

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q /A-1  
(Mark One)**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **March 31, 2019**

**TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: **000-27039**

**MARIJUANA COMPANY OF AMERICA, INC.**

(Exact name of registrant as specified in its charter)

**Utah**

(State or other jurisdiction of incorporation or organization)

**98-1246221**

(I.R.S. Employer Identification No.)

**1340 West Valley Parkway  
Suite 205**

**Escondido, CA 92029**

(Address of principal executive offices) (zip code)

**(888) 777-4362**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of May 20, 2019, there were 2,810,345,150 shares of registrant's common stock outstanding.

Explanatory Note

This Amendment 1 to the Registrant's Quarterly Report for the Period ending March 31, 2019 contains one additional disclosure under Part II, Item 2.

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PART 1 – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2019 (unaudited)	December 31, 2018 (audited)
<b>ASSETS</b>		
Current assets:		
Cash	\$ 509,462	\$ 359,577
Short-term Investments	675,000	810,000
Accounts receivable, net	77,494	46,376
Inventory	231,666	186,989
Other current assets	156,424	93,833
Total current assets	<u>1,650,046</u>	<u>1,496,775</u>
Property and equipment, net	13,066	12,430
Other assets:		
Investments	477,576	408,077
Security deposit	<u>2,500</u>	<u>2,500</u>
Total assets	<u>\$ 2,143,188</u>	<u>\$ 1,919,782</u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Accounts payable	\$ 433,450	\$ 416,444
Accrued compensation	442,659	454,316
Accrued liabilities	187,991	216,946
Debt obligation of Joint venture	128,522	289,742
Notes payable, related party	396,781	287,140
Convertible notes payable, net of debt discount of \$1,391,618 and \$896,180, respectively	1,536,271	1,132,688
Derivative liability	4,961,666	2,256,631
Total current liabilities	<u>8,087,340</u>	<u>5,053,887</u>
Total liabilities	8,087,340	5,053,887
Stockholders' deficit:		
Preferred stock, \$0.001 par value, 50,000,000 shares authorized		
Class A preferred stock, \$0.001 par value, 10,000,000 shares designated, 10,000,000 shares issued and outstanding as of March 31, 2019 and December 31, 2018	10,000	10,000
Common stock, \$0.001 par value; 5,000,000,000 shares authorized; 2,687,790,776 and 2,561,238,082 shares issued and outstanding as of March 31, 2019 and December 31, 2018, respectively	2,687,791	2,561,238
Common stock subscriptions	—	90,000
Additional paid in capital	49,574,330	48,188,522
Accumulated deficit	(58,216,272)	(53,983,895)
Total stockholders' deficit	<u>(5,944,151)</u>	<u>(3,134,105)</u>
Total liabilities and stockholders' deficit	<u>\$ 2,143,188</u>	<u>\$ 1,919,782</u>

See the accompanying notes to these unaudited condensed consolidated financial statements

**MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
*(unaudited)*

	Three months ended March 31,	
	2019	2018
<b>REVENUES:</b>		
Sales	\$ 113,271	\$ 19,010
Related party sales	1,539	—
<b>Total Revenues</b>	<b>114,810</b>	<b>19,010</b>
Cost of sales	39,878	10,446
<b>Gross Profit</b>	<b>74,932</b>	<b>8,564</b>
<b>OPERATING EXPENSES:</b>		
Selling, general and administrative expenses	987,341	301,479
Depreciation	1,696	1,393
<b>Total operating expenses</b>	<b>989,037</b>	<b>302,872</b>
<b>Net loss from operations</b>	<b>(914,105)</b>	<b>(294,308)</b>
<b>OTHER INCOME (EXPENSES):</b>		
Interest expense, net	(436,282)	(730,746)
Impairment of Joint Ventures	(12,000)	—
Loss on equity investment	(47,541)	(37,673)
(Loss) Gain on change in fair value of derivative liabilities	(2,687,449)	5,056,686
Unrealized Loss on trading securities	(135,000)	—
Gain on settlement of debt	—	156,389
<b>Total other income (expense)</b>	<b>(3,318,272)</b>	<b>4,445,106</b>
<b>(Loss) income before income taxes</b>	<b>(4,232,377)</b>	<b>4,150,798</b>
Income taxes (benefit)	—	—
<b>NET INCOME (LOSS)</b>	<b>\$ (4,232,377)</b>	<b>\$ 4,150,798</b>
Income (loss) per common share, basic	<u>\$ (0.002)</u>	<u>\$ 0.002</u>
<b>Weighted average number of common shares outstanding, basic and diluted</b>	<b>2,326,751,396</b>	<b>2,122,103,506</b>

See the accompanying notes to these unaudited condensed consolidated financial statements

**MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT**  
**THREE MONTHS ENDED MARCH 31, 2019**

	Class A Preferred Stock		Common Stock		Common Stock	Additional	Accumulated	Total
	Shares	Amount	Shares	Amount	Subscriptions	Paid In Capital	Deficit	
Balance, December 31, 2018 audited	10,000,000	\$ 10,000	2,561,238,082	\$ 2,561,238	\$ 90,000	\$ 48,148,552	\$ (53,983,895)	\$ (3,134,105)
Common stock issued for services rendered	—	—	8,500,000	8,500	—	143,350	—	153,850
Common stock issued in settlement of convertible notes payable and accrued interest	—	—	54,819,089	54,820	—	581,892	—	636,712
Additional paid-in capital due to issuance of convertible debt	—	—	—	—	—	462,714	—	462,714
Common stock issued in exchange for exercise of warrants on a cashless basis	—	—	39,333,332	39,333	(40,000)	40,667	—	40,000
Sales of common stock	—	—	23,900,273	23,900	(50,000)	155,155	—	129,055
Net Income (Loss)	—	—	—	—	—	—	(4,232,377)	(4,232,377)
Balance, March 31, 2019 (unaudited)	<u>10,000,000</u>	<u>\$ 10,000</u>	<u>2,687,790,776</u>	<u>\$ 2,687,791</u>	<u>—</u>	<u>\$ 49,574,330</u>	<u>\$ (58,216,272)</u>	<u>\$ (5,944,151)</u>

**MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT**  
**THREE MONTHS ENDED MARCH 31, 2018**

	Class A Preferred Stock		Common Stock		Additional	Accumulated	Total
	Shares	Amount	Shares	Amount	Paid In Capital	Deficit	
Balance, December 31, 2017	10,000,000	\$ 10,000	2,103,464,006	\$ 2,103,464	\$ 30,456,888	\$ (42,888,104)	\$ (10,317,752)
Common stock issued for services rendered	—	—	1,000,000	1,000	51,100	—	52,100
Common stock issued in settlement of convertible notes payable	—	—	16,637,073	16,637	366,015	—	382,652
Common stock issued in exchange for exercise of warrants on a cashless basis	—	—	18,206,796	18,207	(18,207)	—	—
Reclassification of derivative liabilities	—	—	—	—	627,439	—	627,439
Reclassification of warrant liability	—	—	—	—	691,850	—	691,850
Stock based compensation	—	—	—	—	(364,499)	—	(364,499)
Net Income	—	—	—	—	—	4,150,799	4,150,799
Balance, March 31, 2018 (unaudited)	<u>10,000,000</u>	<u>\$ 10,000</u>	<u>2,139,307,875</u>	<u>\$ 2,139,308</u>	<u>\$ 31,810,586</u>	<u>\$ (38,737,305)</u>	<u>\$ (4,777,412)</u>

See the accompanying notes to these unaudited condensed consolidated financial statements

**MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
*(unaudited)*

	Three months ended March 31,	
	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss)	\$ (4,232,377)	\$ 4,150,799
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	1,696	1,393
Amortization of debt discount	495,438	502,682
Non cash interest	436,282	187,861
Unrealized Loss on trading securities	135,000	—
Loss (Gain) on change in fair value of derivative liabilities	2,687,449	(5,056,686)
Impairment of investment in BV joint venture	12,000	—
Stock based compensation	254,200	(312,400)
Gain on settlement of debt	—	(156,839)
Loss on equity investment	47,541	37,673
Changes in operating assets and liabilities:		
Accounts receivable	(31,118)	1,149
Inventory	(44,677)	65,210
Other current assets	(62,591)	—
Accounts payable	69,278	17,329
Accrued liabilities	36,438	—
Accrued Compensation	(11,657)	195,000
Net cash used in operating activities	<u>(207,098)</u>	<u>(497,250)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(290,260)	—
Purchase of property and equipment	(2,332)	(4,202)
Net cash used in investing activities	<u>(292,592)</u>	<u>(4,202)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of notes payable	649,575	400,000
Proceeds from issuance of notes payable, related party	—	21,706
Proceeds from sale of common stock	—	—
Net cash provided by financing activities	<u>649,575</u>	<u>421,706</u>
Net increase (decrease) in cash	149,885	(79,746)
Cash-beginning of period	359,577	249,831
Cash-end of period	<u>\$ 509,462</u>	<u>\$ 170,085</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Interest paid	<u>\$ —</u>	<u>\$ —</u>
Taxes paid	<u>\$ —</u>	<u>\$ —</u>
Non cash financing activities:		
Common stock issued in settlement of convertible notes payable	<u>\$ 462,714</u>	<u>\$ 382,652</u>

See the accompanying notes to these unaudited condensed consolidated financial statements

**MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2019**  
*(unaudited)*

**NOTE 1 – NATURE OF OPERATIONS AND BASIS OF PRESENTATION**

Marijuana Company of America, Inc. (the “Company”) was incorporated under the laws of the State of Utah in October 1985 under the name Mormon Mint, Inc. The corporation was originally a startup company organized to manufacture and market commemorative medallions related to the Church of Jesus Christ of Latter Day Saints. On January 5, 1999, Bekam Investments, Ltd. acquired one hundred percent of the common shares of the Company and spun the Company off changing its name Converge Global, Inc. From August 13, 1999 until November 20, 2002, the Company focused on the development and implementation of Internet web content and e-commerce applications. In October 2009, in a 30 for 1 exchange, the Company merged with Sparrowtech, Inc. for the purpose of exploration and development of commercially viable mining properties. From 2009 to 2014, we operated primarily in the mining exploration business.

In 2015, the Company changed its business model to a marketing and distribution company for medical marijuana. In conjunction with the change, the Company changed its name to Marijuana Company of America, Inc. At the time of the transition in 2015, there were no remaining assets, liabilities or operating activities of the mining business.

On September 21, 2015, the Company formed H Smart, Inc., a Delaware corporation as a wholly owned subsidiary for the purpose of operating the hempSMART™ brand.

On February 1, 2016, the Company formed MCOA CA, Inc., a California corporation as a wholly owned subsidiary to facilitate mergers, acquisitions and the offering of investments or loans to the Company.

On May 3, 2017, the Company formed HempSMART Limited, a United Kingdom corporation as a wholly owned subsidiary for the purpose of future expansion into the European market.

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries: H Smart, Inc., HempSMART Limited and MCOA CA, Inc. All significant intercompany balances and transactions have been eliminated in consolidation.

The condensed balance sheet as of December 31, 2018 has been derived from audited financial statements.

Operating results for the three months ended March 31, 2019 are not necessarily indicative of results that may be expected for the year ending December 31, 2019. These condensed financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2018.

**NOTE 2 – GOING CONCERN AND MANAGEMENT’S LIQUIDITY PLANS**

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the accompanying financial statements during three months ended March 31, 2019, the Company incurred net losses from operations of \$4,232,377 and used cash in operations of \$207,098. These factors among others may indicate that the Company will be unable to continue as a going concern for a reasonable period of time.

The Company's primary source of operating funds for the three months ended March 31, 2019 has been from revenue generated from proceeds from the issuance of convertible and other debt. The Company has experienced net losses from operations since inception, but expects these conditions to improve in 2019 and beyond as it develops its business model. The Company has stockholders' deficiencies at March 31, 2019 and requires additional financing to fund future operations.

The Company’s existence is dependent upon management’s ability to develop profitable operations and to obtain additional funding sources. There can be no assurance that the Company’s financing efforts will result in profitable operations or the resolution of the Company’s liquidity problems. The accompanying statements do not include any adjustments that might result should the Company be unable to continue as a going concern.



**MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2019**  
*(unaudited)*

**NOTE 3 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Interim Financial Statements

The unaudited condensed interim financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial information and the instructions to Form 10-Q and Rule 8-03 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

Revenue Recognition

The Company recognizes revenue when: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed or determinable; and (4) collectability is reasonably assured. Determination of criteria (3) and (4) are based on management’s judgments regarding the fixed nature of the selling prices of the products delivered and the collectability of those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related revenue is recorded. The Company defers any revenue for which the services has not been performed or is subject to refund until such time that the Company and the customer jointly determine that the services has been performed or no refund will be required.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the fair value of the Company’s stock, stock-based compensation, fair values relating to derivative liabilities, debt discounts and the valuation allowance related to deferred tax assets. Actual results may differ from these estimates.

Cash

The Company considers cash to consist of cash on hand and temporary investments having an original maturity of 90 days or less that are readily convertible into cash.

Concentrations of credit risk

The Company’s financial instruments that are exposed to a concentration of credit risk are cash and accounts receivable. Occasionally, the Company’s cash and cash equivalents in interest-bearing accounts may exceed FDIC insurance limits. The financial stability of these institutions is periodically reviewed by senior management.

Accounts Receivable

Trade receivables are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus, trade receivables do not bear interest. Trade accounts receivable are periodically evaluated for collectability based on past credit history with customers and their current financial condition.

**MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2019**  
*(unaudited)*

Allowance for Doubtful Accounts

Any charges to the allowance for doubtful accounts on accounts receivable are charged to operations in amounts sufficient to maintain the allowance for uncollectible accounts at a level management believes is adequate to cover any probable losses. Management determines the adequacy of the allowance based on historical write-off percentages and the current status of accounts receivable. Accounts receivable are charged off against the allowance when collectability is determined to be permanently impaired. As of March 31, 2019, and December 31, 2018, allowance for doubtful accounts was \$0 and \$0, respectively.

Inventories

Inventories are stated at the lower of cost or market with cost being determined on a first-in, first-out (FIFO) basis. The Company writes down its inventory for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and the estimated market value based upon assumptions about future demand and market conditions. If actual market conditions are less favorable than those projected by management, additional inventory write-downs may be required. During the periods presented, there were no inventory write-downs.

Cost of sales

Cost of sales is comprised of cost of product sold, packaging, and shipping costs.

Stock Based Compensation

The Company measures the cost of services received in exchange for an award of equity instruments based on the fair value of the award. For employees and directors, the fair value of the award is measured on the grant date and for non-employees, the fair value of the award is generally re-measured on vesting dates and interim financial reporting dates until the service period is complete. The fair value amount is then recognized over the period during which services are required to be provided in exchange for the award, usually the vesting period. Stock-based compensation expense is recorded by the Company in the same expense classifications in the statements of operations, as if such amounts were paid in cash.

Earnings per Share

Basic earnings per share are calculated by dividing net income (loss) by the weighted average number of shares of the Company's common stock outstanding during the period. "Diluted earnings per share" reflects the potential dilution that could occur if our share-based awards and convertible securities were exercised or converted into common stock. The dilutive effect of our share-based awards is computed using the treasury stock method, which assumes all share-based awards are exercised and the hypothetical proceeds from exercise are used to purchase common stock at the average market price during the period. The incremental shares (difference between shares assumed to be issued versus purchased), to the extent they would have been dilutive, are included in the denominator of the diluted EPS calculation. The dilutive effect of our convertible preferred stock and convertible debentures is computed using the if-converted method, which assumes conversion at the beginning of the year.

As of March 31, 2019, and 2018, respectively, common stock equivalents relating to convertible debt, warrants and options were not included in the denominators of the diluted earnings per share as their effect would be anti-dilutive.

**MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2019**  
*(unaudited)*

Property and Equipment

Property and equipment are stated at cost. When retired or otherwise disposed, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference less any amount realized from disposition, is reflected in earnings. For financial statement purposes, property and equipment are recorded at cost and depreciated using the straight-line method over their estimated useful lives of 3 to 5 years.

Investments

The Company follows Accounting Standards Codification subtopic 321-10, Investments-Equity Securities ("ASC 321-10) which requires the accounting for equity security to be measured at fair value with changes in unrealized gains and losses are included in current period operations. Where an equity security is without a readily determinable fair value, the Company may elect to estimate its fair value at cost minus impairment plus or minus changes resulting from observable price changes (See Note 4).

Derivative Financial Instruments

The Company classifies as equity any contracts that (i) require physical settlement or net-share settlement or (ii) provide the Company with a choice of net-cash settlement or settlement in its own shares (physical settlement or net-share settlement) providing that such contracts are indexed to the Company's own stock. The Company classifies as assets or liabilities any contracts that (i) require net-cash settlement (including a requirement to net cash settle the contract if an event occurs and if that event is outside the Company's control) or (ii) gives the counterparty a choice of net-cash settlement or settlement in shares (physical settlement or net-share settlement). The Company assesses classification of its common stock purchase warrants and other free-standing derivatives at each reporting date to determine whether a change in classification between equity and liabilities is required.

The Company's free-standing derivatives consisted of conversion options embedded within its issued convertible debt and warrants with anti-dilutive (reset) provisions. The Company evaluated these derivatives to assess their proper classification in the balance sheet using the applicable classification criteria enumerated under GAAP. The Company determined that certain conversion and exercise options do not contain fixed settlement provisions. The convertible notes contain a conversion feature and warrants have a reset provision such that the Company could not ensure it would have adequate authorized shares to meet all possible conversion demands.

As such, the Company was required to record the conversion feature and the reset provision which does not have fixed settlement provisions as liabilities and mark to market all such derivatives to fair value at the end of each reporting period.

The Company has adopted a sequencing policy that reclassifies contracts (from equity to assets or liabilities) with the most recent inception date first. Thus, any available shares are allocated first to contracts with the most recent inception dates.

Fair Value of Financial Instruments

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of March 31, 2019 and December 31, 2018. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values. These financial instruments include cash and accounts payable. Fair values were assumed to approximate carrying values for cash, accounts payables and short term notes because they are short term in nature.

**MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2019**  
*(unaudited)*

Advertising

The Company follows the policy of charging the costs of advertising to expense as incurred. The Company charged to operations \$141,339 and \$55,745 for the three months ended March 31, 2019 and 2018, respectively, as advertising costs.

Income Taxes

Deferred income tax assets and liabilities are determined based on the estimated future tax effects of net operating loss and credit carry forwards and temporary differences between the tax basis of assets and liabilities and their respective financial reporting amounts measured at the current enacted tax rates. The Company records an estimated valuation allowance on its deferred income tax assets if it is not more likely than not that these deferred income tax assets will be realized.

The Company recognizes a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. As of March 31, 2019, and 2018, the Company has not recorded any unrecognized tax benefits.

Segment Information

Accounting Standards Codification subtopic Segment Reporting 280-10 ("ASC 280-10") establishes standards for reporting information regarding operating segments in annual financial statements and requires selected information for those segments to be presented in interim financial reports issued to stockholders. ASC 280-10 also establishes standards for related disclosures about products and services and geographic areas. Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision maker, or decision-making group, in making decisions how to allocate resources and assess performance. The information disclosed herein materially represents all of the financial information related to the Company's only material principal operating segment.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) (ASU 2016-02). Under ASU No. 2016-2, an entity is required to recognize right-of-use assets and lease liabilities on its balance sheet and disclose key information about leasing arrangements. ASU No. 2016-02 offers specific accounting guidance for a lessee, a lessor and sale and leaseback transactions. Lessees and lessors are required to disclose qualitative and quantitative information about leasing arrangements to enable a user of the financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. For public companies, The Company adopted this standard on January 1, 2019 using the modified retrospective method. The new standard provides a number of optional practical expedients in transition. The Company elected the 'package of practical expedients', which permitted the Company not to reassess under the new standard its prior conclusions about lease identification, lease classification and initial direct costs; and all of the new standard's available transition practical expedients.

Subsequent Events

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the financial statements, except as disclosed.

**MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2019**  
*(unaudited)*

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment as of March 31, 2019 and December 31, 2018 is summarized as follows:

	<b>March 31, 2019</b>	<b>December 31, 2018</b>
Computer equipment	\$ 17,438	\$ 15,207
Furniture and fixtures	5,140	5,140
Subtotal	22,578	20,347
Less accumulated depreciation	(9,512)	(7,917)
Property and equipment, net	\$ 13,066	\$ 12,430

Property and equipment are stated at cost and depreciated using the straight-line method over their estimated useful lives of 3 years. When retired or otherwise disposed, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference less any amount realized from disposition, is reflected in earnings.

Depreciation expense was \$1,696 and \$1,393 for the three months ended March 31, 2019 and 2018, respectively.

**NOTE 5 – INVESTMENTS**

MoneyTrac

On March 13, 2017, the Company entered into a stock purchase agreement to acquire up to 15,000,000 common shares of MoneyTrac Technology, Inc., a corporation organized and operating under the laws of the state of California, for a total purchase price of \$250,000 representing approximately 15% ownership at the time of the agreement. As of December 31, 2017, the Company had acquired 15,000,000 common shares for \$250,000 representing approximately 15% ownership. In connection with the investment, Donald Steinberg, the Company's President and Chief Executive Officer and Director, was appointed as a board member to MoneyTrac.

The Company accounts for its investment in MoneyTrac Technology, Inc. at estimated market fair value using the market price for the publicly traded shares under the ticker symbol "GOHE" as listed on OTC Markets as an indicator of fair market value. As of March 31, 2019, and December 31, 2018, the balance of this investment was 675,000 and \$810,000, respectively and was classified as a short-term investment as of for both periods.

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Benihemp

On June 16, 2017, the Company entered into a Loan Agreement (“Agreement”) with Convenient Hemp Mart, LLC (“Benihemp”), a limited liability company formed and operating under the laws of the State of Wyoming. Pursuant to the Agreement, Benihemp executed a promissory note for a principal loan amount of \$50,000, accruing interest at the rate of 4% per annum and payable in one year, subject to one-time six-month repayment extension. The Agreement also provided that the Company shall have the option to waive repayment of the note and pay Benihemp an additional \$50,000 payment in exchange for a 25% membership interest in Benihemp’s limited liability company.

Global Hemp Group JV

On August 31, 2017, the Company entered into a Joint Venture Agreement (“Agreement”) with Global Hemp Group, Inc., a Canadian corporation (“Global Hemp Group”). The Company will assist Global Hemp Group in developing commercial hemp production in New Brunswick, Canada. In the first year of the Agreement, the Company will share the costs of the ongoing hemp trial in New Brunswick; provide its expertise in developing hemp cultivation going forward; and, be granted a right of first refusal as Global Hemp Group’s primary off-taker of any raw materials produced from the project. The Company’s joint venture partner, Global Hemp Group, also partnered with Collège Communautaire du Nouveau Brunswick (CCNB) in Bathurst, New Brunswick, to assist in conducting research with the hemp trials. The trials are taking place on the Acadian peninsula of New Brunswick, and the initial trials to establish commercial cultivation pursuant to the Agreement are expected to be completed during 2019.

Global Hemp Group Joint Venture/Scio Oregon Hemp Project

On May 8, 2018, the Company, Global Hemp Group, Inc., a Canadian corporation, and TTO Enterprises, Ltd., an Oregon corporation entered into a Joint Venture Agreement. The purpose of the joint venture is to develop a project to commercialize the cultivation of industrial hemp on a 109 acre parcel of real property owned by the Company and Global Hemp Group in Scio, Oregon, and operating under the Oregon corporation Covered Bridges, Ltd. The joint venture is in the development stage. On May 30, 2018, the joint venture purchased TTO’s 15% interest in the joint venture for \$30,000. The Company and Global Hemp Group, Inc. now have an equal 50-50 interest in the joint venture. The joint venture agreement commits the Company to a cash contribution of \$600,000 payable on the following funding schedule: \$200,000 upon execution of the joint venture agreement; \$238,780 by July 31, 2018; \$126,445 by October 31, 2018; and, \$34,775 by January 31, 2019. The Company has complied with its payments. The 2018 crop of hemp grown on the joint venture’s real property consisted of 33 acres of high yielding CBD hemp grown in an orchard style cultivation on the property. The 2018 harvest consisted of approximately 37,000 high yielding CBD hemp plants producing 24 tons of biomass that produced 48,000 pounds of dried biomass. The joint venture partners prepared processing samples ranging in size from 100 lbs. to 2,000 lbs. for sample offers to extraction companies. The biomass is being processed into CBD crude oil with the option to refine it further into isolate, or full spectrum oil, in order to increase its value on the market. Results from the current extraction test batches are expected to be received by May 2019 and will serve as a basis for the final terms of the sale of the biomass by the Partners.

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**NOTE 6 – NOTES PAYABLE, RELATED PARTY**

As of March 31, 2019, and December 31, 2018, the Company’s officers and directors have provided advances and incurred expenses on behalf of the Company. The issued notes are unsecured, due on demand and bear 5% interest.

**NOTE 7 – CONVERTIBLE NOTE PAYABLE**

Convertible notes payable are comprised of the following:

	<b>March 31, 2019</b>	<b>December 31, 2018</b>
Convertible note payable-John Fife, last due October 27, 2018	\$ —	\$ 150,959
Convertible notes payable-St George-last due January 24, 2020	2,927,889	1,877,890
<b>Total</b>	<b>2,927,889</b>	<b>2,028,849</b>
Less debt discounts	(1,391,618)	(896,180)
<b>Net</b>	<b>1,536,271</b>	<b>1,132,669</b>
Less current portion	1,536,271	(1,132,669)
<b>Long term portion</b>	<b>\$ —</b>	<b>\$ —</b>

Convertible notes payable-St George Investments

Effective November 1, 2017, the Company issued a secured convertible promissory note in aggregate amount of \$601,420 to St George Investments LLC (“St George”). The promissory note bears interest at 10% per annum, is due upon maturity sixteen months after the purchase price date and includes an original issue discount (“OID”) of \$59,220. The promissory note was funded on November 11, 2017 of \$542,200; net of OID and transaction costs. As of March 31, 2019, the Company owed \$417,890 on this convertible promissory note.

Effective December 20, 2017, the Company issued a secured convertible promissory note in aggregate of \$1,655,000 to St George Investments LLC (“St George”). The promissory note bears interest at 10% per annum, is due upon maturity sixteen months after purchase price date and includes an original issue discount (“OID”) of \$155,000. In addition, the Company agreed to pay \$5,000 for legal, accounting and other transaction costs of the lender. The promissory note was funded in nine tranches of \$300,000; \$200,000; \$200,000; \$400,000; \$75,000; \$150,000; \$85,000; \$120,000 and \$70,000, resulting in receiving aggregate net proceeds of \$1,500,000. The Company had received aggregate net proceeds of \$300,000 during the year ended December 31, 2017 with the remaining tranches received during the year ended December 31, 2018. As an investment incentive, the Company issued 66,000,000 5 year warrants, exercisable at \$.04 with certain reset provisions.

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The promissory notes are convertible, at any time at the lender's option, at \$0.04. However, in the event the Company's market capitalization (as defined) falls below \$30,000,000, the conversion rate is 60% of the 3 lowest closing trade prices due the 20 trading days immediately preceding date of conversion, subject to additional adjustments, as defined. In addition, the promissory note includes certain anti-dilution provisions should the Company subsequently issue any common stock or equivalents at an effective price less than the lender conversion price.

The Company has a right to prepayment of the note, subject to a 20% prepayment premium and is secured by a trust deed of certain assets of the Company.

During the three months ended March 31, 2019, \$220,000 of principal along with \$100,336 of derivative liabilities valued as of the respective conversion dates were converted into 31,151,515 shares of common stock.

On November 5, 2018, \$250,000 of principal and accrued interest was assigned to John Fife as an individual with all the terms and conditions of the original note issued to St George. On March 21, 2019, \$150,959 of principal and \$4,963 of accrued interest along with \$160,454 of derivative liabilities valued as of the respective conversion date were converted into 23,667,574 shares of common stock.

Effective August 28, 2018, the Company issued a secured convertible promissory note in aggregate of \$1,105,000 to St George Investments LLC ("St George"). The promissory note bears interest at 10% per annum, is due upon maturity ten months after purchase price date and includes an original issue discount ("OID") of \$100,000. In addition, the Company agreed to pay \$5,000 for legal, accounting and other transaction costs of the lender. During the year ended December 31, 2018, the promissory note was funded in seven tranches totaling aggregate net proceeds of \$825,000. As an investment incentive, the Company issued 45,000,000 5 year warrants, exercisable at \$0.04 with certain reset provisions.

The promissory note is convertible, at any time at the lender's option, at \$0.04. However, in the event the Company's market capitalization (as defined) falls below \$30,000,000, the conversion rate is 60% of the 3 lowest closing trade prices due the 20 trading days immediately preceding date of conversion, subject to additional adjustments, as defined. In addition, the promissory note includes certain anti-dilution provisions should the Company subsequently issue any common stock or equivalents at an effective price less than the lender conversion price.

The Company has a right to prepayment of the note, subject to a 15% prepayment premium and is secured by a trust deed of certain assets of the Company.

During the three months ended March 31, 2019, an additional \$135,000 was funded under this note for net proceeds of \$125,000. The aggregate fair value of \$1,588,493 of the issued warrants was allocated to this funding based on the funding's percentage of the \$1,105,000 face value. The determined fair value of warrants issued was then allocated between the debt instrument and warrants based on their relative fair values. The portion of the proceeds allocated to the warrants has been added to the debt discount, included in additional paid in capital and amortized over the life of the debt.

At the funding date of the eight tranche of this note, the Company determined an aggregate fair value of the embedded derivatives on the total outstanding balance of this note of \$1,180,646. The fair value of the embedded derivatives was determined using the Binomial Option Pricing Model based on the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 112.4%, (3) weighted average risk-free interest rate of 2.54%, (4) expected life of .481 years, and (5) estimated fair value of the Company's common stock from \$0.018 per share. The determined aggregate fair value of the debt derivatives was adjusted with a \$36,343 reduction of interest expense during the three months ending March 31, 2019.



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Effective January 29, 2019, the Company issued a secured convertible promissory note in aggregate of \$2,205,000 to St George Investments LLC (“St George”). The promissory note bears interest at 10% per annum, is due upon maturity ten months after the purchase price date and includes an original issue discount (“OID”) of \$200,000. In addition, the Company agreed to pay \$5,000 for legal, accounting and other transaction costs of the lender. During the three months ended March 31, 2019, the promissory note was funded in three tranches totaling \$555,000 resulting in receiving aggregate net proceeds of \$500,000 under this note. The net proceeds received consisted of \$393,780 in cash and \$161,220 in payments on behalf of the Company. As an investment incentive, the Company issued 90,000,000 5 year warrants, exercisable at \$.04 with certain reset provisions.

The promissory note is convertible, at any time at the lender’s option, at \$0.04. However, in the event the Company’s market capitalization (as defined) falls below \$30,000,000, the conversion rate is 60% of the 3 lowest closing trade prices due the 20 trading days immediately preceding date of conversion, subject to additional adjustments, as defined. In addition, the promissory note includes certain anti-dilution provisions should the Company subsequently issue any common stock or equivalents at an effective price less than the lender conversion price.

The Company has a right to prepayment of the note, subject to a 15% prepayment premium and is secured by a trust deed of certain assets of the Company.

Additionally, at the date of issuance, the Company determined the aggregate fair value of the issued warrants at \$999,838. The fair value of the warrants were determined using the Binomial Option Pricing Model based on the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 109.63%, (3) weighted average risk-free interest rate of 2.55%, (4) expected life of 5.00 years, and (5) estimated fair value of the Company's common stock of \$0.0162 per share. The aggregate fair value of the issued warrants is allocated to each funding based on the funding’s percentage of the aggregate warrant face value. The determined fair value of warrants issued was then allocated between the debt instrument and warrants based on their relative fair values. The portion of the proceeds allocated to the warrants has been added to the debt discount, included in additional paid in capital and amortized over the life of the debt. During the three months ended March 31, 2019, the portion of proceeds allocated to warrants totaled \$167,225.

At the funding dates of the notes, the Company determined an aggregate fair value of \$44,898 of the embedded derivatives. The fair value of the embedded derivatives was determined using the Binomial Option Pricing Model based on the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 107.91% to 109.79%, (3) weighted average risk-free interest rate of 2.31% to 2.50%, (4) expected life of .750 to .836 years, and (5) estimated fair value of the Company's common stock from \$.0132 to \$.0163 per share. The determined fair value of the debt derivatives was charged as a debt discount up to the net proceeds of the note.

Effective March 25, 2019, the Company issued a secured convertible promissory note in aggregate of \$580,000 to St George Investments LLC (“St George”). The promissory note bears interest at 10% per annum, is due upon maturity ten months after the purchase price date and includes an original issue discount (“OID”) of \$75,000. In addition, the Company agreed to pay \$5,000 for legal, accounting and other transaction costs of the lender. During the three months ended March 31, 2019, the promissory note was funded in the amount of \$580,000 resulting in receiving aggregate net proceeds of \$500,000 under this note. As an investment incentive, the Company issued 22,500,000 5 year warrants, exercisable at \$.04 with certain reset provisions.

The promissory note is convertible, at any time at the lender’s option, at \$0.04. However, in the event the Company’s market capitalization (as defined) falls below \$30,000,000, the conversion rate is 60% of the 3 lowest closing trade prices due the 20 trading days immediately preceding date of conversion, subject to additional adjustments, as defined. In addition, the promissory note includes certain anti-dilution provisions should the Company subsequently issue any common stock or equivalents at an effective price less than the lender conversion price.

The Company has a right to prepayment of the note, subject to a 15% prepayment premium and is secured by a trust deed of certain assets of the Company.

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Additionally, at the date of issuance, the Company determined the aggregate fair value of the issued warrants at \$258,701. The fair value of the warrants were determined using the Binomial Option Pricing Model based on the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 108.20%, (3) weighted average risk-free interest rate of 2.21%, (4) expected life of 5.00 years, and (5) estimated fair value of the Company's common stock of \$0.0169 per share. The determined fair value of warrants issued was allocated between the debt instrument and warrants based on their relative fair values. The portion of the proceeds allocated to the warrants has been added to the debt discount, included in additional paid in capital and amortized over the life of the debt. During the three months ended March 31, 2019, the portion of proceeds allocated to warrants totaled \$170,489.

At the funding dates of the notes, the Company determined an aggregate fair value of \$233,477 of the embedded derivatives. The fair value of the embedded derivatives was determined using the Binomial Option Pricing Model based on the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 108.85%, (3) weighted average risk-free interest rate of 2.48%, (4) expected life of .836 years, and (5) estimated fair value of the Company's common stock from \$.0169 per share. The determined fair value of the debt derivatives was charged as a debt discount up to the net proceeds of the note.

Summary:

The Company has identified the embedded derivatives related to the above described notes and warrants. These embedded derivatives included certain conversion and reset features. The accounting treatment of derivative financial instruments requires that the Company record fair value of the derivatives as of the inception date of the note and to fair value as of each subsequent reporting date.

At March 31, 2019, the Company determined the aggregate fair values of \$4,961,666 of embedded derivatives. The fair values were determined using the Binomial Option Pricing Model based on the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 107.54%, (3) weighted average risk-free interest rate of 2.40%, (4) expected life of 0.250 to .817 years, and (5) estimated fair value of the Company's common stock from \$0.0151 per share.

For the three months ended March 31, 2019, the Company recorded a loss on change in fair value of derivative liabilities of \$2,687,449 and recorded amortization of debt discounts of \$436,282 as a charge to interest expense, respectively.

**NOTE 8 – STOCKHOLDERS' DEFICIT**

Preferred stock

The Company is authorized to issue 50,000,000 shares of \$0.001 par value preferred stock as of March 31, 2019 and December 31, 2018. As of March 31, 2019, and December 31, 2018, the Company has designated and issued 10,000,000 shares of Class A Preferred Stock.

Each share of Class A Preferred Stock is entitled to 100 votes on all matters submitted to a vote to the stockholders of the Company, does not have conversion, dividend or distribution upon liquidation rights.

Common stock

The Company is authorized to issue 5,000,000,000 shares of \$0.001 par value common stock as of March 31, 2019 and December 31, 2018. As of March 31, 2019, and December 31, 2018, the Company had 2,687,790,776 and 2,561,238,082, respectively, common shares issued and outstanding

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During the three months ended March 31, 2019, the Company issued an aggregate of 8,500,000 shares of its common stock for services rendered with an estimated fair value of \$153,850.

During the three months ended March 31, 2019, the Company issued 54,819,089 shares of its common stock in settlement of convertible notes payable, accrued interest and embedded derivative liabilities of \$636,712.

During the three months ended March 31, 2019, the company issued 39,333,332 shares of its common stock in exchange for exercise of warrants on a cashless basis.

During the three months ended March 31, 2019, the Company sold an aggregate of 23,900,273 shares of its common stock for net proceeds of \$129,055.

Options

The following table summarizes the stock option activity for the three months ended March 31, 2019:

	Shares	Weighted-Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2018	1,000,000,000	\$ 0.005	6.76	\$ 10,100,000
Granted	—	—	—	—
Cancellations	(1,000,000,000)	0.005	6.76	—
Forfeitures or expirations	—	—	—	—
Outstanding at March 31, 2019	—	\$ —	—	\$ —
Exercisable at March 31, 2019	—	\$ —	—	\$ —

On February 27, 2019, Donald Steinberg and Charles Larsen canceled all 1,000,000,000 stock options previously issued to them by the Company.

The following table presents information related to stock options at March 31, 2019:

Options Outstanding		Options Exercisable	
Exercise Price	Number of Options	Weighted Average Remaining Life In Years	Exercisable Number of Options
\$ —	—	—	—

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Warrants

The following table summarizes the stock warrant activity for the three months ended March 31, 2019:

	Shares	Weighted-Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2019	110,846,817	\$ 0.039	4.18	\$ 25,500
Granted	115,166,666	0.020	4.87	267
Exercised	(11,551,252 )	0.020	2.55	20,400
Outstanding at March 31, 2019	214,462,231	\$ 0.040	4.44	\$ 5,367
Exercisable at March 31, 2019	214,462,231	\$ 0.040	4.44	\$ 5,367

The aggregate intrinsic value in the preceding tables represents the total pretax intrinsic value, based on options with an exercise price less than the Company's stock price of \$0.0151 as of March 31, 2019, which would have been received by the option holders had those option holders exercised their options as of that date.

The following table presents information related to warrants at March 31, 2019:

Warrants Outstanding		Warrants Exercisable	
Exercise Price	Number of Warrants	Weighted Average Remaining Life In Years	Exercisable Number of Warrants
\$ 0.04	214,462,231	4.44	214,462,231

In connection with the issuance of convertible notes payable, the Company issued an aggregate of 112,500,000 warrants to purchase the Company's common stock at \$0.04 per share, vesting immediately and expiring 5 years from the date of issuance. (See Note 6)

Restricted Stock Units ("RSU")

The following table summarizes the restricted stock activity for the three months ended March 31, 2019:

Total Restricted Shares Issued at January 1, 2019	10,000,000
Granted	—
Forfeited	—
Total Restricted Shares Issued at March 31, 2019	10,000,000
Vested at March 31, 2019	10,000,000

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**NOTE 9 — FAIR VALUE MEASUREMENT**

The Company adopted the provisions of Accounting Standards Codification subtopic 825-10, Financial Instruments (“ASC 825-10”) on January 1, 2008. ASC 825-10 defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance. ASC 825-10 establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 825-10 establishes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities.

All items required to be recorded or measured on a recurring basis are based upon level 3 inputs.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement is disclosed and is determined based on the lowest level input that is significant to the fair value measurement.

Upon adoption of ASC 825-10, there was no cumulative effect adjustment to beginning retained earnings and no impact on the financial statements.

The carrying value of the Company’s cash and cash equivalents, accounts receivable, accounts payable, short-term borrowings (including convertible notes payable), and other current assets and liabilities approximate fair value because of their short-term maturity.

As of March 31, 2019, and December 31, 2018, the Company did not have any items that would be classified as level 1 or 2 disclosures.

The Company recognizes its derivative liabilities as level 3 and values its derivatives using the methods discussed in note 6. While the Company believes that its valuation methods are appropriate and consistent with other market participants, it recognizes that the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. The primary assumptions that would significantly affect the fair values using the methods discussed in Note 6 are that of volatility and market price of the underlying common stock of the Company.

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As of March 31, 2019, and December 31, 2018, the Company did not have any derivative instruments that were designated as hedges.

The derivative liability as of March 31, 2019 and December 31, 2018, in the amount of \$4,961,666 and \$2,256,631, respectively, have a level 3 classification.

The following table provides a summary of changes in fair value of the Company's Level 3 financial liabilities for the three years ended March 31, 2019:

	<b>Debt Derivative</b>
Balance, January 1, 2019	\$ 2,256,631
Total (gains) losses	
Initial fair value of debt derivative at note issuance	278,376
Mark-to-market at March 31, 2019:	2,687,449
Transfers out of Level 3 upon conversion or payoff of notes payable	(260,790)
Balance, March 31, 2019	<u>\$ 4,961,666</u>
Net gain for the period included in earnings relating to the liabilities held during the period ended March 31, 2019	<u>\$ 2,723,792</u>

Fluctuations in the Company's stock price are a primary driver for the changes in the derivative valuations during each reporting period. During the period ended March 31, 2019, the Company's stock price decreased significantly from initial valuations. As the stock price decreases for each of the related derivative instruments, the value to the holder of the instrument generally decreases. Stock price is one of the significant unobservable inputs used in the fair value measurement of each of the Company's derivative instruments.

**NOTE 10 — RELATED PARTY TRANSACTIONS**

The Company's current officers and stockholders advanced funds to the Company for travel related and working capital purposes. As of March 31, 2019, and December 31, 2018, there were no related party advances outstanding.

As of March 31, 2019, and December 31, 2018, accrued compensation due officers and executives included as accrued compensation was \$442,659 and \$454,316, respectively.

At March 31, 2019 and December 31, 2018, there were an aggregate of \$396,781 and \$287,140 notes payable due to officers. The notes are at 5% per annum and non-interest bearing, respectively, and are due on demand.

**NOTE 11 – SUBSEQUENT EVENTS**

On April 15, 2019, the Company entered into a material definitive agreement with Natural Plant Extract of California, Inc., a California corporation to form a joint venture incorporated in California under the name "Viva Buds, Inc." for the purpose of operating a California based licensed cannabis distribution business pursuant to California law legalizing cannabis for recreational and medicinal use; the Company filed Form 8-K on April 15, 2019.

On April 24, 2019, the Company appointed Edward Manolos as an independent director; the Company filed Form 8-K on April 24, 2019.

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On May 1, 2019, the Company entered into a material definitive agreement with Unicast Equities, LLC and its affiliate Grantchester Equity, Ltd. (“Grantchester”) to obtain a listing on the Vienna Stock Exchange for hempSMART, Ltd., a UK corporation and wholly owned subsidiary of Registrant, through a Luxembourg based holding company; the Company filed Form 8-K on May 3, 2019.

On May 1, 2019, the Company mailed a corporate update letter and information sheet to its shareholders; the Company filed Form 8-K on May 1, 2019.

On May 14, 2019, the Company signed a Letter of Intent (“LOI”) with Essence Farms, LLC (“Essence”) to form a joint venture (“JV”) called Riverside Hemp Project to operate farming operations in California for the purpose of growing, cultivating, manufacturing, extracting and selling legal hemp and hemp derived CBD. The transaction is pending completion of a material definitive agreement.

On May 14, 2019, the Company issued 15,151,515 shares of common stock to St. George Investments, LLC, pursuant to a convertible note payable.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*This Management's Discussion and Analysis of Financial Condition and Results of Operations includes a number of forward-looking statements that reflect Management's current views with respect to future events and financial performance. You can identify these statements by forward-looking words such as "may," "will," "expect," "anticipate," "believe," "estimate" and "continue," or similar words. Those statements include statements regarding the intent, belief or current expectations of us and members of our management team as well as the assumptions on which such statements are based. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risk and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements.*

*Readers are urged to carefully review and consider the various disclosures made by us in this report and in our other reports filed with the Securities and Exchange Commission. Important factors currently known to Management could cause actual results to differ materially from those in forward-looking statements. We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in the future operating results over time. We believe that our assumptions are based upon reasonable data derived from and known about our business and operations. No assurances are made that actual results of operations or the results of our future activities will not differ materially from our assumptions. Factors that could cause differences include, but are not limited to, expected market demand for our products, fluctuations in pricing for materials, and competition.*

### Business Overview

**Plan of Operations** – Marijuana Company of America Inc. and subsidiaries is a publicly listed company quoted on OTC Markets OTCQB Tier under the symbol "MCOA". We are based in Escondido, California. The Company operates two distinct and separate business divisions related to its three wholly owned subsidiaries, H Smart, Inc., MCOA CA, Inc, and HempSmart, Ltd., a corporation formed and operating in the United Kingdom. Our business develops, manufactures, markets and sells non-psychoactive industrial hemp, and hemp-derived consumer products containing cannabinoids (hereafter referred to as "CBD"), with a THC content of less than 0.03%. Our business includes the research and development of (1) varieties of various species of hemp; (2) beneficial uses of hemp and hemp derivatives; (3) indoor and outdoor cultivation methods for hemp; (4) technology used for cultivation and harvesting of different species of hemp, including but not limited to lighting, venting, irrigation, hydroponics, nutrients and soil; (5) different species of industrial hemp derived CBD, and the possible health benefits thereof; and, (6) new and improved methods of hemp CBD extraction omitting or eliminating the delta-9 THC molecule. As part of our hemp related business, we entered into joint ventures to develop and grow, cultivate and harvest hemp in Scio, Oregon and are joint venture partners in a hemp research and development project in New Brunswick, Canada.

Our consumer products containing hemp and CBD are sold through our wholly owned subsidiary H Smart, Inc. under the brand name hempSMART™. We market and sell our hempSMART™ products directly through our web site, and through our affiliate marketing program, where qualified sales affiliates use a secure multi-level-marketing sales software program that facilitates order placement over the internet via a web site, and accounts for affiliate orders and sales; calculates referral benefits apportionable to specific sales associates and calculates and accounts for loyalty and rewards benefits for returning customers. We also retained a full-service marketing company that uses a multi-channel transactional marketing campaign focused on digital advertising, infographics, content marketing, customer incentives and acquisition, a broad social media presence, as well as search engine marketing and optimization that includes comprehensive research and analytics and order fulfillment in order to boost direct sales.

Our current hempSMART™ wellness products offerings include the following:

hempSMART Brain™ a proprietary patented and formulated personal care consumer product encapsulated with enriched non-psychoactive industrial hemp derived CBD. This encapsulation is combined with other high quality, proprietary natural ingredients to compliment CBD to support brain wellness.



hempSMART Pain™ capsules formulated with 10mg of Full Spectrum, non-psychoactive CBD per serving, derived from industrial hemp, which along with a proprietary blend of other natural ingredients, delivers an all-natural formulation for the temporary relief of minor discomfort associated with physical activity.

hempSMART Pain Cream™ each container formulated with 300mg of full spectrum non-psychoactive CBD derived from industrial hemp. The newly developed product contains a synergistic combination of natural botanicals and full spectrum hemp extract featuring CBD, CBG and a broad range of terpenes. The Company's proprietary blend of Ayurvedic herbs along with Menthol, Cayenne Pepper Extract, Rosemary Oil, Aloe Gel, White Willow Bark, Arnica, Wintergreen Extract and Tea Tree Oil, provides an immediate cooling and soothing sensation. This topical wellness consumer product is formulated to help reduce minor discomfort and promote muscle relaxation on areas that it is applied.

hempSMART Drops™ full Spectrum Hemp CBD Oil Tincture Drops, available in 250mg and 500mg bottles, enriched with non-psychoactive industrial hemp derived CBD, and available in four different flavors: lemon, mint, orange and strawberry that is free of the THC isolate.

hempSMART Pet Drops™ for cats and dogs, formulated with 250mg of full spectrum non-psychoactive CBD derived from industrial hemp. This new specially formulated product contains naturally occurring CBD derived from hemp seed oil, full spectrum hemp extract, fractionated coconut oil, and a rich bacon flavor.

hempSMART Face™ a nourishing facial moisturizer combines full spectrum CBD from hemp, with a unique blend of Ayurvedic herbs and botanicals. Designed to refresh, replenish and restore the skin providing long lasting hydration and balance.

On April 15, 2019, the Company entered into a new material definitive agreement with Natural Plant Extract of California, Inc., a California corporation to form a joint venture incorporated in California under the name "Viva Buds, Inc." for the purpose of operating a California based licensed cannabis distribution business pursuant to California law legalizing cannabis for recreational and medicinal use (See Subsequent Events). As of the date of this filing, the joint venture is not operational and is in the development stage.

We additionally offer consulting services in accounting and real property management for licensed businesses in the cannabis industry in those states where cannabis has been legalized for recreational and/or medicinal use.

Our business also includes making selected investments in other related new businesses. Currently, we have made investments in startup ventures, including:

**MoneyTrac Technology, Inc.;** MoneyTrac Technology, Inc. is a developer of an integrated and streamlined electronic payment processing system containing E-Wallet and mobile applications, that allows for the management and processing of prepaid cards, debit cards, and credit card payments. We entered into a stock purchase agreement with MoneyTrac on March 13, 2017 to purchase a 15% equity position in MoneyTrac. On July 27, 2017 we completed tender of the purchase price of \$250,000. MoneyTrac's business and banking software solutions offer firms the ability to deposit funds directly into a "MoneyTrac Merchant Wallet," created and controlled by the firm, from which the firm can manage and provide inventory management, payroll processing, and audit tracking; and, the creation of "Customer Wallets," by anyone who wants to engage in cashless transactions, by loading money into their "MoneyTrac Customer Wallet" from a bank account or through a MoneyTrac kiosk, which also accepts debit and credit card transactions. MoneyTrac's kiosks are marketed to businesses that wish to offer cashless transactions to its customers, who can choose to either have funds loaded directly into their "Customer Wallet" or onto a pre-paid debit card. MoneyTrac's system provides for a secure, managed and auditable record of cashless transactions that is designed to be marketed to firms who want an alternative payment and management method for transacting business, including those firms in the legalized cannabis business in those states where cannabis has been legalized for recreational and/or medicinal use. On June 12th, 2018 Global Payout, Inc. ("Global", "Parent") entered into a Reverse Triangular Merger (the "Merger") with MoneyTrac Technology, Inc. ("MoneyTrac") a California Corporation and MTrac Tech Corporation ("Merger Sub") a Nevada corporation and wholly-owned subsidiary of Global Payout, Inc. whereby MoneyTrac Technology was successfully merged into MTrac Tech, the surviving corporation of the merger, and thereafter the separate existence of MoneyTrac ceased and all rights, privileges, powers and property, including, without limitation, all rights, privileges, franchise, patents, trademarks, licenses, registrations, bank accounts, contracts, patents, copyrights, and other assets of every kind and description of MoneyTrac were assumed by Merger Sub. Additionally, Merger Sub assumed all of the obligations and liabilities of MoneyTrac, except minute books and stock records of MoneyTrac insofar as they relate solely to its organization and capitalization, and the rights of MoneyTrac arising out of the executed Merger Agreement. Pursuant to the terms of the Merger, Global issued 1,100,000,000 (one billion, one hundred million) shares of its common stock to MoneyTrac as consideration for the purchase of MoneyTrac. Pursuant to the terms of the Merger, a conversion of issued MoneyTrac stock was completed whereby each one (1) share of MoneyTrac stock, issued and outstanding immediately prior to the effective date of the Merger, was canceled and extinguished and converted automatically into ten (10) shares of Global common stock. As of the effective date of the Merger, all shares of Global Preferred Stock issued prior to the effective date of the Merger were canceled and extinguished without any conversion thereof.

**Convenient Hemp Mart, LLC;** Convenient Hemp Mart, LLC is a Wyoming limited liability company whose business plan includes the development, manufacture and sale of consumer products containing CBD that are intended for marketing and sales at convenience stores, gas stations and markets. On July 19, 2017, we agreed to lend fifty thousand dollars (\$50,000) to Convenient based on a promissory note. The note provided that in lieu of receiving repayment, we could elect to exercise a right to convert the loaned amount into a payment towards the purchase of a 25% interest in Convenient, subject to our payment of an additional fifty thousand dollars [\$50,000] equaling a total purchase price of \$100,000. The Company exercised this option on November 20, 2017 and made payment to Convenient on November 21, 2017. Convenient developed a line of consumer products containing industrial hemp derived CBD with no traceable THC content. The product line includes tinctures that combine industrial hemp-derived CBD with hemp seed oil, coconut oil and other essential natural oils; a muscle cream product that combines industrial hemp-derived CBD with natural oils; a hand lotion that combines industrial hemp derived CBD with lavender oils; and a line of pet treats that combine industrial hemp-derived CBD with natural oils. As of March 31, 2019, the balance of this investment reported on the balance sheet for the quarter ended March 31, 2019 was \$0.00 as a result of the investment being deemed fully impaired.

**Global Hemp Group, Inc. Joint Venture;** On September 5, 2017, we announced our agreement to participate in a joint venture with Global Hemp Group Inc., a Canadian corporation, in a multi-phase industrial hemp project on the Acadian peninsula of New Brunswick, Canada. The joint venture's goal is to develop a "Hemp Agro-Industrial Zone", a concept that promotes and engages farmers, processors and manufacturers to collaboratively produce and process 100% of the hemp plant into a number of wholesale materials that can be manufactured into healthy and sustainable products. The "HAIZ" will be surrounded by hemp production thereby minimizing the cost of expensive transportation to distant processing facilities. The "Hemp Agro-Industrial Zone" has a goal of producing social and environmental benefits to the communities where they operate. These zones are envisioned to prospectively create jobs for farmers, foster rural development, provide the opportunity to develop more sustainable products of superior quality and help support Global Hemp Group's commitment to creating a carbon free economy. The first phase of the project involved lab testing in support of the trials. The Collège Communautaire du Nouveau Brunswick (CCNB) in Bathurst, New Brunswick ("CCNB") intends to assist Global Hemp Group in research on its ongoing industrial hemp trials in the region, and to perform laboratory tests in support of these trials. These tests will provide information to validate agronomic and key yield data in preparation of a large-scale industrial development project that will involve processing of the full plant: grain, straw, flowers and leaves, scheduled to begin in 2018. The results of these tests will also be used in discussions with farmers of the region to refine a hemp-based farming model, and to mobilize additional farmers for the next growing season. Our participation included providing one-half, or \$10,775 of the funding for the phase one work. On January 10, 2018, phase-one was completed by successfully cultivating industrial hemp during the 2017 growing season for research purposes. The objective of phase one was to re-introduce hemp into the area and ensure that it could be productive under New Brunswick growing conditions prior to significantly increasing cultivation acreage and building a hemp processing facility in the region, in future phases of the project. As a result of our participation in the joint venture, we will share in the ownership of research and development of hemp and CBD related studies produced by the New Brunswick Project, and, in the event Canadian laws governing the growing, harvesting, manufacturing and production of products containing hemp and CBD change (as expected, but not guaranteed) in 2018, we would benefit from possible preferred pricing and terms for the purchase of hemp and CBD that would enable us to further conduct its business and research and development into hemp and CBD products.

**Global Hemp Group Joint Venture/Scio Oregon Hemp Project;** On May 8, 2018, the Company, Global Hemp Group, Inc., a Canadian corporation, and TTO Enterprises, Ltd., an Oregon corporation entered into a Joint Venture Agreement. The purpose of the joint venture is to develop a project to commercialize the cultivation of industrial hemp on a 109 acre parcel of real property owned by the Company and Global Hemp Group in Scio, Oregon, and operating under the Oregon corporation Covered Bridges, Ltd. The joint venture is in the development stage. On May 30, 2018, the joint venture purchased TTO's 15% interest in the joint venture for \$30,000. The Company and Global Hemp Group, Inc. now have an equal 50-50 interest in the joint venture. The joint venture agreement commits the Company to a cash contribution of \$600,000 payable on the following funding schedule: \$200,000 upon execution of the joint venture agreement; \$238,780 by July 31, 2018; \$126,445 by October 31, 2018; and, \$34,775 by January 31, 2019. The Company has complied with its payments. The 2018 crop of hemp grown on the joint venture's real property consisted of 33 acres of high yielding CBD hemp grown in an orchard style cultivation on the property. The 2018 harvest consisted of approximately 37,000 high yielding CBD hemp plants producing 24 tons of biomass that produced 48,000 pounds of dried biomass. The joint venture partners prepared processing samples ranging in size from 100 lbs. to 2,000 lbs. for sample offers to extraction companies. The biomass is being processed into CBD crude oil with the option to refine it further into isolate, or full spectrum oil, in order to increase its value on the market. Results from the current extraction test batches are expected to be received by the end of May 2019 and will serve as a basis for the final terms of the sale of the biomass by the Partners.

## **Results of Operations**

We anticipate that our results of operations will fluctuate for the foreseeable future due to several factors, such as the progress of our hempSMART™ product sales and research and development efforts. Due to these uncertainties, accurate predictions of future operations are difficult or impossible to make.

### ***Three Months Ended March 31, 2019 Compared to Three Months Ended March 31, 2018***

**Results of Operations** - The Company generated revenue of \$114,810 and \$19,010 for the three months ended March 31, 2019 and 2018, respectively. The increase of \$95,800 is due to the Company's deployment of its hempSMART marketing and sales efforts and expansion into the UK in Q1 2019. Since the Company's sales efforts were launched approximately two years ago, no currently known or previous matters are expected to have a material impact on current or future operations, with the exception of the Company's need for additional funding (See Note 2 to the Financial Statements). For the three months ended March 31, 2019 and 2018, the Company had net losses from continuing operations of \$914,105 and \$294,308, respectively. This change is due primarily to the operational growth related to the deployment of sales and marketing efforts.

### ***Revenues/Cost of sales***

**Total Revenues** - Total revenues were \$114,810 for the three months ended March 31, 2019 as compared to \$19,010 for the three ended March 31, 2018. The reported revenues for each period reflect the Company's growth in marketing and selling its hempSMART™ products. Management plans to continue to expand its marketing and selling efforts in 2019 and expects revenues to increase in the coming months.

**Costs and Expenses** - Costs of sales, include the costs of product development, manufacturing, testing, packaging, storage and sale. For the three months ended March 31, 2019, costs of sales were \$39,878 as compared to \$10,446 for the three months ended March 31, 2018. The reported costs of sales for each period reflect the Company's increased effort and growth in the marketing and selling its hempSMART™ products.

### ***General and administrative expenses***

Other general and administrative expenses increased to \$987,341 for the three months ended March 31, 2019 compared to \$301,479 the three months ended March 31, 2018. General and administrative expenses include selling and marketing, research and development, building rent, utilities, legal fees, office supplies, subscriptions, and office equipment. The increase of \$685,862 is attributed is attributed primarily to the growth in sales of its hempSMART™ products on a global basis.

#### ***Gain on change in fair value of derivative liabilities***

During 2017 and 2018, we issued convertible promissory notes and warrants with an embedded derivative, all requiring us to fair value the derivatives each reporting period, and mark to market as a non-cash adjustment to our current period operations. This resulted in a loss of \$2,687,449 and a gain of \$5,056,686 change in fair value of derivative liabilities for the three months ended March 31, 2019 and 2018, respectively.

#### ***Loss on equity investment***

During the three months ended March 31, 2019 and 2018, we adjusted the carry value of our investment for our pro rata share of equity investment of \$47,541 and \$37,673, respectively.

#### ***Gain on settlement of debt***

During the three months ended March 31, 2019 and 2018, the company realized a gain on settlement of debt of \$0 and \$156,839, respectively. This was related to the termination of a material definitive agreement not made in the ordinary course of its business during the three months ended March 31, 2018. The parties to the agreement are the Company and GateC.

#### ***Interest Expense***

Interest expense during the three months ended March 31, 2019 was \$436,282 compared to \$730,746 for the three months ended March 31, 2018. Interest expense primarily consists of interest incurred on our convertible and other debt. The debt discounts amortization and non-cash interest incurred during the three months ended March 31, 2019 and 2018 was \$495,438 and \$502,682, respectively. In addition, we incurred a non-cash interest of \$436,282 and \$187,861 non-cash interest in connection with convertible notes for the three months ended March 31, 2019 and 2018, respectively.

**Liquidity and Capital Resources** – The Company has generated a net loss from continuing operations for the three months ended March 31, 2019 of \$4,232,377 and used \$207,098 cash for operations. As of March 31, 2019, the Company had total assets of \$2,143,188, which included inventory of \$231,666 and accounts receivable of \$77,494.

During the three months ended March 31, 2019 and 2018, the Company has met its capital requirements through a combination of loans and convertible debt instruments. The Company will need to secure additional external funding in order to continue its operations. Our primary internal sources of liquidity were provided by an increase in proceeds from the issuance of note payables of \$649,575 for March 31, 2019, as compared to \$400,000 for March 31, 2018, and an increase proceeds from the sale of note payables to a related party of \$0 for March 31, 2019 as compared to \$21,706 for March 31, 2018. We have during the period ended March 31, 2018, relied upon external financing arrangements to fund our operations. During the three months ended March 31, 2019 and 2018, we entered into several separate financing arrangements with St. George Investments, LLC, a Utah limited liability company, in which we borrowed an aggregate of \$1,536,271, the principal of which is convertible into shares of our common stock (see Note 6, Convertible Note Payable). Our ability to rely upon external financing arrangements to fund operations is not certain, and this may limit our ability to secure future funding from external sources without changes in terms requested by counterparties, changes in the valuation of collateral, and associated risk, each of which is reasonably likely to result in our liquidity decreasing in a material way. We intend to utilize cash on hand, loans and other forms of financing such as the sale of additional equity and debt securities and other credit facilities to conduct our ongoing business, and to also conduct strategic business development and implementation of our business plans generally.

**Operating Activities** - For the three months ended March 31, 2019, the Company used cash in operating activities of \$207,098. For the three months ended March 31, 2018, the Company used cash in operating activities of \$497,250. This decrease is due primarily to loss on change in fair value of derivative liabilities (non-cash) and continued implementation of our new business plan, operations, management, personnel and professional services.

**Investing Activities** - During the three months ended March 31, 2019, the Company spent cash of \$292,592 in investing activities related to its purchase of investment and equipment. During the three months ended March 31, 2018, we spent \$4,202 on equipment purchases.

Financing Activities - During the three months ended March 31, 2019, the Company, primarily through its receipt of funds from the issuance of notes payable resulted in financing activity of \$649,575. For the three months ended March 31, 2018 the Company received proceeds of \$400,000 from issuance of notes payable and \$21,706 from proceeds of notes payable due to related party.

The Company's business plans have not generated significant revenues and as of the date of this filing are not sufficient to generate adequate amounts of cash to meet its needs for cash. The Company's primary source of operating funds in 2019 and 2018 have been from revenue generated from proceeds from the sale of common stock and the issuance of convertible and other debt. The Company has experienced net losses from operations since inception, but expects these conditions to improve in the second half of 2019 and beyond as it develops its affiliate marketing program and other direct sales and marketing programs. The Company has stockholders' deficiencies at March 31, 2019 and requires additional financing to fund future operations. As of the date of this filing, and due to the early stages of operations, the Company has insufficient sales data to evaluate the amounts and certainties of cash flows, as well as whether there has been material variability in historical cash flows.

We currently do not have sufficient cash and liquidity to meet our anticipated working capital for the next twelve months. Historically, we have financed our operations primarily through private sales of our common stock and. If our sales goals for our hempSMART™ products do not materialize as planned, and we are not able to achieve profitable operations at some point in the future, we may have insufficient working capital to maintain our operations as we presently intend to conduct them or to fund our expansion, marketing, and product development plans. There can be no assurance that we will be able to obtain such financing on acceptable terms, or at all.

#### **Off Balance Sheet Arrangements**

As of March 31, 2019, and December 31, 2018, we did not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

#### **Government Regulations of Cannabis**

##### ***Federal Law***

Our business includes the research and development of (1) varieties of various species of hemp; (2) beneficial uses of hemp and hemp derivatives; (3) indoor and outdoor cultivation methods for hemp; (4) technology used for cultivation and harvesting of different species of hemp, including but not limited to lighting, venting, irrigation, hydroponics, nutrients and soil; (5) different industrial hemp derived CBD, and the possible health benefits thereof; and, (6) new and improved methods of hemp CBD extraction omitting or eliminating the delta-9 tetrahydrocannabinol "THC" molecule.

On April 15, 2019, the Company entered into a material definitive agreement with Natural Plant Extract of California, Inc., a California corporation to form a joint venture incorporated in California under the name "Viva Buds, Inc." for the purpose of operating a California based licensed cannabis distribution business pursuant to California law legalizing cannabis for recreational and medicinal use.

Hemp is a member of the cannabis family. Industrial hemp derived CBD, like cannabis, is illegal under federal law and is a "Schedule 1" drug under the Controlled Substances Act (21 U.S.C. § 811). As a Schedule 1 drug, cannabis, and hemp derived CBD is viewed as being highly addictive and having no medical value. The United States Drug Enforcement Agency enforces the Controlled Substances Act, and persons violating it are subject to federal criminal prosecution. The criminal penalty structure in the Controlled Substances Act is determined based on the specific predicate violations, including but not limited to: simple possession, drug trafficking, attempt and conspiracy, distribution to minors, trafficking in drug paraphernalia, money laundering, racketeering, environmental damage from illegal manufacturing, continuing criminal enterprise, and smuggling. A first conviction under the Controlled Substances Act can generally result in possible fines from \$250,000 to \$50 million dollars, and incarceration for periods generally from five and up to forty years. For a second conviction, fines increase generally from \$500,000 to \$75 million dollars, and incarceration for periods generally from ten years to twenty years to life.

As federal law is controlling, the enforcement of the Controlled Substances Act would pre-empt those state laws legalizing cannabis and hemp for medicinal and recreational use.

### ***Recent Events***

On March 23, 2018, President Donald J. Trump signed into law a \$1.3 trillion-dollar spending bill that included an amendment known as “Rohrabacher-Blumenauer,” which prohibits the Justice Department from using federal funds to prevent certain states “from implementing their own State laws that authorize the use, distribution, possession or cultivation of medical marijuana.”

On December 20, 2018, President Donald J. Trump signed into law the Agriculture Improvement Act of 2018, otherwise known as the “Farm Bill”. Prior to its passage, hemp, a member of the cannabis family, and hemp derived CBD were classified as Schedule 1 controlled substances, and so illegal under the Controlled Substances Act, 21 U.S.C. § 811 (hereafter referred to as the “CSA”).

With the passage of the Farm Bill, hemp cultivation is broadly permitted. The Farm Bill explicitly allows the transfer of hemp-derived products across state lines for commercial or other purposes. It also puts no restrictions on the sale, transport, or possession of hemp-derived products, so long as those items are produced in a manner consistent with the law.

Under Section 10113 of the Farm Bill, hemp cannot contain more than 0.3 percent THC. THC refers to the chemical compound found in cannabis that produces the psychoactive “high” associated with cannabis. Any cannabis plant that contains more than 0.3 percent THC would be considered non-hemp cannabis—or marijuana—under federal law and would thus face no legal protection under this new legislation and would be an illegal Schedule 1 drug under the CSA.

Additionally, there will be significant, shared state-federal regulatory power over hemp cultivation and production. Under Section 10113 of the Farm Bill, state departments of agriculture must consult with the state’s governor and chief law enforcement officer to devise a plan that must be submitted to the Secretary of the United States Department of Agriculture (hereafter referred to as the “USDA”). A state’s plan to license and regulate hemp can only commence once the Secretary of USDA approves that state’s plan. In states opting not to devise a hemp regulatory program, USDA will construct a regulatory program under which hemp cultivators in those states must apply for licenses and comply with a federally-run program. This system of shared regulatory programming is similar to options states had in other policy areas such as health insurance marketplaces under Affordable Care Act, or workplace safety plans under Occupational Health and Safety Act—both of which had federally-run systems for states opting not to set up their own systems.

The Farm Bill outlines actions that are considered violations of federal hemp law (including such activities as cultivating without a license or producing cannabis with more than 0.3 percent THC). The Farm Bill details possible punishments for such violations, pathways for violators to become compliant, and even which activities qualify as felonies under the law, such as repeated offenses.

One of the goals of the previous 2014 Farm Bill was to generate and protect research into hemp. The 2018 Farm Bill continues this effort. Section 7605 re-extends the protections for hemp research and the conditions under which such research can and should be conducted. Further, section 7501 of the Farm Bill extends hemp research by including hemp under the Critical Agricultural Materials Act. This provision recognizes the importance, diversity, and opportunity of the plant and the products that can be derived from it, but also recognizes that there is still a lot to learn about hemp and its products from commercial and market perspectives.

The United States Food & Drug Administration (“FDA”) is generally responsible for protecting the public health by ensuring the safety, efficacy, and security of (1) prescription and over the counter drugs; (2) biologics including vaccines, blood & blood products, and cellular and gene therapies; (3) foodstuffs including dietary supplements, bottled water, and baby formula; and, (4) medical devices including heart pacemakers, surgical implants, prosthetics, and dental devices.

Regarding its regulation of drugs, the FDA process requires a review that begins with the filing of an “Investigational New Drug” (IND) application, with follow on clinical studies and clinical trials that the FDA uses to determine whether a drug is safe and effective, and therefore subject to approval for human use by the FDA.

Aside from the FDA’s mandate to regulate drugs, the FDA also regulates dietary supplement products and dietary ingredients under the Dietary Supplement Health and Education Act of 1994. This law prohibits manufacturers and distributors of dietary supplements and dietary ingredients from marketing products that are adulterated or misbranded. This means that these firms are responsible for evaluating the safety and labeling of their products before marketing to ensure that they meet all the requirements of the law and FDA regulations, including, but not limited to the following labeling requirements: (1) identifying the supplement; (2) nutrition labeling; (3) ingredient labeling; (4) claims; and, (5) daily use information.

The FDA has not approved cannabis, hemp or CBD derived from industrial hemp as a safe and effective drug for any indication. As of the date of this filing, we have not, and do not intend to file an IND with the FDA, concerning any of our consumer products that contain CBD derived from industrial hemp.

The FDA has concluded that products containing industrial hemp derived CBD are excluded from the dietary supplement definition under sections 201(ff)(3)(B)(i) and (ii) of the U.S. Food, Drug & Cosmetic Act, respectively. The FDA’s position is that products containing industrial hemp derived CBD are Schedule I drugs under the Controlled Substances Act, and so are illegal drugs that are under the purview of the U.S. Drug Enforcement Agency and U.S. Justice Dept., who are charged with enforcing the Controlled Substances Act. However, at some indeterminate future time, the FDA may choose to change its position concerning cannabis generally, and specifically products containing industrial hemp derived CBD, and may choose to enact regulations that are applicable to such products as either drugs or supplements. In this event, our industrial hemp-based products containing CBD may be subject to regulation (See Risk Factors, Item IA).

In addition to strict compliance with state laws and regulations in those jurisdictions where cannabis is legal for recreational or medical use, the Company’s research and development activities intend to comply with the parameters of a recent 9th Cir. Federal Appellate Court decision, *United States v. McIntosh*, 2016 DJDAR 8484 (Aug. 16, 2016), which held: “the U.S. Department of Justice cannot spend money to prosecute federal marijuana cases if the defendants comply with state guidelines that permit the drug’s sale for medical purposes”. The Court reasoned that “if the DOJ punishes individuals for engaging in activities permitted under state law (such as the use, cultivation, distribution and possession of medical marijuana), then the DOJ is preventing state law from being implemented as a practical matter.” “By officially permitting certain conduct, state law provides for non-prosecution of individuals who engage in such conduct. If the federal government prosecutes such individuals, it has prevented the state from giving practical effect to its law providing for non-prosecution of individuals who engage in the permitted conduct.” This ruling is consistent with Congress’s passing of its current budget law, that included an amendment known as “Rohrabacher-Blumenauer,” which prohibits the Justice Department from using federal funds to prevent certain states “from implementing their own State laws that authorize the use, distribution, possession or cultivation of medical marijuana.”

**Critical Accounting Policies** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Note 1 to the Consolidated Financial Statements describes the significant accounting policies and methods used in the preparation of the Consolidated Financial Statements. Estimates are used for, but not limited to, contingencies and taxes. Actual results could differ materially from those estimates. The following critical accounting policies are impacted significantly by judgments, assumptions, and estimates used in the preparation of the Consolidated Financial Statements.

**Stock-Based Compensation** - The Company also issues restricted shares of its common stock for share-based compensation programs to employees and non-employees. The Company measures the compensation cost with respect to restricted shares to employees based upon the estimated fair value at the date of the grant, and is recognized as expense over the period which an employee is required to provide services in exchange for the award. For non-employees, the Company measures the compensation cost with respect to restricted shares based upon the estimated fair value at measurement date which is either a) the date at which a performance commitment is reached, or b) at the date at which the necessary performance to earn the equity instruments is complete.

**Recent Accounting Pronouncements** - See Note 3 of the condensed consolidated financial statements for discussion of recent accounting pronouncements.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Not applicable to Smaller Reporting Companies.

**ITEM 4. CONTROLS AND PROCEDURES**

**Disclosure Controls and Procedures**

Management of the Company is responsible for maintaining disclosure controls and procedures that are designed to ensure that financial information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized and reported within the timeframes specified in the Securities and Exchange Commission's rules and forms, consistent with Items 307 and 308 of Regulation S-K.

In addition, the disclosure controls and procedures must ensure that such financial information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required financial and other required disclosures.

As of March 31, 2019, an evaluation of the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13(a)-15(e) and 15(d)-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act") was carried out under the supervision and with the participation of our Chief Executive Officer, Chief Financial Officer, and other persons carrying out similar functions for the Company. Based on the evaluation of the Company's disclosure controls and procedures, the Company concluded that during the period covered by this report, such disclosure controls and procedures were effective.

The Company continues to employ and refine a structure in which critical accounting policies, issues and estimates are identified, and together with other complex areas, are subject to multiple reviews by accounting personnel. In addition, the Company evaluates and assesses its internal controls and procedures regarding its financial reporting, utilizing standards incorporating applicable portions of the Public Company Accounting Oversight Board's *2009 Guidance for Smaller Public Companies in Auditing Internal Controls Over Financial Reporting* as necessary and on an on-going basis.

**Changes in Internal Controls Over Financial Reporting**

The Company has no reportable changes to its internal controls over financial reporting for the period covered by this report.

The Company will continually enhance and test its internal controls over financial reporting. Additionally, the Company's management, under the control of its Chief Executive Officer and Chief Financial Officer, will increase its review of its disclosure controls and procedures on an ongoing basis. Finally, the Company plans to designate, in conjunction with its Chief Financial Officer, individuals responsible for identifying reportable developments and the process for resolving compliance issues related to them. The Company believes these actions will focus necessary attention and resources in its internal accounting functions.

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## **PART II - OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

On September 20, 2018, the Company filed suit against Bougainville Ventures, Inc., BV-MCOA Management, LLC, Andy Jagpal, Richard Cindric, et al. in Okanogan County Washington Superior Court, case number 18-2- 0045324.

The Company previously entered into a joint venture agreement with Bougainville Ventures, Inc. on March 16, 2017, as amended on November 6, 2017.

The Company and Bougainville originally agreed to a joint venture with the goal of participating in the legalized cannabis business in Washington State. The parties intended to organize and operate a cannabis growth and cultivation business on land owned by Bougainville in Oroville, Washington. The Company agreed to finance the joint venture with a cash payment of \$800,000. The Company also issued Bougainville 15 million shares of its common stock. Bougainville represented that it would provide the real property for the joint venture, computer controlled greenhouses and agricultural facilities and, as landlord, oversight of the operations of a cannabis licensee holding a I-502 cannabis license. Bougainville represented that the property was I-502 compliant, and that Bougainville had a lease payment arrangement with an I-502 license holder to operate on the land. Bougainville agreed to vend clear title to the real property associated with the I502 licensee to the joint venture within 30 days of the final payment by the registrant. Despite the Company complying with its full financial obligations, Bougainville did not and has not transferred the real property to the joint venture. The Company determined that Bougainville did not own the real property; misappropriated funds paid into the joint venture for its own purposes; and, did not possess an agreement with a licensed I-502 operator.

The Company's complaint seeks legal and equitable relief for breach of contract, fraud, breach of fiduciary duty, conversion, recession of the joint venture agreement, an accounting, quiet title to real property in the name of the registrant, for the appointment of a receiver, the return to treasury of 15 million shares issued to Bougainville, and, for treble damages pursuant to the Consumer Protection Act in Washington State. The registrant has filed a lis pendens on the real property.

The Company recently served process on the defendants and the case is currently in litigation. No trial date has been set.

### **ITEM 1A. RISK FACTORS**

An investment in our common stock involves a number of very significant risks. You should carefully consider the following risks and uncertainties in addition to other information in this prospectus in evaluating our company and our business before purchasing our securities. Our business, operating results and financial condition could be seriously harmed as a result of the occurrence of any of the following risks. You could lose all or part of your investment due to any of these risks. You should invest in our common stock only if you can afford to lose your entire investment.

#### **Risks Related to Our Business**

*The Farm Bill recently passed, and undeveloped shared state-federal regulations over hemp cultivation and production may impact our business.*

The Farm Bill was signed into law on December 20, 2018. Under Section 10113 of the Farm Bill, state departments of agriculture must consult with the state's governor and chief law enforcement officer to devise a plan that must be submitted to the Secretary of USDA. A state's plan to license and regulate hemp can only commence once the Secretary of USDA approves that state's plan. In states opting not to devise a hemp regulatory program, USDA will need to construct a regulatory program under which hemp cultivators in those states must apply for licenses and comply with a federally-run program. The details and scopes of each state's plans are not known at this time and may contain varying regulations that may impact our business. Even if a state creates a plan in conjunction with its governor and chief law enforcement officer, the Secretary of the USDA must approve it. There can be no guarantee that any state plan will be approved. Review times may be extensive. There may be amendments and the ultimate plans, if approved by states and the USDA, may materially limit our business depending upon the scope of the regulations.

***Laws and regulations affecting the hemp industry to be developed under the Farm Bill are in development.***

As a result of the Farm Bill's recent passage, there will be a constant evolution of laws and regulations affecting the hemp industry could detrimentally affect our operations. Local, state and federal hemp laws and regulations may be broad in scope and subject to changing interpretations. These changes may require us to incur substantial costs associated with legal and compliance fees and ultimately require us to alter our business plan. Furthermore, violations of these laws, or alleged violations, could disrupt our business and result in a material adverse effect on our operations. In addition, we cannot predict the nature of any future laws, regulations, interpretations or applications, and it is possible that regulations may be enacted in the future that will be directly applicable to our business.

***Risk of government action.***

While we will use our best efforts to comply with all laws, including all applicable state and local laws and regulations, there is a possibility that federal governmental action to enforce any alleged violations of the Controlled Substances Act may result in legal fees and damage awards that would adversely affect us. Cannabis and hemp remain Schedule 1 drugs and are illegal under the Controlled Substances Act (see Government Regulation of Cannabis above).

***Because we have only recently begun our hempSMART™ operations, and our other ventures are all in the development stage or not of yet capitalized, we anticipate our operating expenses will increase prior to earning revenue, and we may never achieve profitability.***

We launched our first hempSMART™ product, hempSMART Brain™, in November 2016. Since then, we have introduced a number of other consumer products, including hempSMART Pain™, hempSMART™ Full Spectrum Pet Drops™, and hempSMART™ Full Spectrum Drops™. As we continue to conduct the research and development and release of other hempSMART™ products and continue to pursue our business interests in Convenient Hemp Mart, LLC, MoneyTrac Technology, Inc., and our joint ventures with Global Hemp Group, Inc. in Scio, Oregon and New Brunswick, Canada, we anticipate increases in our operating expenses, without realizing significant revenues from operations. Within the next 12 months, these increases in expenses will be attributed to the cost of (i) administration and start-up costs, (ii) research and development, (iii) advertising and website development, (iv) legal and accounting fees at various stages of operation, (v) joint venture activities, (vi) creating and maintaining distribution and supply chain channels.

As a result of some or all of these factors in combination, we will incur significant financial losses in the foreseeable future. There is no history upon which to base any assumption as to the likelihood that our Company will prove successful. We cannot provide investors with any assurance that our business will attract customers and investors. If we are unable to address these risks, there is a high probability that our business will fail.

***Because our business is dependent upon continued market acceptance by consumers, any negative trends will adversely affect our business operations.***

We are substantially dependent on continued market acceptance and proliferation of consumers of hemp and hemp-derived CBD. We believe that as hemp and hemp-derived CBD becomes more accepted as a result of the passage of the Farm Bill, the stigma associated with hemp and CBD will diminish and as a result consumer demand will continue to grow. While we believe that the market and opportunity in the hemp space continues to grow, we cannot predict the future growth rate and size of the market. Any negative outlook on the hemp industry will adversely affect our business operations.

***The possible FDA Regulation of hemp and industrial hemp derived CBD, and the possible registration of facilities where hemp is grown and CBD products are produced, if implemented, could negatively affect the cannabis industry generally, which could directly affect our financial condition.***

The Farm Bill established that hemp containing less than .03% THC was no longer a Schedule 1 drug under the CSA. Previously, the U.S. Food and Drug Administration (“FDA”) did not approve hemp or CBD derived from hemp as a safe and effective drug for any indication. The FDA considered hemp and hemp-derived CBD as illegal Schedule 1 drugs. Further, the FDA has concluded that products containing hemp or CBD derived from hemp are excluded from the dietary supplement definition under sections 201(ff)(3)(B)(i) and (ii) of the U.S. Food, Drug & Cosmetic Act, respectively. However, as a result of the passage of the Farm Bill, at some indeterminate future time, the FDA may choose to change its position concerning products containing hemp, or CBD derived from hemp, and may choose to enact regulations that are applicable to such products, including, but not limited to: the growth, cultivation, harvesting and processing of hemp; regulations covering the physical facilities where hemp is grown; and possible testing to determine efficacy and safety of hemp derived CBD. In this hypothetical event, our hemp-based hempSMART™ products containing CBD may be subject to regulation. In the hypothetical event that some or all of these regulations are imposed, we do not know what the impact would be on the hemp industry in general, and what costs, requirements and possible prohibitions may be enforced. If we are unable to comply with the conditions and possible costs of possible regulations and/or registration as may be prescribed by the FDA, we may be unable to continue to operate our business.

***Laws governing our access to banking services are uncertain and are in a state of flux.***

On February 14, 2014, the U.S. government issued rules allowing banks to legally provide financial services to state-licensed cannabis businesses. A memorandum issued by the Justice Department to federal prosecutors re-iterated guidance previously given, this time to the financial industry, that banks can do business with legal cannabis businesses and “may not” be prosecuted. We assume this applies to hemp. The Treasury Department’s Financial Crimes Enforcement Network (FinCEN) issued guidelines to banks that “it is possible to provide financial services” to state-licensed cannabis (and hemp) businesses and still be in compliance with federal anti-money laundering laws. These provisions created barriers to our banking operations. With the passage of the Farm Bill, we expect that the banking industry will be more open to doing business with compliant hemp businesses. Currently, the U.S. Congress is considering the Secure and Fair Enforcement Banking Act sponsored by Reps. Ed Perlmutter (D-CO) Denny Heck (D-WA), Steve Stivers (R-OH) and Warren Davidson (R-OH) filed in March, 2019 designed to protect banks that service the marijuana industry from being penalized by federal regulators. The act currently has 138 cosponsors—more than a quarter of the House. However, this may take time and may not result in a more open banking climate. We expect that banks will be more open to serving cannabis and hemp businesses, but there is no guarantee – even with the passage of the Farm Bill.

***Banking regulations in our business are costly and time consuming.***

In assessing the prospective risk of providing services to a hemp-related business, a financial institutions may conduct customer due diligence that includes: (i) verifying with the appropriate state authorities whether the business is duly licensed and registered; (ii) reviewing the license application (and related documentation) submitted by the business for obtaining a state license to operate its cannabis-related business; (iii) requesting from state licensing and enforcement authorities available information about the business and related parties; (iv) developing an understanding of the normal and expected activity for the business, including the types of products to be sold; (v) ongoing monitoring of publicly available sources for adverse information about the business and related parties; (vi) ongoing monitoring for suspicious activity, including for any of the red flags described in this guidance; and (vii) refreshing information obtained as part of customer due diligence on a periodic basis and commensurate with the risk. With respect to information regarding state licensure obtained in connection with such customer due diligence, a financial institution may reasonably rely on the accuracy of information provided by state licensing authorities, where states make such information available. These regulatory reviews may be time consuming and costly.

***Due to our involvement in the hemp industry, and our prospective business with Natural Plant Extract of California, Inc., we may have a difficult time obtaining the various insurances that are desired to operate our business, which may expose us to additional risk and financial liability.***

Insurance that is otherwise readily available, such as general liability, and directors and officer's insurance, is more difficult for us to find, and more expensive, because we are service providers to companies in the cannabis industry. There are no guarantees that we will be able to find such insurances in the future, or that the cost will be affordable to us. If we are forced to go without such insurances, it may prevent us from entering into certain business sectors, may inhibit our growth, and may expose us to additional risk and financial liabilities.

***The Company's industry is highly competitive, and we have less capital and resources than many of our competitors which may give them an advantage in developing and marketing products similar to ours or make our products obsolete.***

We are involved in a highly competitive industry where we may compete with numerous other companies who offer alternative methods or approaches, who may have far greater resources, more experience, and personnel perhaps more qualified than we do. Such resources may give our competitors an advantage in developing and marketing products similar to ours or products that make our products less desirable to consumers or obsolete. There can be no assurance that we will be able to successfully compete against these other entities.

***We may be unable to respond to the rapid technological change in the industry and such change may increase costs and competition that may adversely affect our business.***

Rapidly changing technologies, frequent new product and service introductions and evolving industry standards characterize our market. The continued growth of the Internet and intense competition in our industry exacerbates these market characteristics. Our future success will depend on our ability to adapt to rapidly changing technologies by continually improving the performance features and reliability of our hempSMART™ products. We may experience difficulties that could delay or prevent the successful development, introduction or marketing of our hempSMART™ products. In addition, any new enhancements must meet the requirements of our current and prospective customers and must achieve significant market acceptance. We could also incur substantial costs if we need to modify our hempSMART™ products and services or infrastructures to adapt to these changes.

We also expect that new competitors may introduce products or services that are directly or indirectly competitive with us. These competitors may succeed in developing, products and services that have greater functionality or are less costly than our products and services and may be more successful in marketing such products and services. Technological changes have lowered the cost of operating communications and computer systems and purchasing software. These changes reduce our cost of selling products and providing services, but also facilitate increased competition by reducing competitors' costs in providing similar services. This competition could increase price competition and reduce anticipated profit margins.

***Our hempSMART™ products are new and our industry is rapidly evolving.***

Due consideration must be given to our prospects in light of the risks, uncertainties and difficulties frequently encountered by companies in their early stage of development, particularly companies in the rapidly evolving legal cannabis and hemp industries. To be successful we must, among other things: Develop, manufacture and introduce new attractive and successful consumer products in our hempSMART™ brand; Attract and maintain a large customer base and develop and grow that customer base; Increase awareness of our hempSMART™ brand and develop effective marketing strategies to insure consumer loyalty; Establish and maintain strategic relationships with key sales, marketing, manufacturing and distribution providers; and, Respond to competitive and technological developments.

Attract, retain and motivate qualified personnel. We cannot guarantee that we will succeed in achieving our goals, and our failure to do so would have a material adverse effect on our business, prospects, financial condition and operating results.

Some of our hempSMART™ products are new and are only in early stages of commercialization. We are not certain that these products will function as anticipated or be desirable to their intended markets. Also, some of our products may have limited functionalities, which may limit their appeal to consumers and put us at a competitive disadvantage.

If our current or future hempSMART™ products fail to function properly or if we do not achieve or sustain market acceptance, we could lose customers or could be subject to claims which could have a material adverse effect on our business, financial condition and operating results.

As is typical in a new and rapidly evolving industry, demand and market acceptance for recently introduced products and services are subject to a high level of uncertainty and risk. Because the market for our Company is new and evolving, it is difficult to predict with any certainty the size of this market and its growth rate, if any. We cannot guarantee that a market for our Company will develop or that demand for our products will emerge or be sustainable. If the market fails to develop, develops more slowly than expected or becomes saturated with competitors, our business, financial condition and operating results would be materially adversely affected.

***The Company's failure to continue to attract, train, or retain highly qualified personnel could harm the Company's business.***

The Company's success also depends on the Company's ability to attract, train, and retain qualified personnel, specifically those with management and product development skills. In particular, the Company must hire additional skilled personnel to further the Company's research and development efforts. Competition for such personnel is intense. If the Company does not succeed in attracting new personnel or retaining and motivating the Company's current personnel, the Company's business could be harmed.

***If we are unable to attract and retain independent associates, our business may suffer.***

Our future success depends largely upon our ability to attract and retain a large active base of independent direct sales associates and members who purchase our hempSMART™ products. We cannot give any assurances that the number of our independent associates will be established or increase in the future. Several factors affect our ability to attract and retain independent associates and members, including: on-going motivation of our independent associates; general economic conditions; significant changes in the amount of commissions paid; public perception and acceptance of our industry; public perception and acceptance of multi-level marketing; public perception and acceptance of our business and our products, including any negative publicity; the limited number of people interested in pursuing multi-level marketing as a business; our ability to provide proprietary quality-driven products that the market demands; and, competition in recruiting and retaining independent associates.

***The loss of key management personnel could adversely affect our business.***

We depend on the continued services of our executive officers and senior management team as they work closely with independent associate leaders and are responsible for our day-to-day operations. Our success depends in part on our ability to retain our executive officers, to compensate our executive officers at attractive levels, and to continue to attract additional qualified individuals to our management team. Although we have entered into employment agreements with our senior management team, and do not believe that any of them are planning to leave or retire in the near term, we cannot assure you that our senior managers will remain with us. The loss or limitation of the services of any of our executive officers or members of our senior management team, or the inability to attract additional qualified management personnel, could have a material adverse effect on our business, financial condition, results of operations, or independent associate relations.

***The lack of available and cost-effective directors and officer's insurance coverage in our industry may cause us to be unable to attract and retain qualified executives, and this may result in our inability to further develop our business.***

Our business depends on attracting independent directors, executives and senior management to advance our business plans. We currently do not have directors and officer's insurance to protect our directors, officers and the company against possible third-party claims. This is due to the significant lack availability of such policies in the cannabis industry at reasonably competitive prices. As a result, the Company and our executive directors and officers are susceptible to liability claims arising by third parties, and as a result, we may be unable to attract and retain qualified independent directors and executive management causing the development of our business plans to be impeded as a result.

***If government regulations regarding multi-level marketing change or are interpreted or enforced in a manner adverse to our business, we may be subject to new enforcement actions and material limitations regarding our overall business model.***

Multi-level marketing is subject to foreign, federal, and state regulations. Any change in legislation and regulations could affect our business. Furthermore, significant penalties could be imposed on us for failure to comply with various statutes or regulations resulting from: ambiguity in statutes; regulations and related court decisions; the discretion afforded to regulatory authorities and courts interpreting and enforcing laws; and new regulations or interpretations of regulations affecting our business.

***If our network marketing activities do not comply with government regulations, our business could suffer.***

Many governmental agencies regulate our multi-level marketing activities. A government agency's determination that our business or our independent associates have significantly violated a law or regulation could adversely affect our business. The laws and regulations for multi-level marketing intend to prevent fraudulent or deceptive schemes. Our business faces constant regulatory scrutiny due to the interpretive and enforcement discretion given to regulators, periodic misconduct by our independent associates, adoption of new laws or regulations, and changes in the interpretation of new or existing laws or regulations.

Independent associates could fail to comply with our policies and procedures or make improper product, compensation, marketing or advertising claims that violate laws or regulations, which could result in claims against us that could harm our financial condition and operating results.

In part, we sell our products through a sales force of independent associates. The independent associates are independent contractors and, accordingly, we are not in a position to provide the same direction, motivation, and oversight as we would if associates were our own employees. As a result, there can be no assurance that our associates will participate in our marketing strategies or plans, accept our introduction of new products, or comply with our associate policies and procedures. All independent associates will be required to sign a written contract and agree to adhere to our policies and procedures, which prohibit associates from making false, misleading or other improper claims regarding our hempSMART™ products or income potential from the distribution of the products. However, independent associates may from time to time, without our knowledge and in violation of our policies, create promotional materials or otherwise provide information that does not accurately describe our marketing program. There is a possibility that some jurisdictions could seek to hold us responsible for independent associate activities that violate applicable laws or regulations, which could result in government or third-party actions or fines against us, which could harm our financial condition and operating results.

***We may be held responsible for certain taxes or assessments relating to the activities of our independent associates, which could harm our financial condition and operating results.***

Our independent associates are subject to taxation and, in some instances, legislation or governmental agencies impose an obligation on us to collect taxes, such as value added taxes, and to maintain appropriate tax records. In addition, we are subject to the risk in some jurisdictions of being responsible for social security and similar taxes with respect to our distributors. In the event that local laws and regulations require us to treat our independent distributors as employees, or if our distributors are deemed by local regulatory authorities to be our employees, rather than independent contractors, we may be held responsible for social security and related taxes in those jurisdictions, plus any related assessments and penalties, which could harm our financial condition and operating results.

***Our Investments in MoneyTrac Technology, Inc. and Convenient Hemp Mart, LLC, Inc. are each subject to significant risks due to their development stage status, lack of liquidity, lack of operating history, dilution, lack of profits and the typical risks associated with start-up enterprises.***

We made investments during 2017 in MoneyTrac Technology, Inc. and Convenient Hemp Mart, LLC. Both of these ventures are in the development stage. The success of their respective business plans is uncertain, and each may fail, causing us to lose our complete investment. The investments carry with them significant risks. Each company is still in an early phase and is just beginning to implement its respective business plans. There can be no assurance that either will ever operate profitably. As an equity purchaser in MoneyTrac and Convenient Hemp Mart, we will not receive a return on our investment unless and until they distribute a dividend. Development stage companies may take a long time or never distribute dividends. As such, there can be no assurance that we will receive any returns from our investments. The timing of profit realization, if any, is highly uncertain. The likelihood of their respective success should be considered in light of the problems, expenses, difficulties, complications and delays usually encountered by companies in their early stages of development. Either company may not be successful in attaining the objectives necessary for them to overcome these risks and uncertainties. Further, each company may need additional funding and it is possible that they will be unable to obtain additional funding as and when they need it. If either company is unable to obtain capital it may be on unfavorable terms or terms which excessively dilute us as an existing equity holder. If either company is unable to obtain additional funding, they may not be able to repay debts when they are due and payable and they could be forced to delay their development, marketing and expansion efforts and could experience material losses and potentially cease operations. As of December 31, 2018, we determined our investment in Convenient Hemp Mart, LLC to be fully impaired.

***We may be unable to fully capture the expected value from our Scio, Oregon and New Brunswick joint ventures with Global Hemp Group, Inc.***

In connection with our entry into joint ventures with Global Hemp Group, Inc. in Scio, Oregon and New Brunswick, Canada, we face numerous risks and uncertainties, including effectively integrating our respective personnel, management controls and business relationships into an effective and cohesive operation. Further, we are subject to additional risks and uncertainties because we may be dependent upon, and subject to, liability losses or damages relating to system controls and personnel that are not under our control.

Our joint ventures Global Hemp Group, Inc. rely significantly upon the activities of Global Hemp Group, Inc. in Oregon and Canada. These joint ventures are subject to conformity with Oregon and Canadian law. We will not be directly involved with the operations, and will rely upon Global Hemp Group' personnel, business acumen, experience and involvement to insure compliance with the parameters of the research project and its compliance with applicable law.

If we are unable to integrate and monitor our joint ventures successfully and efficiently, there is a risk that our results of operations, financial condition and cash flows may be materially and adversely affected. In addition, conflicts or disagreements between us and any of our joint venture partners may negatively impact the benefits to be achieved by the relevant joint venture. There is no assurance that any of our joint ventures will be successfully integrated or yield all of the positive benefits anticipated.

***There could be unidentified risks involved with an investment in our securities.***

The foregoing risk factors are not a complete list or explanation of the risks involved with an investment in the securities. Additional risks will likely be experienced that are not presently foreseen by the Company. Prospective investors must not construe this the information provided herein as constituting investment, legal, tax or other professional advice. Before making any decision to invest in our securities, you should read this entire prospectus and consult with your own investment, legal, tax and other professional advisors. An investment in our securities is suitable only for investors who can assume the financial risks of an investment in the Company for an indefinite period of time and who can afford to lose their entire investment. The Company makes no representations or warranties of any kind with respect to the likelihood of the success or the business of the Company, the value of our securities, any financial returns that may be generated or any tax benefits or consequences that may result from an investment in the Company.

## **Risks Related to the Company**

### **Uncertainty of profitability**

***Our business strategy may result in increased volatility of revenues and earnings. As we will only develop a limited number of products at a time, our overall success will depend on a limited number of products, which may cause variability and unsteady profits and losses depending on the products and/or services offered and their market acceptance.***

Our revenues and our profitability may be adversely affected by economic conditions and changes in the market for our products. Our business is also subject to general economic risks that could adversely impact the results of operations and financial condition.

***Because of the anticipated nature of the products that we offer and attempt to develop, it is difficult to accurately forecast revenues and operating results and these items could fluctuate in the future due to a number of factors. These factors may include, among other things, the following:***

- Our ability to raise sufficient capital to take advantage of opportunities and generate sufficient revenues to cover expenses.
- Our ability to source strong opportunities with sufficient risk adjusted returns.
- Our ability to manage our capital and liquidity requirements based on changing market conditions generally and changes in the developing legal medical marijuana and recreational marijuana industries.
- The acceptance of the terms and conditions of our multi-level sales agreements.
- The amount and timing of operating and other costs and expenses.
- The nature and extent of competition from other companies that may reduce market share and create pressure on pricing and investment return expectations.
- Adverse changes in the national and regional economies in which we will participate, including, but not limited to, changes in our performance, capital availability, and market demand.
- Adverse changes in the projects in which we plan to invest which result from factors beyond our control, including, but not limited to, a change in circumstances, capacity and economic impacts.
- Adverse developments in the efforts to legalize cannabis or increased federal enforcement.
- Changes in laws, regulations, accounting, taxation, and other requirements affecting our operations and business.
- Our operating results may fluctuate from year to year due to the factors listed above and others not listed. At times, these fluctuations may be significant.

***Management of growth will be necessary for us to be competitive.***

Successful expansion of our business will depend on our ability to effectively attract and manage staff, strategic business relationships, and shareholders. Specifically, we will need to hire skilled management and technical personnel as well as manage partnerships to navigate shifts in the general economic environment. Expansion has the potential to place significant strains on financial, management, and operational resources, yet failure to expand will inhibit our profitability goals.

***We are entering a potentially highly competitive market.***

The markets for businesses in the cannabis and hemp industries are competitive and evolving. In particular, we face strong competition from larger companies that may be in the process of offering similar products and services to ours. Many of our current and potential competitors have longer operating histories, significantly greater financial, marketing and other resources and larger client bases than we have (or may be expected to have).

Given the rapid changes affecting the global, national, and regional economies generally and the cannabis and hemp industries, in particular, we may not be able to create and maintain a competitive advantage in the marketplace. Our success will depend on our ability to keep pace with any changes in its markets, especially with legal and regulatory changes. Our success will depend on our ability to respond to, among other things, changes in the economy, market conditions, and competitive pressures. Any failure by us to anticipate or respond adequately to such changes could have a material adverse effect on our financial condition, operating results, liquidity, cash flow and our operational performance.

***It is unknown whether the passage of the Farm Bill will provide us trademark protection for our hempSMART™ brand and products.***

We have applied for a trademark for our hempSMART™ brand name. Before passage of the Farm Bill, we were uncertain that we could obtain patent or trademark protection for our products because hemp derived CBD was considered an illegal Schedule 1 drug under federal law. With the passage of the Farm Bill, we may be able to overcome these uncertainties, since hemp containing less than .03% THC is no longer a Schedule 1 drug under the CSA. However, we cannot guarantee more favorable treatment and the failure to obtain trademark protection may materially impact our brand establishment, sales and good will.



***If we fail to protect our intellectual property, our business could be adversely affected.***

Our viability will depend, in part, on our ability to develop and maintain the proprietary aspects of our hempSMART™ products and brand to distinguish our hempSMART™ products and services from our competitors' products and services. We rely on patents, copyrights, trademarks, trade secrets, and confidentiality provisions to establish and protect our intellectual property.

Any infringement or misappropriation of our intellectual property could damage its value and limit our ability to compete. We may have to engage in litigation to protect the rights to our intellectual property, which could result in significant litigation costs and require a significant amount of our time.

Competitors may also harm our sales by designing products that mirror the capabilities of our products or technology without infringing on our intellectual property rights. If we do not obtain sufficient protection for our intellectual property, or if we are unable to effectively enforce our intellectual property rights, our competitiveness could be impaired, which would limit our growth and future revenue.

We may also find it necessary to bring infringement or other actions against third parties to seek to protect our intellectual property rights. Litigation of this nature, even if successful, is often expensive and time-consuming to prosecute, and there can be no assurance that we will have the financial or other resources to enforce our rights or be able to enforce our rights or prevent other parties from developing similar technology or designing around our intellectual property.

***Our trade secrets may be difficult to protect.***

Our success depends upon the skills, knowledge and experience of our scientific and technical personnel, our consultants and advisors, as well as our contractors. Because we operate in a highly competitive industry, we rely in part on trade secrets to protect our proprietary hempSMART™ products and processes. However, trade secrets are difficult to protect. We enter into confidentiality or non-disclosure agreements with our corporate partners, employees, consultants, outside scientific collaborators, developers and other advisors. These agreements generally require that the receiving party keep confidential and not disclose to third party's confidential information developed by the receiving party or made known to the receiving party by us during the course of the receiving party's relationship with us. These agreements also generally provide that inventions conceived by the receiving party in the course of rendering services to us will be our exclusive property, and we enter into assignment agreements to perfect our rights.

These confidentiality, inventions and assignment agreements may be breached and may not effectively assign intellectual property rights to us. Our trade secrets also could be independently discovered by competitors, in which case we would not be able to prevent the use of such trade secrets by our competitors. The enforcement of a claim alleging that a party illegally obtained and was using our trade secrets could be difficult, expensive and time consuming and the outcome would be unpredictable. The failure to obtain or maintain meaningful trade secret protection could adversely affect our competitive position.

***Our Business Can be Affected by Unusual Weather Patterns.***

The production of some of our hempSMART™ products relies on the availability and use of live plant material. Growing periods can be impacted by weather patterns and these unpredictable weather patterns may impact our ability to harvest hemp. In addition, severe weather, including drought and hail, can destroy a hemp crop, which could result in our having no hemp to harvest, process and sell. If our suppliers are unable to obtain sufficient hemp from which to process CBD, our ability to meet customer demand, generate sales, and maintain operations will be impacted.

***Our hempSMART™ sales in the UK may be subject to unforeseeable regulation that may have a material impact on our efforts to sell our hempSMART™ products in the UK.***

Currently, the UK regulates wellness products containing CBD through its Medicines and Healthcare products Regulatory Agency (“MHRA”). Pursuant to the MHRA, only wellness products containing less than 0.2% THC may be sold in the UK. Our latest laboratory results from testing the THC content of our hempSMART™ products containing CBD derived from industrial hemp show that our products approach 0% THC. While we are confident that our hempSMART™ products are compliant with regulations in the UK, these regulations may change unforeseeably, and any such changes may have a material effect on our ability to market and sell our hempSMART™ products in the UK.

#### **Risks Related to Our Common Stock**

*Because we may issue additional shares of our common stock, investment in our company could be subject to substantial dilution.*

Investors’ interests in our Company will be diluted and investors may suffer dilution in their net book value per share when we issue additional shares. We are authorized to issue 5,000,000,000 shares of common stock, \$0.001 par value per share. As of May 17, 2019, there were 2,810,345,150 shares of our common stock issued and outstanding. We anticipate that all or at least some of our future funding, if any, will be in the form of equity financing from the sale of our common stock from our recently filed Form S-1 registration statement with K&J Funds, LLC. If we do sell more common stock, investors’ investment in our company will be diluted. Dilution is the difference between what investors pay for their stock and the net tangible book value per share immediately after the additional shares are sold by us. If dilution occurs, any investment in our company’s common stock could seriously decline in value.

*Our variably priced convertible notes may result in dilution.*

As a result of our having entered into variably priced convertible promissory notes with Chicago Ventures Partners, that also include cashless warrants, we may be required to issue additional shares of our common stock which will cause dilution. As a result, such issuances will reduce the value of existing investors’ shares and their proportional ownership of our company.

*Trading in our common stock on the OTCQB Exchange has been subject to wide fluctuations.*

Our common stock is currently quoted for public trading on the OTCQB Market Tier. Our common stock was previously traded on the OTC Markets Pink Tier. The trading price of our common stock has been subject to wide fluctuations. Trading prices of our common stock may fluctuate in response to a number of factors, many of which will be beyond our control. The stock market has generally experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies with limited business operation. There can be no assurance that trading prices and price earnings ratios previously experienced by our common stock will be matched or maintained. These broad market and industry factors may adversely affect the market price of our common stock, regardless of our operating performance. In the past, following periods of volatility in the market price of a company’s securities, securities class-action litigation has often been instituted. Such litigation, if instituted, could result in substantial costs for us and a diversion of management’s attention and resources.

*Utah law, our Certificate of Incorporation and our by-laws provides for the indemnification of our officers and directors at our expense, and correspondingly limits their liability, which may result in a major cost to us and hurt the interests of our shareholders because corporate resources may be expended for the benefit of officers and/or directors.*

Our Certificate of Incorporation and By-Laws include provisions that eliminate the personal liability of our directors for monetary damages to the fullest extent possible under the laws of the State of Utah or other applicable law. These provisions eliminate the liability of our directors and our shareholders for monetary damages arising out of any violation of a director of his fiduciary duty of due care. Under Utah law, however, such provisions do not eliminate the personal liability of a director for (i) breach of the director's duty of loyalty, (ii) acts or omissions not in good faith or involving intentional misconduct or knowing violation of law, (iii) payment of dividends or repurchases of stock other than from lawfully available funds, or (iv) any transaction from which the director derived an improper benefit.

These provisions do not affect a director's liabilities under the federal securities laws or the recovery of damages by third parties.

***We do not intend to pay cash dividends on any investment in the shares of stock of our Company and any gain on an investment in our Company will need to come through an increase in our stock's price, which may never happen.***

We have never paid any cash dividends and currently do not intend to pay any cash dividends for the foreseeable future. To the extent that we require additional funding currently not provided for, our funding sources may prohibit the payment of a dividend. Because we do not currently intend to declare dividends, any gain on an investment in our company will need to come through an increase in the stock's price. This may never happen, and investors may lose all of their investment in our company.

***Because our securities are subject to penny stock rules, you may have difficulty reselling your shares.***

Our shares as penny stocks, are covered by Section 15(g) of the Securities Exchange Act of 1934 which imposes additional sales practice requirements on broker/dealers who sell our company's securities including the delivery of a standardized disclosure document; disclosure and confirmation of quotation prices; disclosure of compensation the broker/dealer receives; and, furnishing monthly account statements. These rules apply to companies whose shares are not traded on a national stock exchange, trade at less than \$5.00 per share, or who do not meet certain other financial requirements specified by the Securities and Exchange Commission. These rules require brokers who sell "penny stocks" to persons other than established customers and "accredited investors" to complete certain documentation, make suitability inquiries of investors, and provide investors with certain information concerning the risks of trading in such penny stocks. These rules may discourage or restrict the ability of brokers to sell our shares of common stock and may affect the secondary market for our shares of common stock. These rules could also hamper our ability to raise funds in the primary market for our shares of common stock.

***FINRA sales practice requirements may also limit a stockholder's ability to buy and sell our stock.***

In addition to the "penny stock" rules described above, the Financial Industry Regulatory Authority (known as "FINRA") has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low-priced securities will not be suitable for at least some customers. FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common shares, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

***Costs and expenses of being a reporting company under the 1934 Securities and Exchange Act may be burdensome and prevent us from achieving profitability.***

As a public company, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, and parts of the Sarbanes-Oxley Act. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting and financial compliance costs, make some activities more difficult, time-consuming and costly, and place significant strain on our personnel, systems and resources.

***There could be unidentified risks involved with an investment in our securities.***

The foregoing risk factors are not a complete list or explanation of the risks involved with an investment in the securities. Additional risks will likely be experienced that are not presently foreseen by the Company. Prospective investors must not construe this the information provided herein as constituting investment, legal, tax or other professional advice. Before making any decision to invest in our securities, you should read this entire prospectus and consult with your own investment, legal, tax and other professional advisors. An investment in our securities is suitable only for investors who can assume the financial risks of an investment in the Company for an indefinite period of time and who can afford to lose their entire investment. The Company makes no representations or warranties of any kind with respect to the likelihood of the success or the business of the Company, the value of our securities, any financial returns that may be generated or any tax benefits or consequences that may result from an investment in the Company.

## ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the quarter ended March 31, 2019, the Company made the following sales of unregistered equity securities:

On January 9, 2019, the Company issued five million common shares to Caren Glasser for services. The issuance to Ms. Glasser was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Ms. Glasser was an “accredited investor” and/or “sophisticated investor” pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning her qualifications as a “sophisticated investor” and/or “accredited investor.” The Company provided and made available to Ms. Glasser full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Ms. Glasser acquired the restricted common stock for her own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On January 9, 2019, the Company issued 5,333,332 shares of common stock to Paladin Advisors, in exchange for \$40,000. The issuance to the entity was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. The entity was an “accredited investor” and/or “sophisticated investor” pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning its qualifications as a “sophisticated investor” and/or “accredited investor.” The Company provided and made available to the entity full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. The entity acquired the restricted common stock for its own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On January 22, 2019, the Company issued five million shares of common stock to Joel Tolchin in exchange for \$50,000. The issuance to Mr. Tolchin was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Mr. Tolchin was an “accredited investor” and/or “sophisticated investor” pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning his qualifications as a “sophisticated investor” and/or “accredited investor.” The Company provided and made available to Mr. Tolchin full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Tolchin acquired the restricted common stock for his own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On January 22, 2019, the Company issued five million shares of common stock to Oran Fine in exchange for \$50,000. The issuance to Mr. Fine was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Mr. Fine was an “accredited investor” and/or “sophisticated investor” pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning his qualifications as a “sophisticated investor” and/or “accredited investor.” The Company provided and made available to Mr. Fine full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Fine acquired the restricted common stock for his own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On January 28, 2019, the Company issued five hundred thousand shares of common stock to Paula Vetter for services rendered. The issuance to Ms. Vetter was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Ms. Vetter was an “accredited investor” and/or “sophisticated investor” pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning her qualifications as a “sophisticated investor” and/or “accredited investor.” The Company provided and made available to Ms. Vetter full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Ms. Vetter acquired the restricted common stock for her own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On February 18, 2019, the Company issued 540,273 shares of common stock to Chaleur Breezes Beef, Ltd. for services rendered. The issuance to the entity was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. The entity was an “accredited investor” and/or “sophisticated investor” pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning his qualifications as a “sophisticated investor” and/or “accredited investor.” The Company provided and made available to the entity full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. The entity acquired the restricted common stock for its own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On February 18, 2019, the Company issued 4,400,000 common shares to Matthew Calkins for services rendered. The issuance to Mr. Calkins was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Mr. Calkins was an “accredited investor” and/or “sophisticated investor” pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning his qualifications as a “sophisticated investor” and/or “accredited investor.” The Company provided and made available to Mr. Calkins full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Calkins acquired the restricted common stock for his own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On February 18, 2019, the Company issued 1,320,000 common shares to Leo Mulkey and Molly M. Mulkey for services rendered. The issuance to the Mulkeys was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. The Mulkeys were “accredited investors” and/or “sophisticated investors” pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning his qualifications as a “sophisticated investor” and/or “accredited investor.” The Company provided and made available to the Mulkeys full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. The Mulkeys acquired the restricted common stock for their own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On February 18, 2019, the Company issued 1,320,000 common shares to Paul Mulkey, Jr. and Kim M. Mulkey for services rendered. The issuance to the Mulkeys was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. The Mulkeys were “accredited investors” and/or “sophisticated investors” pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning his qualifications as a “sophisticated investor” and/or “accredited investor.” The Company provided and made available to the Mulkeys full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. The Mulkeys acquired the restricted common stock for their own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On February 18, 2019, the Company issued 1,320,000 shares of common stock to DBF Displays LLC for services rendered. The issuance to the entity was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. The entity was an “accredited investor” and/or “sophisticated investor” pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning his qualifications as a “sophisticated investor” and/or “accredited investor.” The Company provided and made available to the entity full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. The entity acquired the restricted common stock for its own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On February 28, 2019, the Company issued five hundred thousand common shares to Ian Harvey for services. The issuance to Mr. Harvey was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Mr. Harvey was an “accredited investor” and/or “sophisticated investor” pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning his qualifications as a “sophisticated investor” and/or “accredited investor.” The Company provided and made available to Mr. Harvey full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Harvey acquired the restricted common stock for his own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On March 29, 2019, the Company issued five hundred thousand common shares to Casey Eberhart for services. The issuance to Mr. Eberhart was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Mr. Eberhart was an “accredited investor” and/or “sophisticated investor” pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning his qualifications as a “sophisticated investor” and/or “accredited investor.” The Company provided and made available to Mr. Eberhart full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Eberhart acquired the restricted common stock for his own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On May 14, 2019, the Company issued 15,151,515 common shares to St. George Investments, LLC upon conversion of a convertible note payable. The issuance to St. George was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. St. George was an “accredited investor” and/or “sophisticated investor” pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning its qualifications as a “sophisticated investor” and/or “accredited investor.” The Company provided and made available to St. George full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. St. George acquired the restricted common stock for its own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

**ITEM 3.            DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4.            MINE SAFETY DISCLOSURES**

Not applicable

**ITEM 5.            OTHER INFORMATION**

None.

**ITEM 6. EXHIBITS**

The following exhibits are included as part of this report:

<b>Exhibit Number</b>	<b>Exhibit Description</b>
3.1	<a href="#">Articles of Incorporation (1)</a>
3.2	<a href="#">By-laws (1)</a>
10.1	<a href="#">Global Hemp Group, Inc. TTO Enterprises, Inc. Company Joint Venture Agreement</a>
31**	<a href="#">Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32***	<a href="#">Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>

- \*\* Filed herewith
- \*\*\* Furnished Herewith
- (1) Incorporated by reference

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 21 , 2019

**MARIJUANA COMPANY OF AMERICA, INC.**

By: /S/ Donald Steinberg  
Donald Steinberg  
President & Chief Executive Officer  
(Principal Executive Officer)

By: /S/ Jesus M. Quintero  
Jesus M. Quintero  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

**EXHIBIT 31.1**

**RULE 13a-14(a)/15d-14(a) CERTIFICATION**

I, Donald Steinberg, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2019 of Marijuana Company of America, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles,
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 21, 2019

/s/ Donald Steinberg

Donald Steinberg

Chief Executive Officer

(Principal Executive Officer)

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**EXHIBIT 31.2**

**RULE 13a-14(a)/15d-14(a) CERTIFICATION**

I, Jesus M. Quintero, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2019 of Marijuana Company of America, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles,
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrants other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 21, 2019

/s/ Jesus M. Quintero

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Jesus M. Quintero, Chief Financial Officer  
(Principal Financial and Accounting Officer)

**EXHIBIT 32.1**

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Marijuana Company of America, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2019 as filed with the Securities and Exchange Commission (the "Report"), I, Donald Steinberg, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. SS. 1350, as adopted pursuant to SS. 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

May 21, 2019

/S/ Donald Steinberg  
\_\_\_\_\_  
Donald Steinberg  
Chief Executive Officer  
(Principal Executive Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**EXHIBIT 32.2**

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Marijuana Company of America, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2019 as filed with the Securities and Exchange Commission (the "Report"), I, Jesus M. Quintero, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. SS. 1350, as adopted pursuant to SS. 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

May 21, 2019

/s/ Jesus M. Quintero

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Jesus M. Quintero

Chief Financial Officer

(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.