your claim to possible rejection and may preclude you from receiving any of the recovery in connection with the settlement of this Action.

To exclude yourself from the Class, you must submit a written request for exclusion in accordance with the instructions set forth in the Notice such that it is received no later than \_\_\_\_\_. All Class Members who have not requested exclusion from the Class will be bound by the Settlement entered in the Action even if they do not submit a timely Claim Form.

Any objection to the Settlement, the Plan of Allocation of settlement proceeds, or the fee and expense application must be received by each of the addresses indicated in the Notice on or before \_\_\_\_\_.

**PLEASE DO NOT CONTACT THE COURT OR THE CLERK'S OFFICE  
REGARDING THIS NOTICE, THIS SETTLEMENT, OR THIS CLAIMS PROCESS.** If  
you have any questions about the Settlement, you may contact Lead Counsel at the address listed  
above.

DATED: \_\_\_\_\_

# **EXHIBIT B**

**UNITED STATES DISTRICT COURT  
DISTRICT OF NEVADA**

In re: CV SCIENCES, INC. SECURITIES  
LITIGATION

Case No. 2:18-cv-01602-JAD-BNW

**[PROPOSED] JUDGMENT AND FINAL  
APPROVAL OF SETTLEMENT**

This Document Relates to:

WHEREAS this matter came before the Court for hearing on \_\_\_\_\_, \_\_\_\_\_ pursuant to the Order Preliminarily Approving Settlement and Providing for Notice (“Preliminary Approval Order”) dated \_\_\_\_\_, \_\_\_\_\_, on the application of the parties for approval of the settlement set forth in the Stipulation of Settlement dated January 31, 2022 (the “Stipulation”);

WHEREAS the Court has heard all persons properly appearing and requesting to be heard, considered all papers filed and proceedings had herein, and found good cause appearing; NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that:

1. This Judgment incorporates by reference the definitions in the Stipulation (which is attached hereto), and all terms used herein shall have the same meanings as set forth in the Stipulation, unless otherwise set forth herein.

2. This Court has jurisdiction over the subject matter of the Action and over all parties to the Action, including all Members of the Class.

3. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, this Court hereby affirms its determinations in the Preliminary Approval Order and finally certifies for purposes of settlement only a Class defined as all Persons who purchased the common stock of CV Sciences, Inc. (“CV Sciences”) in the United States or on the OTC between June 19, 2017 and August 20, 2018 at 1:21 p.m. EST, inclusive, and were allegedly damaged thereby. Excluded from the Class are: (a) Defendants; (b) the officers and directors of the Company at all relevant times; (c) members of any Defendant’s immediate families; (d) any entity in which Defendants have or had a controlling interest or which is related to or

1 affiliated with any of the Defendants; (e) the legal representatives, heirs, agents, successors or assigns  
2 of such excluded Persons; (f) Defendants' liability insurance carriers and any affiliates or subsidiaries  
3 thereof; (g) those who purchased CV Sciences common stock on foreign exchanges, in accordance with  
4 the United States Supreme Court's decision in *Morrison v. Nat'l Australia Bank Ltd.*, 561 U.S. 247, 267  
5 (2010) ("[I]t is in our view only transactions in securities listed on domestic exchanges, and domestic  
6 transactions in other securities, to which §10(b) applies."); and (h) any Persons who exclude themselves  
7 by submitting a request for exclusion that is accepted by the Court.

8           4. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, and for purposes of  
9 settlement only, the Court hereby affirms its determinations in the Order and finally appoints Lead  
10 Plaintiff Richard Ina, Trustee for The Ina Family Trust, as Class Representative for the Class, Faruqi &  
11 Faruqi, LLP as Class Counsel for the Class, and Muckleroy Lunt, LLC as Liaison Class Counsel for the  
12 Class.

13           5. The Court finds that the mailing of the Notice and Proof of Claim and Release form and  
14 the publication of the Summary Notice complied with the terms of the Stipulation and the Preliminary  
15 Approval Order, and provided the best notice practicable under the circumstances of those proceedings  
16 and the matters set forth therein, including the proposed settlement set forth in the Stipulation, to all  
17 Persons entitled to such notice, and said notice fully satisfied the requirements of Federal Rule of Civil  
18 Procedure 23, the Private Securities Litigation Reform Act of 1995, 15 U.S.C. § 78u-4(a)(7), and the  
19 requirements of due process.

20           6. [Description of number and nature of any objections to the proposed Settlement.]

21           7. In light of the benefits to the Class, the complexity, expense, and possible duration of  
22 further litigation against Defendants, the risks of establishing liability and damages, and the costs of  
23 continued litigation, pursuant to Federal Rule of Civil Procedure 23, the Court hereby approves the  
24 settlement set forth in the Stipulation and finds that:

25           (a) the Stipulation and the settlement contained therein are, in all respects, fair,  
26 reasonable, and adequate and in the best interest of the Class;

27           (b) there was no collusion in connection with the Stipulation;

28           (c) the Stipulation was the product of informed, arm's-length negotiations among



1 competent, able counsel; and

2 (d) the record is sufficiently developed and complete to have enabled Lead Plaintiff  
3 and Defendants to have adequately evaluated and considered their positions.

4 8. Accordingly, the Court authorizes and directs implementation and performance of all the  
5 terms and provisions of the Stipulation, as well as the terms and provisions hereof. Except as to any  
6 individual claim of those Persons (identified in Exhibit 1 attached hereto) who have timely (as  
7 determined by the Court) and validly requested exclusion from the Class, the Court hereby dismisses  
8 the Action and all Released Claims of the Class with prejudice. The Settling Parties are to bear their  
9 own costs, except as and to the extent provided in the Stipulation and herein.

10 9. Upon the Effective Date, and as provided in the Stipulation, Lead Plaintiff shall, and  
11 each of the Class Members shall be deemed to have, and by operation of this Judgment shall have fully,  
12 finally, and forever waived, released, relinquished, discharged, and dismissed all Released Claims  
13 against the Released Parties.

14 10. Lead Plaintiff and all Class Members are hereby forever barred from prosecuting any of  
15 the Released Claims against any of the Released Parties.

16 11. Upon the Effective Date, and as provided in the Stipulation, each of the Released Parties  
17 shall be deemed to have, and by operation of this Judgment shall have, fully, finally, and forever  
18 waived, released, relinquished, and discharged Lead Plaintiff, Plaintiff's Counsel, and each and all of  
19 the Class Members from all Settled Defendants' Claims.

20 12. Each Member of the Class, whether or not such Member of the Class executes and  
21 delivers a Proof of Claim and Release, is bound by this Judgment, including, without limitation, the  
22 release of claims set forth in the Stipulation.

23 13. All Persons whose names appear on Exhibit 1 hereto are hereby excluded from the Class,  
24 are not bound by this Judgment, and may not make any claim with respect to or receive any benefit  
25 from the settlement.

26 14. Neither this Judgment, the Stipulation, nor any negotiations or proceedings connected  
27 thereto, nor any of the documents, provisions, or statements referred to therein: (a) is, or may be  
28 deemed to be, or may be used as an admission of, or evidence of, the validity of any Released Claims,

1 or of any wrongdoing or liability of the Released Parties; (b) is, or may be deemed to be, or may be  
2 used as an admission of, or evidence of, any fault or omission of any Released Parties in any civil,  
3 criminal, or administrative proceeding in any court, administrative agency or other tribunal; and (c) is,  
4 or may be deemed to be, or may be used as an admission of, or evidence of, any infirmity of the claims  
5 alleged by Lead Plaintiff. Released Parties, Lead Plaintiff, or any Member of the Class may file the  
6 Stipulation and/or this Judgment from this Action in any other action that may be brought against them  
7 in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel,  
8 release, good faith settlement, judgment bar or reduction, or any theory of claim preclusion or issue  
9 preclusion or similar defense or counterclaim.

10 15. The Court hereby finds that the proposed Plan of Allocation is a fair and reasonable  
11 method to allocate the Settlement Fund among Class Members, and Lead Counsel and the Claims  
12 Administrator are directed to administer the Plan of Allocation in accordance with its terms and the  
13 terms of the Stipulation.

14 16. Lead Counsel is awarded attorneys' fees in the amount of \$ \_\_\_\_\_, and  
15 expenses in the amount of \$ \_\_\_\_\_, plus any applicable interest, and these amounts  
16 shall be paid out of the Settlement Fund immediately following entry of this Order subject to the terms,  
17 conditions, and obligations of the Stipulation, which terms, conditions and obligations are incorporated  
18 herein.

19 17. Lead Plaintiff is awarded in total \$ \_\_\_\_\_, as an award for reasonable  
20 costs and expenses directly relating to the representation of the Settlement Class as provided in 15  
21 U.S.C. § 78u-4(a)(4), such amounts to be paid from the Settlement Fund upon the Effective Date of the  
22 Settlement.

23 18. Without affecting the finality of this Judgment in any way, this Court hereby retains  
24 continuing jurisdiction over: (a) implementation of this Settlement and any award or distribution of the  
25 Settlement Fund, including interest earned thereon; (b) disposition of the Settlement Fund; and (c) all  
26 parties herein for the purpose of construing, enforcing, and administering the Stipulation.

27 19. The Court finds, pursuant to 15 U.S.C. § 78u-4(c)(1), that during the course of the  
28 Action, the Settling Parties and their respective counsel at all times complied with the requirements of

1 Federal Rule of Civil Procedure 11.

2 19. In the event that the Settlement does not become effective in accordance with the terms  
3 of the Stipulation, or the Effective Date does not occur, then this Judgment shall be rendered null and  
4 void to the extent provided by and in accordance with the Stipulation and shall be vacated and, in such  
5 event, all orders entered and releases delivered in connection therewith shall be null and void to the  
6 extent provided by and in accordance with the Stipulation.

7 20. Without further order of the Court, the Settling Parties may agree to reasonable  
8 extensions of time to carry out any of the provisions of the Stipulation.

9 21. The provisions of this Judgment constitute a full and complete adjudication of the  
10 matters considered and adjudged herein, and the Court directs immediate entry of this Judgment by the  
11 Clerk of the Court.

12 IT IS SO ORDERED.

13  
14 DATED: \_\_\_\_\_

\_\_\_\_\_  
15 THE HONORABLE JENNIFER A. DORSEY  
16 UNITED STATES DISTRICT JUDGE  
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