UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K /A

(Amendment No. 1)

(Mark One)

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

For the Fiscal Year Ended December 31, 2019

Or

☐ **TRANSITION REPORT PURSUANT TO 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	**98-1246221**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1340 West Valley Parkway, Ste. 205 Escondido, California	**92029**
(Address of principal executive offices)	(Zip Code)

(888) 777-4362
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

None
(Title of each class)

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, $0.001 Par Value
(Title of each class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes☒ No ☐

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K ((§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☒
Emerging growth company	☒		

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 ☒

The aggregate market value of the common stock held by non-affiliates, based upon the average bid and asked price of common stock, as of the last business day of the registrant's most recently completed fiscal year was $5,651,961.

As of December 31, 2019, 77,958,081 shares of common stock were outstanding.

As of May 14, 2020, 241,484,980 shares of common stock were outstanding.

EXPLANATORY NOTE RE COVID 19

As previously reported on Form 8-K filed on March 30, 2020, as amended, the Company was unable to file its Annual Report on Form 10-K for the fiscal year ended December 31, 2019 by the original deadline of March 30, 2020, due to circumstances related to COVID-19 pandemic, specifically: (i) The Company is based in California. California was at one of the epicenters of the coronavirus outbreaks in the United States and the Governor of California had ordered all residents to stay at home excepting only essential travel. This order has hampered the Company's ability to conduct necessary work to finalize its audited financial statements, and otherwise finalize its Annual Report; (ii) Separately, some of the Company's financiers and banks are located in New York City. On March 30, 2020, Governor Andrew M. Cuomo extended an existing quarantine and "Stay at Home" order for all of New York City through April 15, 2020. As a direct result, the Company has been unable to confirm and complete accounting for its annual audit to complete its Form 10-K timely; (iii) Lastly, the Company's independent auditors have staff who just returned to the United States from China, and who now have limited access to their offices here in the United States which could affect the timely completion of the annual audit.

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PART I.

ITEM 1. BUSINESS

This annual report on Form 10-K (including, but not limited to, the following disclosures regarding our Business) contains forward-looking statements regarding our business, financial condition, results of operations and prospects. Words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates” and similar expressions or variations of such words are intended to identify forward-looking statements, but are not the exclusive means of identifying forward-looking statements in this annual report on Form 10-K. Additionally, statements concerning future matters such as the development of new products, enhancements or technologies, sales levels, expense levels and other statements regarding matters that are not historical are forward-looking statements.

Forward-looking statements in this annual report on Form 10-K reflect our good faith judgment based on facts and factors currently known to us. Forward-looking statements are inherently subject to risks and uncertainties and actual results and outcomes may differ materially from the results and outcomes discussed in or anticipated by the forward-looking statements. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this annual report on Form 10-K. We undertake no obligation to revise or update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this annual report on Form 10-K. Readers are urged to carefully review and consider the various disclosures made in this annual report on Form 10-K, which attempt to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects.

Company Background – Business Overview

We were incorporated in the State of Utah on October 4, 1985, under the name of 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. From 2009 to 2014, we operated primarily in the mining exploration business. In 2015, we left the mining business and began an internet-based marketing business focused on offerings from our “Majestic Menu” food service items offered to the hospitality and food service industry via an on-line internet site, where individuals could purchase retail direct from food distributors via credit cards and commercial accounts.

On September 4, 2015, Donald Steinberg and Charles Larsen purchased 400,000,000 shares of restricted common stock and 10,000,000 shares of the Preferred Class A stock from the Company’s President, Cornelia Volino, in exchange for $105,000.00. On September 9, 2015, Donald Steinberg was appointed Chairman of the Board, Chief Executive Officer and Secretary of the Company. Mr. Larsen was appointed to the Board of Directors. The former officers and directors of the Company resigned concurrent with the new appointments. By virtue of Messrs. Steinberg and Larsen’s stock purchase and appointment to the Company’s Board of Directors, a purchase or sale of a significant amount of assets not in the ordinary course of business and a corresponding change of control occurred. The Company reported the change of control in its September 30, 2015 quarterly report filed with the OTC Markets. Thereafter, the Company’s business plans and operations changed to focus on cannabis and legalized hemp more fully discussed in this filing. The Company changed its name to Marijuana Company of America, Inc. and trading symbol on December 1, 2015.

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. 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.

On April 15, 2019, we entered into a joint venture with Natural Plant Extract of California, Inc., and subsidiaries, to operate a licensed psychoactive cannabis retail delivery operation in Lynwood, California. California legalized THC psychoactive cannabis for medicinal and recreational use on January 1, 2018. As disclosed in greater detail below, on February 3, 2020, we terminated the Viva Buds joint venture (See Item 7, Management's Discussion & Analysis; Legal Settlement Expense). As of the date of this filing, we do not conduct any business in psychoactive cannabis.

Principal Products and their Markets

hempSMART™

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.

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.

Consulting Services

We also provide financial accounting and property management services for companies associated with the cannabis industry in all stages of development. Our services include the following:

- **Financial Accounting and Bookkeeping**. Our business accounting services provide financial accounting, bookkeeping and reporting protocols in order to allow licensed cannabis and/or hemp operators, in those states where cannabis has been legalized for medicinal and/or recreational use, to report collect, verify and state effective financial records and disclosure. We provide a comprehensive accounting strategy based on best accounting practices. We understand the challenges and complexities of financial accounting in the regulated commercial cannabis market and we have the expertise to help client businesses report their financial operations consistent with GAAP. As of the date of this filing, we have not offered any consulting, bookkeeping or financial accounting consulting services that have generated reportable revenues.

- **Property Management Consulting**. Our property management consulting services consist of providing planning, budgeting, acquisition, accounting and management services to licensed cannabis and/or hemp operators in those states where cannabis and/or hemp has been legalized for medicinal and/or recreational use, and who are searching for appropriate real property to conduct operations. As of the date of this filing, we have not offered any real property management consulting services that have generated reportable revenues.

Joint Ventures and Investments

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

- **Bougainville Ventures, Inc. Joint Venture**; On March 16, 2017, we entered into a joint venture agreement with Bougainville Ventures, Inc., a Canadian corporation. The purpose of the joint venture was for the Company and Bougainville to (i) jointly engage in the development and promotion of products in the legalized cannabis industry in Washington State; (ii) utilize Bougainville's high quality cannabis grow operations in the State of Washington, where it claimed to have an ownership interest in real property for use within the legalized cannabis industry; (iii) leverage Bougainville's agreement with a I502 Tier 3 license holder to grow cannabis on the site; provide technical and management services and resources including, but not limited to: sales and marketing, agricultural procedures, operations, security and monitoring, processing and delivery, branding, capital resources and financial management; and, (iv) optimize collaborative business opportunities. The Company and Bougainville agreed to operate through a Washington State Limited Liability Company, and BV-MCOA Management, LLC was organized in the State of Washington on May 16, 2017.

  As our contribution to the joint venture, the Company committed to raise not less than $1,000,000 to fund joint venture operations, based upon a funding schedule. The Company also committed to providing branding and systems for the representation of cannabis related products and derivatives comprised of management, marketing and various proprietary methodologies directly tailored to the cannabis industry.

  The Company and Bougainville's agreement provided that funding provided by the Company would contribute towards the joint venture's ultimate purchase of the land consisting of a one-acre parcel located in Okanogan County, Washington, for joint venture operations.

As disclosed on Form 8-K on December 11, 2017, the Company did not comply with the funding schedule for the joint venture. On November 6, 2017, the Company and Bougainville amended the joint venture agreement to reduce the amount of the Company's commitment from $1,000,000 to $800,000, and also required the Company to issue Bougainville 15 million shares of the Company's restricted common stock. The Company completed its payments pursuant to the amended agreement on November 7, 2017, and on November 9, 2017, issued to Bougainville 15 million shares of restricted common stock. The amended agreement provided that Bougainville would deed the real property to the joint venture within thirty days of its receipt of payment.

Thereafter, the Company determined that Bougainville had no ownership interest in the property in Washington State, but rather was a party to a purchase agreement for real property that was in breach of contract for non-payment. Bougainville also did not possess an agreement with a Tier 3 I502 license holder to grow Marijuana on the property. Nonetheless, as a result of funding arranged for by the Company, Bougainville and an unrelated third party, Green Ventures Capital Corp., purchased the land, but did not deed the real property to the joint venture. Bougainville failed to pay delinquent property taxes to Okanogan County and to date, the property has not been deeded to the joint venture.

To clarify the respective contributions and roles of the parties, the Company offered to enter into good faith negotiations to revise and restate the joint venture agreement with Bougainville. The Company diligently attempted to communicate with Bougainville to accomplish a revised and restated joint venture agreement, and efforts towards satisfying the conditions to complete the subdivision of the land by the Okanogan County Assessor. However, Bougainville failed to cooperate or communicate with the Company in good faith, and failed to pay the delinquent taxes on the real property that would allow for sub-division and the deeding of the real property to the joint venture.

On August 10, 2018, the Company advised its independent auditor that Bougainville did not cooperate or communicate with the Company regarding its requests for information concerning the audit of Bougainville's receipt and expenditures of $800,000 contributed by the Company in the joint venture agreement. Bougainville had a material obligation to do so under the joint venture agreement. The Company believes that some of the funds it paid to Bougainville were misappropriated and that there was self-dealing with respect to those funds. Additionally, the Company believes that Bougainville misrepresented material facts in the joint venture agreement, as amended, including, but not limited to, Bougainville's representations that: (i) it had an ownership interest in real property that was to be deeded to the joint venture; (ii) it had an agreement with a Tier 3 # I502 cannabis license holder to grow cannabis on the real property; and, (iii) that clear title to the real property associated with the Tier 3 # I502 license would be deeded to the joint venture thirty days after the Company made its final funding contribution. As a result, 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'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 Company, 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 case is currently in litigation.

In connection with the agreement, the Company recorded a cash investment of $1,188,500 to the Joint Venture during 2017. This was comprised of 49.5% ownership of BV-MCOA Management LLC, and was accounted for using the equity method of accounting. The Company recorded an annual impairment in 2017 of $792,500, reflecting the Company's percentage of ownership of the net book value of the investment. During 2018, the Company recorded equity losses of $37,673 and $11,043 for the first and second quarters respectively, and recorded an annual impairment of $285,986 for the year ended December 31, 2018, at which time the Company determined the investment to be fully impaired due to Bougainville's breach of contract and resulting litigation, as discussed above.

- **GateC Joint Venture**; On March 17, 2017, the Company and GateC Research, Inc. ("GateC") entered into a Joint Venture Agreement ("Agreement") whereby the Company committed to raise up to one and one-half million dollars ($1,500,000) over a six-month period, with a minimum commitment of five hundred thousand dollars ($500,000) within a three (3) month period; and, information establishing brands and systems for the representation of cannabis related products and derivatives comprised of management, marketing and various proprietary methodologies, including but not limited to its affiliate marketing program, directly tailored to the cannabis industry.

GateC agreed to contribute its management and control services and systems related to cannabis grow operations in Adelanto County, California, and its permit to grow marijuana in an approved zone in Adelanto, California. GateC did not own a physical site for its operation in Adelanto County, California, and GateC's permit to grow cannabis did not contain a conditional use permit.

On or about November 28, 2017, GateC and the Registrant orally agreed to suspend the Company's funding commitment, pending the finalization of California State regulations governing the growth, cultivation and distribution of cannabis, which were expected to be completed in 2018.

On March 19, 2018, the Company and GateC rescinded the Agreement and concurrently released each other from any all any and all losses, claims, debts, liabilities, demands, obligations, promises, acts, omissions, agreements, costs and expenses, damages, injuries, suits, actions and causes of action, of whatever kind or nature, whether known or unknown, suspected or unsuspected, contingent or fixed, that they may have against each other and their Affiliates, arising out of the Agreement.

The Registrant incurred no termination penalties as the result of its entry into the Recession and Mutual Release Agreement.

In 2017, the Company recorded a debt obligation of $1,500,000 to the Joint Venture and a corresponding impairment charge of $1,500,000 during for year ended December 31, 2017. Upon termination of the material definitive agreement on March 19, 2018, the Company realized a gain on settlement of debt obligation of $1,500,000 during the six months ended June 30, 2018. As of December 31, 2018, we determined our joint venture with GateC to be fully impaired as having no intrinsic value due to our decision on March 19, 2018 to rescind the Agreement with GateC. Our decision to fully impair our venture with GateC had an impact on our reported operations in fiscal year ended December 31, 2018, but had no impact on our reported operations for the fiscal year ended December 31, 2019.

- **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") 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 was successfully merged into Merger Sub, 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 ofthe 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. 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. We acquired 150,000,000 Global common shares for our original $250,000 representing approximately 15% ownership. Global's name changed in April, 2020 to Global Trac Solutions, Inc. Global's common stock is traded on the OTC Markets under the symbol "PYSC." To date, we realized $51,748.17 from sales of our Global securities.

- **Conveniant Hemp Mart, LLC**; Conveniant Hemp Mart, LLC ("Conveniant") 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 Conveniant 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 Conveniant, 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 Conveniant on November 21, 2017. Conveniant 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. On May 1, 2019, the Company and Conveniant agreed to cancel the Company's 25% interest in Conveniant. Conveniant issued to the Company a credit memo equal to the Company's $100,000 investment, The Company determined that as of December 31, 2019, approximately $41,000 of this credit was impaired.

- **Global Hemp Group, Inc. New Brunswick 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. Our New Brunswick joint venture with Global Hemp Group, Inc. is a related party transaction insofar as its director, Charles Larsen, is a former director and current stockholder of the Company.

- **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. Our joint venture with Global Hemp Group regarding the Scio Oregon project is a related party transaction insofar as its President and CEO, Charles Larsen, is a former director and current stockholder of the Company.

The following table indicates the amount of impairments recorded by the Company quarter to quarter for investment activity quarter to quarter related to its joint venture investments:

MARIJUANA COMPANY OF AMERICA, INC.
INVESTMENT ROLL-FORWARD
AS OF DECEMBER 31, 2019

		INVESTMENTS							SHORT-TERM INVESTMENTS	
	TOTAL INVESTMENTS	Global Hemp Group	Benihemp	MoneyTrac	Bougainville Ventues, Inc.	Gate C Research Inc.	Natural Plant Extract	Vivabuds	TOTAL Short-Term Investments	MoneyTrac
Beginning balance @12-31-16	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0			$ 0	$ 0
Investments made during 2017	3,049,275	10,775	100,000	250,000	1,188,500	1,500,000			0	0
Quarter 03-31-17 equity method Loss	0								0	
Quarter 06-30-17 equity method Loss	0								0	
Quarter 09-30-17 equity method Loss	(375,000)				(375,000)				0	
Quarter 12-31-17 equity method accounting	313,702				313,702				0	
Impairment of Investment in 2017	(2,292,500)	0			(792,500)	(1,500,000)			0	0
Balances as of 12/31/17	**695,477**	**10,775**	**100,000**	**250,000**	**334,702**	**0**	**0**	**0**	**0**	**0**
Investments made during 2018	986,654	986,654							0	
Quarter 03-31-18 equity method Loss	(37,673)				(37,673)				0	
Quarter 06-30-18 equity method Loss	(11,043)				(11,043)				0	
Quarter 09-30-18 equity method Loss	(10,422)		(10,422)						0	
Quarter 12-31-18 equity method Loss	(31,721)	(31,721)	0						0	
Moneytrac investment reclassified to Short-Term investments	(250,000)			(250,000)					250,000	250,000
Unrealized gains on trading securities - 2018	0								560,000	560,000
Impairment of investment in 2018	(933,195)	(557,631)	(89,578)		(285,986)				0	
Balance @12-31-18	**$ 408,077**	**$ 408,077**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 810,000**	**$ 810,000**
Investments made during quarter ended 03-31-19	129,040	129,040								
Quarter 03-31-19 equity method Loss	(59,541)	(59,541)								
Unrealized gains on trading securities - quarter ended 03-31-19									(135,000)	$ (135,000)
Balance @03-31-19	**$ 477,576**	**$ 477,576**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 675,000**	**$ 675,000**
Investments made during quarter ended 06-30-19	**$ 3,157,234**	$ 83,646					$ 3,000,000	$ 73,588		
Quarter 06-30-19 equity method Income (Loss)	**$ (171,284)**	$ (141,870)					$ (6,291)	$ (23,123)		
Unrealized gains on trading securities - quarter ended 06-30-19	**$ 0**								(150,000)	$ (150,000)
Balance @06-30-19	**$ 3,463,526**	**$ 419,352**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 2,993,709**	**$ 50,465**	**$ 525,000**	**$ 525,000**
Investments made during quarter ended 09-30-19	**$ 186,263**							$ 186,263		

Quarter 09-30-19 equity method Income (Loss)	**$ 122,863**	$ 262,789					$ (94,987)	$ (44,939)		
Sale of trading securities during quarter ended 09-30-19									$ (41,667)	$ (41,667)
Unrealized gains on trading securities - quarter ended 09-30-19	**$ 0**								(362,625)	($ 362,625)
Balance @09-30-19	**$ 3,772,652**	**$ 682,141**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 2,898,722**	**$ 191,789**	**$ 120,708**	**$ 120,708**
Investments made during quarter ended 12-31-19	**$ 392,226**	$ 262,414						$ 129,812		
Quarter 12-31-19 equity method Income (Loss)	**$ (178,164)**	($ 75,220)					$ (23,865)	$ (79,079)		
Reversal of Equity method Loss for 2019	**$ 272,285**						$ 125,143	$ 147,142		
Impairment of investment in 2019	**$ (3,175,420)**	$ (869,335)					$ (2,306,085)	$ 0		
Loss on disposition of investment	**$ (389,664)**							(389,664)		
Sale of trading securities during quarter ended 12-31-19	**$ 0**								$ (17,760)	$ (17,760)
Unrealized gains on trading securities - quarter ended 12-31-19	**$ 0**								(75,545)	$ (75,545)
Balance @12-31-19	**$ 693,915**	**$ (0)**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 693,915**	**$ 0**	**$ 27,403**	**$ 27,403**

The following table indicates the amount of debt the Company recorded quarter to quarter as a result of its joint venture investments:

		Loan Payable								
	TOTAL JV Debt	Global Hemp Group	Benihemp	MoneyTrac	Bougainville Ventues, Inc.	Gate C Research Inc.	Natural Plant Extract	Robert L Hymers III	Vivabuds	General Operating Expense
Beginning balance @12-31-16	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0				$ 0
Quarter 03-31-17 loan borrowings	1,500,000					1,500,000				
Quarter 06-30-17 loan activity										
Quarter 09-30-17 loan borrowings	725,000				725,000					
Quarter 12-31-17 loan repayments	(330,445)				(330,445)					
General operational expense	172,856									172,856
Balances as of 12/31/17 (a)	**2,067,411**	**0**	**0**	**0**	**394,555**	**1,500,000**	**0**	**0**	**0**	**172,856**
Quarter 03-31-18 loan borrowings (payments)	376,472	447,430								(70,958)
Quarter 06-30-18 cancellation of JV debt obligation	(1,500,000)					(1,500,000)				
Quarter 06-30-18 loan repayments	(101,898)									(101,898)
Quarter 09-30-18 loan activity	0									
Quarter 12-31-18 loan borrowings	580,425	580,425								
Balance @12-31-18 (b)	**1,422,410**	**1,027,855**	**0**	**0**	**394,555**	**0**	**0**	**0**	**0**	**0**
Quarter 03-31-19 loan borrowings	649,575	649,575								
Quarter 03-31-19 debt conversion to equity	(407,192)	(407,192)								
Balance @03-31-19 ©	**1,664,793**	**1,270,238**	**0**	**0**	**394,555**	**0**	**0**	**0**	**0**	**0**
Quarter 03-31-19 loan borrowings	3,836,220	$ 161,220					$ 2,000,000		$ 0	$ 1,675,000
Quarter 03-31-19 debt conversion to equity	(1,572,971)	$ (161,220)					$ (349,650)			$ (1,062,101)
Balance @06-30-19 (d)	**3,928,042**	**1,270,238**	**0**	**0**	**394,555**	**0**	**1,650,350**	**0**	**0**	**612,899**
Quarter 09-30-19 loan borrowings	582,000									$ 582,000
Quarter 09-30-19 debt conversion to equity	(187,615)									$ (187,615)
Balance @09-30-19 (e)	**4,322,427**	**1,270,238**	**0**	**0**	**394,555**	**0**	**1,650,350**	**0**	**0**	**1,007,284**
Quarter 12-31-19 loan borrowings	2,989,378	$ 262,414					$ 596,784	$ 4,221		$ 2,125,959
Impairment of investment in 2019	(4,083,349)	$ (1,532,652)			$ (394,555)		$ (2,156,142)			

Loss on settlement of debt in 2019	50,093						$ 50,093			
Adjustment to reclassify amount to accrued liabilities	(85,000)						$ (85,000)			
Balance @12-31-19 (f)	**$ 3,193,548**	**$ (0)**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 56,085**	**$ 4,221**	**$ 0**	**$ 3,133,243**

This includes balances for:	**12-31-19 Note (f)**	**09-30-19 Note (e)**	**06-30-19 Note (d)**	**03-31-19 Note (c)**	**12-31-18 Note (b)**	**12-31-17 Note (a)**
- Debt obligation of JV	0	1,633,872	1,778,872	128,522	289,742	1,500,000
- Convertible NP, net of discount	3,193,548	2,688,555	2,149,170	1,536,271	1,132,668	394,555
- Longterm debt	0	0	0	0	0	172,856
Total Debt balance	**3,193,548**	**4,322,427**	**3,928,042**	**1,664,793**	**1,422,410**	**2,067,411**

Recent Government Decriminalization and Legalization of Hemp

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 now 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, 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—illegal 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 a still a lot to learn about hemp and its products from commercial and market perspectives.

We currently operate two divisions within the regulated hemp industry: (i) the development, manufacturing, marketing and sale of our hempSMART™ consumer products that include non-psychoactive industrial hemp-based CBD as an ingredient; and, (ii) professional financial consulting and property management services.

On April 15, 2019, we entered into a joint venture with Natural Plant Extract of California, Inc., and subsidiaries, to operate a licensed psychoactive cannabis distribution service in California, who legalized THC psychoactive cannabis for medicinal and recreational use on January 1, 2018. As disclosed in greater detail below, on February 3, 2020, we terminated the joint venture. As of the date of this filing, we do not conduct any business in the psychoactive cannabis markets in those states that have legalized cannabis for medicinal or recreational use.

Sales and Marketing

We market and sell our services and products throughout the United States consistent with the Farm Bill, as well as in Canada and in the United Kingdom. We intend to expand our offerings as additional countries and jurisdictions who adopt state-regulated or government programs like the Farm Bill. 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.

On March 21, 2019, our wholly owned subsidiary, hempSMART, Ltd., a corporation organized in the United Kingdom, officially launched the sales efforts for the Company's industrial hemp CBD formulated hempSMART™ products in the United Kingdom. Our sales efforts in the UK will be accomplished through our affiliate marketing program.

Research and Development

Our research and development activity for the fiscal year ended December 31, 2019 was primarily focused on formulations of our various hempSMART™ products. Our research and development costs were $0. We may conduct additional research and development as the Company expands its hempSMART™ line of products.

Significant Customers

Sales of our hempSMART™ products, both directly by us and through our affiliate marketing sales program, have not resulted in reportable significant customers.

Intellectual Property

On February 12, 2019, the U. S. Patent Office issued patent number 10,201,553 for the Company's hempSMART™ Brain product. On October 3, 2016, H Smart, Inc. filed a trademark application with the U.S. Patent and Trademark Office for the tradename hempSMART ™, Application No. 87/531,833. The trademark has not yet been registered, and the application is pending.

Competition

Our competitors include sellers of hemp-based CBD products and professional services firms dedicated to the regulated hemp industry. We compete in markets where hemp has been legalized and regulated, which includes the United States, Canada and the United Kingdom. We expect that the quantity and composition of our competitive environment will continue to evolve as the industry matures. Additionally, increased competition is possible to the extent that new states and jurisdictions enter the marketplace as a result of continued enactment of regulatory and legislative changes that de-criminalize and regulate hemp products, including the 2018 Farm Bill. We believe that by being well established in the industry, along with our experience, and our continued expansion of service and product offerings in new and existing locations, are factors that mitigate the risks associated with operating in a developing competitive environment. Additionally, the contemporaneous growth of the industry as a whole will result in new customers entering the marketplace, thereby further mitigating the impact of competition on our expected operations and results.

Employees

As of December 31, 2019, we had 4 full-time employees.

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 fully 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 our industry to be developed under the Farm Bill are in development.

As a result of the Farm Bill's recent passage, laws and regulations affecting the hemp industry will evolve which 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 and regulations, there is a possibility that governmental action to enforce any alleged violations may result in legal fees and damage awards that would adversely affect us.

We anticipate our operating expenses will increase, 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 produce other hempSMART™ products 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) general and administrative, (ii) new 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. Our joint ventures with Global Hemp Group are related party transactions insofar as its director, Charles Larsen, is a beneficial owner of more than 10% of our common stock, and a former director of our Company.

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 hemp industry generally, which could directly affect our financial condition.

The Farm Bill established that hemp containing less the .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 processed; 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 remain 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, 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 and 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.
- 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 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 to 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.

We may be unable to fully capture the expected value from our Scio, Oregon joint venture with Global Hemp Group, Inc.

In connection with our entry into joint venture with Global Hemp Group, Inc. in Scio, Oregon, 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 venture with Global Hemp Group, Inc. relies significantly upon the activities of Global Hemp Group, Inc. in Oregon. This joint venture is subject to conformity with Oregon and Canadian law. We will not be directly involved with the operation, and will rely upon Global Hemp Group's 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.

Our two ongoing joint ventures with Global Hemp Group are related party transactions insofar as its director, Charles Larsen, is a beneficial owner of more than 10% of our common stock, and a former director of the Company.

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 operating in a highly competitive market.

The markets for businesses in the hemp industry is 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 at the time. 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 hemp 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 events and 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 both 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. Additionally, we rely on affiliates in the UK for the administration of our business there. We have not to date established an effective warehousing protocol to efficiently store and deliver products there. The failure of our UK affiliates to efficiently handle the storage and distribution of our products could create a material deficiency in conducting our business there.

COVID-19 may impact our business.

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the COVID-19 include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. COVID-19, and actions taken to mitigate it, have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which we operate. While it is unknown how long these conditions will last and what the complete financial effect will be to the Company, COVID-19 has had an adverse effect on our business. While we are taking diligent steps to mitigate disruptions to our business, we are unable to predict the extent or nature of these impacts, at this time, to our future financial condition and results of operations.

If these risks limit or prevent us from selling or manufacturing our hempSMART™ products in any significant market, prevent us from acquiring products from suppliers, or significantly increase the cost of our hempSMART™ products, our operations could be seriously disrupted until alternative suppliers are found or alternative markets are developed, which could negatively impact our business.

As previously reported on Form 8-K filed on March 30, 2020, the Company was unable to file its Annual Report on Form 10-K for the fiscal year ended December 31, 2019 by the original deadline of March 30, 2020, due to circumstances related to COVID-19 pandemic, specifically: (i) the Southern California area, including the location of the Company's corporate headquarters, was at one of the epicenters of the coronavirus outbreaks in the United States and the Governor of California had ordered all residents to stay at home excepting only essential travel; and (ii) historically, the Company has relied on vendors in China to manufacture certain of its principal products. The outbreak of COVID-19 caused different levels of delay in operations of the Company, vendors, customers and professional service providers. As a result, the Company's books and records were not easily accessible from our Chinese manufacturer of our products, resulting in a delay in the preparation, audit and completion of the Company's financial statements for the Annual Report.

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. 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. We are authorized to issue 5,000,000,000 shares of common stock, $0.001 par value per share. As of May 14, 2020, there were 241,484,980 shares of our common stock issued and outstanding. Our financing activities in the past focused on convertible note financing that requires us to issue shares of common stock to satisfy principal, interest and any applicable penalties related to these convertible notes. When required under the terms and conditions of the convertible notes, we issue additional shares of common stock that have a dilutive effect on our stockholders. 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 and so any investment in our company will be diluted, with a resulting decline in the value of our common stock.

Our variably priced convertible notes will result in dilution.

We have entered into various financing instruments containing terms making interest and principal convertible into our common stock at variable prices. As is referenced elsewhere in this filing, some of those financiers are St. George Investments, LLC, John Fife, GS Capital, Paladin Advisors, LLC, Odyssey Capital Fund, Power Up Lending and Crown Bridge Partners. As a result, we will be required to issue additional shares of our common stock which will cause material dilution. As a result, such issuances will materially 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, including our issuance of additional common shares at variable prices to our convertible note holders. 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 1B. UNRESOLVED STAFF COMMENTS

Inapplicable as we are not a large accelerated filer, as defined in Rule 12b-2 of the Exchange Act, or a well-known seasoned issuer as defined in Rule 405 of the Securities Act.

ITEM 2. PROPERTIES

We maintain a lease for our principal office located at 1340 West Valley Parkway #205, Escondido, CA 92029. On July 1, 2019, we entered into an extension of our office lease until June 30, 2021. Pursuant to the terms of the extension, our monthly rent is $1,308.88 until June 30, 2020. From July 1, 2020 until June 30, 2021, our rent is $1,348.14 per month.

ITEM 3. 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.

Background. On March 16, 2017, we entered into a joint venture agreement with Bougainville Ventures, Inc., a Canadian corporation. The purpose of the joint venture was for the Company and Bougainville to jointly engage in the development and promotion of products in the legalized cannabis industry in Washington State; (ii) utilize Bougainville's high quality cannabis grow operations in the State of Washington, where it claimed to have an ownership interest in real property for use within the legalized cannabis industry; (iii) leverage Bougainville's agreement with a I502 Tier 3 license holder to grow cannabis on the site; provide technical and management services and resources including, but not limited to: sales and marketing, agricultural procedures, operations security and monitoring, processing and delivery, branding, capital resources and financial management; and, (iv) optimize collaborative business opportunities. The Company and Bougainville agreed to operate through a Washington State Limited Liability Company, and BV-MCOA Management, LLC was organized in the State of Washington on May 16, 2017.

As our contribution to the joint venture, the Company committed to raise not less than $1 million dollars to fund joint venture operations based upon a funding schedule. The Company also committed to providing branding and systems for the representation of cannabis related products and derivatives comprised of management, marketing and various proprietary methodologies directly tailored to the cannabis industry. The Company and Bougainville's agreement provided that funding provided by the Company would go, in part, towards the joint venture's ultimate purchase of the land consisting of a one-acre parcel located in Okanogan County, Washington, for joint venture operations.

As disclosed on Form 8-K on December 11, 2017, the Company did not comply with the funding schedule for the joint venture. On November 6, 2017, the Company and Bougainville amended the joint venture agreement to reduce the amount of the Company's commitment to $800,000 and also required the Company to issue Bougainville 15 million shares of the Company's restricted common stock. The Company completed its payments pursuant to the amended agreement on November 7, 2017, and on November 9, 2017, issued to Bougainville 15 million shares of restricted common stock. The amended agreement provided that Bougainville would deed the real property to the joint venture within thirty days of its receipt of payment.

Thereafter, the Company determined that Bougainville had no ownership interest in the property in Washington State, but rather was a party to a purchase agreement for real property that was in breach for non-payment. Bougainville also did not possess an agreement with a Tier 3 I502 license holder to grow Marijuana on the property. Nonetheless, as a result of funding arranged for by the Company, Bougainville and an unrelated third party, Green Ventures Capital Corp., purchased the land. The land is currently pending the payment of delinquent property taxes that would allow for the Okanogan County Assessor to sub-divide the property, so that the appropriate portion could be deeded to the joint venture. Although Bougainville represented it would pay the delinquent taxes, it has not. To date, the property has not been deeded to the joint venture.

To clarify the respective contributions and roles of the parties, the Company also offered to enter into good faith negotiations to revise and restate the joint venture agreement with Bougainville. The Company diligently attempted to communicate with Bougainville in good faith to accomplish a revised and restated joint venture agreement, and efforts towards satisfying the conditions to complete the subdivision of the land by the Okanogan County Assessor. However, Bougainville failed to cooperate or communicate with the Company in good faith, and failed to pay the delinquent taxes on the real property that would allow for sub-division and the deeding of the real property to the joint venture.

Company Determines to File Suit. On August 10, 2018, the Company advised its independent auditor that Bougainville did not cooperate or communicate with the Company regarding its requests for information concerning the audit of Bougainville's receipt and expenditures of funds contributed by the Company in the joint venture agreement. Bougainville had a material obligation to do so under the joint venture agreement. The Company believes that some of the funds it paid to Bougainville were misappropriated and that there was self-dealing with respect to those funds. Additionally, the Company believes that Bougainville misrepresented material facts in the joint venture agreement, as amended, including, but not limited to, Bougainville's representations that: (i) it had an ownership interest in real property that was to be deeded to the joint venture; (ii) it had an agreement with a Tier 3 # I502 cannabis license holder to grow cannabis on the real property; and, (iii) that clear title to the real property associated with the Tier 3 # I502 license would be deeded to the joint venture thirty days after the Company made its final funding contribution. As a result, 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'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 Company, 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 case is currently in litigation. Trial is set for January 26-28, 2021.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

PART II.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES. MARKET INFORMATION AND HOLDERS

Our common stock trades on OTC Markets OTCQB Market Tier under the ticker symbol "MCOA".As of December 31, 2019, there were 384 holders of record of our common stock. As of May 14, 2020, there were 383 holders of our common stock. The following table sets forth, for the periods indicated, the high and low closing sales prices of our common stock for fiscal years ended December 31, 2019 and 2018:

2019	**High**	**Low**
Quarter Ended December 31	$ 0.3720	$ 0.0664
Quarter Ended September 30	$ 0.6390	$ 0.0129
Quarter Ended June 30	$ 0.9180	$ 0.6180
Quarter Ended March 31	$ 1.2230	$ 0.6600

2018	**High**	**Low**
Quarter Ended December 31	$ 2.106	$ 0.690
Quarter Ended September 30	$ 2.550	$ 1.566
Quarter Ended June 30	$ 2.922	$ 1.554
Quarter Ended March 31	$ 3.876	$ 1.452

DIVIDEND POLICY

We have never declared or paid, and do not anticipate declaring or paying, any cash dividends on our common stock. Instead, we currently anticipate that we will retain all of our future earnings, if any, to fund the operation and expansion of our business and to use as working capital and for other general corporate purposes. Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of our board of directors and will depend on then-existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects, and other factors our board of directors may deem relevant.

UNREGISTERED SALES OF EQUITY SECURITIES

The following information represents securities sold by the Company as of December 31, 2019 which were not registered under the Securities Act, and were not previously reported in a Quarterly Report on Form 10-Q, or in a Current Report on Form 8-K (17 CFR 249.308). Included are sales of reacquired securities, as well as new issues, securities issued in exchange for property, services, or other securities, and new securities resulting from the modification of outstanding securities.

On January 7, 2019, the Company issued 66,666 common shares to St. George Investments, LLC ("St. George"). 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.

On January 9, 2019, the Company issued 83,333 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 17, 2019, the Company issued 83,333 common shares to Arielle Tolchin. The issuance to Ms. 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. Ms. 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 her qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Ms. Tolchin full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Ms. Tolchin 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 17, 2019, the Company issued 16,666 common shares to Denise Wingate. The issuance to Ms. Wingate 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. Wingate 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. Wingate full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Ms. Wingate 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 22, 2019, the Company issued 83,333 common shares to Joel Tolchin. 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 83,333 common shares to Oran Fine. 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 22, 2019, the Company issued 250,000 common shares to St. George Investments, LLC ("St. George"). 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.

On January 31, 2019, the Company issued 88,888 common shares to Paladin Advisors, LLC ("Paladin"). The issuance to Paladin 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. Paladin 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 Paladin full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Paladin 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 12, 2019, the Company issued 16,666 common shares to Robert Coale. The issuance to Mr. Coale 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. Coale 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. Coale full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Coale 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 12, 2019, the Company issued 8,333 common shares to Paula Vetter. 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 15, 2019, the Company issued 83,333 common shares to St. George Investments, LLC ("St. George"). 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.

On February 20, 2019, the Company issued 9,004 common shares to Chaleur Breezes Beef, Ltd. ("Chaleur"). The issuance to Chaleur 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. Chaleur 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 Chaleur full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Chaleur 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 26, 2019, the Company issued 73,333 shares to Matthew Calkins. 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 26, 2019, the Company issued 22,000 shares to Paul Mulkey, Jr. and Kim M. Mulkey ("Mulkeys"). 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 26, 2019, the Company issued 22,000 shares to DBF Displays LLC ("DBF").The issuance to the DBF 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 DBF 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 DBF full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. DBF 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 26, 2019, the Company issued 22,000 shares to Leo Mulkey and Molly M. Mulkey ("Mulkeys").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 28, 2019, the Company issued 8,333 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 11, 2019, the Company issued 83,333 common shares to St. George Investments, LLC ("St. George"). 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.

On March 13, 2019, the Company issued 266,666 common shares to St. George Investments, LLC ("St. George"). 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.

On March 21, 2019, the Company issued 394,460 common shares to St. George Investments, LLC ("St. George"). 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.

On March 21, 2019, the Company issued 252,525 common shares to St. George Investments, LLC ("St. George"). 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.

On March 29, 2019, the Company issued 8,333 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 April 5, 2019, the Company issued 33,333 common shares to Kaelan Dunbar ("Dunbar"). The issuance to Dunbar 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. Dunbar 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 Dunbar full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Dunbar 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 April 22, 2019, the Company issued 116,666 common shares to David Cook. The issuance to Mr. Cook 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. Cook 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. Cook full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Cook 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 April 23, 2019, the Company issued 83,333 shares of common stock to Edward Manolos. The issuance to Mr. Manolos 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. Manolos 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. Manolos full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Manolos 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 April 26, 2019, the Company issued 496,460 common shares to Donald Steinberg. The issuance to Mr. Steinberg 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. Steinberg 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. Steinberg full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Steinberg 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 April 26, 2019, the Company issued 436,666 common shares to Charles Larsen. The issuance to Mr. Larsen 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. Larsen 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. Larsen full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Larsen 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 April 26, 2019, the Company issued 287,729 common shares to Robert L. Hymers, III. The issuance to Mr. Hymers 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. Hymers 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. Hymers full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Hymers 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 April 29, 2019, the Company issued 252,525 common shares to St. George Investments, LLC ("St. George"). 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.

On May 13, 2019, the Company issued 252,525 common shares to St. George Investments, LLC ("St. George"). 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.

On May 23, 2019, the Company issued 16,666 common shares to Daniel Witzel. The issuance to Mr. Witzel 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. Witzel 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. Witzel full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Witzel 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 29, 2019, the Company issued 16,666 common shares to Joel Tolchin. 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 June 4, 2019, the Company issued 8,333 common shares to Ian Harvey. 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 June 13, 2019, the Company issued 265,152 common shares to St. George Investments, LLC ("St. George"). 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.

On June 19, 2019, the Company issued 16,666 to Jacqueline Montalvo. The issuance to Ms. Montalvo 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. Montalvo 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. Montalvo full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Ms. Montalvo 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 June 20, 2019, the Company issued 8,333 common shares to Casey Eberhart. 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 June 27, 2019, the Company issued 133,333 shares of common stock to Paladin Advisors, LLC ("Paladin"). The issuance to Paladin 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. Paladin 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 Paladin full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Paladin 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 June 27, 2019, the Company issued 177,053 shares of common stock to IRTH Communications, LLC ("IRTH"). The issuance to IRTH 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. IRTH 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 IRTH full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. IRTH 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 July 3, 2019, the Company issued 1,173,709 common shares to Natural Plant Extract of California ("NPE"). The issuance to NPE 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. NPE 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 NPE full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. NPE 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 July 10, 2019, the Company issued 421,502 common shares to St. George Investments, LLC ("St. George"). 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.

On July 30, 2019, the Company issued 475,919 common shares to St. George Investments, LLC ("St. George"). 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.

On August 2, 2019, the Company issued 8,333 common shares to Paula Vetter. 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 August 5, 2019, the Company issued 541,125 common shares to St. George Investments, LLC ("St. George"). 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.

On September 6, 2019, the Company issued 2,082,398 unrestricted common shares to DTTO Capital, BV. The issuance was made pursuant to the court order in case number 01675: DTTO Funding vs. Marijuana Company of America, Inc., filed in the United States District Court for the Northern District of Texas. The issuance was ordered by the court pursuant to paragraphs 9 and 10 of the stipulation to settle the case, whereby the Company was obligated to issue to DTTO additional shares of common stock in the event that "one year following the issuance date, the value of the shares has decreased from the value on the issuance date, as determined by the price of Defendant's stock as listed on the over-the-counter market. The 2,082,398 shares issued were made pursuant to the 3(a)(10) exemption from the registration requirements of Section 5 of the SEC Act.

On September 6, 2019, the Company issued 8,333 common shares to Ian Harvey. 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 September 10, 2019, the Company issued 2,082,398 common shares to St. George Investments, LLC ("St. George"). 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.

On September 19, 2019, the Company issued 83,892 common shares to St. George Investments, LLC ("St. George"). 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.

On September 19, 2019, the Company issued 22,692 common shares to St. George Investments, LLC ("St. George"). 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.

On September 20, 2019, the Company issued 1,353,143 common shares to St. George Investments, LLC ("St. George"). 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.

On October 1, 2019, the Company issue 5,128,205 common shares to Donald Steinberg. The issuance to Mr. Steinberg 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. Steinberg 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. Steinberg full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Steinberg 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 October 1, 2019, the Company issued 1,538,461 common shares to Green Capital Advisors LLC ("Green Capital"), an entity controlled by Donald Steinberg, our former director and Chief Executive Officer. The issuance to Green Capital 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. Green Capital 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 Green Capital full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Green Capital 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 October 1, 2019, the Company issued 1,666,666 common sharesto Jesus Quintero. The issuance to Mr. Quintero 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. Quintero 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. Quintero full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Quintero 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 October 1, 2019, the Company issued 1,666,666 common shares to Robert Coale. The issuance to Mr. Coale 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. Coale 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. Coale full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Coale 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 October 1, 2019, the Company issued 1,666,666 common shares to Caren Glaser. The issuance to Ms. Glaser 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. Glaser 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. Glaser full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Ms. Glaser 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 October 1, 2019, the Company issued 166,666 common shares to Trevor Muehlfelder. The issuance to Mr. Muehlfelder 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. Muehlfelder 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. Muehlfelder full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Muehlfelder 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 October 1, 2019, the Company issued 1,666,666 common shares to Edward Manolos. The issuance to Mr. Manolos 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. Manolos 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. Manolos full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Manolos 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 October 1, 2019, the Company issued 3,666,666 common shares to Robert L. Hymers, III. The issuance to Mr. Hymers 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. Hymers 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. Hymers full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Hymers 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 October 1, 2019, the Company issued 83,333 common shares to Tad Mailander. The issuance to Mr. Mailander 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. Mailander 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. Mailander full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Mailander 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 October 18, 2019, the Company issued 1,444,148 common shares to St. George Investments, LLC ("St. George"). 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.

On October 21, 2019, the Company issued 1,516,355 common shares to St. George Investments, LLC ("St. George"). 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.

On October 23, 2019, the Company issued 900,000 common shares to Pinnacle Consulting Services ("Pinnacle"). The issuance to Pinnacle 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. Pinnacle 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 Pinnacle full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Pinnacle 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 October 24, 2019, the Company issued 850,000 common shares to Justin Costello. The issuance to Mr. Costello 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. Costello 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. Costello full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Costello 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 October 31, 2019, the Company issued 1,000,000 common shares to Paladin Advisors, LLC ("Paladin"). The issuance to Paladin 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. Paladin 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 Paladin full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Paladin 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 November 19, 2019, the Company issued 1,153,175 common shares to St. George Investments, LLC ("St. George"). 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.

On November 20, 2019, the Company issued 3,371,746 common shares to Natural Plant Extracts of California ("NPE"). The issuance to NPE 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. NPE 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 NPE full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. NPE 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 December 16, 2019, the Company issued 1,815,170 common shares to Crown Bridge Partners ("Crown"). The issuance to Crown 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. Crown 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 Crown full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Crown 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 2, 2020 the Company issued 510,204 common shares to Power Up Lending ("Power Up"). The issuance to Power Up 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. Power Up 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 Power Up full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Power Up 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 2, 2020, the Company issued 133,334 common shares to Paladin Advisors, LLC ("Paladin"). The issuance to Paladin 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. Paladin 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 Paladin full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Paladin 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 6, 2020, the Company issued 765,306 common shares to Power Up Lending ("Power Up"). The issuance to Power Up 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. Power Up 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 Power Up full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Power Up 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 8, 2020, the Company issued 542,005 common shares to Power Up Lending ("Power Up"). The issuance to Power Up 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. Power Up 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 Power Up full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Power Up 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 8, 2020, the Company issued 1,388,013 common shares to Power Up Lending ("Power Up"). The issuance to Power Up 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. Power Up 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 Power Up full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Power Up 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 17, 2020, the Company issued 3,666,666 common shares to Power Up Lending ("Power Up"). The issuance to Power Up 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. Power Up 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 Power Up full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Power Up 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 17, 2020, the Company issued 1,003,344 common shares to Power Up Lending ("Power Up"). The issuance to Power Up 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. Power Up 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 Power Up full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Power Up 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 21, 2020, the Company issued 857,860 common shares to Power Up Lending ("Power Up"). The issuance to Power Up 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. Power Up 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 Power Up full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Power Up 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 21, 2020, the Company issued 3,034,306 common shares to St. George Investments, LLC ("St. George"). 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.

On January 24, 2020, the Company issued 3,032,371 common shares to St. George Investments, LLC ("St. George"). 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.

On February 7, 2020, the Company issued 420,000 common shares to Power Up Lending ("Power Up"). The issuance to Power Up 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. Power Up 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 Power Up full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Power Up 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 24, 2020, the Company issued 896,861 common shares to Power Up Lending ("Power Up"). The issuance to Power Up 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. Power Up 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 Power Up full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Power Up 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 25, 2020, the Company issued 909,091 common shares to Power Up Lending ("Power Up"). The issuance to Power Up 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. Power Up 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 Power Up full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Power Up 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 26, 2020, the Company issued 1,436,813 common shares to Power Up Lending ("Power Up"). The issuance to Power Up 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. Power Up 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 Power Up full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Power Up 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 March 10, 2020, the Company issued 3,667,889 common shares to Power Up Lending ("Power Up"). The issuance to Power Up 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. Power Up 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 Power Up full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Power Up 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 March 17, 2020, the Company issued 1,492,537 common shares to Power Up Lending ("Power Up"). The issuance to Power Up 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. Power Up 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 Power Up full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Power Up 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 March 18, 2020, the Company issued 1,492,537 common shares to Power Up Lending ("Power Up"). The issuance to Power Up 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. Power Up 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 Power Up full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Power Up 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 March 19, 2020, the Company issued 2,132,653 common shares to Power Up Lending ("Power Up"). The issuance to Power Up 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. Power Up 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 Power Up full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Power Up 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 March 19, 2020, the Company issued 3,955,323 common shares to Power Up Lending ("Power Up"). The issuance to Power Up 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. Power Up 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 Power Up full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Power Up 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 March 24, 2020, the Company issued 8,211,144 common shares to St. George Investments, LLC ("St. George"). 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.

On March 25, 2020, the Company issued 4,318,187 common shares to Paladin Advisors, LLC ("Paladin"). The issuance to Paladin 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. Paladin 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 Paladin full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Paladin 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 April 14, 2020, the Company issued 1,900,000 common shares to Crown Bridge Partners ("Crown"). The issuance to Crown 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. Crown 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 Crown full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Crown 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 April 20, 2020, the Company issued 2,000,000 common shares to Crown Bridge Partners ("Crown"). The issuance to Crown 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. Crown 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 Crown full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Crown 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 April 22, 2020, the Company issued 2,100,000 common shares to Crown Bridge Partners ("Crown"). The issuance to Crown 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. Crown 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 Crown full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Crown 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 April 23, 2020, the Company issued 8,108,507 common shares to St. George Investments, LLC ("St. George"). 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.

On April 24, 2020, the Company issued 2,200,000 common shares to Crown Bridge Partners ("Crown"). The issuance to Crown 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. Crown 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 Crown full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Crown 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 April 24, 2020, the Company issued 9,511,000 common shares to Paladin Advisors, LLC ("Paladin"). The issuance to Paladin 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. Paladin 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 Paladin full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Paladin 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 April 27, 2020, the Company issued 2,400,000 common shares to Crown Bridge Partners ("Crown"). The issuance to Crown 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. Crown 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 Crown full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Crown 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 April 28, 2020, the Company issued 9,511,000 common shares to Paladin Advisors, LLC ("Paladin"). The issuance to Paladin 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. Paladin 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 Paladin full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Paladin 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 April 29, 2020, the Company issued 3,000,000 common shares to Crown Bridge Partners ("Crown"). The issuance to Crown 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. Crown 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 Crown full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Crown 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 April 29, 2020, the Company issued 8,798,170 common shares to St. George Investments, LLC ("St. George"). 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.

On May 6, 2020, the Company issued 7,000,000 common shares to Crown Bridge Partners ("Crown"). The issuance to Crown 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. Crown 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 Crown full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Crown 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 May 7, 2020, the Company issued 5,553,850 common shares to Odyssey Capital Fund ("Odyssey"). The issuance to Odyssey 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. Odyssey 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 Odyssey full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Odyssey 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 May 7, 2020, the Company issued 5,009,885 common shares to Paladin Advisors, LLC ("Paladin"). The issuance to Paladin 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. Paladin 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 Paladin full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Paladin 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 May 8, 2020, the Company issued 8,744,867 common shares to Odyssey Capital Fund ("Odyssey"). The issuance to Odyssey 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. Odyssey 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 Odyssey full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Odyssey 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 6. SELECTED FINANCIAL DATA

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The statements contained in this report that are not statements of historical fact, including without limitation, statements containing the words "believes," "expects," "anticipates" and similar words, constitute forward-looking statements that are subject to a number of risks and uncertainties. From time to time we may make other forward-looking statements. Investors are cautioned that such forward-looking statements are subject to an inherent risk that actual results may materially differ as a result of many factors, including the risks discussed from time to time in this report, including the risks described under "Risk Factors" in any filings we have made with the SEC.

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. On an on-going basis, we evaluate these estimates, including those related to useful lives of real estate assets, cost reimbursement income, bad debts, impairment, net lease intangibles, contingencies and litigation. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. There can be no assurance that actual results will not differ from those estimates.

Background

We were incorporated in the State of Utah on October 4, 1985, under the name of 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. From 2009 to 2014 we operated primarily in the mining exploration business. In 2015, we left the mining business and began an internet-based marketing business focused on offerings from our "Majestic Menu" food service items offered to the hospitality and food service industry via an on-line internet site, where individuals could purchase retail direct from food distributors via credit cards and commercial accounts.

On September 4, 2015, Donald Steinberg and Charles Larsen purchased 400,000,000 shares of restricted common stock and 10,000,000 shares of the Preferred Class A stock from the Company's President, Cornelia Volino, in exchange for $105,000.00. On September 9, 2015, Donald Steinberg was appointed Chairman of the Board, Chief Executive Officer and Secretary of the Company. Mr. Larsen was appointed to the Board of Directors. The former officers and directors of the Company resigned concurrent with the new appointments. By virtue of Messrs. Steinberg and Larsen's stock purchase and appointment to the Company's Board of Directors, a purchase or sale of a significant amount of assets not in the ordinary course of business and a corresponding change of control occurred. The Company reported the change of control in its September 30, 2015 quarterly report filed with the OTC Markets. Thereafter, the Company's business plans and operations changed to focus on legalized cannabis and hemp more fully discussed in this filing. The Company changed its name and trading symbol on December 1, 2015.

We are a publicly listed company quoted on OTC Markets OTCQB Market Tier under the symbol "MCOA". We are a Smaller Reporting Company based in Escondido, California. 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 cannabinoids ("CBD") and the possible health benefits thereof; and, (6) new and improved methods of hemp cannabinoid extraction omitting or eliminating the delta-9 tetrahydrocannabinol "THC" molecule.

We also develop, manufacture and sell, through our wholly owned subsidiary H Smart, Inc., consumer products that include industrial hemp derived, non-psychoactive CBD as an ingredient, under the brand name "hempSMART™". Our industrial hemp-based products are specifically developed with an enriched CBD molecular composition with a THC concentration of three-tenths of a percent or less by dry weight. 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.

We also provide financial accounting, bookkeeping, services, real property management, and reporting protocols in order to allow licensed cannabis and/or hemp operators, in those states where cannabis has been legalized for medicinal and/or recreational use, to report collect, verify and state effective financial records and disclosure. We provide a comprehensive accounting strategy based on best accounting practices. As of the date of this filing, we have not offered any financial accounting, bookkeeping or real property management consulting services that have generated reportable revenues as of 2018 and 2019.

Additionally, our business includes making selected investments and entered into joint ventures in start-up businesses in the legalized cannabis and hemp industries.

Readers are directed to review our detailed disclosures in Item 1, Business; Principal Products and their Markets; Joint Ventures and Investments above. A summary of our investment and joint venture activity follows:

Joint Ventures

Bougainville Ventures, Inc. Our joint venture with Bougainville Ventures, Inc. is currently in litigation (See Legal Proceedings, Item 3). We recorded an annual impairment in 2017 of $792,500, reflecting the Company's percentage of ownership of the net book value of the investment. During 2018, the Company recorded equity losses of $37,673 and $11,043 for the first and second quarters respectively, and recorded an annual impairment of $285,986 for the year ended December 31, 2018, at which time we determined the investment to be fully impaired due to Bougainville's breach of contract and resulting litigation.

GateC Research, Inc. Our joint venture agreement with GateC Research, Inc. was rescinded by mutual agreement of the parties on March 19, 2018. We incurred no termination penalties as the result of its entry into the Recession and mutual release agreement. In 2017, we recorded a debt obligation of $1,500,000 to the Joint Venture and a corresponding impairment charge of $1,500,000 during for year ended December 31, 2017. Upon termination of the material definitive agreement on March 19, 2018, we realized a gain on settlement of debt obligation of $1,500,000 during the six months ended June 30, 2018. As of December 31, 2018, we determined our joint venture with GateC to be fully impaired as having no intrinsic value due to our decision on March 19, 2018 to rescind the agreement. Our decision to fully impair our venture with GateC had an impact on our reported operations in fiscal year ended December 31, 2018, but had no impact on our reported operations for the fiscal year ended December 31, 2019.

Global Hemp Group New Brunswick 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 research and development project on the Acadian peninsula of New Brunswick, Canada. 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. We incurred costs of $10,775 and $0 for the years ended December 31, 2017 and 2018, recorded as other income/expense in the Company's Statement of Operations in the appropriate periods. As of December 31, 2019, the balance of the New Brunswick joint venture reported on the balance sheet was $0.00 and as of September 30, 2019, we determined that the joint venture was fully impaired and had no intrinsic value due to the research projects failure to finalize the research studies and render any tangible revenue generating benefits to us.

Global Hemp Group Scio Oregon Joint Venture. On May 8, 2018, we entered into a joint venture with Global Hemp Group, Inc., 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 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. Our joint venture with Global Hemp Group regarding the Scio Oregon project is a related party transaction insofar as its President and CEO, Charles Larsen, is a former director of the Company.

Investments

MoneyTrac Technologies, Inc. On March 13, 2017, we entered into a stock purchase agreement with MoneyTrac on to purchase a 15% equity position in MoneyTrac. On July 27, 2017 we completed tender of the purchase price of $250,000. On June 12th, 2018 Global Payout, Inc. ("Global") 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 was successfully merged into Merger Sub, the surviving corporation of the merger, and thereafter the separate existence of MoneyTrac ceased, and all rights, of MoneyTrac, were assumed by Merger Sub. 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. We acquired 150,000,000 Global common shares for our original $250,000 representing approximately 15% ownership. Global's name changed in April, 2020 to Global Trac Solutions, Inc. Global's common stock is traded on the OTC Markets under the symbol "PYSC." To date, we realized $51,748.17 from sales of our Global securities.

Conveniant Hemp Mart, LLC. On July 19, 2017, we loaned fifty thousand dollars ($50,000) to Conveniant based on a promissory note. Conveniant's business involved developing CBD products for sale in gas stations and convenience stores. 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 Conveniant, 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 Conveniant on November 21, 2017. On May 1, 2019, the Company and Conveniant agreed to cancel the Company's 25% interest in Conveniant. Conveniant issued to the Company a credit memo equal to the Company's $100,000 investment, The Company determined that as of September 30, 2019, approximately $41,000 of this credit was impaired.

Results of Operations

Year ended December 31, 2019 compared to year ended December 31, 2018

The following table presents our operating results for the year ended December 31, 2019 compared to December 31, 2018:

MARIJUANA COMPANY OF AMERICA, INC
CONSOLIDATED STATEMENTS OF OPERATIONS
AUDITED

	Year Ended December 31,	
	2019	2018
REVENUES:		
Sales	$ 673,919	$ 240,452
Related party Sales	21,157	11,683
Total Revenues	695,075	252,135
Cost of sales	248,556	81,250
Gross Profit	446,520	170,885
OPERATING EXPENSES:		
Selling, general and administrative expenses	6,910,039	3,980,493
Depreciation	7,299	5,341
Total operating expenses	6,917,338	3,985,834
Net loss from operations	(6,470,818)	(3,814,949)
OTHER INCOME (EXPENSES):		
Interest expense, net	(4,682,247)	(6,828,939)
Legal Settlement Expense	(1,497,674)	(1,682,870)
Impairment of Joint Ventures	(478,400)	(933,195)
Loss on equity investments	(13,842)	(90,859)
(Loss) gain on change in fair value of derivative liabilities	(2,123,570)	1,443,249
(Loss) on debt modification	—	(1,343,161)
Loss on Disposition of Investment	(389,664)	—
Cancellation of debt	—	1,500,000
Unrealized (Loss) Gain on trading securities	(677,584)	560,000
Loss on Sales of Trading Securities	(75,545)	—
(Loss) Gain on settlement of debt	(3,770,974)	94,933
Total other income (expense)	(13,709,500)	(7,280,842)
Net loss before income taxes	(20,180,318)	(11,095,791)
Income taxes (benefit)	—	—
NET LOSS	$ (20,180,318)	$ (11,095,791)
Loss per common share, basic and diluted	$ (0.41)	$ (0.017)
Weighted average number of common shares outstanding, basic and diluted	48,669,683	37,924,703

See the accompanying notes to these audited consolidated financial statements

The following is a tabular breakdown of expenses related to Selling, General and Administrative Expenses:

MARIJUANA COMPANY OF AMERICA, INC.

2019 vs. 2018 VARIANCE ANALYSIS OF G&A EXPENSES	2019	2018	Variance
Consulting Fees	$ 1,793,260	$ 368,185	$ 1,425,075
Stock based Compensation	1,417,850	1,052,425	365,425
Marketing /Media	698,247	584,008	114,239
Board of Director Fees	627,166	34,500	592,666
Admin Compensation	405,533	216,595	188,938
Officer's Compensation	380,371	698,675	(318,304)
UK Contract Compensation	320,829	65,259	255,570
Legal expense	207,453	226,205	(18,752)
Website Development Costs	141,275	120,374	20,901
Bank Service Charges	122,815	25,971	96,844
Investor Relation	121,490	220,205	(98,715)
Web Sales Commission	117,081	28,278	88,803
Accounting	94,318	23,077	71,241
Audit Fee	55,032	38,384	16,648
Marketing compensation	40,754	11,600	29,154
Rent expense	31,284	21,986	9,298
SEC Filing fees	29,182	14,630	14,552
Fees/Licensing	27,427	2,003	25,424
Special Events	22,876	14,177	8,699
Software	13,307	12,294	1,013
Office Supplies	12,898	13,433	(535)
Wholesale Commissions	12,512	11,558	954
Independent contractor	4,500	104,223	(99,723)
Advertising and Promotion	209	70,970	(70,761)
All other expenses, net	212,010	1,478	210,532
Total G&A Expenses	**$ 6,910,039**	**$ 3,980,493**	**$ 2,929,546**

Our administrative compensation costs increased from $216,595 in 2018 to $405,533 in 2019 respectively, this $188,938 increase was due to our hiring additional employees in marketing, logistics, operations and accounting. Marketing/Media costs increased $114,239 from $584,008 in 2018 to $698,247 in 2019, respectively. These increases were due to our new sales marketing expansion in the UK. We had a $365,425 increase in our costs associated with stock based compensation from $1,052,425 in 2018 to $1,417,850 in 2019, respectively. This increase was the result bonuses issued to executives and consultants in July, 2019. We had an increase in Board of Directors fees of $592,666 from $34,500 in 2018 to $627,166 in 2019, respectively. These increases were due to the appointment of a new president and chief executive officer and the appointment of an independent director.

Our costs for investor relations decreased from $220,205 in 2018 to $121,490 in 2019. This was due to decreased costs related to our termination of various investor relations contracts. We also had a material reductions in our officer's compensation , from $698,675 in 2018 to $380,371 in 2019. This decreases was due to an officer resigning and the departure of an accounting consultant. Our costs related to engagement of independent contractors was reduced by $99,723 from $104,223 in 2018 to $4,500 in 2019, respectively. This decrease was due to our cancellation of independent contractor engagements in 2019.

Overall, our general and administrative costs from 2018 to 2019 increased by $2,929,546 from $6,910,039 in 2018 to $6,970,136 in 2019, respectively.

The Following Is a Tabular Breakdown of Our 2019 Stock Based Bonus Compensation for Officers and Directors, as compared to 2018.

Officer and Director	2019	2018
Donald Steinberg	$ 1,367,204	$ 360,000
Charles Larsen	$ 40,000	$ 240,000
Robert Coale	$ 266,333	$ 0
Edward Manolos	$ 356,833	$ 0
Jesus Quintero	$ 311,333	$ 8,675

The 2019 stock compensation bonuses were issued by the Board of Directors pursuant to our Equity Incentive Plan and executive contracts with our directors and officers. Pursuant to our Equity Incentive Plan, the Company has discretion to make stock awards to its affiliates for past services, in lieu of bonuses or other cash compensation, for directors' compensation or for any other valid purpose. At December 31, 2019, we reviewed the performance of our affiliates, and in making the 2019 awards, determined the awards justified because our affiliates accomplished the following:

1. Worked successfully to complete a PCAOB audit of our books and records in advance of, and as a prerequisite to, our filing of Form 10k with the Commission;

2. Successfully negotiated the settlement of the investment terms, which were in breach with NPE;

3. Successfully negotiated for our acquisition of cash and other assets in the amount of $240,085;

4. Upon Donald Steinberg's resignation, the management of the Company successfully negotiated the settlement of $330,797.73 in accrued compensation owed to him by agreeing to issue 6,615,954 in restricted shares. This helped preserve critical capital for the company's operations.

5. Expanded hempSMART sales internationally by initial marketing to several new countries in Europe in 2019 and organizing the signing up of affiliates in several foreign countries.

6. Successfully transitioned our Company from a development stage company to a revenue producing company;

7. Successfully developed, managed and supervised the sales deployment of our hempSMART™ products, as well as the development and R&D of new products,

8. Continued to maintain the company's multi-level marketing backend system to support the distribution and marketing of the hempSMART™ brand;

9. Completed a stand-alone audit of the hempSMART financial statements on a deconsolidated basis in order to value the company, identify areas for achieving greater operational efficiency and for future possible transactions.

10. The new management of MCOA engaged in December 2019, completely revamped the company's sales model and reduced monthly overhead by over 50% in less than two months after taking over. The company believes this will help the company get closer to achieving operational profitability in FYE 2020 and beyond.
11. The increase in stock compensation and bonuses to executives is also due to a new CEO and new board members being hired in 2019. Bonuses were used to attract a new qualified and experienced management team.

Our Equity Plan issuances to affiliates as of December 31, 2019 increased by 1,586,954. This was due to the Company emerging from being a development stage company to a revenue producing company and was operational and paying compensation. The balance was in stock based compensation in 2019, as compared to 2018, was primarily for shares issued for consulting services as follows:

The balance of our stock based compensation in 2019, as compared to 2018 was for consulting services as follows:

Consultant	2019 Stock-Based Compensation	2018 Stock-Based Compensation	Variance	Nature of Consultant Services Provided
PYP Enterprises	$0	$30,000	($30,000)	Compensation for Marketing Services during 2018
Robert L. Hymers III	568,333	422,000	$146,333	Bonus as part of Equity Incentive Plan during 2018 and 2019 for services in restructuring company and launching a new JV
David Cook	0	175,000	(175,000)	Consulting services - Product development during 2018
Ronald Ryan	0	175,000	(175,000)	Consulting services - manager of BV JV during 2018
Caren Glasser	343,833	60,900	282,933	Compensation as consultant and COO hempSMART and VivaBuds - Marketing services during 2019 and 2018
Casey Eberhart	7,550	64,895	(57,345)	Consulting Services - Affiliate Marketing specialist during 2019 (partial year) and 2018
Paula Vetter	7,300	9,905	(2,605)	Consulting Services - Medical Advisory Specialist for hempSMART during 2019 and 2018
Lauren Regier	0	10,000	(10,000)	Consulting Services - Web and graphic design during 2018
John Justin-Davis	0	19,950	(19,950)	Consulting Services - Medical Advisory Board Member during 2018
Jesus Quintero	0	8,675	(8,675)	Officer Payment - CFO (Contractor) during 2018
Ian Harvey	0	500	(500)	Consulting - Marketing services during 2018
Vanessa Hunter	0	1,000	(1,000)	Consulting Services during 2018
Sam Rosenberg	0	72,600	(72,600)	Consulting Services - inventory manager during 2018
Trevor Muehlfelder	$25,833	$2,000	$23,833	Consulting Services during 2018

The objective outcomes resulting from the consulting services are summarized as follows:

The adoption and implementation of our business plans from 2018 through 2019 required limited consulting services allowing us to leverage our existing expertise to develop and implement our multi-level marketing and sales business plan. This involved our continued selection and deployment of appropriate multi-level marketing ecommerce and marketing technology solutions, developing strategies to market our multi-level marketing sales and vetting and working with solutions providers in the programming, designing and administration of multi-level marketing sales platforms.

We anticipate continuing to reduce our dependence on stock based compensation in the future. However, given our present cash position, and because of possible increased operational costs including overhead, product manufacturing and development, and related costs, we may, to the extent necessary, utilize stock based compensation in the future to compensate key product development, operations and sales and marketing personnel.

Revenues

Total revenues for the year end December 31, 2019 and December 31, 2018, were $695,076 and $252,135, respectively, an increase of $442,941. This increase is attributable to the developing market for sales of our hempSMART products and the addition of several new products. The increase in our total revenues of hempSMART products was due to the volume of sales, and not as the result of price increases, and reflect sales based on our efforts at implementing our affiliate marketing sales program and direct sales through our website.

During 2019 the Company releases one new industrial hemp based hempSMART product, hempSMART Body, a cream formulated with organically industrial hemp combining premium CBD oil with unique blend of synergistic herbs and botanicals. Company also offered online subscription for memberships and other marketing tools for our associates.

The following table identifies our new product offerings in 2019, and the revenues produces from sales of our products in 2019 and 2018 respectively:

	2019	2018	
Pain Cream	$ 126,099	$ 111,291	
Pain Capsules	$ 53,969	$ 18,469	
Face Moisturizers	$ 36,979	$ 56,129	
Drops	$ 341,555	$ 25,238	
Pet Drops	$ 57,789	$ 32,770	
Brain Capsules	$ 68,182	$ 8,238	
Body	$ 10,503	$ —	New Product for 2019
Total	$ 695,076	$ 252,135	

Our joint ventures in Bougainville Ventures, Inc., GateC Technologies, Inc. and Global Hemp Group, Inc. – New Brurnswick, did not generate any revenues for the period ending December 31, 2019. We deemed our joint venture in Bougainville Ventures, Inc. fully impaired as of December 31, 2018, due to Bougainville's breach of contract and related tort theories (See Item 3, Legal Proceedings). We deemed our joint venture with GateC Technologies, Inc. to be fully impaired as of March 19, 2018, when we entered into an agreement rescinding the transaction. We deemed our joint venture with Global Hemp Group, Inc. – New Brunswick to be fully impaired as of September 30, 2019. The decision to impair these joint ventures did not have a material impact on our reported operations for the fiscal year ended December 31, 2019.

Our joint venture with Global Hemp Group, Inc. – Scio, Oregon is a related party transaction insofar as Global Hemp Group's director, Charles Larsen, is our former director and current stockholder of the Company.

Related Party Sales

Related party sales contributed $21,157 and $11,683 to our revenue for 2019 and 2018 respectively. Related party sales are comprised of sales of our hempSMART products to our directors, officers and sales team members. No related party sales were for services. All sales were made at listed retail prices and were for cash consideration.

Costs of Sales

Costs of sales primarily consist of inventory cost and overhead, manufacturing, packaging, warehousing, shipping and direct labor costs directly attributable to our hempSMART products. For the year ended December 31, 2019 and December 31, 2018, our total costs of sales were $248,556 and $81,250, respectively. The increase was primarily due to increased operating expenses related to overhead, sales, travel and related to the initiation and development of the increased sales activity for our hempSMART products.

Gross Profit

For the year ended December 31, 2019 and December 31, 2018, gross profit was $446,520 and $170,885, respectively. This increase was primarily due to the growth in our hempSMART product sales, as our sales developed through direct sales efforts and through the implementation and development of our affiliate sales program. As a percentage of total revenues, gross profit was 64.2% and 67.8% for the year ended December 31, 2019 and December 31, 2018, respectively.

Our joint ventures in Bougainville Ventures, Inc., GateC Technologies, Inc. and Global Hemp Group, Inc. – New Brunswick, did not generate any gross profits for the period ending December 31, 2019. We deemed our joint venture in Bougainville Ventures, Inc. fully impaired as of December 31, 2018, due to Bougainville's breach of contract and related tort theories (See Item 3, Legal Proceedings). We deemed our joint venture with GateC Technologies, Inc. to be fully impaired as of March 19, 2018, when we entered into an agreement rescinding the transaction. We deemed our joint venture with Global Hemp Group, Inc. – New Brunswick to be fully impaired as of September 30, 2019. The decision to impair these joint ventures did not have a material impact on our reported operations, revenues or gross profits for the fiscal year ended December 31, 2019.

Operating Losses

For the year ended December 31, 2019 and 2018, operating expenses were $6,917,338 or 995.2% of total revenues, as compared to $3,985,834 or 1,580.8% of total revenues, for the year ended December 31, 2018. This increase of $2,931,504 was due to an increase in selling, general and administrative costs of $2,989,643. Such operating losses reflect developmental and other administrative costs for 2019 and 2018. We expect to incur losses in the near future until profitability is achieved, which is not certain. Our operations are subject to numerous risks associated with establishing any new business, including unforeseen expenses, delays and complications. There can be no assurance that we will achieve or sustain profitable operations. This increase was primarily related to the Company issuing less stock-based compensation for consulting services.

The Company has incurred net losses from operations of $6,470,818 and $3,814,949 for the years ended December 31, 2019 and 2018, respectively.

Other Income (Expense)

Other income (expense) for the years ended December 31, 2019 and December 31, 2018 included expense of $13,709,500 and $7,280,842, respectively. This increase of $6,428,658, which was primarily due to a loss of $2,123,570 on change of fair value of derivative liabilities for the year December 31, 2019, as compared to a gain of 1,443,249 for the year ended December 31, 2018; an increase of $3,865,907; an increase in expense related to loss on settlement of debt of $3,770,974 for the year ended December 31, 2019, as compared to a gain on settlement of debt of $94,933 for the year ended December 31, 2018; an increase of $3,865,907.

Income Tax Expense (Benefit)

We did not have any income tax expense or benefit for the years ended December 31, 2019 and December 31, 2018, respectively.

Net Income (Loss)

As a result of the factors discussed above, net losses for the year ended December 31, 2019 and December 31, 2018 were $20,180,318 and $11,095,791, respectively. For December 31, 2019 and December 31, 2018, these net losses represented a 2,903.3% and 4,401% of total revenues for the respective periods.

Hempsmart
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. The following table represents the Company's hempSMART business, which is its sole operating segment as of December 31, 2019 and 2018:

hempsmart
STATEMENT OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	For Years ended December 31,	
	2019	**2018**
Revenues	$ 695,075	$ 252,135
Cost of Sales	224,887	81,250
Gross profit	**470,188**	**170,885**
Operating Expenses		
Depreciation expense	7,299	5,341
Selling and Marketing expenses	1,090,981	539,723
General and administrative expenses	761,128	474,206
Total Expenses	**1,859,408**	**1,019,270**
Net Loss from Operations	**$ (1,389,220)**	**$ (848,385)**

Legal Settlement Expense

DTTO Funding

On June 25, 2018, DTTO Funding filed a complaint against the Company for breach of contract related to the Company's April 20, 2017 convertible promissory note in which DTTO lent the Company $111,111. Principal and interest in the note were, at the election of DTTO, convertible into common shares of the Company. On November 30, 2017, DTTO notified the Company of an election to convert a portion of the note to common shares, but the Company failed to process the conversion. The Company failed to repay principal and interest otherwise due on the maturity date of April 20, 2018. DTTO's action sought damages against the Company including principal, default interest, liquidated damages, attorney fees and costs in an amount with an alleged present cash value of $1,787,981.10.

The Company filed an answer to the complaint. Thereafter, the Company entered into settlement negotiations with DTTO. In its review of the complaint, the Company determined (i) it had no money to pay damages under the note including principal, interest, liquidated damages, penalties and costs; (ii) it could not fund its litigation related expenses in Texas; (iii) it may be exposed to potential additional attorney fees and costs in the event the Company loses the litigated case; (iv) there was a benefit to obtaining a quick resolution of the litigated case; and, (v) litigating the case would require a significant commitment of personal time and costs for the Company's affiliates, directors and officers, taking them away from the business of the Company. The Company's negotiations led to a proposed stipulation for settlement, a court order and joint motion for entry of judgment based on the negotiated settlement. The Company reviewed the terms and determined the total number of shares issuable under the proposed stipulation were reasonable in light of the above noted reasons. the Company, in an exercise of prudent business judgment, determined that entry into the stipulated judgment was reasonable and in the best interests of the shareholders, because settlement would terminate the litigation, allowing the Company to avoid accrual of additional damages under the note recoverable by Plaintiff including interest, liquidated damages, penalties and costs; and, entry into the proposed Stipulation will also end the Company's obligations to pay for its own legal counsel fees and related litigation fees, which it could afford. On September 4, 2018, after noticed motion, Judge Sam A. Lindsay granted the joint motion and adopted the stipulation to settle the case as the order of the Court. As a result, pursuant to Section 3(a)(10) and the Court's order, the Company issued 57,676,810 common stock shares in settlement of the litigation with prejudice for at a total value of $1,701,466 and thus eliminating the contingent liability.

Pursuant to paragraphs 9 and 10 of the September 4, 2018 stipulation to settle the case, the Company was obligated to issue to DTTO additional shares of common stock in the event that "one year following the issuance date, the value of the shares has decreased from the value on the issuance date, as determined by the price of Defendant's stock as listed on the over-the-counter market. This separate issuance shall be referred to as the "Additional Issuance." On September 6, 2019, the Company received a demand from DTTO for an Additional Issuance of a total of 5,760,286 unrestricted common shares. DTTO also requested that of the total, only 2,082,397.92 common shares be issued in order for DTTO to comply with paragraph 11 of the stipulation to settle and court order, requiring DTTO's ownership to be under 4.99% of the Company's issued and outstanding shares.

Natural Plant Extract of California

On April 15, 2019, we entered into a joint venture with Natural Plant Extract of California, Inc., and subsidiaries, to operate a licensed psychoactive cannabis distribution service in California. California legalized THC psychoactive cannabis for medicinal and recreational use on January 1, 2018. On February 3, 2020, we terminated the joint venture.

The Original Material Definitive Agreement

Pursuant to the original material definitive agreement, we agreed to acquire twenty percent (equal to 200,000) of NPE's authorized shares in exchange for our payment of $2,000,000 and $1,000,000 worth of our restricted common stock. We agreed to form a joint venture with NPE incorporated in California under the name "Viva Buds, Inc." ("Viva Buds") for the purpose of operating a California licensed cannabis distribution business pursuant to California law legalizing THC psychoactive cannabis for recreational and medicinal use.

Our payment obligations were governed by a stock purchase agreement which required us to make the following payments:

a. Deposit of $350,000 within 5 days of the execution of the material definitive agreement;

b. Deposit of $250,000 payable within 30 days;

c. Deposit of $400,000 within 60 days;

d. Deposit of $500,000 within 75 days;

e. Deposit of $500,000 within 90 days

We made our initial payment pursuant to this schedule, but otherwise failed to comply with the payment schedule and we were in breach of contract.

Settlement and Release of All Claims Agreement

On February 3, 2020, the Company and NPE entered into a settlement and release of all claims agreement. In exchange for a complete release of all claims, the Company and NPE (1) agreed to reduce our interest in NPE from 20% to 5%; (2) we agreed to pay NPE a total of $85,000 as follows: $35,000 concurrent with the execution of the Settlement and Release of All Claims Agreement, and $25,000 no later than the 5th calendar day for each of the two months following execution of Settlement and Release of All Claims Agreement; and, (3) to retire the balance of our original valuation obligation from the material definitive agreement, representing a shortfall of $56,085.15, in a convertible promissory note, with terms allowing NPE to convert the note into common stock of MCOA at a 50% discount to the closing price of MCOA's common stock as of the maturity date.

Of the total amount due and payable by us as of the date of this filing, we owe $75,000, and we are in breach of the settlement agreement and its terms and conditions are in dispute. On February 3, 2020, we executed a convertible promissory note in the amount of $56,085.15 to NPE. Additionally, as a result of our settlement agreement with NPE, we became liable to pay NPE our 5% portion equal to $25,902 of the regulatory charges to the City of Lynwood and the State of California to transfer the cannabis licenses back to NPE. To date, we have not paid this amount and it is due and owing. As of the date of this filing, there is no pending legal action by NPE against us for these matters.

Caren Glasser

On March 2, 2020, Caren Glasser filed a request for arbitration against the Company alleging non-payment for past due compensation. The case was filed in the in the American Arbitration Association under Case no. 01-20-0000-6290. The Company and Ms. Glasser agreed to settle her dispute on May 7, 2020. The settlement agreement obligates the Company to pay Ms. Glasser $24,000 thirty days of Ms. Glasser's review and execution, consistent with the Older Workers Benefit Protection Act (29 U.S.C. § 626(f).

Liquidity and Capital Resources

As of December 31, 2019, and December 31, 2018, our operating activities produced negative cash and cash equivalents of $2,816,282 and $2,385,348, respectively. Our primary internal sources of liquidity were provided by an increase in proceeds from the issuance of note payables of $2,802,500 for December 31, 2019 as compared to $2,541,470 for December 31, 2018, and a decrease in proceeds from the sale of note payables to a related party of $42,861 in repayments to a related party for December 31, 2019 as compared to proceeds received from a related party of $218,846 for December 31, 2018, a decrease in proceeds from sales of our common stock of $90,000 for December 31, 2019 as compared to $421,237 for December 31, 2018, and a increase in proceeds from sale of cashless warrants of $45,000 for December 31, 2019, as compared to $0 for December 31, 2018. We have during the period ended December 31, 2019, relied upon external financing arrangements to fund our operations. During the year ended December 31, 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 $2,541,470, the principal of which is convertible into shares of our common stock (see Note 4, 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 year ended December 31, 2019 and 2018, the Company used cash for operating activities of $2,816,282 and $2,385,349, respectively. Operating activities consist of corporate overhead and product development of our hempSMART™ products. Increases are due primarily to increases in executive compensation, professional fees, and product development costs.

Investing Activities

For the years ended December 31, 2019 and December 31, 2018, net cash used in investing activities was $226,169 and $686,458, respectively. For the year ended December 31, 2019 and 2018, the cash used in investing continued to be attributed to our acquisition of an interest Natural Plant Extract and an interest in the Global Hemp Group Joint Venture. We determined that as of December 31, 2018, our investments in the Bougainville Joint Venture, GateC Technologies, Inc. Joint Venture and Convenient Hemp Mart, LLC investment were fully impaired and had no intrinsic value due to the litigation with Bougainville Ventures, Inc. (See Item 3, Legal Proceedings); the recession agreement with GateC Technologies, Inc. (see our Form 8-K filed on March 20, 2018), and our analysis of Conveniant Hemp Mart's cash flows, business development, and assets. With regards to each of the Bougainville, GateC and Conveniant investments, they had an impact on reported operations for 2018, but are not expected to have an impact upon future operations (see Impairment Table in Item 1 Business Description, Principal Products and Market, Joint Venture Investments). Conversely, our Global Hemp Group Joint Venture in New Brunswick Canada is a research and development project and our joint venture with Global Hemp Group in Scio Oregon contains real property and inventory consisting of hemp biomass that is stored and maintain for sale and is stored in good condition based upon our physical inspection. Further, we own common stock in Global Trac Solutions, formerly called "Global Payout, Inc." as the result of our MoneyTrac investment. Global Trac Solutions common stock is traded on the OTC Markets under the trading symbol "PSYC" and has marketable value.

Our two ongoing joint ventures with Global Hemp Group are related party transactions insofar as its director, Charles Larsen, is a beneficial owner of more than 10% of our common stock, and a former director of the Company, and our former President and former Chief Executive Officer Donald Steinberg is a shareholder in Global Hemp Group.

Financing Activities

For the years ended December 31, 2019 and 2018, financing activities were a source of cash of $2,894,639 and $3,181,553, respectively. For the years ended December 31, 2019 and 2018, respectively, this was primarily from proceeds of $2,802,500 and $2,541,470 from the issuance of notes payable; repayment to related parties of $42,861 and for the year ended December 31, 2019 and $218,846 cash from issuance of notes payable to related parties were received for the year ended December 31, 2018. . The Company received sale of common stock of $90,000 and $421,237 for the years ended December 31, 2019 and 2018, respectively.

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. 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 December 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.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect amounts reported in those statements. We have made our best estimates of certain amounts contained in our consolidated financial statements. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities. However, application of our accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties, and, as a result, actual results could differ materially from these estimates. Management believes that the estimates, assumptions, and judgments involved in the accounting policies described below have the most significant impact on our consolidated financial statements.

We cannot predict what future laws and regulations might be passed that could have a material effect on our results of operations. We assess the impact of significant changes in laws and regulations on a regular basis and update the assumptions and estimates used to prepare our financial statements when we deem it necessary.

Cash and Cash Equivalents
We consider all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents are held in operating accounts at a major financial institution.

Inventory
Inventory is primarily comprised of products and equipment to be sold to end-customers. Inventory is valued at cost, based on the specific identification method, unless and until the market value for the inventory is lower than cost, in which case an allowance is established to reduce the valuation to market value. As of December 31, 2019, and December 31, 2018, market values of all of our inventory were greater than cost, and accordingly, no such valuation allowance was recognized.

Deposits
Deposits is comprised of advance payments made to third parties, primarily for inventory for which we have not yet taken title. When we take title to inventory for which deposits are made, the related amount is classified as inventory, then recognized as a cost of revenues upon sale (see "Costs of Revenues" below).

Prepaid Expenses and Other Current Assets
Prepaid expenses and other current assets is primarily comprised of advance payments made to third parties for independent contractors' services or other general expenses. Prepaid services and general expenses are amortized over the applicable periods which approximate the life of the contract or service period.

Accounts Receivable
Accounts receivable are recorded at the net value of face amount less any allowance for doubtful accounts. On a periodic basis, we evaluate our accounts receivable and, based on a method of specific identification of any accounts receivable for which we deem the net realizable value to be less than the gross amount of accounts receivable recorded, we establish an allowance for doubtful accounts for those balances. In determining our need for an allowance for doubtful accounts, we consider historical experience, analysis of past due amounts, client creditworthiness and any other relevant available information. However, our actual experience may vary from our estimates. If the financial condition of our clients were to deteriorate, resulting in their inability or unwillingness to pay our fees, we may need to record additional allowances or write-offs in future periods. This risk is mitigated to the extent that we collect retainers from our clients prior to performing significant services.

The allowance for doubtful accounts, if any, is recorded as a reduction in revenue to the extent the provision relates to fee adjustments and other discretionary pricing adjustments. To the extent the provision relates to a client's inability to make required payments on accounts receivables, the provision is recorded in operating expenses. As of December 31, 2019, and December 31, 2018 we had $0 and $0 allowance for doubtful accounts, respectively. For December 31, 2019 and December 31, 2018, we recorded bad debt expense of $ 9,249 and 1,559 respectively.

Property and Equipment, net
Property and Equipment is stated at net book value, cost less depreciation. Maintenance and repairs are expensed as incurred. Depreciation of owned equipment is provided using the straight-line method over the estimated useful lives of the assets, ranging from two to seven years. Depreciation of capitalized construction in progress costs, a component of property and equipment, net, begins once the underlying asset is placed into service and is recognized over the estimated useful life. Property and equipment is reviewed for impairment as discussed below under "Accounting for the Impairment of Long-Lived Assets." We did not capitalize any interest as of December 31, 2019 and as of December 31, 2018.

Accounting for the Impairment of Long-Lived Assets
We evaluate long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Upon such an occurrence, recoverability of assets to be held and used is measured by comparing the carrying amount of an asset to forecasted undiscounted net cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. For long-lived assets held for sale, assets are written down to fair value, less cost to sell. Fair value is determined based on discounted cash flows, appraised values or management's estimates, depending upon the nature of the assets. We have recorded $478,400 in impairment charges related to our JV investments during the years ended December 31, 2019.

Beneficial Conversion Feature
If the conversion features of conventional convertible debt provide for a rate of conversion that is below market value at issuance, this feature is characterized as a beneficial conversion feature ("BCF"). We record a BCF as a debt discount pursuant to Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ACF") Topic 470-20 *Debt with Conversion and Other Options*. In those circumstances, the convertible debt is recorded net of the discount related to the BCF, and we amortize the discount to interest expense over the life of the debt using the effective interest method.

Revenue Recognition

For annual reporting periods after December 15, 2017, the Financial Accounting Standards Board ("FASB") made effective ASU 2014-09 "Revenue from Contracts with Customers," to supersede previous revenue recognition guidance under current U.S. GAAP. Revenue is now recognized in accordance with FASB ASC Topic 606, Revenue Recognition. The objective of the guidance is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The core principal is to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Two options were made available for implementation of the standard: the full retrospective approach or modified retrospective approach. The guidance became effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, with early adoption permitted. We adopted FASB ASC Topic 606 for our reporting period as of the year ended December 31, 2017, which made our implementation of FASB ASC Topic 606 effective in the first quarter of 2018. We decided to implement the modified retrospective transition method to implement FASB ASC Topic 606, with no restatement of the comparative periods presented. Using this transition method, we applied the new standards to all new contracts initiated on/after the effective date. We also decided to apply this method to any incomplete contracts we determine are subject to FASB ASC Topic 606 prospectively. For the years ended December 31, 2019 and 2018, there were no incomplete contracts. As is more fully discussed below, we are of the opinion that none of our contracts for services or products contain significant financing components that require revenue adjustment under FASB ASC Topic 606.

Identification of Our Contracts with Our Customers.

Contracts included in our application of FASB ASC Topic 606, consist completely of sales contracts between us and our customers that create enforceable rights and obligations. For the years ended December 31, 2019, and 2018, our sales contracts included the following parties: us, our sales associates and our customers. Our sales contracts were offered by us and our sales associates to our customers directly through our web site. Our sales contracts, and those formalized by our sales associates, are represented by an electronic order form, which contains the contractual elements of offer for sale, acceptance and the provision of consideration consisting of the buyer's payment, which is concurrent with our delivery of hempSMART™ product. Since our hempSMART™ product sales contracts are consummated upon receipt of the customer's acceptance of our offer; our concurrent receipt of our customers payment; and, our delivery of the agreed to hempSMART™ product, all parties are equally committed to fulfilling their respective obligations under the sales contracts. Further, the sales contracts specifically identify (1) parties; (2) quantity of hempSMART™ product ordered; (3) price; and, (4) subject, and so each respective party's rights are identifiable and the payment terms are defined. Since the sales contracts are consummated concurrent with offer, acceptance, payment and delivery of the hempSMART™ product ordered, we recognize revenue and cash flows as the principal from the respective sales contract transactions as they complete. Further, because our sales contracts are offered, accepted and consummated concurrently, our ability to collect revenue is immediate. We receive no payments for agreements that do not qualify as a contract. If customers agree to multiple sales contracts when they are entered into at or near the same time, our policy is to combine those contracts if: (1) the sales contracts are negotiated as a single package; (2) the payment amount of one sales contract is dependent upon another sales contract; (3) our performance obligations of delivering multiple hempSMART™ products can be determined to be part of a single transaction. Since the nature of the entry into and consummation of our sales contracts occur concurrently, there are no changes or modifications to the terms of the sales contracts that would modify the enforceable rights and performance obligations of the parties and that would materially alter the timing of our receipt of revenue from our sales contracts.

Identifying the Performance Obligations in Our Sales Contracts

In analyzing our sales contracts, our policy is to identify the distinct performance obligations in a sales contract arrangement. In determining our performance obligations under our sales contracts, we consider that the terms and conditions of sales are explicitly outlined in our sales contracts and are so distinct and identifiable within the context of each sales contract, and so are not integrated with other goods, or constitute a modification or customization of other goods in our contracts, or are highly dependent or highly integrated with other goods in our sales contracts. Thus, our performance obligations are singularly related to our promise to provide the hempSMART™ products upon receipt of payment. We offer an assurance warranty on our hempSMART™ products that allows a customer to return any hempSMART™ products within thirty days if not satisfied for any reason. Assurance warranties are not identifiable performance obligations, since they are electable at the whim of the customer for any reason. However, we do account for returns of purchase prices if made.

Determination of the Price in Our Sales Contracts

The transaction prices in our sales contract is the amount of consideration we expect to be entitled to for transferring promised hempSMART™ products. The consideration amount is fixed and not variable. The transaction price is allocated to the identified performance obligations in the contract. These allocated amounts are recognized as revenue when or as the performance obligations are fulfilled, which is concurrently upon receipt of payment. There are no future options for a contract when considering and determining the transaction price. We exclude amounts third parties will eventually collect, such as sales tax, when determining the transaction price. Since the timing between receiving consideration and transferring goods or services is immediate, our sales contract do not have a significant financing component, i.e., recognizing revenue at the amount that reflects the cash payment that the customer would have made at the time the goods or services were transferred to them (cash selling price), rather than significantly before or after the goods or services are provided.

Allocation of the Transaction Price of Our Sales Contracts

Our sales contracts are not considered multi-element arrangements which require the fulfillment of multiple performance obligations. Rather, our sales contracts include one performance obligation in each contract. As such, from the outset, we allocate the total consideration to each performance obligation based on the fixed and determinable standalone selling price, which we believe is an accurate representation of what the price is in each transaction.

Recognition of Revenue when the Performance Obligation is Satisfied

A performance obligation is satisfied when or as control of the good or service is transferred to the customer. The standard defines control as "the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset." (ASC 606-10-20). For performance obligations that are fulfilled at a point in time, revenue is recognized at the fulfillment of the performance obligation. As noted above, our single performance obligation sales contracts are singularly related to our promise to provide the hempSMART™ products to the customer upon receipt of payment, which occurs concurrently and when, upon completion, allows us under our revenue recognition policy to realize revenue.

Regarding our offered financial accounting, bookkeeping and/or real property management consulting services, to date no contracts have been entered into, and thus no reportable revenues have resulted for the fiscal years ended 2019 and 2018.

Product Sales

Revenue from product sales, including delivery fees, FOB shipping point, is recognized when (1) an order is placed by the customer; (2) the price is fixed and determinable when the order is placed; (3) the customer is required to and concurrently pays for the product upon order; and, (4) the product is shipped. The evaluation of our recognition of revenue after the adoption of FASB ASC 606 did not include any judgments or changes to judgments that affected our reporting of revenues, since our product sales, both pre and post adoption of FASB ASC 606, were evaluated using the same standards as noted above, reflecting revenue recognition upon order, payment and shipment, which all occurs concurrently when the order is placed and paid for by the customer, and the product is shipped. Further, given the facts that (1) our customers exercise discretion in determining the timing of when they place their product order; and, (2) the price negotiated in our product sales is fixed and determinable at the time the customer places the order, and there is no delay in shipment, we are of the opinion that our product sales do not indicate or involve any significant customer financing that would materially change the amount of revenue recognized under the sales transaction, or would otherwise contain a significant financing component for us or the customer under FASB ASC Topic 606.

Consulting Services

We also offer professional services for financial accounting, bookkeeping or real property management consulting services based on consulting agreements. As of the date of this filing, we have not entered into any contracts for any financial accounting, bookkeeping and/or real property management consulting services that have generated reportable revenues as of the fiscal years ended 2019 and 2018. We intend and expect these arrangements to be entered into on an hourly fixed fee basis.

For hourly based fixed fee service contracts, we intend to utilize and rely upon the proportional performance method, which recognizes revenue as services are performed. Under this method, in order to determine the amount of revenue to be recognized, we will calculate the amount of completed work in comparison to the total services to be provided under the arrangement or deliverable. We only recognize revenues as we incur and charge billable hours. Because our hourly fees for services are fixed and determinable and are only earned and recognized as revenue upon actual performance, we are of the opinion that such arrangements are not an indicator of a vendor or customer based significant financing, that would materially change the amount of revenue we recognize under the contract or would otherwise contain a significant financing component under FASB ASC Topic 606.

The Company determined that upon adoption of ASC 606 there were no quantitative adjustments converting from ASC 605 to ASC 606 respecting the timing of our revenue recognition because product sales revenue is recognized upon customer order, payment and shipment, which occurs concurrently, and our consulting services offered are fixed and determinable and are only earned and recognized as revenue upon actual performance.

Costs of Revenues

Our policy is to recognize costs of revenue in the same manner in conjunction with revenue recognition. Cost of revenues include the costs directly attributable to revenue recognition and includes compensation and fees for services, travel and other expenses for services and costs of products and equipment. Selling, general and administrative expenses are charged to expense as incurred.

Advertising and Promotion Costs

Advertising and promotion costs are included as a component of selling and marketing expense and are expensed as incurred. During the year ended December 31, 2019 and December 31, 2018, these costs were $540,474 and $569,832, respectively.

Shipping and Handling Costs

For product and equipment sales, shipping and handling costs are included as a component of cost of revenues.

Stock-Based Compensation

Restricted shares are awarded to employees and entitle the grantee to receive shares of restricted common stock at the end of the established vesting period. The fair value of the grant is based on the stock price on the date of grant. We recognize related compensation costs on a straight-line basis over the requisite vesting period of the award, which to date has been one year from the grant date. During the years ended December 31, 2019 and December 31, 2018, stock-based compensation expense for restricted shares was $3,293,689 and $1,168,100, respectively. Compensation expense for warrants and options is based on the fair value of the instruments on the grant date, which is determined using the Black-Scholes valuation model and are expensed over the expected term of the awards.

Income Taxes

We recognize deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns in accordance with applicable accounting guidance for accounting for income taxes, using currently enacted tax rates in effect for the year in which the differences are expected to reverse. We record a valuation allowance when necessary to reduce deferred tax assets to the amount expected to be realized. For the year ended December 31, 2019 and December 31, 2018, due to cumulative losses, we recorded a valuation allowance against our deferred tax asset that reduced our income tax benefit for the period to zero. As of December 31, 2019, and December 31, 2018, we had no liabilities related to federal or state income taxes and the carrying value of our deferred tax asset was zero.

Loss Contingencies
From time to time the Company is subject to various legal proceedings and claims that arise in the ordinary course of business. On at least a quarterly basis, consistent with ASC 450-20-50-1C, if the Company determines that there is a reasonable possibility that a material loss may have been incurred, or is reasonably estimable, regardless of whether the Company accrued for such a loss (or any portion of that loss), the Company will confer with its legal counsel, consistent with ASC 450. If the material loss is determinable or reasonably estimable, the Company will record it in its accounts and as a liability on the balance sheet. If the Company determines that such an estimate cannot be made, the Company's policy is to disclose a demonstration of its attempt to estimate the loss or range of losses before concluding that an estimate cannot be made, and to disclose it in the notes to the financial statements under Contingent Liabilities.

Net Income (Loss) Per Common Share
We report net income (loss) per common share in accordance with FASB ASC 260, "Earnings per Share". This statement requires dual presentation of basic and diluted earnings with a reconciliation of the numerator and denominator of the earnings per share computations. Basic net income (loss) per share is computed by dividing net income attributable to common stockholders by the weighted average number of shares of common stock outstanding during the period and excludes the effects of any potentially dilutive securities. Diluted net income (loss) per share gives effect to any dilutive potential common stock outstanding during the period. The computation does not assume conversion, exercise or contingent exercise of securities that would have an anti-dilutive effect on earnings.

Related Party Transactions
We follow FASB ASC subtopic 850-10, "Related Party Transactions", for the identification of related parties and disclosure of related party transactions.

Pursuant to ASC 850-10-20, related parties include: a) affiliates of the Company; b) entities for which investments in their equity securities would be required, absent the election of the fair value option under the Fair Value Option Subsection of Section 825–10–15, to be accounted for by the equity method by the investing entity; c) trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; d) principal owners of the Company; e) management of the Company; f) other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests; and g) other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

Material related party transactions are required to be disclosed in the consolidated financial statements, other than compensation arrangements, expense allowances, and other similar items in the ordinary course of business. However, disclosure of transactions that are eliminated in the preparation of consolidated or combined financial statements is not required in those statements. The disclosures shall include: a) the nature of the relationship(s) involved; b) a description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which statements of operation are presented, and such other information deemed necessary to an understanding of the effects of the transactions on the financial statements; c) the dollar amounts of transactions for each of the periods for which statements of operations are presented and the effects of any change in the method of establishing the terms from that used in the preceding period; and d) amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting Company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Consolidated Financial Statements

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Marijuana Company of America, Inc. (Converge Global, Inc.)

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Marijuana Company of America, Inc. and its subsidiaries ("the Company") as of December 31, 2019 and December 31, 2018 and the related statements of operations, stockholders' deficit, cash flow and the related notes to consolidated financial statements (collectively referred to as the consolidated financial statements) for the year ended December 31, 2019 and December 31, 2018. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2019 and December 31, 2018, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

The Company's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has an accumulated deficit, recurring losses, and expects continuing future losses, and has stated that substantial doubt exists about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The firm has served this client since December 2016.

/s/ L&L CPAS, PA
L&L CPAS, PA
Certified Public Accountants
Plantation, FL
The United States of America
May 14, 2020

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

	December 31, 2019	December 31, 2018
ASSETS		
Current assets:		
Cash	$ 211,765	$ 359,577
Short-term Investments	27,403	810,000
Accounts receivable, net	18,317	46,376
Inventory	149,175	186,989
Other current assets	11,034	93,833
Total current assets	417,694	1,496,775
Property and equipment, net	7,512	12,430
Other assets:		
Long-term Investments	693,915	408,077
Right-of-use assets	22,101	-
Security deposit	2,500	2,500
Total assets	$ 1,143,722	$ 1,919,782
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 797,789	$ 416,444
Accrued compensation	4,875	454,316
Accrued liabilities	522,258	216,946
Debt obligations of Joint venture	-	289,742
Notes payable, related parties	40,000	287,140
Convertible notes payable, net of debt discount of $808,890 and $896,180, respectively	3,193,548	1,132,668
Right-of-use liabilities – current portion	14,361	—
Warrant liability to be settled	192,115	—
Contingency Liability	956,251	—
Subscriptions payable	330,797	—
Derivative liability	5,693,071	2,256,631
Total current liabilities	11,745,065	5,053,887
Noncurrent liabilities		
Right-of-use liabilities	7,858	—
Total liabilities	11,752,923	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 December 31, 2019 and December 31, 2018	10,000	10,000
Class B preferred stock, $0.001 par value, 5,000,000 shares designated, 0 shares issued and outstanding as of December 31, 2019 and December 31, 2018	—	—
Common stock, $0.001 par value; 5,000,000,000 shares authorized; 77,958,081 and 42,687,301 shares issued and outstanding as of December 31, 2019 and December 31, 2018, respectively	77,958	42,687
Common Stock to be issued	-	90,000
Additional paid in capital	63,467,054	50,707,103
Accumulated deficit	(74,164,213)	(53,983,895)
Total stockholders' deficit	(10,609,201)	(3,134,105)
Total liabilities and stockholders' deficit	$ 1,143,722	$ 1,919,782

See the accompanying notes to these audited condensed consolidated financial statements

MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE 12 MONTHS ENDED DECEMBER 31, 2019 and 2018
(AUDITED)

	2019	2018
REVENUES:		
Sales	$ 673,919	$ 240,452
Related party Sales	21,157	11,683
Total Revenues	695,076	252,135
Cost of sales	248,556	81,250
Gross Profit	446,520	170,885
OPERATING EXPENSES:		
Selling, general and administrative expenses	6,910,039	3,980,493
Depreciation	7,299	5,341
Total operating expenses	6,917,338	3,985,834
Net loss from operations	(6,470,818)	(3,814,949)
OTHER INCOME (EXPENSES):		
Interest expense, net	(4,682,247)	(6,828,939)
Legal contingency expense	(1,497,674)	(1,682,870)
Impairment of Joint Ventures	(478,400)	(933,195)
Loss on equity investment	(13,842)	(90,859)
Loss on debt modification	—	(1,343,161)
loss on disposition of investment	(389,664)	—
(Loss) Gain on change in fair value of derivative liabilities	(2,123,570)	1,443,249
Gain on cancellation of debt	—	1,500,000
Unrealized (Loss) Gain on trading securities	(677,584)	560,000
Loss on sales of trading securities	(75,545)	—
(Loss) Gain on settlement of debt	(3,770,974)	94,933
Total other income (expense)	(13,709,500)	(7,280,842)
Net loss before income taxes	(20,180,318)	(11,095,791)
Income taxes (benefit)	—	—
NET INCOME (LOSS)	$ (20,180,318)	$ (11,095,791)
Loss per common share, basic and diluted	$ (0.41)	$ (0.29)
Weighted average number of common shares outstanding, basic and diluted (after stock-split)	48,669,683	37,924,703
See the accompanying notes to these audited condensed consolidated financial statements		

MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018 (AUDITED)

	Class A Preferred Stock		Class B Preferred Stock		Common Stock		Common Stock to be issued		Common Stock	Additional Paid In	Accumulated	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Subscriptions	Capital	Deficit	Total
Balance, December 31, 2017	**10,000,000**	**$ 10,000**	**—**	**$ —**	**35,057,733**	**$ 35,058**	**—**	**$ —**	**$ —**	**$ 32,525,294**	**$ (42,888,104)**	**$(10,317,752)**
Common stock issued for services rendered	—	—			516,680	517	—	—	—	717,583		718,100
Common stock issued in settlement of convertible notes payable and accrued interest					2,465,463	2,465	—	—	—	12,350,703	—	12,353,168
Additional paid-in capital due to issuance of convertible debt										2,010,426		2,010,426
Common stock issued in settlement of related party and accrued compensation					1,340,471	1,340		—		802,939		804,279
Common stock issued in exchange for exercise of warrants on a cashless basis		—			2,034,112	2,034	—	—		(2,034)	—	—
Common stock issued in settlement of legal case					961,280	961				1,700,505		1,701,466
Sale of common stock					311,561	312				151,688		152,000
Proceeds from common stock subscriptions							316,693	90,000				90,000
Stock based compensation		—					—	—		450,000	—	450,000
Net Loss		—			—	—	—	—	—	—	(11,095,791)	(11,095,791)
Balance, December 31, 2018	**10,000,000**	**$ 10,000**	**$ —**	**$ —**	**42,687,301**	**$ 42,687**	**316,693**	**$ 90,000**	**$ —**	**$ 50,707,104**	**$ (53,983,895)**	**$ (3,134,104)**
Common stock issued to settle amounts previously accrued					141,669	142				$ 26,975		193,800
Common stock issued for services rendered	—	—			18,510,381	18,510	—	—	—	3,370,264		3,293,688
Common stock issued in settlement of convertible notes payable and accrued interest	—	—			9,251,217	9,251				3,832,638	—	5,424,736
Issuance of warrants and BCF with convertible debt	—	—			1,000,000	1,000	—	—		855,717		856,717
Conversion of related party notes payable					1,220,856	1,221	954			1,181,194		1,182,415
Common stock issued in exchange for exercise of warrants on a cashless basis	—	—			1,653,175	1,653			—	(1,653)	—	—

Issuance of common shares					316,693	317	(316,693)	(90,000)		89,683		—
Sale of common stock	—	—			222,221	222	27,778	28		64,778	—	90,000
Common shares issued in settlement of legal case					2,082,398	2,083				539,341		541,424
Common shares cancelled by officer					(1,349,877)	(1,350)				1,350		—
Issuance of common stock for investments in joint ventures					2,222,047	2,222				1,216,818		1,219,040
Reclassification of derivative liabilities to additional paid-in capital	—	—								1,582,845	—	1,582,845
Net Loss	—	—	—	—	—	—	—	—	—	—	(20,180,318)	(20,180,318)
Balance, December 31, 2019	**10,000,000**	**$ 10,000**	**10,000,000**	**$ —**	**77,958,081**	**$ 77,958**	**0**	**$ 0**	**$ —**	**$ 63,467,054**	**$ (74,164,213)**	**$(10,609,201)**

See the accompanying notes to these audited condensed consolidated financial statements

MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(AUDITED)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	$ (20,180,318)	$ (11,095,791)
Adjustments to reconcile net loss to net cash used in operating activities:		
Loss(gain) in fair value of trading securities	677,584	(560,000)
Loss on sale of trading securities	105,013	—
Bad debt expense	15,000	1,559
Depreciation and amortization	7,299	1,151,890
Loss on equity investment	—	90,859
Share-based compensation	3,222,092	—
Amortization of debt discount	2,906,843	—
Impairment loss on equity method investee	286,127	—
Impairment loss on joint ventures	720,921	933,195
Value of common stock issued for services	—	737,305
Value of vested options issued for services	—	(245,001)
Loss(gain) on settlement of debt	3,770,974	(1,594,933)
Loss(gain) on change in fair value of derivative liability	2,123,570	(1,443,249)
Interest expense recognized for the excess of fair value of derivative liability over net book value of notes payable at issuance	1,374,078	6,885,654
Imputed interest on stock-settled debt	147,115	—
Changes in operating assets and liabilities:	—	
Accounts receivable	13,059	(43,073)
Inventories	37,814	(23,269)
Prepaid expenses and other current assets	57,799	
Accounts payable	171,629	394,003
Accrued expenses and other current liabilities	(92,741)	649,316
Right-of-use assets	(22,101)	-
Right-of-use liabilities	22,219	-
Accrued liabilities	322,068	99,316
Contingency liability	1,497,674	1,676,870
Net cash provided by (used in) operating activities	**(2,816,282)**	**(2,385,349)**
Cash flows from investing activities:		
Purchases of property and equipment	(2,381)	(682,255)
Investment in joint ventures	(223,788)	(4,203)
Net cash provided by (used in) investing activities	**(226,169)**	**(686,458)**
Cash flows from financing activities:		
Proceeds from stock sold for cash	90,000	421,237
Proceeds from issuance of notes payable	2,802,500	2,541,470
Proceeds from sale of cashless warrant	45,000	—
Repayments to related parties	(42,861)	218,846
Net cash provided by (used in) financing activities	**2,894,639**	**3,181,553**
Net increase (decrease) in cash	(147,812)	109,746
Cash at beginning of period	359,577	249,831
Cash at end of period	**$ 211,765**	**$ 359,577**
Supplemental disclosure of cash flow information:		
Cash paid for interest	—	—
Cash paid for taxes	—	—
Non cash financing activities:		
Common stock issued in settlement of related party notes payable	$ 462,714	$ 804,279
Common stock issued in settlement of convertible notes payable	$ 3,016,750	$ 12,166,976
Investment in joint venture	$ 2,650,000	$ —
Reclassification of derivative liabilities to additional paid-in capital	$ 1,582,845	$ —

See the accompanying notes to these audited condensed consolidated financial statements

NOTE 1 — SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the presentation of the accompanying financial statements follows:

Basis and business 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. H Smart, Inc. is also registered with the California Secretary of State as a foreign corporation.

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.

On May 23, 2018, the Company formed H Smart, LLC in Washington State. On January 21, 2019, the Company converted this entity into a Washington State corporation named H Smart, Inc.

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

Revenue Recognition

For annual reporting periods after December 15, 2017, the Financial Accounting Standards Board ("FASB") made effective ASU 2014-09 "Revenue from Contracts with Customers," to supersede previous revenue recognition guidance under current U.S. GAAP. Revenue is now recognized in accordance with FASB ASC Topic 606, Revenue Recognition. The objective of the guidance is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The core principal is to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Two options were made available for implementation of the standard: the full retrospective approach or modified retrospective approach. The guidance became effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, with early adoption permitted. We adopted FASB ASC Topic 606 for our reporting period as of the year ended December 31, 2017, which made our implementation of FASB ASC Topic 606 effective in the first quarter of 2018. We decided to implement the modified retrospective transition method to implement FASB ASC Topic 606, with no restatement of the comparative periods presented. Using this transition method, we applied the new standards to all new contracts initiated on/after the effective date. We also decided to apply this method to any incomplete contracts we determine are subject to FASB ASC Topic 606 prospectively. For the year ended December 31, 2019, there were no incomplete contracts. As is more fully discussed below, we are of the opinion that none of our contracts for services or products contain significant financing components that require revenue adjustment under FASB ASC Topic 606.

Identification of Our Contracts with Our Customers.

Contracts included in our application of FASB ASC Topic 606, consist completely of sales contracts between us and our customers that create enforceable rights and obligations. For the year ended December 31, 2019, our sales contracts included the following parties: us, our sales associates and our customers. Our sales contracts were offered by us and our sales associates to our customers directly through our web site. Our sales contracts, and those formalized by our sales associates, are represented by an electronic order form, which contains the contractual elements of offer for sale, acceptance and the provision of consideration consisting of the buyer's payment, which is concurrent with our delivery of hempSMART™ product. Since our hempSMART™ product sales contracts are consummated upon receipt of the customer's acceptance of our offer; our concurrent receipt of our customers payment; and, our delivery of the agreed to hempSMART™ product, all parties are equally committed to fulfilling their respective obligations under the sales contracts. Further, the sales contracts specifically identify (1) parties; (2) quantity of hempSMART™ product ordered; (3) price; and, (4) subject, and so each respective party's rights are identifiable and the payment terms are defined. Since the sales contracts are consummated concurrent with offer, acceptance, payment and delivery of the hempSMART™ product ordered, we recognize revenue and cash flows as the principal from the respective sales contract transactions as they complete. Further, because our sales contracts are offered, accepted and consummated concurrently, our ability to collect revenue is immediate. We receive no payments for agreements that do not qualify as a contract. If customers agree to multiple sales contracts when they are entered into at or near the same time, our policy is to combine those contracts if: (1) the sales contracts are negotiated as a single package; (2) the payment amount of one sales contract is dependent upon another sales contract; (3) our performance obligations of delivering multiple hempSMART™ products can be determined to be part of a single transaction. Since the nature of the entry into and consummation of our sales contracts occur concurrently, there are no changes or modifications to the terms of the sales contracts that would modify the enforceable rights and performance obligations of the parties and that would materially alter the timing of our receipt of revenue from our sales contracts.

Identifying the Performance Obligations in Our Sales Contracts.

In analyzing our sales contracts, our policy is to identify the distinct performance obligations in a sales contract arrangement. In determining our performance obligations under our sales contracts, we consider that the terms and conditions of sales are explicitly outlined in our sales contracts and are so distinct and identifiable within the context of each sales contract, and so are not integrated with other goods, or constitute a modification or customization of other goods in our contracts, or are highly dependent or highly integrated with other goods in our sales contracts. Thus, our performance obligations are singularly related to our promise to provide the hempSMART™ products upon receipt of payment. We offer an assurance warranty on our hempSMART™ products that allows a customer to return any hempSMART™ products within thirty days if not satisfied for any reason. Assurance warranties are not identifiable performance obligations, since they are electable at the whim of the customer for any reason. However, we do account for returns of purchase prices if made.

Determination of the Price in Our Sales Contracts.

The transaction prices in our sales contract is the amount of consideration we expect to be entitled to for transferring promised hempSMART™ products. The consideration amount is fixed and not variable. The transaction price is allocated to the identified performance obligations in the contract. These allocated amounts are recognized as revenue when or as the performance obligations are fulfilled, which is concurrently upon receipt of payment. There are no future options for a contract when considering and determining the transaction price. We exclude amounts third parties will eventually collect, such as sales tax, when determining the transaction price. Since the timing between receiving consideration and transferring goods or services is immediate, our sales contract do not have a significant financing component, i.e., recognizing revenue at the amount that reflects the cash payment that the customer would have made at the time the goods or services were transferred to them (cash selling price), rather than significantly before or after the goods or services are provided.

Allocation of the Transaction Price of Our Sales Contracts

Our sales contracts are not considered multi-element arrangements which require the fulfillment of multiple performance obligations. Rather, our sales contracts include one performance obligation in each contract. As such, from the outset, we allocate the total consideration to each performance obligation based on the fixed and determinable standalone selling price, which we believe is an accurate representation of what the price is in each transaction.

Recognition of Revenue when the Performance Obligation is Satisfied

A performance obligation is satisfied when or as control of the good or service is transferred to the customer. The standard defines control as "the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset." (ASC 606-10-20). For performance obligations that are fulfilled at a point in time, revenue is recognized at the fulfillment of the performance obligation. As noted above, our single performance obligation sales contracts are singularly related to our promise to provide the hempSMART™ products to the customer upon receipt of payment, which occurs concurrently and when, upon completion, allows us under our revenue recognition policy to realize revenue.

Regarding our offered financial accounting, bookkeeping and/or real property management consulting services, to date no contracts have been entered into, and thus no reportable revenues have resulted for the fiscal years ended 2019 and 2018.

Product Sales

Revenue from product sales, including delivery fees, FOB shipping point, is recognized when (1) an order is placed by the customer; (2) the price is fixed and determinable when the order is placed; (3) the customer is required to and concurrently pays for the product upon order; and, (4) the product is shipped. The evaluation of our recognition of revenue after the adoption of FASB ASC 606 did not include any judgments or changes to judgments that affected our reporting of revenues, since our product sales, both pre and post adoption of FASB ASC 606, were evaluated using the same standards as noted above, reflecting revenue recognition upon order, payment and shipment, which all occurs concurrently when the order is placed and paid for by the customer, and the product is shipped. Further, given the facts that (1) our customers exercise discretion in determining the timing of when they place their product order; and, (2) the price negotiated in our product sales is fixed and determinable at the time the customer places the order, and there is no delay in shipment, we are of the opinion that our product sales do not indicate or involve any significant customer financing that would materially change the amount of revenue recognized under the sales transaction, or would otherwise contain a significant financing component for us or the customer under FASB ASC Topic 606.

Consulting Services

We also offer professional services for financial accounting, bookkeeping or real property management consulting services based on consulting agreements. As of the date of this filing, we have not entered into any contracts for any financial accounting, bookkeeping and/or real property management consulting services that have generated reportable revenues as of the years ended 2019 and 2018. We intend and expect these arrangements to be entered into on an hourly fixed fee basis.

For hourly based fixed fee service contracts, we intend to utilize and rely upon the proportional performance method, which recognizes revenue as services are performed. Under this method, in order to determine the amount of revenue to be recognized, we will calculate the amount of completed work in comparison to the total services to be provided under the arrangement or deliverable. We only recognize revenues as we incur and charge billable hours. Because our hourly fees for services are fixed and determinable and are only earned and recognized as revenue upon actual performance, we are of the opinion that such arrangements are not an indicator of a vendor or customer based significant financing, that would materially change the amount of revenue we recognize under the contract or would otherwise contain a significant financing component under FASB ASC Topic 606.

The Company determined that upon adoption of ASC 606 there were no quantitative adjustments converting from ASC 605 to ASC 606 respecting the timing of our revenue recognition because product sales revenue is recognized upon customer order, payment and shipment, which occurs concurrently, and our consulting services offered are fixed and determinable and are only earned and recognized as revenue upon actual performance.

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.

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 December 31, 2019, and 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 including stock, stock options and restricted stock awards 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 recognized over the period during which services are required to be provided in exchange for the award, usually the vesting period. For non-employees, share-based compensation awards are recorded at either the fair value of the services rendered or the fair value of the share-based payments, whichever is more readily determinable. Stock and restricted stock and option awards are based on the closing price of the stock underlying the awards on the grant date. 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. As of December 31, 2019, and 2018, the number of outstanding stock options to purchase shares of common stock was 0 and 0 shares, respectively. 0 and 0 shares were vested as of December 31, 2019 and 2018, respectively.

On February 27, 2019, Charles Larsen and Donald Steinberg agreed to cancel all previously issued stock options to purchase an aggregate of 1,000,000,000 common shares.

Net Loss per Common Share, basic and diluted

The Company computes earnings (loss) per share under Accounting Standards Codification subtopic 260-10, Earnings Per Share ("ASC 260-10"). Net loss per common share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the year. Diluted earnings per share, if presented, would include the dilution that would occur upon the exercise or conversion of all potentially dilutive securities into common stock using the "treasury stock" and/or "if converted" methods as applicable.

The computation of basic and diluted income (loss) per share as of December 31, 2019 and 2018 excludes potentially dilutive securities when their inclusion would be anti-dilutive, or if their exercise prices were greater than the average market price of the common stock during the period.

Potentially dilutive securities excluded from the computation of basic and diluted net loss per share are as follows:

	2019 (1)	**2018**
Convertible notes payable	137,219,847	137,219,847
Options to purchase common stock[(1)]	0(1)	0(1)
Warrants to purchase common stock	110,846,817	110,846,817
Total	248,066,664	248,066,664

(1) On February 27, 2019, Donald Steinberg and Charles Larsen cancelled previously issued options to purchase an aggregate of 1,000,000,000 shares at an average exercise price of $0.0005 per share, representing 100% of all previously issued options.

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 December 31, 2019 and 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.

Advertising

The Company follows the policy of charging the costs of advertising to expense as incurred. The Company charged to operations $540,474 and $569,832 for the year ended December 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 December 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

There are various updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to a have a material impact on the Company’s financial position, results of operations or cash flows.

Adoption of Accounting Standards

In May 2014, the Financial Accounting Standards Board (the “FASB”) issued ASU 2014-09 “Revenue from Contracts with Customers” to supersede previous revenue recognition guidance under current U.S. GAAP. The guidance presents a single five-step model for comprehensive revenue recognition that requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Two options are available for implementation of the standard which is either the retrospective approach or cumulative effect adjustment approach. The guidance becomes effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, with early adoption permitted.

The Company has determined that the adoption of ASU-2014-09 will not have a material impact on its financial statements.

COVID-19 Impacts on Accounting Policies and Estimates

COVID-19 Impacts on Accounting Policies and Estimates In light of the currently unknown ultimate duration and severity of COVID-19, we face a greater degree of uncertainty than normal in making the judgments and estimates needed to apply our significant accounting policies. As COVID-19 continues to develop, we may make changes to these estimates and judgments over time, which could result in meaningful impacts to our financial statements in future periods.

As previously reported on Form 8-K filed on March 30, 2020, the Company was unable to file its Annual Report on Form 10-K for the fiscal year ended December 31, 2019 by the original deadline of March 30, 2020, due to circumstances related to COVID-19 pandemic, specifically: (i) the Southern California area, including the location of the Company’s corporate headquarters, was at one of the epicenters of the coronavirus outbreaks in the United States and the Governor of California had ordered all residents to stay at home excepting only essential travel; and (ii) historically, the Company has relied on vendors in China to manufacture certain of its principal products. The outbreak of COVID-19 caused different levels of delay in operations of the Company, vendors, customers and professional service providers. As a result, the Company’s books and records were not easily accessible from our Chinese manufacturer of our products, resulting in a delay in the preparation, audit and completion of the Company’s financial statements for the Annual Report.

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.

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 year ended December 31, 2019, the Company incurred net losses of $20,180,318 and used cash in operations of $2,816,282. 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 in 2019 and 2018 has been from funds 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 its inception, but expects these conditions to improve in 2020 and beyond as it develops its business model. The Company has stockholders' deficiencies at December 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.

NOTE 3 – PROPERTY AND EQUIPMENT

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

	2019	2018
Computer equipment	$ 16,358	$ 15,207
Furniture and fixtures	5,140	5,140
Subtotal	21,498	20,347
Less accumulated depreciation	(13,986)	(7,917)
Property and equipment, net	**$ 7,512**	**$ 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 $7,299 and $5,341 for the year ended December 31, 2019 and 2018.

NOTE 4 – 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 "PSYC" as listed on OTC Markets as an indicator of fair market value. MoneyTrac Technologies changed its name to Global Trac Solutions Inc. on April 13, 2020. As of December 31, 2019, the balance of this investment was $27,403 with 869,919 shares and was classified as a short-term investment for the period ended December 31, 2019.

Benihemp

On June 16, 2017, the Company entered into a Loan Agreement ("Agreement") with Conveniant 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. On May 1, 2019, the Company and Conveniant agreed to cancel the Company's 25% interest in Conveniant. Conveniant issued to the Company a credit memo equal to the Company's $100,000 investment, The Company determined that as of September 30, 2019, approximately $41,000 of this credit was impaired.

Global Hemp Group Joint Ventures

We currently have one ongoing joint venture with Global Hemp Group, Inc., a Canadian corporation– the Scio, Oregon Joint Venture. As of September 30, 2019, we withdrew and fully impaired the Joint Venture with Global Hemp Group referred to as the "New Brunswick" joint venture, because the research project failed to finalize the research studies and render any tangible revenue to us. The decision to impair this joint venture did not have a material impact on our reported operations, revenues or gross profits for the fiscal year ended December 31, 2019. This joint venture was a related party transaction in that Global Hemp Group's director and CEO, Charles Larsen, is an owner of our common stock, and a former director of the Company. Further, our former President and Chief Executive Officer Donald Steinberg is a shareholder in Global Hemp Group. What follows are summaries of both Global Hemp Group Joint Ventures in 2019.

New Brunswick Canada

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. Our New Brunswick joint venture with Global Hemp Group, Inc. is a related party transaction insofar as its director, Charles Larsen, is a former director of the Company.

The Company's costs incurred by the Company's interest was $0 and $10,775 for the years ended December 31, 2019 and 2018 and was recorded as other income/expense in the Company's Statement of Operations in the appropriate periods. As of December 31, 2019, the balance of the New Brunswick JV investment reported on the balance sheet for the year ended December 31, 2019 was $0 as a result of the investment being deemed fully impaired and the Company withdrawing from the joint venture as of September 30, 2019. (See Item 1, Business; Principal Products and their Markets; Joint Ventures and Investments).

Global Hemp Group JV – Scio Oregon

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.

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 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. Our joint venture with Global Hemp Group regarding the Scio Oregon project is a related party transaction insofar as its director, Charles Larsen, is a former director of the Company.

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 complied with its payment obligations.

As of December 31, 2019, the combined balance of the Covered Bridge (SCIO) investment and related 41389 Farm investment was $0 as the investment was written off as a loss for the period ended December 31, 2019. The debt obligation related to this JV of $262,414 was also written off to $0 as of the year ended December 31, 2019.

Bougainville Ventures, Inc. Joint Venture

On March 16, 2017, we entered into a joint venture agreement with Bougainville Ventures, Inc., a Canadian corporation. The purpose of the joint venture was for the Company and Bougainville to (i) jointly engage in the development and promotion of products in the legalized cannabis industry in Washington State; (ii) utilize Bougainville's high quality cannabis grow operations in the State of Washington, where it claimed to have an ownership interest in real property for use within the legalized cannabis industry; (iii) leverage Bougainville's agreement with a I502 Tier 3 license holder to grow cannabis on the site; provide technical and management services and resources including, but not limited to: sales and marketing, agricultural procedures, operations, security and monitoring, processing and delivery, branding, capital resources and financial management; and, (iv) optimize collaborative business opportunities. The Company and Bougainville agreed to operate through a Washington State Limited Liability Company, and BV-MCOA Management, LLC was organized in the State of Washington on May 16, 2017.

As our contribution to the joint venture, the Company committed to raise not less than $1,000,000 to fund joint venture operations, based upon a funding schedule. The Company also committed to providing branding and systems for the representation of cannabis related products and derivatives comprised of management, marketing and various proprietary methodologies directly tailored to the cannabis industry.

The Company and Bougainville's agreement provided that funding provided by the Company would contribute towards the joint venture's ultimate purchase of the land consisting of a one-acre parcel located in Okanogan County, Washington, for joint venture operations

As disclosed on Form 8-K on December 11, 2017, the Company did not comply with the funding schedule for the joint venture. On November 6, 2017, the Company and Bougainville amended the joint venture agreement to reduce the amount of the Company's commitment from $1,000,000 to $800,000, and also required the Company to issue Bougainville 15 million shares of the Company's restricted common stock. The Company completed its payments pursuant to the amended agreement on November 7, 2017, and on November 9, 2017, issued to Bougainville 15 million shares of restricted common stock. The amended agreement provided that Bougainville would deed the real property to the joint venture within thirty days of its receipt of payment.

Thereafter, the Company determined that Bougainville had no ownership interest in the property in Washington State, but rather was a party to a purchase agreement for real property that was in breach of contract for non-payment. Bougainville also did not possess an agreement with a Tier 3 I502 license holder to grow Marijuana on the property. Nonetheless, as a result of funding arranged for by the Company, Bougainville and an unrelated third party, Green Ventures Capital Corp., purchased the land, but did not deed the real property to the joint venture. Bougainville failed to pay delinquent property taxes to Okanogan County and to date, the property has not been deeded to the joint venture.

To clarify the respective contributions and roles of the parties, the Company offered to enter into good faith negotiations to revise and restate the joint venture agreement with Bougainville. The Company diligently attempted to communicate with Bougainville to accomplish a revised and restated joint venture agreement, and efforts towards satisfying the conditions to complete the subdivision of the land by the Okanogan County Assessor. However, Bougainville failed to cooperate or communicate with the Company in good faith, and failed to pay the delinquent taxes on the real property that would allow for sub-division and the deeding of the real property to the joint venture.

On August 10, 2018, the Company advised its independent auditor that Bougainville did not cooperate or communicate with the Company regarding its requests for information concerning the audit of Bougainville's receipt and expenditures of $800,000 contributed by the Company in the joint venture agreement. Bougainville had a material obligation to do so under the joint venture agreement. The Company believes that some of the funds it paid to Bougainville were misappropriated and that there was self-dealing with respect to those funds. Additionally, the Company believes that Bougainville misrepresented material facts in the joint venture agreement, as amended, including, but not limited to, Bougainville's representations that: (i) it had an ownership interest in real property that was to be deeded to the joint venture; (ii) it had an agreement with a Tier 3 # I502 cannabis license holder to grow cannabis on the real property; and, (iii) that clear title to the real property associated with the Tier 3 # I502 license would be deeded to the joint venture thirty days after the Company made its final funding contribution. As a result, 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'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 Company, 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 case is currently in litigation.

In connection with the agreement, the Company recorded a cash investment of $1,188,500 to the Joint Venture during 2017. This was comprised of 49.5% ownership of BV-MCOA Management LLC, and was accounted for using the equity method of accounting. The Company recorded an annual impairment in 2017 of $792,500, reflecting the Company's percentage of ownership of the net book value of the investment. During 2018, the Company recorded equity losses of $37,673 and $11,043 for the first and second quarters respectively, and recorded an annual impairment of $285,986 for the year ended December 31, 2018, at which time the Company determined the investment to be fully impaired due to Bougainville's breach of contract and resulting litigation, as discussed above.

GateC Joint Venture

On March 17, 2017, the Company and GateC Research, Inc. ("GateC") entered into a Joint Venture Agreement ("Agreement") whereby the Company committed to raise up to one and one-half million dollars ($1,500,000) over a six-month period, with a minimum commitment of five hundred thousand dollars ($500,000) within a three (3) month period; and, information establishing brands and systems for the representation of cannabis related products and derivatives comprised of management, marketing and various proprietary methodologies, including but not limited to its affiliate marketing program, directly tailored to the cannabis industry.

GateC agreed to contribute its management and control services and systems related to cannabis grow operations in Adelanto County, California, and its permit to grow marijuana in an approved zone in Adelanto, California. GateC did not own a physical site for its operation in Adelanto County, California, and GateC's permit to grow cannabis did not contain a conditional use permit.

On or about November 28, 2017, GateC and the Registrant orally agreed to suspend the Company's funding commitment, pending the finalization of California State regulations governing the growth, cultivation and distribution of cannabis, which were expected to be completed in 2018.

On March 19, 2018, the Company and GateC rescinded the Agreement and concurrently released each other from any all any and all losses, claims, debts, liabilities, demands, obligations, promises, acts, omissions, agreements, costs and expenses, damages, injuries, suits, actions and causes of action, of whatever kind or nature, whether known or unknown, suspected or unsuspected, contingent or fixed, that they may have against each other and their Affiliates, arising out of the Agreement.

The Registrant incurred no termination penalties as the result of its entry into the Recession and Mutual Release Agreement.

In 2017, the Company recorded a debt obligation of $1,500,000 to the Joint Venture and a corresponding impairment charge of $1,500,000 during for year ended December 31, 2017. Upon termination of the material definitive agreement on March 19, 2018, the Company realized a gain on settlement of debt obligation of $1,500,000 for the year ended December 31, 2018.

The following table indicates the amount of impairments recorded by the Company quarter to quarter for investment activity related to its joint venture investments:

MARIJUANA COMPANY OF AMERICA, INC.
INVESTMENT ROLL-FORWARD
AS OF DECEMBER 31, 2019

		INVESTMENTS							SHORT-TERM INVESTMENTS	
	TOTAL INVESTMENTS	Global Hemp Group	Benihemp	MoneyTrac	Bougainville Ventues, Inc.	Gate C Research Inc.	Natural Plant Extract	Vivabuds	TOTAL Short-Term Investments	MoneyTrac
Beginning balance @12-31-16	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0			$ 0	$ 0
Investments made during 2017	3,049,275	10,775	100,000	250,000	1,188,500	1,500,000			0	0
Quarter 03-31-17 equity method Loss	0								0	
Quarter 06-30-17 equity method Loss	0								0	
Quarter 09-30-17 equity method Loss	(375,000)				(375,000)				0	
Quarter 12-31-17 equity method accounting	313,702				313,702				0	
Impairment of Investment in 2017	(2,292,500)	0			(792,500)	(1,500,000)			0	0
Balances as of 12/31/17	**695,477**	**10,775**	**100,000**	**250,000**	**334,702**	**0**	**0**	**0**	**0**	**0**
Investments made during 2018	986,654	986,654							0	
Quarter 03-31-18 equity method Loss	(37,673)				(37,673)				0	
Quarter 06-30-18 equity method Loss	(11,043)				(11,043)				0	
Quarter 09-30-18 equity method Loss	(10,422)		(10,422)						0	
Quarter 12-31-18 equity method Loss	(31,721)	(31,721)	0						0	
Moneytrac investment reclassified to Short-Term investments	(250,000)			(250,000)					250,000	250,000
Unrealized gains on trading securities - 2018	0								560,000	560,000
Impairment of investment in 2018	(933,195)	(557,631)	(89,578)		(285,986)				0	
Balance @12-31-18	**$ 408,077**	**$ 408,077**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 810,000**	**$ 810,000**
Investments made during quarter ended 03-31-19	129,040	129,040								
Quarter 03-31-19 equity method Loss	(59,541)	(59,541)								
Unrealized gains on trading securities - quarter ended 03-31-19									(135,000)	$ (135,000)
Balance @03-31-19	**$ 477,576**	**$ 477,576**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 675,000**	**$ 675,000**
Investments made during quarter ended 06-30-19	**$ 3,157,234**	$ 83,646					$ 3,000,000	$ 73,588		
Quarter 06-30-19 equity method Income (Loss)	**$ (171,284)**	$ (141,870)					$ (6,291)	$ (23,123)		
Unrealized gains on trading securities - quarter ended 06-30-19	**$ 0**								(150,000)	$ (150,000)
Balance @06-30-19	**$ 3,463,526**	**$ 419,352**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 2,993,709**	**$ 50,465**	**$ 525,000**	**$ 525,000**
Investments made during quarter ended 09-30-19	**$ 186,263**							$ 186,263		

Quarter 09-30-19 equity method Income (Loss)	**$ 122,863**	$ 262,789					$ (94,987)	$ (44,939)		
Sale of trading securities during quarter ended 09-30-19									$ (41,667)	$ (41,667)
Unrealized gains on trading securities - quarter ended 09-30-19	**$ 0**								(362,625)	($ 362,625)
Balance @09-30-19	**$ 3,772,652**	**$ 682,141**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 2,898,722**	**$ 191,789**	**$ 120,708**	**$ 120,708**
Investments made during quarter ended 12-31-19	**$ 392,226**	$ 262,414						$ 129,812		
Quarter 12-31-19 equity method Income (Loss)	**$ (178,164)**	($ 75,220)					$ (23,865)	$ (79,079)		
Reversal of Equity method Loss for 2019	**$ 272,285**						$ 125,143	$ 147,142		
Impairment of investment in 2019	**$ (3,175,420)**	$ (869,335)					$ (2,306,085)	$ 0		
Loss on disposition of investment	**$ (389,664)**							(389,664)		
Sale of trading securities during quarter ended 12-31-19	**$ 0**								$ (17,760)	$ (17,760)
Unrealized gains on trading securities - quarter ended 12-31-19	**$ 0**								(75,545)	$ (75,545)
Balance @12-31-19	**$ 693,915**	**$ (0)**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 693,915**	**$ 0**	**$ 27,403**	**$ 27,403**

The following table indicates the amount of debt the Company recorded quarter to quarter as a result of its joint venture investments:

	Loan Payable									
	TOTAL JV Debt	Global Hemp Group	Benihemp	MoneyTrac	Bougainville Ventues, Inc.	Gate C Research Inc.	Natural Plant Extract	Robert L Hymers III	Vivabuds	General Operating Expense
Beginning balance @12-31-16	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0				$ 0
Quarter 03-31-17 loan borrowings	1,500,000					1,500,000				
Quarter 06-30-17 loan activity										
Quarter 09-30-17 loan borrowings	725,000				725,000					
Quarter 12-31-17 loan repayments	(330,445)				(330,445)					
General operational expense	172,856									172,856
Balances as of 12/31/17 **(a)**	**2,067,411**	**0**	**0**	**0**	**394,555**	**1,500,000**	**0**	**0**	**0**	**172,856**
Quarter 03-31-18 loan borrowings (payments)	376,472	447,430								(70,958)
Quarter 06-30-18 cancellation of JV debt obligation	(1,500,000)					(1,500,000)				
Quarter 06-30-18 loan repayments	(101,898)									(101,898)
Quarter 09-30-18 loan activity	0									
Quarter 12-31-18 loan borrowings	580,425	580,425								
Balance @12-31-18 **(b)**	**1,422,410**	**1,027,855**	**0**	**0**	**394,555**	**0**	**0**	**0**	**0**	**0**
Quarter 03-31-19 loan borrowings	649,575	649,575								
Quarter 03-31-19 debt conversion to equity	(407,192)	(407,192)								
Balance @03-31-19 ©	**1,664,793**	**1,270,238**	**0**	**0**	**394,555**	**0**	**0**	**0**	**0**	**0**
Quarter 03-31-19 loan borrowings	3,836,220	$ 161,220					$ 2,000,000		$ 0	$ 1,675,000
Quarter 03-31-19 debt conversion to equity	(1,572,971)	$ (161,220)					$ (349,650)			$ (1,062,101)
Balance @06-30-19 **(d)**	**3,928,042**	**1,270,238**	**0**	**0**	**394,555**	**0**	**1,650,350**	**0**	**0**	**612,899**
Quarter 09-30-19 loan borrowings	582,000									$ 582,000
Quarter 09-30-19 debt conversion to equity	(187,615)									$ (187,615)
Balance @09-30-19 **(e)**	**4,322,427**	**1,270,238**	**0**	**0**	**394,555**	**0**	**1,650,350**	**0**	**0**	**1,007,284**
Quarter 12-31-19 loan borrowings	2,989,378	$ 262,414					$ 596,784	$ 4,221		$ 2,125,959
Impairment of investment in 2019	(4,083,349)	$ (1,532,652)			$ (394,555)		$ (2,156,142)			

Loss on settlement of debt in 2019	50,093						$ 50,093			
Adjustment to reclassify amount to accrued liabilities	(85,000)						$ (85,000)			
Balance @12-31-19 **(f)**	**$ 3,193,548**	**$ (0)**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 56,085**	**$ 4,221**	**$ 0**	**$ 3,133,243**

This includes balances for:	12-31-19 Note **(f)**	09-30-19 Note **(e)**	06-30-19 Note **(d)**	03-31-19 Note **(c)**	12-31-18 Note **(b)**	12-31-17 Note **(a)**
- Debt obligation of JV	0	1,633,872	1,778,872	128,522	289,742	1,500,000
- Convertible NP, net of discount	3,193,548	2,688,555	2,149,170	1,536,271	1,132,668	394,555
- Longterm debt	0	0	0	0	0	172,856
Total Debt balance	3,193,548	4,322,427	3,928,042	1,664,793	1,422,410	2,067,411

NOTE 5 – CONVERTIBLE NOTES PAYABLE

During the year ended December 31, 2019 and 2018, the Company issued an aggregate of 9,251,217 and 2,465,463 shares of its common stock in settlement of the issued convertible notes payable and accrued interest.

For the years ended December 31, 2019 and 2018, the Company recorded amortization of debt discounts of $2,906,843 and $732,463, respectively, as a charge to interest expense.

Convertible notes payable are comprised of the following:

	2019	2018
Convertible note payable – John Fife – last due October 27, 2018	$ —	$ 150,959
Convertible note payable – Power Up Lending Group	$ 294.000	$ 0
Convertible note payable – Crown Bridge Partners	$ 110,000	$ 0
Convertible note payable – Odyssey Funding LLC	$ 250,000	$ 0
Convertible note payable – Paladin Advisors LLC	$ 75,000	$ 0
Convertible note payable- GS Capital Partners LLC	$ 173,000	$ 0
Convertible note payable – Natural Plant Extract	$ 56,085	$ 0
Convertible note payable – Robert Hymers III	$ 96,553	$ 0
Convertible notes payable-St George-due Dec 31,2019	$ 2,947,890	$ 1,877,889
Total	$ 4,002,528	$ 2,028,848
Less debt discounts	$ (808,980)	$ (896,180)
Net	$ 3,193,548	$ 1,132,668
Less current portion	$ (3,193,548)	$ (1,132,668)
Long term portion	$ —	$ —

Convertible notes payable-Power Up Lending

From July 1 through September 12, 2019, the Company issued four convertible promissory notes in the aggregate principal amount of $294,000 to Power Up Lending ("Power Up"). The promissory notes bear interest at 10% per annum, are due one year from the respective issuance date and include an original issuance discount ("OID") in aggregate of $12,000. Interest shall accrue from the issuance date, but interest shall not become payable until the notes becomes payable. The notes are convertible at any time at a conversion rate equal to 61% of the Market Price (defined as the lowest trading price during the 15-trading-day period prior to the conversion date). Upon the issuance of these convertible notes, the Company determined that the features associated with the embedded conversion option embedded in the debentures, should be accounted for at fair value, as a derivative liability, as the Company cannot determine if a sufficient number of shares would be available to settle all potential future conversion transactions. As of the funding date of each note, the Company determined the fair value of the embedded derivative associated with the convertibility of each note. The fair value of the embedded derivative has been added to the debt discount (total debt discount is limited to the face value of the debt) with any excess of the derivative liability recognized as interest expense. The aggregate debt discount of $169,202 is being amortized to interest expense over the respective terms of the notes.

The Company shall have the right to prepay the notes for an amount ranging from 125% - 140% multiplied by the outstanding balance (all principal and accrued interest) depending on the Prepayment Period (ranging from 1 to 180 days following the issuance date). The Company is prohibited from effecting a conversion of any note to the extent that, as a result of such conversion, the investor, together with its affiliates, would beneficially own more than 4.99% of the number of shares of the Company's common stock outstanding immediately after giving effect to the issuance of shares of common stock upon conversion of the note.

As of December 31, 2019, the Company owed an aggregate of $294,000 of principal and $12,514 of accrued interest on these convertible promissory notes.

Convertible notes payable-Crown Bridge Partners

From October 1 through December 31, 2019, the Company issued convertible promissory notes in the aggregate principal amount of $225,000 to Crown Bridge Partners LLC ("Crown Bridge"). The promissory notes bear interest at 10% per annum, are due one year from the respective issuance date and include an original issuance discount ("OID") in aggregate of $22,500. Interest shall accrue from the issuance date, but interest shall not become payable until the notes becomes payable. The notes are convertible at any time at a conversion rate equal to 60% of the Market Price (defined as the lowest trading price during the 15-trading-day period prior to the conversion date). Upon the issuance of these convertible notes, the Company determined that the features associated with the embedded conversion option embedded in the debentures, should be accounted for at fair value, as a derivative liability, as the Company cannot determine if a sufficient number of shares would be available to settle all potential future conversion transactions. As of the funding date of each note, the Company determined the fair value of the embedded derivative associated with the convertibility of each note. The fair value of the embedded derivative has been added to the debt discount (total debt discount is limited to the face value of the debt) with any excess of the derivative liability recognized as interest expense. The aggregate debt discount of $88,674 is being amortized to interest expense over the respective terms of the notes.

The Company shall have the right to prepay the notes for an amount ranging from 125% - 140% multiplied by the outstanding balance (all principal and accrued interest) depending on the Prepayment Period (ranging from 1 to 180 days following the issuance date). The Company is prohibited from effecting a conversion of any note to the extent that, as a result of such conversion, the investor, together with its affiliates, would beneficially own more than 4.99% of the number of shares of the Company's common stock outstanding immediately after giving effect to the issuance of shares of common stock upon conversion of the note.

As of December 31, 2019, the Company owed an aggregate of $110,000 of principal and $2,138 of accrued interest on these convertible promissory notes.

Convertible notes payable-Odyssey Funding LLC

On October 30, 2019, the Company issued convertible promissory notes in the aggregate principal amount of $250,000 to Odyssey Funding LLC ("Odyssey"). The promissory notes bear interest at 12% per annum, are due one year from the respective issuance date and include an original issuance discount ("OID") in aggregate of $12,500. Interest shall accrue from the issuance date, but interest shall not become payable until the notes becomes payable. The notes are convertible at any time at a conversion rate equal to 55% the average of the two lowest trading prices of the Common Stock as reported on the National Quotations Bureau OTC market exchange which the Company's shares are traded or any exchange upon which the Common Stock may be traded in the future ("Exchange"), for the twenty prior trading days including the day upon which a Notice of Conversion is received by the Company or its transfer agent (provided such Notice of Conversion is delivered by fax or other electronic method of communication to the Company or its transfer agent after 4 P.M. Eastern Standard or Daylight Savings Time if the Holder wishes to include the same day closing price). If the shares have not been delivered within 3 business days, the Notice of Conversion may be rescinded. Such conversion shall be effectuated by the Company delivering the shares of Common Stock to the Holder within 3 business days of receipt by the Company of the Notice of Conversion. Accrued but unpaid interest shall be subject to conversion. No fractional shares or scrip representing fractions of shares will be issued on conversion, but the number of shares issuable shall be rounded to the nearest whole share. The Company agrees to honor all conversions submitted pending this increase. In the event the Company experiences a DTC "Chill" on its shares, the conversion price shall be decreased to 45% instead of 55% while that "Chill" is in effect. In no event shall the Holder be allowed to effect a conversion if such conversion, along with all other shares of Company Common Stock beneficially owned by the Holder and its affiliates would exceed 4.99% of the outstanding shares of the Common Stock of the Company (which may be increased up to 9.9% upon 60 days' prior written notice by the Investor)

As of the funding date of each note, the Company determined the fair value of the embedded derivative associated with the convertibility of each note. The fair value of the embedded derivative has been added to the debt discount (total debt discount is limited to the face value of the debt) with any excess of the derivative liability recognized as interest expense. The aggregate debt discount of $207,650 is being amortized to interest expense over the respective terms of the notes. As of December 31, 2019, the Company owed an aggregate of $250,000 of principal and $5,096 of accrued interest on these convertible promissory notes.

Convertible notes payable-Paladin Advisors LLC

On October 23, 2019, the Company issued convertible promissory notes in the aggregate principal amount of $75,000 to Paladin Advisors, LLC ("Paladin"). The promissory notes bear interest at 8% per anum,and is due six months from the respective issuance date of the note along with accrued and unpaid interest. Principal and interest to be payable as provided below on that date which is six months from the date of issuance (the "Maturity Date"). All payments due hereunder (to the extent not converted into common stock, $0.001 par value per share (the "Common Stock") in accordance with the terms of this agreement and shall be made in lawful money of the United States of America. All payments shall be made at such address as the Holder shall hereafter give to the Company by written notice made in accordance with the provisions of this Note. Whenever any amount expressed to be due by the terms of this Note is due on any day which is not a business day, the same shall instead be due on the next succeeding day which is a business day and, in the case of any interest payment date which is not the date on which this Note is paid in full, the extension of the due date thereof shall not be taken into account for purposes of determining the amount of interest due on such date. As used in this Note, the term "business day" shall mean any day other than a Saturday, Sunday or a day on which commercial banks in the city of New York, New York are authorized or required by law or executive order to remain closed.

For so long as there remains any amount due hereunder, the Holder shall have the option to convert all or any portion of the unpaid principal amount of this Note, plus accrued interest (together with the unpaid principal amount, the "Converted Amount"), into shares of the Company's common stock. The conversion price (the "Conversion Price") shall be equal to a forty-five percent (45%) discount to the lowest closing bid of the previous ten (10) day trading period, ending on the business day before a Notice of Conversion is delivered to the Company. The number of shares of Common Stock into which the Converted Amount shall be convertible (the "Conversion Shares") shall be determined by dividing (i) the Converted Amount by (ii) the Conversion Price. For the purposes of this Section 4(a), a conversion shall be deemed to occur on the date that the Company receives an executed copy of the Conversion Notice.

The aggregate debt discount of $46,721 is being amortized to interest expense over the respective terms of the notes. As of December 31, 2019, the Company owed an aggregate of $75,000 of principal and $0 of accrued interest on these convertible promissory notes.

Convertible notes payable-GS Capital Partners LLC

On December 19, 2019, the Company issued convertible promissory notes in the aggregate principal amount of $173,000 to GS Capital Partners LLC ("GS Capital"). The promissory notes bear interest at 10% per annum and is due one year from the respective issuance date and include an original issuance discount ("OID") in aggregate of $15,000.

The interest will be paid to the Holder in whose name this Note is registered on the records of the Company regarding registration and transfers of this Note. The principal of, and interest on, this Note are payable at 30 Broad Street, Suite 1201, New York, NY 10004, initially, and if changed, last appearing on the records of the Company as designated in writing by the Holder hereof from time to time. The Company will pay each interest payment and the outstanding principal due upon this Note before or on the Maturity Date, less any amounts required by law to be deducted or withheld, to the Holder of this Note by check or wire transfer addressed to such Holder at the last address appearing on the records of the Company. The forwarding of such check or wire transfer shall constitute a payment of outstanding principal hereunder and shall satisfy and discharge the liability for principal on this Note to the extent of the sum represented by such check or wire transfer.

The Holder of this Note is entitled, at its option, at any time after cash payment, to convert all or any amount of the principal face amount of this Note then outstanding into shares of the Company's common stock (the "Common Stock") at a price ("Conversion Price") for each share of Common Stock equal to 62% of the lowest trading price of the Common Stock as reported on the National Quotations Bureau OTC Marketplace exchange which the Company's shares are traded or any exchange upon which the Common Stock may be traded in the future ("Exchange"), for the twenty prior trading days including the day upon which a Notice of Conversion is received by the Company or its transfer agent (provided such Notice of Conversion is delivered by fax or other electronic method of communication to the Company or its transfer agent after 4 P.M. Eastern Standard or Daylight Savings Time if the Holder wishes to include the same day closing price). If the shares have not been delivered within 3 business days, the Notice of Conversion may be rescinded. Such conversion shall be effectuated by the Company delivering the shares of Common Stock to the Holder within 3 business days of receipt by the Company of the Notice of Conversion. Accrued but unpaid interest shall be subject to conversion. No fractional shares or scrip representing fractions of shares will be issued on conversion, but the number of shares issuable shall be rounded to the nearest whole share. To the extent the Conversion Price of the Company's Common Stock closes below the par value per share, the Company will take all steps necessary to solicit the consent of the stockholders to reduce the par value to the lowest value possible under law. The Company agrees to honor all conversions submitted pending this increase. In the event the Company experiences a DTC "Chill" on its shares, the Conversion Price shall be decreased to 52% instead of 62% while that "Chill" is in effect. In no event shall the Holder be allowed to effect a conversion if such conversion, along with all other shares of Company Common Stock beneficially owned by the Holder and its affiliates would exceed 4.99% of the outstanding shares of the Common Stock of the Company (which may be increased up to 9.9% upon 60 days' prior written notice by the Investor).

As of the funding date of each note, the Company determined the fair value of the embedded derivative associated with the convertibility of each note. The fair value of the embedded derivative has been added to the debt discount (total debt discount is limited to the face value of the debt) with any excess of the derivative liability recognized as interest expense. The aggregate debt discount of $166,193 is being amortized to interest expense over the respective terms of the notes. As of December 31, 2019, the Company owed an aggregate of $173,000 of principal and $569 of accrued interest on these convertible promissory notes.

Convertible notes payable-St George Investments

Effective November 1, 2017, the Company issued a secured convertible promissory note in aggregate of $601,420 to St George Investments LLC ("St George"). The promissory note bears interest at 10% compounded daily, was due upon maturity on September 10, 2018 and includes an original issue discount ("OID") of $59,220. The promissory note was funded on November 11, 2017 for $542,200, net of OID and transaction costs. As of September 30, 2019, the Company owed $417,890 of principal and $38,378 of accrued interest on this convertible promissory note. As of September 30, 2019, this note was in default, but the lender has not enforced the default interest rate. 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% compounded daily, was due upon maturity on October 27, 2018 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 aggregate net proceeds of $1,500,000. The Company received aggregate net proceeds of $1,200,000 and $300,000 during the years ended December 31, 2018 and 2017, respectively. As an investment incentive, the Company issued 1,100,000 five-year warrants, exercisable at $2.40 per share, with certain reset provisions.

The promissory notes are convertible, at any time at the lender's option, at $2.40 per share. 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.

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 394,460 shares of common stock.

During the nine months ended September 30, 2019, $550,000 of principal, $122,694 of accrued interest and $441,394 of derivative liabilities valued as of the respective conversion dates were converted into 1,710,897 shares of common stock, resulting in a gain on debt settlement of $21,586. As of September 30, 2019, the Company owed $0 of principal and $0 of accrued interest on this convertible promissory note. Although this note was in default until it was repaid, the lender did not enforce the default interest rate.

Effective August 28, 2018, the Company issued a secured convertible promissory note in aggregate of $1,128,518 (includes overfunding of $23,518) to St George Investments LLC ("St George"). The promissory note bears interest at 10% compounded daily, was due upon maturity on June 30, 2019 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 Company received aggregate net proceeds of $825,000. During the nine months ended September 30, 2019, an additional $218,518 was funded under this note resulting in net proceeds of $198,518.

As an investment incentive, the Company issued 750,000 five-year warrants, exercisable at $2.40 per share, with certain reset provisions. The aggregate fair value of the issued warrants was $1,588,493. The face value of the debt was then allocated, on a relative fair value basis, between the debt and the warrants. The portion allocated to warrants has been added to the debt discount with a resulting increase in additional paid-in capital. As of the funding date of each tranche of this note, the Company determined the fair value of the embedded derivative associated with the convertibility of this note. The fair value of the embedded derivative has been added to the debt discount (total debt discount is limited to the face value of the debt) with any excess of the derivative liability recognized as interest expense. As of the aggregate debt discount of $1,114,698 is being amortized to interest expense over the respective term of each tranche.

The promissory notes are convertible, at any time at the lender's option, at $2.40 per share. 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 nine months ended September 30, 2019, $1,000,859 of principal and $840,299 of derivative liabilities valued as of the respective conversion dates were converted into 4,475,543 shares of common stock, resulting in a loss on debt settlement of $612,034. As of September 30, 2019, the Company owed $828,518 of principal and $28,138 of accrued interest on this convertible promissory note. As of September 30, 2019, this note was in default, but the lender has not enforced the default interest rate.

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% compounded daily, is due upon maturity on December 5, 2019 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 nine months ended September 30, 2019, the promissory note was funded in eight tranches totaling $1,406,482 resulting in aggregate net proceeds of $1,276,482 under this note. As an investment incentive, the Company issued 1,500,000 5-year warrants, exercisable at $2.40 per share, with certain reset provisions. The aggregate fair value of the issued warrants was $999,838. The face value of the debt was then allocated, on a relative fair value basis, between the debt and the warrants. The portion allocated to warrants has been added to the debt discount with a resulting increase in additional paid-in capital. As of the funding date of each tranche of this note, the Company determined the fair value of the embedded derivative associated with the convertibility of this note. The fair value of the embedded derivative has been added to the debt discount (total debt discount is limited to the face value of the debt) with any excess of the derivative liability recognized as interest expense.

The promissory notes are convertible, at any time at the lender's option, at $2.40 per share. 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.

Effective March 25, 2019, the Company issued a secured convertible promissory note in the amount of $580,000 to St George Investments LLC ("St George"). The promissory note bears interest at 10% compounded daily, is due upon maturity on January 24, 2020 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 nine months ended September 30, 2019, the promissory note was funded in the amount of $580,000 resulting in net proceeds of $500,000 under this note. As an investment incentive, the Company issued 375,000 five-year warrants, exercisable at $2.40 per share, with certain reset provisions. The aggregate fair value of the issued warrants was $258,701. The face value of the debt was then allocated, on a relative fair value basis, between the debt and the warrants. The portion allocated to warrants has been added to the debt discount with a resulting increase in additional paid-in capital. As of the funding date of this note, the Company determined the fair value of the embedded derivative associated with the convertibility of this note. The fair value of the embedded derivative has been added to the debt discount (total debt discount is limited to the face value of the debt) with any excess of the derivative liability recognized as interest expense. The aggregate debt discount of $483,966 is being amortized to interest expense over the term of the note.

The promissory notes are convertible, at any time at the lender's option, at $2.40 per share. 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. As of December 31, 2019, the Company owed $2,947,890 of principal and $314,547 of accrued interest on this convertible promissory note.

Convertible notes payable - Robert L. Hymers III

On December 23, 2019, the Company issued convertible promissory notes in the aggregate principal amount of $96,552.70 to Robert L. Hymers III ("Hymers") in satisfaction of funds owed to Mr. Hymers from his consulting contract with the Company for past services rendered and completed. The promissory notes bear interest at 10% per anum, and is due six months from the respective issuance date of the note along with accrued and unpaid interest. Principal and interest to be payable as provided below on that date which is six months from the date of issuance (the "Maturity Date"). All payments due hereunder (to the extent not converted into common stock, $0.001 par value per share (the "Common Stock") in accordance with the terms of this agreement and shall be made in lawful money of the United States of America. All payments shall be made at such address as the Holder shall hereafter give to the Company by written notice made in accordance with the provisions of this Note. Whenever any amount expressed to be due by the terms of this Note is due on any day which is not a business day, the same shall instead be due on the next succeeding day which is a business day and, in the case of any interest payment date which is not the date on which this Note is paid in full, the extension of the due date thereof shall not be taken into account for purposes of determining the amount of interest due on such date. As used in this Note, the term "business day" shall mean any day other than a Saturday, Sunday or a day on which commercial banks in the city of New York, New York are authorized or required by law or executive order to remain closed.

For so long as there remains any amount due hereunder, the Holder shall have the option to convert all or any portion of the unpaid principal amount of this Note, plus accrued interest (together with the unpaid principal amount, the "Converted Amount"), into shares of the Company's common stock. The conversion price (the "Conversion Price") shall be equal to a fifty percent (50%) discount to the lowest closing bid of the previous fifteen (15) day trading period, ending on the business day before a Notice of Conversion is delivered to the Company. The number of shares of Common Stock into which the Converted Amount shall be convertible (the "Conversion Shares") shall be determined by dividing (i) the Converted Amount by (ii) the Conversion Price. A conversion shall be deemed to occur on the date that the Company receives an executed copy of the Conversion Notice.

The aggregate debt discount of $92,332 is being amortized to interest expense over the respective terms of the notes. As of December 31, 2019, the Company owed an aggregate of $96,552.70 of principal and $212 of accrued interest on these convertible promissory notes. The derivative liability at December 31, 2019 associated with this convertible note was $158,307.

Convertible notes payable – Natural Plant Extract

On April 15, 2019, we entered into a joint venture with Natural Plant Extract of California, Inc., and subsidiaries, to operate a licensed psychoactive cannabis distribution service in California. California legalized THC psychoactive cannabis for medicinal and recreational use on January 1, 2018. On February 3, 2020, we terminated the joint venture.

The Original Material Definitive Agreement

Pursuant to the original material definitive agreement, we agreed to acquire twenty percent (equal to 200,000) of NPE's authorized shares in exchange for our payment of $2,000,000 and $1,000,000 worth of our restricted common stock. We agreed to form a joint venture with NPE incorporated in California under the name "Viva Buds, Inc." ("Viva Buds") for the purpose of operating a California licensed cannabis distribution business pursuant to California law legalizing THC psychoactive cannabis for recreational and medicinal use.

Our payment obligations were governed by a stock purchase agreement which required us to make the following payments:

a. Deposit of $350,000 within 5 days of the execution of the material definitive agreement;

b. Deposit of $250,000 payable within 30 days;

c. Deposit of $400,000 within 60 days;

d. Deposit of $500,000 within 75 days;

e. Deposit of $500,000 within 90 days

We made our initial payment pursuant to this schedule, but otherwise failed to comply with the payment schedule and we were in breach of contract.

Settlement and Release of All Claims Agreement

On February 3, 2020, the Company and NPE entered into a settlement and release of all claims agreement. In exchange for a complete release of all claims, the Company and NPE (1) agreed to reduce our interest in NPE from 20% to 5%; (2) we agreed to pay NPE a total of $85,000 as follows: $35,000 concurrent with the execution of the Settlement and Release of All Claims Agreement, and $25,000 no later than the 5th calendar day for each of the two months following execution of Settlement and Release of All Claims Agreement; and, (3) to retire the balance of our original valuation obligation from the material definitive agreement, representing a shortfall of $56,085.15, in a convertible promissory note, with terms allowing NPE to convert the note into common stock of MCOA at a 50% discount to the closing price of MCOA's common stock as of the maturity date.

Of the total amount due and payable by us as of the date of this filing, we owe $75,000, and we are in breach of the settlement agreement. On February 3, 2020, we executed a convertible promissory note in the amount of $56,085.15 to NPE. Additionally, as a result of our settlement agreement with NPE, we became liable to pay NPE our 5% portion equal to $25,902 of the regulatory charges to the City of Lynwood and the State of California to transfer the cannabis licenses back to NPE. To date, we have not paid this amount and it is due and owing.

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 December 31, 2018, the Company determined the aggregate fair values of $2,256,631 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 112.98% to 240.62%, (3) weighted average risk-free interest rate of 1.59% to 2.56%, (4) expected life of 0.083 to 1 year, and (5) estimated fair value of the Company's common stock from $0.0203 per share.

For the year ended December 31, 2019, the Company recorded a loss on the change in fair value of derivative liabilities of $2,123,570, while for the year ended December 31, 2018, the Company recorded a gain on the change in fair value of derivative liabilities of $1,443,249. For the years ended December 31, 2019 and 2018, the Company recorded amortization of debt discounts of $2,906,843 and $1,146,549, respectively, as a charge to interest expense, respectively.

NOTE 6 – DERIVATIVE LIABILITIES

As described in Notes 4 and 7, the Company issued convertible notes and warrants that contained conversion features and a reset provisions. The accounting treatment of derivative financial instruments requires that the Company record fair value of the derivatives as of the inception date and to fair value as of each subsequent reporting date.

If an embedded conversion option in a convertible debt instrument no longer meets the bifurcation criteria in this Subtopic, an issuer shall account for the previously bifurcated conversion option by reclassifying the carrying amount of the liability for the conversion option (that is, its fair value on the date of reclassification) to shareholders' equity. Any debt discount recognized when the conversion option was bifurcated from the convertible debt instrument shall continue to be amortized.

NOTE 7 – STOCKHOLDERS' DEFICIT

Preferred stock

The Company is authorized to issue 10,000,000 shares of $0.001 par value preferred stock as of December 31, 2019 and December 31, 2018. As of December 31, 2019, and 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 December 31, 2019 and 2018. As of December 31, 2019, and 2018, the Company had 77,958,081 and 42,687,301, respectively, common shares issued and outstanding.

On September 3, 2019, the Company completed a 1 for 60 reverse stock-split of its common stock.

In 2019, the Company issued an aggregate of 141,669 shares of its common stock in settled amounts previously accrued with an estimated fair value of $193,800

In 2019, the Company issued an aggregate of 18,510,381 shares of its common stock for services rendered with an estimated fair value of $3,293,688.

In 2019, the Company issued an aggregate of 9,251,217 shares of its common stock in settlement of convertible notes payable and accrued interest with an estimated fair value of $3,388,774.

In 2019, the Company issued an aggregate of 1,000,000 shares of its common stock in issuance of warrants and BCF with convertible debt with an estimated fair value of $856,717.

In 2019, the Company issued an aggregate of 1,220,856 shares of its common stock in conversion of related party notes payable with an estimated fair value of $1,182,415.

In 2019, the Company issued an aggregate of 1,653,175 common shares of its common stock in exchange for exercise of warrants on a cashless basis.

In 2019, the Company sold shares 222,221 shares of its common stock with an estimated value of $65,000.

In 2019, the Company issued an aggregate of 2,082,398 common shares in settlement of a legal cases with an estimated fair value of $541,424.

In 2019, the Company issued an aggregate of 2,222,047 common shares in settlement of a for investments in joint ventures with an estimated fair value of $1,219,040.

During the year ended December 31, 2018, the Company issued an aggregate of 31,000,794 shares of its common stock for services rendered with an estimated fair value of $718,099.

During the year ended December 31, 2018, the Company sold an aggregate of 18,693,636 shares of its common stock for net proceeds of $152,000.

During the year ended December 31, 2018, the Company issued an aggregate of 80,428,246 shares of its common stock in settlement of $804,279 related party notes payable and accrued interest.

During the year ended December 31, 2018, the Company issued 147,927,794 shares of its common stock in part settlement of $5,466,333 convertible notes payable, accrued interest and penalties.

During the year ended December 31, 2018, the Company issued 57,676,810 shares of its common stock in settlement of a legal case at a cost of $1,701,466.

During the year ended December 31, 2018, the company issued 122,046,796 shares of its common stock in exchange for exercise of warrants on a cashless basis.

During the year ended December 31, 2018, the company received proceeds from common stock subscriptions for $90,000.

Options

Option valuation models require the input of highly subjective assumptions. The fair value of stock-based payment awards was estimated using the Binomial Option Pricing Model with a volatility figure derived from using the Company's historical stock prices. Management determined this assumption to be a more accurate indicator of value. The Company accounts for the expected life of options based on the contractual life of options for non-employees. For employees, the Company accounts for the expected life of options in accordance with the "simplified" method, which is used for "plain-vanilla" options, as defined in the accounting standards codification.

The risk-free interest rate was determined from the implied yields of U.S. Treasury zero-coupon bonds with a remaining life consistent with the expected term of the options.

In addition, the Company is required to estimate the expected forfeiture rate and only recognize expense for those shares expected to vest. In estimating the Company's forfeiture rate, the Company analyzed its historical forfeiture rate, the remaining lives of unvested options, and the number of vested options as a percentage of total options outstanding. If the Company's actual forfeiture rate is materially different from its estimate, or if the Company reevaluates the forfeiture rate in the future, the stock-based compensation expense could be significantly different from what the Company has recorded in the current period.

The following table summarizes the stock option activity for the years ended December 31, 2019 and 2018:

	Shares	Weighted-Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2017	16,666,667	$ 0.30	7.76	$ 15,400,000
Granted	-			
Forfeitures or expirations	-			
Outstanding at December 31, 2018	16,666,667	$ 0.30	6.76	$ 15,296,667
Granted	-			
Forfeitures or expirations	(16,666,667)	0.30		
Outstanding at December 31, 2019	0[1]	$ -	-	-
Exercisable at December 31, 2019	0[1]	$ -	-	$ -

(1) On February 27, 2019, Donald Steinberg and Charles Larsen cancelled previously issued options to purchase an aggregate of 16,666,667 shares at an average exercise price of $0.30 per share, representing 100% of all previously issued option.

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 and $1.22 as of December 31, 2019 and 2018, respectively, 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 stock options at December 31, 2019[1]:

Options Outstanding(1)		Options Exercisable	
Exercise Price	Number of Options	Weighted Average Remaining Life In Years	Exercisable Number of Options
$ -	-	-	-

The stock-based compensation expense related to option grants was $0 and $450,000 during the years ended December 31, 2019 and 2018, respectively.

(1) On February 27, 2019, Donald Steinberg and Charles Larsen cancelled previously issued options to purchase an aggregate of 16,666,667 shares at an average exercise price of $0.30 per share, representing 100% of all previously issued options.

Warrants

The following table summarizes the stock warrant activity for the two years ended December 31, 2019:

	Shares	Weighted-Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2017	186,550	$ 2.40		$ 1,873,492
Granted	1,827,564	2.34		
Forfeitures or expirations	(166,667)	$ 1.50-		
Outstanding at December 31, 2018	1,847,447			
Granted	2,370,298	1.98		
Exercised	(192,521)	1.78		
Forfeitures or expirations	(14,113)	1.80		
Outstanding at December 31, 2019	4,011,111	$ 2.15	3.60	$ -
Exercisable at December 31, 2019	4,011,111	$ 2.15	3.60	$ -

The aggregate intrinsic value in the preceding tables represents the total pretax intrinsic value, based on warrants with an exercise price less than the Company's stock price of $0.07 and $1.22 as of December 31, 2019 and 2018, respectively, which would have been received by the warrant holders had those option holders exercised their warrants as of that date.

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

Warrants Outstanding		Warrants Exercisable	
Exercise Price	Number of Warrants	Weighted Average Remaining Life In Years	Exercisable Number of Warrants
$ 0.01 - $1.00	484,187	2.70	484,187
$ 1.01 - $2.00	27,778	2.50	27,778
$ 2.01 - $3.00	3,499,146	3.74	3,499,146

In connection with the issuance of convertible notes payable, the Company issued an aggregate of 2,370,298 warrants to purchase the Company's common stock from $0.26 to $2.40, vesting immediately and expiring 5 years from the date of issuance. (See Note 7)

NOTE 8 — 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 December 31, 2019, and 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 Notes 4 and 5 are that of volatility and market price of the underlying common stock of the Company.

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

The combined derivative and warrant liability as of December 31, 2019 and 2018, in the amounts of $5,222,186 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 two years ended December 31, 2019:

The derivative liabilities as of December 31, 2019 and 2018, in the amount of $5,693,071 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 year ended December 31, 2019:

		Debt Derivative
Balance, December 31, 2018	$	2,256,631
Increase resulting from initial issuances of additional convertible notes payable		2,895,717
Decreases resulting from conversion or payoff of convertible notes payable		(1,582,847)
Mark-to-market at December 31, 2019		2,123,570
Balance, December 31, 2019	$	5,693,071
Net change in fair value included in earnings related to derivative liabilities during the year ended December 31, 2019	$	2,123,570

Fluctuations in the Company's stock price are a primary driver for the changes in the derivative valuations during each reporting period. During the year ended December 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 9 — RELATED PARTY TRANSACTIONS

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

As of December 31, 2019, and 2018, accrued compensation due officers and executives included as accrued compensation was $4,875 and $454,316, respectively.

For the years ended December 31, 2019 and 2018, the Company had sales to related parties of $21,157 and $11,683, respectively.

NOTE 10 — COMMITMENTS AND CONTINGENCIES

Employment contracts

On February 3, 2020, we entered into an executive employment agreement with Jesus Quintero, our CEO and CFO providing for gross salary of $15,000 monthly, consisting of $12,000 in cash and $3,000 worth of our common stock valued on the closing price of our common stock on the last trading day of each month.

On February 28, 2020, the Company entered into executive contracts with its directors Edward Manolos and Themistocles Psomiadis The agreements are for a term lasting from the effective date until the earlier of the date of the next annual or special stockholders meeting called for the purposes of electing directors, and the earliest of the following to occur: (a) the death of the Director; (b) the termination of the Director from his membership on the Board by the mutual agreement of the Company and the Director; (c) the removal of the Director from the Board by the majority stockholders of the Company; and (d) the resignation by the Director from the Board. Mr. Psomiadis and Mr. Manolos's 2020 contracts provide for payments of $5,000 quarterly.

Operating lease

On July 1, 2019, the Company entered into a lease extension agreement, whereby the Company leased for office space in Escondido, California, commencing June 30, 2020 and expiring on June 30, 2021 at a base monthly lease rate of $1,308.88 per month through June 30, 2020, and $1,348.14 to June 30, 2021.

To evaluate the impact on adoption of ASC842 – Leases, on the accounting treatment for leasing of real office property referred to as the "Premises". The premises is located in Escondido, CA.

On July 1, 2019, the Company entered into a lease extension agreement for its single operating lease, whereby the Company extended its office lease Escondido, California, in for two year. The extension period commenced on June 30, 2020 and will expire on June 30, 2021 at a base monthly lease rate of $1,308.88 per month through June 30, 2020, and $1,348.14 to June 30, 2021.

To evaluate the impact on adoption of ASC842 – Leases, on the accounting treatment for leasing of real office property referred to as the "Premises". The premises is located in Escondido, CA.

The Company utilizes the incremental borrowing rate in determining the present value of lease payments unless the implicit rate is readily determinable. The Company used an estimated incremental borrowing rate of 10% to estimate the present value of the right of use liability.

The Company has right-of-use assets of $22,101 and operating lease liabilities of $22,219 as of December 31, 2019. Operating lease expense for the year ended December 31, 2019 was $30,048.76. The Company had cash used in operating activities related to leases of $29,930.76 during the year ended December 31, 2019. The lease has a remaining term of eighteen months.
The following table provides the maturities of lease liabilities at December 31, 2019:

Maturity of Lease Liabilities at December 31, 2019

2020	$	15,942
2021		8,089
2021 and thereafter		-
		-
Total future undiscounted lease payments		24,031
Less: Interest		(1,812)
Present value of lease liabilities	$	22,219

Minimum lease payments under the Company's operating lease under ASC 840 as of for 2020 and 2021 are $15,942 and $8,089, respectively.

Litigation

The Company is subject at times to other legal proceedings and claims, which arise in the ordinary course of its business. Although occasional adverse decisions or settlements may occur, the Company believes that the final disposition of such matters should not have a material adverse effect on its financial position, results of operations or liquidity.

Bougainville Ventures

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.

Background. On March 16, 2017, we entered into a joint venture agreement with Bougainville Ventures, Inc., a Canadian corporation. The purpose of the joint venture was for the Company and Bougainville to jointly engage in the development and promotion of products in the legalized cannabis industry in Washington State; (ii) utilize Bougainville's high quality cannabis grow operations in the State of Washington, where it claimed to have an ownership interest in real property for use within the legalized cannabis industry; (iii) leverage Bougainville's agreement with a I502 Tier 3 license holder to grow cannabis on the site; provide technical and management services and resources including, but not limited to: sales and marketing, agricultural procedures, operations security and monitoring, processing and delivery, branding, capital resources and financial management; and, (iv) optimize collaborative business opportunities. The Company and Bougainville agreed to operate through a Washington State Limited Liability Company, and BV-MCOA Management, LLC was organized in the State of Washington on May 16, 2017.

As our contribution to the joint venture, the Company committed to raise not less than $1 million dollars to fund joint venture operations based upon a funding schedule. The Company also committed to providing branding and systems for the representation of cannabis related products and derivatives comprised of management, marketing and various proprietary methodologies directly tailored to the cannabis industry. The Company and Bougainville's agreement provided that funding provided by the Company would go, in part, towards the joint venture's ultimate purchase of the land consisting of a one-acre parcel located in Okanogan County, Washington, for joint venture operations.

As disclosed on Form 8-K on December 11, 2017, the Company did not comply with the funding schedule for the joint venture. On November 6, 2017, the Company and Bougainville amended the joint venture agreement to reduce the amount of the Company's commitment to $800,000 and also required the Company to issue Bougainville 15 million shares of the Company's restricted common stock. The Company completed its payments pursuant to the amended agreement on November 7, 2017, and on November 9, 2017, issued to Bougainville 15 million shares of restricted common stock. The amended agreement provided that Bougainville would deed the real property to the joint venture within thirty days of its receipt of payment.

Thereafter, the Company determined that Bougainville had no ownership interest in the property in Washington State, but rather was a party to a purchase agreement for real property that was in breach for non-payment. Bougainville also did not possess an agreement with a Tier 3 I502 license holder to grow Marijuana on the property. Nonetheless, as a result of funding arranged for by the Company, Bougainville and an unrelated third party, Green Ventures Capital Corp., purchased the land. The land is currently pending the payment of delinquent property taxes that would allow for the Okanogan County Assessor to sub-divide the property, so that the appropriate portion could be deeded to the joint venture. Although Bougainville represented it would pay the delinquent taxes, it has not. To date, the property has not been deeded to the joint venture.

To clarify the respective contributions and roles of the parties, the Company also offered to enter into good faith negotiations to revise and restate the joint venture agreement with Bougainville. The Company diligently attempted to communicate with Bougainville in good faith to accomplish a revised and restated joint venture agreement, and efforts towards satisfying the conditions to complete the subdivision of the land by the Okanogan County Assessor. However, Bougainville failed to cooperate or communicate with the Company in good faith, and failed to pay the delinquent taxes on the real property that would allow for sub-division and the deeding of the real property to the joint venture.

Company Determines to File Suit. On August 10, 2018, the Company advised its independent auditor that Bougainville did not cooperate or communicate with the Company regarding its requests for information concerning the audit of Bougainville's receipt and expenditures of funds contributed by the Company in the joint venture agreement. Bougainville had a material obligation to do so under the joint venture agreement. The Company believes that some of the funds it paid to Bougainville were misappropriated and that there was self-dealing with respect to those funds. Additionally, the Company believes that Bougainville misrepresented material facts in the joint venture agreement, as amended, including, but not limited to, Bougainville's representations that: (i) it had an ownership interest in real property that was to be deeded to the joint venture; (ii) it had an agreement with a Tier 3 # I502 cannabis license holder to grow cannabis on the real property; and, (iii) that clear title to the real property associated with the Tier 3 # I502 license would be deeded to the joint venture thirty days after the Company made its final funding contribution. As a result, 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'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 Company, 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 case is currently in litigation. Trial is set for January 26-28, 2021.

Caren Glasser

On March 2, 2020, Caren Glasser filed a request for arbitration against the Company alleging non-payment for past due compensation. The case was filed in the in the American Arbitration Association under Case no. 01-20-0000-6290. The Company and Ms. Glasser agreed to settle her dispute on May 7, 2020. The settlement agreement obligates the Company to pay Ms. Glasser $24,000 thirty days of Ms. Glasser's review and execution, consistent with the Older Workers Benefit Protection Act (29 U.S.C. § 626(f).

NOTE 11 – INCOME TAXES

At December 31, 2019, the Company has available for federal income tax purposes a net operating loss carry forward of approximately $74,164,213, expiring in the year 2038, that may be used to offset future taxable income, but could be limited under Section 382. The Company has provided a valuation reserve against the full amount of the net operating loss benefit, since in the opinion of management based upon the earnings history of the Company; it is more likely than not that the benefits will not be realized. Due to possible significant changes in the Company's ownership, the future use of its existing net operating losses may be limited. All or portion of the remaining valuation allowance may be reduced in future years based on an assessment of earnings sufficient to fully utilize these potential tax benefits.

We have adopted the provisions of ASC 740-10-25, which provides recognition criteria and a related measurement model for uncertain tax positions taken or expected to be taken in income tax returns. ASC 740-10-25 requires that a position taken or expected to be taken in a tax return be recognized in the financial statements when it is more likely than not that the position would be sustained upon examination by tax authorities.

Tax position that meet the more likely than not threshold is then measured using a probability weighted approach recognizing the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement. The Company had no tax positions relating to open income tax returns that were considered to be uncertain. We file income tax returns in the U.S. and in the state of California and Utah with varying statutes of limitations.

The Company is required to file income tax returns in the U.S. Federal jurisdiction and in California. The Company is no longer subject to income tax examinations by tax authorities for tax years ending before December 31, 2016.

The Company's deferred taxes as of December 31, 2019 and 2018 consist of the following:

	2019	2018
Non-Current deferred tax asset:		
Net operating loss carry-forwards	$ 74,164,213	$ 53,983,895
Valuation allowance	(74,164,213)	(53,983,895)
Net non-current deferred tax asset	$ —	$ —

NOTE 12 – SUBSEQUENT EVENTS

On April 15, 2019, we entered into a joint venture with Natural Plant Extract of California, Inc., and subsidiaries, to operate a licensed psychoactive cannabis distribution service in California. California legalized THC psychoactive cannabis for medicinal and recreational use on January 1, 2018. On February 3, 2020, we terminated the joint venture.

The Original Material Definitive Agreement

Pursuant to the original material definitive agreement, we agreed to acquire twenty percent (equal to 200,000) of NPE's authorized shares in exchange for our payment of $2,000,000 and $1,000,000 worth of our restricted common stock. We agreed to form a joint venture with NPE incorporated in California under the name "Viva Buds, Inc." ("Viva Buds") for the purpose of operating a California licensed cannabis distribution business pursuant to California law legalizing THC psychoactive cannabis for recreational and medicinal use.

Our payment obligations were governed by a stock purchase agreement which required us to make the following payments:

a. Deposit of $350,000 within 5 days of the execution of the material definitive agreement;

b. Deposit of $250,000 payable within 30 days;

c. Deposit of $400,000 within 60 days;

d. Deposit of $500,000 within 75 days;

e. Deposit of $500,000 within 90 days

We made our initial payment pursuant to this schedule, but otherwise failed to comply with the payment schedule and we were in breach of contract.

Settlement and Release of All Claims Agreement

On February 3, 2020, the Company and NPE entered into a settlement and release of all claims agreement. In exchange for a complete release of all claims, the Company and NPE (1) agreed to reduce our interest in NPE from 20% to 5%; (2) we agreed to pay NPE a total of $85,000 as follows: $35,000 concurrent with the execution of the Settlement and Release of All Claims Agreement, and $25,000 no later than the 5th calendar day for each of the two months following execution of Settlement and Release of All Claims Agreement; and, (3) to retire the balance of our original valuation obligation from the material definitive agreement, representing a shortfall of $56,085.15, in a convertible promissory note, with terms allowing NPE to convert the note into common stock of MCOA at a 50% discount to the closing price of MCOA's common stock as of the maturity date.

Of the total amount due and payable by us as of the date of this filing, we owe $75,000, and we are in breach of the settlement agreement. On February 3, 2020, we executed a convertible promissory note in the amount of $56,085.15 to NPE. Additionally, as a result of our settlement agreement with NPE, we became liable to pay NPE our 5% portion equal to $25,902 of the regulatory charges to the City of Lynwood and the State of California to transfer the cannabis licenses back to NPE. To date, we have not paid this amount and it is due and owing. As of the date of this filing, there is no pending legal action by NPE against us for these matters.

On February 3, 2020, the Company entered into an executive employment agreement with Jesus Quintero, our CEO and CFO providing for a gross salary of $15,000 monthly, consisting of $12,000 in cash and $3,000 worth of our common stock valued on the closing price of our common stock on the last trading day of each month.

On February 28, 2020, Themistocles Psomiadis was appointed as an independent member to the board of directors.

On February 28, 2020, the Company entered into executive contracts with its directors Edward Manolos and Themistocles Psomiadis. The agreements are for a term lasting from the effective date until the earlier of the date of the next annual or special stockholders meeting called for the purposes of electing directors, and the earliest of the following to occur: (a) the death of the Director; (b) the termination of the Director from his membership on the Board by the mutual agreement of the Company and the Director; (c) the removal of the Director from the Board by the majority stockholders of the Company; and (d) the resignation by the Director from the Board. Mr. Psomiadis and Mr. Manolos's 2020 contracts provide for payments of $5,000 quarterly.'

On March 30, 2019, Robert Coale resigned as a member of the board of directors.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including the Company's president and chief executive officer and the Company's chief financial officer to allow for timely decisions regarding required disclosure.

In connection with this annual report, as required by Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, we carried out an evaluation of the effectiveness of the design and operation of our company's disclosure controls and procedures as of December 31, 2019, under the supervision of our Board of Directors, our Principal Executive Officer and Principal Financial Officer. In designing and evaluating the Company's disclosure controls and procedures, the Company's management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. This assessment included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation.

As of the date of this annual report on Form 10-K, the Company determined that its disclosure controls and procedures were not effective due to a material weakness and significant deficiency identified in the Company's internal control over financial reporting, described below. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the registrant's financial reporting.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the company in accordance with as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our consolidated financial statements.

Based on this evaluation, the Company's management concluded its internal control over financial reporting was not effective as of December 31, 2019. The ineffectiveness of the Company's internal control over financial reporting was due to the following identified material weaknesses and significant deficiencies:

Material Weakness

(1) We lack organizational controls designed to allow us to gather and provide our auditor timely documentation concerning our financial records. This material weakness causes us to not be able to provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with US GAAP, and effectively close our books in a timely fashion and report to the Commission consistent with its rules and forms.

Significant Deficiency

(a) We do not have an Audit Committee – While not being legally obligated to have an Audit Committee, it is management’s view that such a committee, including a financial expert member, is an utmost important entity level control over the Company’s financial statement. Currently the Board of Directors acts in the capacity of the Audit Committee, and does not include a member that is considered to be independent of management to provide the necessary oversight over management’s activities.

(b) We do not have procedures in place to update our disclosures to include relevant accounting standards updates.

Changes in Internal Control over Financial Reporting.

In order to address the material weakness and significant deficiency noted above, we made the following respective changes to our internal control over financial reporting, numbered to correspond with the foregoing discussion:

(1)(a) After our year ended December 31, 2018, we considered and approved on May 28, 2019, an internal audit sub-committee to obtain timely information on a weekly basis on the status of our various joint ventures, and their respective budgets, expenses and variances on balances.

Since then, our joint ventures with Bougainville Ventures, Inc., GateC Technologies, Inc. and Global Hemp Group – New Brunswick have all been determined to be fully impaired. However, given our past identification of material weaknesses in the recordation of our financial transactions and reporting, we decided to maintain our internal committee headed by Mr. Jesus Quintero, our Chief Executive and Financial Officer, to review our financial accounting and reporting procedures to prevent future accounting reporting problems to our audit firm. We additionally retained accounting personnel to help us in this effort. Although we believe our continued implementation of this framework will provide an effective preventative control that will allow us to provide our auditor timely information about our joint ventures so that we can close our books in a timely fashion and file our reports to the Commission consistent with its rules and forms, our evaluation of its effectiveness is not complete and will require further review, assessment and disclosure. Therefore, this material weakness is not resolved.

(b) We also included as part of our closing process a checklist to review and update accounting standard updates to be reviewed and approved by our Chief Financial Officer and auditor for inclusion in our Commission filings. We expect that this remedy will insure that our disclosures going forward will include the appropriate accounting standards updates and will remedy the significant deficiency. Therefore, we believe this significant deficiency to be remediated.

Our management will continue to monitor and evaluate the effectiveness of our internal controls and procedures and our internal controls over financial reporting on an ongoing basis and is committed to taking further action and implementing additional enhancements or improvements, as necessary.

ATTESTATION REPORT OF THE REGISTERED PUBLIC ACCOUNTING FIRM.

This annual report does not include an attestation report of our independent registered public accounting firm regarding our internal control over financial reporting, because pursuant to the rules of the SEC we are neither an accelerated filer nor a larger accelerated filer.

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Our Board of Directors

The following table sets forth information regarding our current directors and each director nominee, as of December 31, 2019.

Name	Principal Occupation	Age	Director Since
Donald Steinberg[(1)]	Director, Chairman of the Board, CEO	70	2015
Charles Larsen[(2)]	Director	61	2015
Robert Coale[(3)]	Director	60	2018
Edward Manolos	Director	46	2019
Jesus Quintero[(4)]	Director, Chairman of the Board, CEO, CFO	59	2019

Donald Steinberg, Director. Mr. Steinberg's business experience began in 1986 when he developed stock option volatility analysis and trading programs. His work led him to a management position of floor traders on multiple options exchanges, including the Chicago Board of Options Exchange and the Pacific Options Exchange. Ultimately, Mr. Steinberg used his trading and volatility programs to manage options trading centers in Chicago, Philadelphia and California, where he managed and directed floor traders. This experience gave Mr. Steinberg the fundamental knowledge of finance and operations and gave him insight into the management skills necessary to operate a company with discrete centers and many employees. Beginning in the early 90's, Mr. Steinberg co-founded Globalcom 2000 and entered into the prepaid phone card business. Globalcom 2000 became one of the largest and fastest growing phone card companies in the United States. Among the many firsts accomplished in that business was an account with 7-11, which Mr. Steinberg personally closed, and which made Globalcom 2000 the first phone card in the country with a corporate logo.

In 1994, Mr. Steinberg developed an interest in the telecom "Callback" business and co-founded "One World Communications." Mr. Steinberg subsequently traveled the world, opening up 187 training centers in only 9 months, and created an international multi-level-marketing ("MLM") global sales force selling telecom services. In 2006, Mr. Steinberg formed Club Vivanet as an International MLM, selling a variety of services. In 2009, he merged Club Vivanet with a publicly traded company. In 2008, Mr. Steinberg recognized the emerging opportunities in the medical marijuana industry and changed the name of Club Vivanet to Medical Marijuana Inc. (OTC: MJNA), which is believed to be America's first publicly traded company in the medical marijuana industry. Mr. Steinberg left Medical Marijuana, Inc. in 2011 and in 2013, Mr. Steinberg launched Global Hemp Group, Inc. (OTC: GBHPF) with Mr. Charles Larsen, as they recognized the momentum building in the emerging global hemp industry. Over the last five years, Mr. Steinberg has followed the developing cannabis business, the new laws and regulations governing it, and business trends in this growing market. Mr. Steinberg has also studied possible banking solutions for the cannabis market. Global Hemp Group, Inc. is a related party insofar as its director, Charles Larsen, is a beneficial owner of more than 10% of our common stock, and a former director of the Company. Further, Mr. Steinberg is a shareholder in Global Hemp Group.

Charles Larsen, Director. Mr. Larsen attended the Pepperdine University Graziadio School of Business in Los Angeles and served in the U.S. Coast Guard from 1981 through 1988. From 1989 through 1991, Mr. Larsen served as operations manager with the Commodity Trading Advisor (CTA) Peskin & Associates in Chicago, Illinois, where his primary duties included organization and management of investment operations, management of client billing, the development of a custom trade order management system, monitoring of trading operations and floor broker communications. From 1991 through 1995, Mr. Larsen served as an implementation consultant for Integrated Decision Systems in Los Angeles, CA. In this capacity, Mr. Larsen implemented portfolio management and trade order management systems, determined operational deficiencies and solutions, and managed custom training programs and development projects. From 1995 through 2006, Mr. Larsen served as Senior Vice President of Operations and Business Development for Tower Asset Management in Beverly Hills, CA. Here, Mr. Larsen managed operations, client billing, daily portfolio reconciliation, compliance and regulatory reporting. Mr. Larsen also was a member of Tower's Investment Committee and Executive Management Committee. From 2006 through 2007, Mr. Larsen was Chief Operating Officer and Chief Financial Officer at Financial Management Advisors of Century City, CA, where his duties focused on management of operations, finance and compliance. From 2007 to 2009, Mr. Larsen worked for Polaris International Holdings in Huntington Beach, CA focused on the preparation of corporate financials and regulatory compliance. In 2009 Mr. Larsen helped found Medical Marijuana, Inc. and focused on operations, compliance and acquisition sourcing and due diligence. From 2012 through 2013, Mr. Larsen was an independent business consultant serving corporations including Global Payout, Inc., of San Diego, CA and BG Medical Technologies, Inc. of Los Angeles, CA. Beginning in 2013, Mr. Larsen co-founded and remains the President and Chief Executive Officer of Global Hemp Group, Inc. (OTC: GBHPF). With Global Hemp Group, Mr. Larsen's duties include corporate compliance and administration, hemp and medical marijuana compliance, and business development in Canada and internationally, all positions he continues in as of the date of this filing. From 2013 to the present, Mr. Larsen has been the Company's co-founder, director and strategic advisor, advising management on public company compliance and administration, business development, medical and recreational marijuana compliance, sourcing, and overall operations on a daily basis. We currently have two ongoing joint ventures with Global Hemp Group. Global Hemp Group, Inc. is a related party insofar as its director, Charles Larsen, is a beneficial owner of more than 10% of our common stock, and a former director of the Company, and our President and Chief Executive Officer Donald Steinberg is a shareholder in Global Hemp Group.

Robert Coale, Director. Mr. Coale is the President of CFS Capital Group, Inc., a firm focused on business consulting, private equity investments, financial and strategic joint venture facilitation, including telecommunications, banking, fund raising, non-profit, retirement, entertainment, licensing, gateway interface/merchant processing, real estate development, and strategic planning. Mr. Coale holds a Master's in Business Administration, with an emphasis on International Marketing and Strategic Planning from Pepperdine University awarded in 1992; a Bachelor of Science with an emphasis in Finance from the University of Southern California awarded in 1982, and is currently a member of the Advisory Board to Everlert, Inc. (OTC: EVLI).

Jesus Quintero, Director. From January, 2013 to September, 2014, Mr. Quintero served as the Chief Financial Officer of Brazil Interactive Media, Inc. Mr. Quintero is also the current CFO for Mass Roots Inc. (OTC: MSRT). From 2011 to the present, Mr. Quintero has served as a financial consultant to several multi-million dollar businesses in South Florida. He has extensive experience in public company reporting and SEC/SOX compliance, and held senior finance positions with Avnet, Inc. (NYSE: AVT), Latin Node, Inc., Globetel Communications Corp. (AMEX: GTE) and Telefonica of Spain. His prior experience also includes tenure with Price Waterhouse and Deloitte & Touche. Mr. Quintero earned a B.S. in Accounting from St. John's University and is a certified public accountant.

Edward Manolos, Director. Mr. Manolos is a twenty-five percent owner of Imperial Diversified Holdings, LLC ("Imperial") a California limited liability company and lessor of real property in Lynwood, California to Natural Plant Extracts, Inc., a California corporation and joint venture partner with the registrant in an operation that will lease Imperial's real property. The registrant has not and is not expected to be named to any board committees. The registrant and Mr. Manolos entered into an independent director agreement whereby the registrant agreed to compensate Mr. Manolos with ten thousand dollars paid quarterly, and a one-time issuance upon signing of five million shares of registrant common stock.

Mr. Edward Manolos opened the very first Medical Marijuana Dispensary in Los Angeles County in 2004 called CMCA. He is also credited with starting Los Angeles' first Medical Marijuana farmer's market referred to as "The California Heritage Farmer's Market," which attracted local and international media attention and was the first of its kind.

Mr. Manolos is also the founder of many successful companies, such as Everest Biosynthesis Group and Natural Plant Extracts USA (NPE), a leading producer of pharmaceutical grade CBD that holds the largest market share in the USA. He also Co-founded Ocen Communications Inc. in 1997 (NASDAQ: OCEN), an Asia-focused internet communications service provider transmitting voice, fax, and data communications for consumers, carriers and corporations. His diverse entrepreneurial focus led him on to launch the KIWIBERRI Frozen yogurt franchise in 2005. The company is a California based frozen yogurt franchised that has opened several locations throughout Los Angeles, Nevada, and Florida.

Mr. Manolos has provided consulting services to several companies and has helped them obtain marijuana retail and production licenses in California and Washington, including Cannabis Strategic Ventures (OTC: NUGS). He graduated from the University of California Riverside with a double major in Computer Science and Business Management. Mr. Manolos also serves as a director of Cannabis Global Inc. (OTC: MCTC).

(1) Charles Larsen resigned as a director on February 27, 2019.
(2) Donald Steinberg resigned as a director and CEO on December 6, 2019.
(3) Robert Coale resigned on March 30, 2020.
(4) The Company appointed Jesus Quintero CEO on December 6, 2019 and CFO on September 1, 2018.

Our Executive Officers

We designate persons serving in the following positions as our named executive officers: our chief executive officer, chief financial officer, chief development officer, chief operating officer and chief technology officer. The following table sets forth information regarding our executive officers as of December 31, 2019.

Name	Principal Occupation	Age	Officer Since
Donald Steinberg(1)	CEO, Treasurer	70	2015
Jesus Quintero(2)	CEO, Treasurer	59	2019
Jesus Quintero	CFO	59	2018

Mr. Steinberg's biographical summary is included under "Our Board of Directors." Mr. Steinberg resigned as CEO and Treasurer on December 6, 2019.

Jesus Quintero's biographical summary is included under "Our Board of Directors." We appointed Mr. Quintero CEO and Treasurer on December 6, 2019.

(1) Mr. Steinberg resigned as CEO and Treasurer on December 6, 2019.
(2) Mr. Quintero was appointed CEO and Treasurer on December 6, 2019.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our executive officers and directors and persons who beneficially own more than 10% of our common stock to file initial reports of beneficial ownership and reports of changes in beneficial ownership with the SEC. Such persons are required by SEC regulations to furnish us with copies of all Section 16(a) forms filed by such persons.

Based solely on our review of such forms furnished to us, and written representations from certain reporting persons, Donald Steinberg filed Form 4 late for twenty-three transactions and Charles Larsen filed Form 4 late for five transactions. Otherwise, we believe that all filing requirements applicable to our other executive officers, directors and greater than 10% stockholders during the fiscal year ended December 31, 2019 were satisfied.

ITEM 11. EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth information concerning the compensation of our principal executive officer, our principal financial officer and each of our other executive officers during 2019.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($)	Total ($)
Donald Steinberg,	2019	333,871		1,033,333	—	—	1,367,204
Principal	2018	360,000	—		—	—	360,000
Executive Officer[1]	2017	180,000	—	5,676,000	—	—	5,856,000
Jesus Quintero	2019	46,500	$2,500	262,333	—	—	311,333
Principal Financial Officer, Principal Executive Officer[2]	2018	7,500	$1,500	8,700	—	—	17,700
	2017	—	—	—	—	—	—

[1] Donald Steinberg resigned as CEO on December 6, 2019.

[2] The Company appointed Jesus Quintero CFO on August 31, 2018 and CEO on December 6, 2019.

Retirement Benefits

We do not currently provide our named executive officers with supplemental or other retirement benefits.

Outstanding Equity Awards at December 31, 2019

As of December 31, 2019, no stock-based compensation awards to any of our named executive officers were outstanding.

Compensation of Directors

The following table sets forth information concerning the compensation earned during 2019 by each individual who served as a non-employee director at any time during the fiscal year:

2019 DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Total ($)
Donald Steinberg[1]	0	1,367,204	1,367,400
Charles Larsen[2]	0	40,000	40,000
Robert Coale	58,650	266,333	324,983
Edward Manolos	20,000	356,833	376,833
Jesus Quintero	49,000	262,333	311,333

[1] Mr. Steinberg resigned as director on December 6, 2019.
[2] Mr. Larsen resigned as director on February 27, 2019.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth information known to us regarding the beneficial ownership of our common stock as of December 31, 2019 by (1) each stockholder who is known by us to beneficially own more than 5% of our common stock, (2) each of our directors, (3) each of our executive officers named in the Summary Compensation Table above, and (4) all of our directors and executive officers as a group.

Beneficial Owner[1]	Number of Shares Beneficially Owned[2]	Percent[3]
Named Executive Officers and Directors:		
Donald Steinberg[4]	10,852,369	13.92%
Jesus Quintero[5]	1,687,333	2.16%
Charles Larsen[6]	6,552,881	8.40%
Robert Coale	1,683,333	2.15%
Edward Manolos	1,766,667	2.26%
All executive officers and directors as a group (5 persons)	22,542,583	28.89%

*Denotes less than 1%

(1) Except as otherwise indicated, the persons named in this table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them, subject to community property laws where applicable and to the information contained in the footnotes to this table. Readers should refer to the table below for disclosures of the ownership of Preferred Class "A" shares which carry separate voting rights and preferences.

(2) Under SEC rules, a person is deemed to be the beneficial owner of shares that can be acquired by such person within 60 days upon the exercise of options or the settlement of other equity awards.

(3) Calculated on the basis of 77,958,081 shares of common stock outstanding as of December 31, 2019, plus any additional shares of common stock that a stockholder has the right to acquire within 60 days after December 31, 2019.

(4) Donald Steinberg resigned as an officer and director as of December 6, 2019.

(5) Jesus Quintero was appointed CFO on September 1, 2018 and CEO on December 6, 2019.

(6) Charles Larsen resigned his director position on February 27, 2019.

The following table sets forth information known to us regarding the beneficial ownership of our Class "A" preferred common stock as of December 31, 2019.

Title of Class	Name and address of beneficial owner	Amount and nature of beneficial ownership	Percent of Class
Class "A" Preferred Stock	Jesus Quintero 16860 Southwest 1st Street Pembroke Pines, FL 33027	3,333,333	33.33%
Class "A" Preferred Stock	Robert Coale 3835 E Thousand Oaks Blvd. Westlake Village, CA 91362	3,333,333	33.33%
Class "A" Preferred Stock	Edward Manolos 1100 Wilshire Boulevard #2808 Los Angeles CA 90017	3,333,333	33.33%

(1) Except as otherwise indicated, the persons named in this table have sole voting and investment power with respect to all shares of Class "A" preferred common stock shown as beneficially owned by them, subject to community property laws where applicable and to the information contained in the footnotes to this table. The holders of the Class "A" Preferred Stock shall vote for the election of directors, and shall have full voting rights, except that each Class "A" Preferred share shall entitle the holder to exercise one hundred (100) votes for each one (1) Class A Preferred Share held. Mr. Jesus Quintero, Mr. Edward Manolos and Mr. Robert Coale, each own 3,333,333 Class "A" Preferred Shares. Any two of these shareholders control in excess of 50% of the votes eligible to be cast on any decision regarding corporate actions under Utah law that are assigned to a vote of the stockholders, including but not limited to: (i) the sale of all or substantially all of its property; (ii) the election of directors; (iii) dissolving the corporation; (iv) amending the articles of incorporation; and, (v) approving a merger or consolidation. The beneficial owners of the Class "A" Preferred Stock vote with the common stockholders and the designated preferences cannot be modified but for a majority vote of the common shares eligible to vote as a class.

(2) Under SEC rules, a person is deemed to be the beneficial owner of shares that can be acquired by such person within 60 days upon the exercise of options or the settlement of other equity awards.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights[1]	Weighted-average exercise price of outstanding options, warrants and rights[2]	Number of securities remaining available for issuance under equity compensation plans (excluding securities reflected in column (a))[3]
Equity compensation plans approved by security holders	—	—	—
Equity compensation plans not approved by security holders	—	$ —	—
Total	—	$ —	—

(1) On February 27, 2019, Donald Steinberg and Charles Larsen cancelled previously issued options to purchase an aggregate of 1,000,000,000 shares at an average exercise price of $0.0005 per share.

(3) The Company equity compensation grants to date have been approved on a grant-by-grant basis, as opposed to under an umbrella equity compensation plan establishing a total number of grants available.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Pursuant to Item 404(d) of Reg. SK, we have entered into the following related party transactions for the fiscal year ended December 31, 2019:

On May 8, 2018, the Company entered into a joint venture with Global Hemp Group, Inc., a Canadian corporation, and TTO Enterprises, Ltd., an Oregon corporation. 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. Global Hemp Group, Inc. is a related party insofar as its director, Charles Larsen, is a current stockholder, and a former director of the Company. Further, Donald Steinberg, our former director and CEO, is also a stockholder in this joint venture with Global Hemp Group, Inc.

As part of Donald Steinberg's resignation as our director and chief executive officer as on December 6, 2019, his loan of $158,140 on December 31, 2018, together with accrued interest of 5% per annum, due and payable by December 31, 2019, was forgiven.

As part of Charles Larsen's resignation as our director on February 27, 2019, his December 31, 2018 loan of $82,000, together with accrued interest of 5% per annum, due and payable by December 31, 2019, was forgiven.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The following table sets forth the aggregate fees billed to us for the fiscal years ended December 31, 2019 and 2018 by L&L CPAs, PA:

	Year Ended December 31, 2019	Year Ended December 31, 2018
Audit Fees[1]	$ 55,032	$ 38,384
Audit-Related Fees[2]	—	—
Tax Fees[3]	—	—
All Other Fees[4]	—	—
Total	$ 55,032	$ 38,384

(1) Audit fees consist of fees billed for professional services rendered for the audit of our annual financial statements, the review of the interim financial statements included in quarterly reports and services that are normally provided by L&L CPAs, PA in connection with statutory and regulatory filings or engagements, consultations in connection with acquisitions and issuances of auditor consents and comfort letters in connection with SEC registration statements and related SEC and non-SEC securities offerings.

(2) Audit-related fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements and are not reported under "Audit fees."

(3) Tax fees consist of fees billed for professional services rendered for tax compliance, tax advice and tax planning (domestic and international). These services include assistance regarding federal, state and international tax compliance, acquisitions and international tax planning.

(4) All other fees consist of fees for products and services other than the services reported above.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements

The following consolidated financial statements of Marijuana Company of America, Inc. are included in "Item 8. Financial Statements and Supplementary Data."

Report of Independent Registered Public Accounting Firm
Consolidated Balance Sheets
Consolidated Statements of Operations
Consolidated Statements of Changes in Stockholders' Equity (Deficit)
Consolidated Statements of Cash Flows
Notes to Consolidated Statements

(a)(2) Financial Statement Schedules

None.

(a)(3) Exhibits

Exhibit No	Exhibit Title	Filed Herewith	Form	Filing Date
3(i)	Articles of Incorporation		1012g	5/23/2017
3(ii)	By-Laws		1012g	5/23/2017
3(iii)	Amendment to Articles – February 2009		1012g	5/23/2017
3(iv)	Amendment to Articles – July 2013		1012g	5/23/2017
3(v)	Amendment to Articles – August 2015		1012g	5/23/2017
3(vi)	Amendment to Articles – September 2015		1012g	5/23/2017
10(i)	Material Contract – Bougainville Ventures, Inc. Joint Venture		1012g	5/23/2017
10(ii)	Material Contract – GateC Research, Inc. Joint Venture		1012g	5/23/2017
10(iii)	Material Contract – MultiSoft Corporation		1012g	5/23/2017
10(iv)	Material Contract – CBD Global		1012g A-2	9/12/2017
10(v)	Material Contract – Office Lease		1012g A-2	9/12/2017
10(vi)	Material Contract – Executive Employment Agreement - Larsen		1012g A-2	9/12/2017
10(vii)	Material Contract – Executive Employment Agreement - Hymers		1012g A-2	9/12/2017
10(viii)	Material Contract – Executive Employment Agreement - Steinberg		1012g A-2	9/12/2017
10(ix)	Material Contract – St. George Investments, LLC Convertible Promissory Note		10Q 6/30/17	8/21/2017
10(x)	Material Contract – St. George Investments, LLC Forbearance Agreement		10Q 6/30/17	8/21/2017
10(xi)	Material Contract – St. George Investments, LLC Securities Purchase Agreement		8K; 11/1/17	11/6/2017
10(xii)	Material Contract – St. George Investments, LLC Secured Convertible Promissory Note		8-K 11/1/17	11/6/2017
10(xiii)	Material Contract – St. George Investments, LLC Warrant to Purchase Shares of Common Stock		8-K 11/1/17	11/6/2017
10(xiv)	Material Contract – Tangiers Global, LLC Investment Agreement		10Q 6-30-17	8/21/2017
10(xv)	Material Contract – Tangiers Global, LLC Registration Rights Agreement		10Q 6-30-17	8/21/2017
10(xvi)	Material Contract – Tangiers Global, LLC Convertible Promissory Notes		10Q 6-30-17	8/21/2017
10(xvii)	Material Contract – St. George Investments, LLC Convertible Promissory Note.		10Q 6-30-17	8/21/2017
10(xviii)	Material Contract – Amendment to Bougainville Ventures Joint Venture Agreement		8-K 11-6-17	11/8/2017
10(xiv)	Material Contract – Conveniant Hemp Mart, LLC Interest Option Agreement		8-K 11-20-17	11/27/2017
10(xx)	Material Contract – Settlement Agreement and Mutual Release of All Claims – Tangiers Global, LLC		10-Q-A 9-30-17	12/11/2017
10(xxi)	Material Contract – Summary of Oral Extension Agreement for Funding GateC Research, Inc.		10-K 12-31-17	4/17/2018
10(xxii)	Material Contract – Rescission and Mutual Release Agreement with GateC Research, Inc.		8-K 3-19-18	3/20/2018
10(xxiii)	Material Contract – Global Hemp Group, Inc. Joint Venture Agreement		10K 12-31-17	4/17/2018
10(xxiv)	Material Contract – Stock Purchase Agreement, MoneyTrac Technology, Inc.		10K 12-31-17	4/17/2018
10(xxv)	Material Contract – Lease Extension		10K 12-31-19	5/14/2020
10(xxvi)	Material Contract – Edward Manolos Contract		8-K	3/6/2020
10(xxvii)	Material Contract – Jesus Quintero Contract		10K 12-31-19	5/14/2020
10(xxviii)	Material Contract - Themistocles Psomiadis Contract		8-K	3/6/2020
10(xxiv)	Material Contract – NPE Settlement Agreement		8-K	2/10/2020
21	Subsidiaries of Registrant		1012g	5/23/2017
99(i)	Equity Incentive Plan		1012g A-2	9/12/2017
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a)	X		
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a)	X		
32.1	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X		

*** In accordance with Rule 406T of Regulation S-T, the information in these exhibits is furnished and deemed not filed or part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of section 18 of the Exchange Act of 1934, and otherwise is not subject to liability under these sections.**

ITEM 16. FORM 10-K SUMMARY.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: June 24, 2020

MARIJUANA COMPANY OF AMERICA, INC.

By: /S/ *Jesus M Quintero*
Jesus M Quintero
Principal Executive Officer

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Jesus Quintero with full power of substitution and re-substitution and full power to act without the other, as his or her true and lawful attorney-in-fact and agent to act in his or her name, place and stead and to execute in the name and on behalf of each person, individually and in each capacity stated below, and to file, any and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing, ratifying and confirming all that said attorneys-in-fact and agents or any of them or their and his or her substitute or substitutes, may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ *Jesus M. Quintero* Jesus M Quintero	Principal Executive Officer	June 24, 2020
/s/ *Jesus M. Quintero* Jesus M Quintero	Principal Accounting Officer	June 24, 2020
/s/ *Edward Manolos* Edward Manolos	Director	June 24, 2020
/s/ *Jesus M. Quintero* Jesus M Quintero	Director	June 24, 2020
/s/ Themistocles Psomiadis Themistocles Psomiadis	Director	June 24, 2020

Exhibit 31.1

I, Jesus M. Quintero, certify that:

1. I have reviewed this annual report on Form 10-K/A for fiscal year ended December 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 and I are responsible 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 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.

By: */s/ Jesus M. Quintero*
Jesus M. Quintero
Principal Executive Officer

Date: June 24, 2020

Exhibit 31.2

I, Jesus M. Quintero, certify that:

1. I have reviewed this annual report on Form 10-K/A for fiscal year ended December 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 and I are responsible 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 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.

By: */s/ Jesus M. Quintero*
Jesus M Quintero
Principal Accounting Officer

Date: June 24, 2020

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 annual report of Marijuana Company of America, Inc. (the "Company") on Form 10-K for fiscal year ended December 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

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.

By: */s/ Jesus M Quintero*
Jesus M Quintero
Principal Executive Officer
Principal Accounting Officer

Date: June 24, 2020

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.