

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q  
(Mark One)**

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

**For the quarterly period ended March 31, 2020**

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

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

**Commission file number: 000-27039**

**MARIJUANA COMPANY OF AMERICA, INC.**

(Exact name of registrant as specified in its charter)

**Utah**

(State or other jurisdiction of incorporation or organization)

**98-1246221**

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

**1340 West Valley Parkway  
Suite 205**

**Escondido, CA 92029**

(Address of principal executive offices) (zip code)

**(888) 777-4362**

(Registrant's telephone number, including area code)

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

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

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

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

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

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

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

As of March 31, 2020, and June 25, 2020 there were 126,702,818 and 469,288,933 shares of registrant's common stock outstanding respectively.

**EXPLANATORY NOTE RE COVID 19**

As previously reported on Form 8-K filed on May 15, 2020, as amended, the Company was unable to file its Quarterly Report on Form 10-Q for the period ended March 31, 2020 by the original deadline of May 15, 2020, due to circumstances related to COVID-19 pandemic, specifically: 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 quarterly financial statements, and otherwise finalize its Quarterly Report on Form 10-Q.

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

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
	(Unaudited)	(Audited)
<b>ASSETS</b>		
Current assets:		
Cash	\$ 55,251	\$ 211,765
Short-term Investments	13,458	27,403
Accounts receivable, net	12,874	18,317
Inventory	136,388	149,175
Other current assets	45,363	11,034
Total current assets	<u>263,334</u>	<u>417,694</u>
Property and equipment, net	7,038	7,512
Other assets:		
Long-term Investments	693,915	693,915
Right-of-use-assets	18,702	22,101
Security deposit	2,500	2,500
<b>Total assets</b>	<b><u>985,489</u></b>	<b><u>1,143,722</u></b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Accounts payable	722,440	797,789
Accrued compensation	32,375	4,875
Accrued liabilities	465,328	522,258
Debt obligation of Joint Venture	394,848	—
Notes payable, related parties	40,000	40,000
Convertible notes payable, net of debt discount of \$785,204 and \$808,980, respectively	3,040,324	3,193,548
Right-of-use liabilities - current portion	10,962	14,361
Warrant liability to be settled	—	192,115
Contingency Liability	—	956,251
Subscriptions payable	327,383	330,797
Derivative liability	6,059,349	5,693,071
Total current liabilities	<u>11,093,009</u>	<u>11,745,065</u>
Non-Current Liabilities		
Right-of-use liabilities	7,858	7,858
<b>Total liabilities</b>	<b><u>11,100,867</u></b>	<b><u>11,752,923</u></b>
Stockholders' deficit:		
Preferred stock, \$0.001 par value, 50,000,000 shares authorized		
Class A preferred stock, \$0.001 par value, 10,000,000 shares designated, 10,000,000 shares issued and outstanding as of March 31, 2020 and December 31, 2019	10,000	10,000
Class B preferred stock, \$0.001 par value, 5,000,000 shares designated, 0 shares issued and outstanding as of March 31, 2020 and December 31, 2019	—	—
Common stock, \$0.001 par value; 5,000,000,000 shares authorized; 126,702,818 and 77,958,081 shares issued and outstanding as of March 31, 2020 and December 31, 2019, respectively	126,703	77,958
Common stock to be issued, 1,000,000 and 0 shares, respectively	1,000	—
Additional paid in capital	66,029,435	63,467,054
Accumulated deficit	(76,282,515)	(74,164,213)
Total stockholders' deficit	<u>(10,115,377)</u>	<u>(10,609,201)</u>
<b>Total liabilities and stockholders' deficit</b>	<b><u>\$ 985,489</u></b>	<b><u>\$ 1,143,722</u></b>

See the accompanying notes to these unaudited condensed consolidated financial statements

**MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2020 and 2019**  
**(UNAUDITED)**

	Three months ended March 31,	
	2020	2019
<b>REVENUES:</b>		
Sales	\$ 78,647	\$ 113,271
Related party Sales	3,172	1,539
Total Revenues	<u>81,819</u>	<u>114,810</u>
Cost of sales	<u>34,205</u>	<u>39,878</u>
Gross Profit	47,614	74,932
<b>OPERATING EXPENSES:</b>		
Depreciation	1,746	1,696
Selling and marketing	126,455	429,012
Payroll and related	101,199	130,000
Stock-based compensation	6,000	100,350
General and administrative	204,371	327,979
Total operating expenses	<u>439,771</u>	<u>989,037</u>
Net loss from operations	(392,157)	(914,105)
<b>OTHER INCOME (EXPENSES):</b>		
Interest expense, net	(890,151)	(436,282)
Impairment gain on Joint Ventures	(268,002)	—
Loss on equity investment	(126,845)	(59,541)
Loss on change in fair value of derivative liabilities	(430,692)	(2,687,449)
Unrealized Loss on trading securities	(13,945)	(135,000)
Gain on settlement of debt	3,490	—
Total other income (expense)	<u>(1,726,145)</u>	<u>(3,318,272)</u>
Net loss before income taxes	(2,118,302)	(4,232,377)
Income taxes (benefit)	<u>—</u>	<u>—</u>
<b>NET INCOME (LOSS)</b>	<b><u>\$ (2,118,302)</u></b>	<b><u>\$ (4,232,377)</u></b>
Loss per common share, basic and diluted	<u>\$ (0.02)</u>	<u>\$ (0.11)</u>
Weighted average number of common shares outstanding, basic and diluted (after stock-split)	<u>94,235,680</u>	<u>38,779,190</u>

See the accompanying notes to these unaudited condensed consolidated financial statements

**MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT**  
**FOR THE THREE MONTHS MARCH 31, 2020 AND 2019 (UNAUDITED)**

	Class A Preferred Stock		Class B Preferred Stock		Common Stock		Common Stock to be issued		Common Stock	Additional Paid In	Accumulated	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Subscriptions	Capital	Deficit	
<b>Balance, December 31, 2018</b>	<b>10,000,000</b>	<b>\$10,000</b>	<b>—</b>	<b>\$ —</b>	<b>42,687,301</b>	<b>\$ 42,687</b>	<b>316,693</b>	<b>\$ 90,000</b>	<b>\$ —</b>	<b>\$50,707,103</b>	<b>\$(53,983,895)</b>	<b>\$ (3,134,105)</b>
Common stock issued for services rendered	—	—	—	—	141,667	142	—	—	—	153,708	—	153,850
Common stock issued in settlement of convertible notes payable and accrued interest	—	—	—	—	913,651	914	—	—	—	635,798	—	636,712
Additional paid-in capital due to issuance of convertible debt	—	—	—	—	—	—	—	—	—	462,714	—	462,714
Common stock issued in exchange for exercise of warrants on a cashless basis	—	—	—	—	655,556	656	(140,752)	(40,000)	—	79,344	—	40,000
Sale of common stock	—	—	—	—	398,338	398	(175,941)	(50,000)	—	178,658	—	129,056
Net Loss	—	—	—	—	—	—	—	—	—	—	(4,232,377)	(4,232,377)
<b>Balance, March 31, 2019</b>	<b>10,000,000</b>	<b>\$10,000</b>	<b>—</b>	<b>\$ —</b>	<b>44,796,513</b>	<b>\$ 44,797</b>	<b>(0)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$52,217,325</b>	<b>\$(58,216,272)</b>	<b>\$ (5,944,151)</b>
	Class A Preferred Stock		Class B Preferred Stock		Common Stock		Common Stock to be issued		Common Stock	Additional Paid In	Accumulated	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Subscriptions	Capital	Deficit	
<b>Balance, December 31, 2019</b>	<b>10,000,000</b>	<b>\$10,000</b>	<b>—</b>	<b>\$ —</b>	<b>77,958,081</b>	<b>\$ 77,958</b>	<b>—</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$63,467,054</b>	<b>\$(74,164,213)</b>	<b>\$(10,609,201)</b>
<b>Common stock issued to settle amounts previously accrued</b>					8,333	8	—	—	—	6,692	—	6,700
Common stock issued for services rendered	—	—	—	—	8,333	8	—	—	—	306	—	314
Common stock issued in settlement of convertible notes payable and accrued interest	—	—	—	—	32,805,286	32,805	—	—	—	600,895	—	633,700
Common stock issued in exchange for exercise of warrants on a cashless basis	—	—	—	—	12,244,897	12,245	1,000,000	1,000	—	342,755	—	356,000
Common shares issued in settlement of legal case	—	—	—	—	3,677,889	3,678	—	—	—	952,573	—	956,251
Reclassification of derivative liabilities to additional paid in capital	—	—	—	—	—	—	—	—	—	659,160	—	659,160
Net Loss	—	—	—	—	—	—	—	—	—	—	(2,118,302)	(2,118,302)
<b>Balance, March 31, 2020</b>	<b>10,000,000</b>	<b>\$10,000</b>	<b>10,000,000</b>	<b>\$ —</b>	<b>126,702,819</b>	<b>\$126,703</b>	<b>1,000,000</b>	<b>\$ 1,000</b>	<b>\$ —</b>	<b>\$66,029,435</b>	<b>\$(76,282,515)</b>	<b>\$(10,115,377)</b>

See the accompanying notes to these unaudited condensed consolidated financial statements

**MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019**  
**(UNAUDITED)**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Income (Loss)	\$ (2,118,302)	\$ (4,232,377)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of debt discount	436,593	495,438
Depreciation and amortization	1,746	1,696
Impairment Loss on equity method investee	268,002	
Loss on equity investment	126,845	59,541
Loss on change in fair value of derivative liability	430,692	2,687,449
Interest expense recognized for the excess of fair value of derivative liability over net book value of notes payable at issuance	206,094	—
Loss on share inducement and settlement of warrant liability	138,885	436,282
Share-based compensation	6,000	254,200
Unrealized Loss on trading securities	13,946	135,000
Changes in operating assets and liabilities:		
Accounts receivable	5,443	(31,118)
Inventories	12,787	(44,677)
Prepaid expenses and other current assets	(34,329)	(62,591)
Accounts payable	(78,764)	69,278
Accrued expenses and other current liabilities	(12,881)	24,781
Right-of-use assets	3,399	—
Right-of-use liabilities	(3,399)	—
<b>Net cash provided by (used in) operating activities</b>	<b>(597,243)</b>	<b>(207,098)</b>
Cash flows from investing activities:		
Purchases of property and equipment	(1,271)	(2,332)
Purchase of investments	—	(290,260)
<b>Net cash provided by (used in) investing activities</b>	<b>(1,271)</b>	<b>(292,592)</b>
Cash flows from financing activities:		
Proceeds from issuance of notes payable	442,000	649,575
<b>Net cash provided by (used in) financing activities</b>	<b>442,000</b>	<b>649,575</b>
Net increase (decrease) in cash	(156,514)	149,885
Cash at beginning of period	211,765	359,577
<b>Cash at end of period</b>	<b>\$ 55,251</b>	<b>\$ 509,462</b>
Supplemental disclosure of cash flow information:		
Cash paid for interest	—	—
Cash paid for taxes	—	—
<b>Non cash financing activities:</b>		
Common stock issued in settlement of convertible notes payable	\$ 633,700	\$ 462,714
Reclassification of derivative liabilities to additional paid-in capital	\$ 659,160	\$ —
Common shares issued in settlement of legal case	\$ 956,251	\$ —
See the accompanying notes to these unaudited condensed consolidated financial statements		

**MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**  
*(unaudited)*

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

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

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

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

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

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

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

The condensed balance sheet as of December 31, 2019 has been derived from audited financial statements.

Operating results for the three months ended March 31, 2020 are not necessarily indicative of results that may be expected for the year ending December 31, 2020. These condensed financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2019.

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

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the accompanying financial statements during three months ended March 31, 2020, the Company incurred net losses from operations of \$2,118,302 and used cash in operations of \$597,243. These factors among others may indicate that the Company will be unable to continue as a going concern for a reasonable period of time.

The Company's primary source of operating funds for the three months ended March 31, 2020 has been from revenue generated from proceeds from the issuance of convertible and other debt. The Company has experienced net losses from operations since inception, but expects these conditions to improve in 2020 and beyond as it continues to develop its business model. The Company has stockholders' deficiencies at March 31, 2020 and requires additional financing to fund future operations.

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

**MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**  
*(unaudited)*

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

**Interim Financial Statements**

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

Revenue Recognition

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 quarter ended March 31, 2020, 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.

Contracts included in our application of FASB ASC Topic 606, for the quarter ended March 31, 2020, consisted solely of sales of our hempSMART™ products made by our sales associates and by us directly through our web site. 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 2017, 2018 and 2019, or for the quarter ended March 31, 2020.

In accordance with FASB ASC Topic 606, Revenue Recognition, we are of the opinion that none of our hempSMART™ product sales or offered consulting service, as each are discussed below, have a significant financing component. Our opinion is based upon the transactional basis for our product sales, with revenue recognized upon customer order, payment and shipment, which occurs concurrently. Our evaluation of the length of time between the customer order, payment and shipping is not a significant financing component, because shipment occurs the same day as the order is placed and payment made by the customer. Our evaluation of our consulting services is based upon recognizing revenue as the services are performed for a determinable price per hour. 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.

**MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**  
*(unaudited)*

**Product Sales**

Revenue from product sales, including delivery fees, 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 2017, 2018 and 2019 or the quarter ended March 31, 2020. 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 adjustments converting from ASC 605 to ASC 606 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.

**MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**  
*(unaudited)*

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 March 31, 2020, and December 31, 2019, allowance for doubtful accounts was \$0 and \$0 respectively.

Inventories

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

Cost of sales

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

Stock Based Compensation

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

Earnings per Share

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

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.

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Investments

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

Derivative Financial Instruments

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

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

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

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

Fair Value of Financial Instruments

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of March 31, 2020 and December 31, 2019. 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 \$26,277 and \$141,339 for the three months ended March 31, 2020 and 2019, 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.

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The Company recognizes a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. As of March 31, 2020, and 2019, the Company has not recorded any unrecognized tax benefits.

Segment Information

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

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). This ASU requires lessees to recognize a lease liability, on a discounted basis, and a right-of-use asset for substantially all leases, as well as additional disclosures regarding leasing arrangements. In July 2018, the FASB issued ASU 2018-11, Leases (Topic 842), which provides an optional transition method of applying the new lease standard. Topic 842 can be applied using either a modified retrospective approach at the beginning of the earliest period presented, or as permitted by ASU 2018-11, at the beginning of the period in which it is adopted.

We adopted this standard using a modified retrospective approach on January 1, 2019. The modified retrospective approach includes a number of optional practical expedients relating to the identification and classification of leases that commenced before the adoption date; initial direct costs for leases that commenced before the adoption date; and, the ability to use hindsight in evaluating lessee options to extend or terminate a lease or to purchase the underlying asset.

The Company elected the package of practical expedients permitted under ASC 842 allowing it to account for its existing operating lease that commenced before the adoption date as an operating lease under the new guidance without reassessing (i) whether the contract contains a lease; (ii) the classification of the lease; or, (iii) the accounting for indirect costs as defined in ASC 842.

In considering its qualitative disclosure obligations under ASC 842-20-50-3, the Company examined its one lease for office space that has a fixed monthly rent with no variable lease payments and no options to extend. The lease is for an office space with no right of use assets. The lease does not provide for terms and conditions granting residual value guarantees by the Company, or any restrictions or covenants imposed by the lease for dividends or incurring additional financial obligations by the Company. The Company also elected a short-term lease exception policy and an accounting policy to not separate non-lease components from lease components for our facility lease, as we determined our right of use asset to be \$18,702.

Consistent with ASC 842-20-50-4, for the Company's March 31, 2020, quarterly financial statements, the Company calculated its total lease cost based solely on its monthly rent obligation. The Company had no cash flows arising from its lease, no finance lease cost, short term lease cost, or variable lease costs. Our office lease does not produce any sublease income, or any net gain or loss recognized from sale and leaseback transactions. As a result, the Company did not need to segregate amounts between finance and operating leases for cash paid for amounts included in the measurement of lease liabilities, segregated between operating and financing cash flows; supplemental non-cash information on lease liabilities arising from obtaining right-of-use assets; weighted-average calculations for the remaining lease term; or the weighted-average discount rate.

The adoption of this guidance resulted in no significant impact to our results of operations or cash flows.

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**NOTE 4 – OPERATING LEASE**

On July 1, 2019, the Company entered into a lease extension agreement for its single operating lease, whereby the Company extended its office lease located in Escondido, California, for one year. The extension period commenced on June 30, 2020 and will expire on June 30, 2021 at a base monthly lease rate of \$1,309 per month through June 30, 2020, and \$1,348 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 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 \$18,702 and operating lease liabilities of \$18,819 as of March 31, 2020. Operating lease expense for the year ended December 31, 2019 was \$30,049. The Company had cash used in operating activities related to leases of \$29,931 during the year ended December 31, 2019.

The following table provides the maturities of lease liabilities at March 31, 2020:

**Maturity of Lease Liabilities at March 31, 2020**

	2020	\$	12,015
	2021		8,089
	2021 and thereafter		—
			—
<b>Total future undiscounted lease payments</b>			<b>20,104</b>
Less: Interest			(1,285)
<b>Present value of lease liabilities</b>		<b>\$</b>	<b>18,819</b>

Minimum lease payments under the Company’s operating lease under ASC 840 as of for 2020 and 2021 are \$12,015 and \$8,089, respectively.

**NOTE 5 – PROPERTY AND EQUIPMENT**

Property and equipment as of March 31, 2020 and December 31, 2019 is summarized as follows:

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Computer equipment	\$ 17,629	\$ 16,358
Furniture and fixtures	5,140	5,140
Subtotal	22,769	21,498
Less accumulated depreciation	(15,731)	(13,986)
<b>Property and equipment, net</b>	<b>\$ 7,038</b>	<b>\$ 7,512</b>

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

Depreciation expense was \$1,746 and \$1,696 for the three months ended March 31, 2020 and 2019, respectively.

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**NOTE 6 – INVESTMENTS**

MoneyTrac

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. 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 of the obligations and liabilities of MoneyTrac, except minute books and stock records of MoneyTrac insofar as they relate solely to its organization and capitalization, and the rights of MoneyTrac arising out of the executed Merger. 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.” We realized \$51,748.17 from the sales of all of our Global securities, and as of March 31, 2020, has no remaining shares.

Benihemp

Convenient Hemp Mart, LLC (“Benihemp”); On July 19, 2017, we agreed to lend fifty thousand dollars (\$50,000) to Benihemp 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 Benihemp, 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 Benihemp on November 21, 2017. On May 1, 2019, the Company and Benihemp agreed to cancel the Company’s 25% interest in Benihemp. Benihemp 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 and not usable.

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. 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 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, and March 31, 2020, 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.

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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. 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 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.

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. The debt obligation related to the joint venture for the three months ended March 31, 2020 was \$394,848.

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.

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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 Company 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.

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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.

We 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.

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 and 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.

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**MARIJUANA COMPANY OF AMERICA, INC.**  
**INVESTMENT ROLL-FORWARD**  
**AS OF MARCH 31, 2020**

	INVESTMENTS								SHORT-TERM INVESTMENTS	
	TOTAL	Global Hemp			Bougainville Ventues, Inc.	Gate C Research Inc.	Natural Plant		TOTAL	
		INVESTMENTS	Group	Benihemp			MoneyTrac	Extract	Vivabuds	Short-Term Investments
<b>Beginning balance @12-31-16</b>	\$ 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
<b>Balances as of 12/31/17</b>	<b>695,477</b>	<b>10,775</b>	<b>100,000</b>	<b>250,000</b>	<b>334,702</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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	
<b>Balance @12-31-18</b>	<b>\$ 408,077</b>	<b>\$ 408,077</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 810,000</b>	<b>\$ 810,000</b>
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)
<b>Balance @03-31-19</b>	<b>\$ 477,576</b>	<b>\$ 477,576</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 675,000</b>	<b>\$ 675,000</b>
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)
<b>Balance @06-30-19</b>	<b>\$ 3,463,526</b>	<b>\$ 419,352</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,993,709</b>	<b>\$ 50,465</b>	<b>\$ 525,000</b>	<b>\$ 525,000</b>
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)
<b>Balance @09-30-19</b>	<b>\$ 3,772,652</b>	<b>\$ 682,141</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,898,722</b>	<b>\$ 191,789</b>	<b>\$ 120,708</b>	<b>\$ 120,708</b>
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)

<b>Balance @12-31-19</b>	<u>\$ 693,915</u>	<u>\$ (0)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 693,915</u>	<u>\$ 0</u>	<u>\$ 27,403</u>	<u>\$ 27,403</u>
Equity Loss for Quarter ended 03-31-20	126,845	126,845								
Recognize Joint venture liabilities per JV agreement @03-31-20	394,848	394,848								
Impairment of Equity Loss for Quarter ended 03-31-20	(521,692)	(521,692)								
Unrealized gains on trading securities - quarter ended 03-31-19									(13,945)	\$ (13,945)
<b>Balance @03-31-20</b>	<u>\$ 693,915</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 693,915</u>	<u>\$ 0</u>	<u>\$ 13,458</u>	<u>\$ 13,458</u>

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	Loan Payable										
	TOTAL	Global Hemp		Bougainville		Gate C		Natural Plant	RobertL Hymers III	Vivabuds	General Operating
		JV Debt	Group	Benihemp	MoneyTrac	Ventues, Inc.	Research Inc.	Extract	III	Vivabuds	Expense
<b>Beginning balance @12-31-16</b>	\$ 0	\$ 0	\$ 0	\$ 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	
<b>Balances as of 12/31/17 (a)</b>	<u>2,067,411</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>394,555</u>	<u>1,500,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>172,856</u>	
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									
<b>Balance @12-31-18 (b)</b>	<u>1,422,410</u>	<u>1,027,855</u>	<u>0</u>	<u>0</u>	<u>394,555</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Quarter 03-31-19 loan borrowings	649,575	649,575									
Quarter 03-31-19 debt conversion to equity	(407,192)	(407,192)									
<b>Balance @03-31-19 (c)</b>	<u>1,664,793</u>	<u>1,270,238</u>	<u>0</u>	<u>0</u>	<u>394,555</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
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)	
<b>Balance @06-30-19 (d)</b>	<u>3,928,042</u>	<u>1,270,238</u>	<u>0</u>	<u>0</u>	<u>394,555</u>	<u>0</u>	<u>1,650,350</u>	<u>0</u>	<u>0</u>	<u>612,899</u>	
Quarter 09-30-19 loan borrowings	582,000									\$ 582,000	
Quarter 09-30-19 debt conversion to equity	(187,615)									\$ (187,615)	
<b>Balance @09-30-19 (e)</b>	<u>4,322,427</u>	<u>1,270,238</u>	<u>0</u>	<u>0</u>	<u>394,555</u>	<u>0</u>	<u>1,650,350</u>	<u>0</u>	<u>0</u>	<u>1,007,284</u>	
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)				
<b>Balance @12-31-19 (f)</b>	<u>\$ 3,193,548</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 56,085</u>	<u>\$ 4,221</u>	<u>\$ 0</u>	<u>\$ 3,133,243</u>	
Quarter 03-31-20 loan borrowings	441,638									\$ 441,638	
Quarter 03-31-20 debt conversion to equity	(619,000)									\$ (619,000)	
Recognize Joint venture liabilities per JV agreement @03-31-20	394,848	394,848									
Quarter 03-31-20 Debt Discount adjustments	24,138							\$ 24,138			
<b>Balance @03-31-20 (g)</b>	<u>3,435,172</u>	<u>394,848</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>56,085</u>	<u>28,359</u>	<u>0</u>	<u>2,955,881</u>	
<b>This includes balances for:</b>			03-31-20	12-31-19	09-30-19	06-30-19	03-31-19	12-31-18	12-31-17		
- Debt obligation of JV			Note (g)	Note (f)	Note (e)	Note (d)	Note (c)	Note (b)	Note (a)		
			394,848	0	1,633,872	1,778,872	128,522	289,742	1,500,000		

- Convertible NP, net of discount	3,040,324	3,193,548	2,688,555	2,149,170	1,536,271	1,132,668	394,555
- Longterm debt	0	0	0	0	0	0	172,856
<b>Total Debt balance</b>	<u>3,435,172</u>	<u>3,193,548</u>	<u>4,322,427</u>	<u>3,928,042</u>	<u>1,664,793</u>	<u>1,422,410</u>	<u>2,067,411</u>
		20					

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**NOTE 7 – NOTES PAYABLE, RELATED PARTY**

As of March 31, 2020, and December 31, 2019, the Company's officers and directors have provided advances and incurred expenses on behalf of the Company. The issued notes are unsecured, due on demand and bear 5% interest. The balance due to Notes Payable Related Party as of March 31, 2020 and December 31, 2019 was \$40,000 and \$40,000 respectively. These notes are payable to the estate of Charles Larsen. Mr. Larsen passed away on May 15, 2020.

**NOTE 8 – CONVERTIBLE NOTES PAYABLE**

During the quarter ended March 31, 2020, the Company issued an aggregate of 32,805,286 shares of its common stock in settlement of the issued convertible notes payable and accrued interest.

For the quarter ended March 31, 2020 and the year ended March 31, 2019, the Company recorded amortization of debt discounts of \$436,593 and \$495,438, respectively, as a charge to interest expense.

Convertible notes payable are comprised of the following:

<b>Lender</b>	<b>March 31, 2020 (Unaudited)</b>	<b>December 31, 2019 (Audited)</b>
Convertible note payable - Power Up Lending Group	\$ 209,000	\$ 294,000
Convertible note payable - Crown Bridge Partners	\$ 135,000	\$ 110,000
Convertible note payable - Odyssey Funding LLC	\$ 250,000	\$ 250,000
Convertible note payable - Paladin Advisors LLC	\$ 100,000	\$ 75,000
Convertible note payable - GS Capital Partners LLC	\$ 173,000	\$ 173,000
Convertible note payable - Natural Plant Extract	\$ 56,085	\$ 56,085
Convertible note payable - Robert Hymers III	\$ 96,553	\$ 96,553
Convertible note payable - LG Capital	\$ 50,000	\$ —
Convertible note payable - BHP Capital	\$ 37,625	\$ —
Convertible note payable - Jefferson Capital	\$ 37,625	\$ —
Convertible note payable - GW Holdings	\$ 57,750	\$ —
Convertible note payable - St. George	\$ 2,622,890	\$ 2,947,890
<b>Total</b>	<b>\$ 3,825,528</b>	<b>\$ 4,002,528</b>
Less debt discounts	\$ (785,204)	\$ (808,980)
<b>Net</b>	<b>\$ 3,040,324</b>	<b>\$ 3,193,548</b>
Less current portion	\$ (3,040,324)	\$ (3,193,548)
<b>Long term portion</b>	<b>\$ —</b>	<b>\$ —</b>

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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 March 31, 2020, and December 31, 2019, the Company owed an aggregate of \$209,000 and, \$294,000 of principal, respectively on these convertible promissory notes. As of March 31, 2020, the Company owed \$2,704 of accrued interest.

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.

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As of March 31, 2020, and December 31, 2019, the Company owed an aggregate of \$135,000, and \$110,000 of principal respectively. As of March 31, 2020, the Company owed of accrued interest of \$5,513, 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 March 31, 2020, and December 31, 2019, the Company owed principal of \$250,000 and \$250,000. As of March 31, 2020, the Company owed \$12,596 in accrued interest.

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 annum, 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.

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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 March 31, 2020, and December 31, 2019, the Company owed an aggregate of \$100,00 and \$75,000 of principal. As of March 31, 2020, the Company owed \$500 in accrued interest.

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).

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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 March 31, 2020, and December 31, 2019, the Company owed principal of \$173,000 and \$173,000 respectively. As of March 31, 2020, the Company owed \$4,894 in accrued interest.

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.

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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.

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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 March 31, 2020, and December 31, 2019, the Company owed principal of \$2,622,890 and \$2,947,890 of principal. As of March 31, 2020, the Company owed \$380,117 of accrued interest.

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 annum, 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 March 31, 2020, and December 31, 2019, the Company owed an aggregate of \$96,553 and \$96,553 of principal respectively. As of March 31, 2020, the Company owed \$2,626 in accrued interest.

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.

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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.

Convertible Note payable – GW Holding Group

On January 6, 2020, the Company entered into a convertible promissory note in the amount of \$57,750.00 with GW Holdings Group, LLC, a New York limited liability company. GW has the option, beginning on the six (6) month anniversary of the date of execution, to convert all or any amount of the principal face amount of the note then outstanding into shares of the Company's common stock equal to 40% discount of the lowest trading price for fifteen prior trading days. The note bears interest at a rate of 10% per annum and include a \$5,250.00 OID such that the price of the note shall be \$57,750.00 As of March 31, 2020, and December 31, 2019, the Company owed principal of \$57,750 and \$0 respectively. As of March 31, 2020, the Company owed \$1,444 in accrued interest.

Convertible Note payable – Jefferson Capital

On January 20, 2020, the Company entered into a convertible promissory note with Jefferson Capital, LLC, a New Jersey limited liability company. The maturity date is January 20, 2021. Jefferson has the right to convert any or all of the debt into common stock of the Company, calculated on 60% multiplied by the lowest Trading Price of the Common Stock during the twenty (20) Trading Day period prior to the Issue Date of this Note, or (ii) 60% multiplied by the market price, meaning the lowest trade price for the Common Stock during the twenty (20) Trading Day period ending on the latest complete Trading Day prior to the Conversion Date. On the OTC Markets. As of March 31, 2020, and December 31, 2019, the Company owed principal of \$37,625 and \$0 respectively. As of March 31, 2020, the Company owed \$627 in accrued interest.

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Convertible Note payable – BHP Capital

On January 21, 2020, the Company entered into a convertible promissory note in the principal sum of Thirty Seven Thousand Six Hundred Twenty Five Dollars (\$37,625.00), plus accrued but unpaid interest thereon, on January 21, 2021 (the “Maturity Date”). The Company agreed to simple interest on the outstanding principal amount of the Note at the annual rate of ten percent (10%). All amounts owed pursuant to the note shall be convertible, in whole or in part, into shares of Common Stock at BHP’s option at the lower of (i) the lowest price at which the Company has issued stock (the “Fixed Conversion Price”); or (ii) the Market Price, subject to adjustment. The “Market Price” means sixty percent (60%) of the lowest Trading Price for the Common Stock during the twenty (20) Trading Day period ending on the last trading day prior to the conversion date. As of March 31, 2020, and December 31, 2019, the Company owed principal of \$37,625 and \$0 respectively. As of March 31, 2020, the Company owed \$627 in accrued interest.

Convertible Notes payable – LG Capital Funding, LLC

On March 2, 2020, the Company entered into a convertible promissory note in the amount of \$50,000 with LG Capital Funding, LLC. The maturity date of the note is March 2, 2021. The Company agreed to pay interest of 8% per annum. LG Capital 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 at a price for each share of Common Stock equal to 55% of the lowest trading price of the Common Stock as reported on the National Quotations Bureau OTC Markets exchange which the Company’s shares are traded for the twenty prior trading days including the day upon which a Notice of Conversion is received. As of March 31, 2020, and December 31, 2019, the Company owed principal of \$50,000 respectively. As of March 31, 2020, the Company owed \$333 in accrued interest.

Summary:

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

At March 31, 2020, the Company determined the aggregate fair value of embedded derivatives to be \$6,059,348. 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 154.7% to 186.8%, (3) weighted average risk-free interest rate of 0.15% to 0.17%, (4) expected life of 0.083 to 1 year, (5) conversion prices of \$0.00605 to \$0.00975 and (6) the Company’s common stock price of \$0.177 per share as of March 31, 2020.

For the three month period ended March 31, 2020, the Company recorded a loss on the change in fair value of derivative liabilities of \$430,692 and an additionally loss of \$206,094 related to the excess of the fair value of derivatives at issuance above convertible note principle as a charge to interest expense. During the three months ended March 31, 2020, derivative liabilities of \$659,160 were reclassified to additional paid in capital as a result of conversions of the underlying notes payable into common stock. For the period ended March 31, 2019, the Company recorded a loss on change in fair value of derivative liabilities of \$2,687,449, and recorded amortization of debt discounts of \$495,438 as a charge to interest expense.

**NOTE 9 – STOCKHOLDERS’ DEFICIT**

Preferred stock

The Company is authorized to issue 50,000,000 shares of \$0.001 par value preferred stock as of March 31, 2020 and December 31, 2019. As of March 31, 2020, and December 31, 2019, the Company has designated and issued 10,000,000 shares of Class A Preferred Stock, and 5,000,000 of Class B 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.

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Each share of Class "B" Preferred Stock is entitled to 1,000 votes on all matters submitted to a vote to the stockholders of the Company, does not have conversion, dividend or distribution upon liquidation rights.

Common stock

The Company is authorized to issue 5,000,000,000 shares of \$0.001 par value common stock as of March 31, 2020 and December 31, 2019. As of March 31, 2020, and December 31, 2019, the Company had 126,702,818 and 77,958,081, respectively, common shares issued and outstanding

During the three months ended March 31, 2020, the Company issued an aggregate of 8,333 shares of its common stock issued to settle amounts previous accrued with an estimated fair value of \$6,700.

During the three months ended March 31, 2020, the Company issued an aggregate of 8,333 shares of its common stock for services rendered with an estimated fair value of \$314.

During the three months ended March 31, 2020, the Company issued an aggregate of 32,805,286 shares of its common stock in settlement of convertible notes payable, accrued interest and embedded derivative liabilities of \$633,700.

During the three months ended March 31, 2020, the Company issued 12,244,897 shares of its common stock in exchange for exercise of warrants on a cashless basis.

During the three months ended March 31, 2020, the Company issued 3,677,889 shares of its common stock in settlement of a legal case with an estimate fair value of \$956,251.

On January 17, 2020, the Company entered into an amendment of an existing convertible promissory note issued to Paladin Advisors, LLC. The Company authorized the issuance of a cashless warrant to purchase 5,750,000 common shares.

Options

As of March 31, 2020, the Company has no stock options.

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The following table summarizes the stock option activity for the three months ended March 31, 2020 and the year ended December 31, 2019:

	Shares	Weighted-Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2019	0(1)	\$ —	—	\$ 0
Granted	—	—	—	—
Cancellations	(1,000,000,000(1))	—	—	—
Forfeitures or expirations	—	—	—	—
Outstanding at March 31, 2020	—	\$ —	—	\$ —
Exercisable at March 31, 2020	—	\$ —	—	\$ —

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

Warrants

The following table summarizes the stock warrant activity for the three months ended March 31, 2020:

	Shares	Weighted-Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2020	4,011,111	\$ 2.15	3.60	\$ —
Granted	—	—	—	—
Exercised	(44,444)	0.90	1.82	—
Outstanding at March 31, 2020	3,966,667	\$ 2.16	3.37	\$ —
Exercisable at March 31, 2020	3,966,667	\$ 2.16	3.37	\$ —

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 \$0.0177 as of March 31, 2020, which would have been received by the option holders had those option holders exercised their options as of that date.

**NOTE 10 — 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.

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

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

As of March 31, 2020, and December 31, 2019, the Company did not have any items that would be classified as level 1 or 2 disclosures.

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

As of March 31, 2020, and December 31, 2019, the Company did not have any derivative instruments that were designated as hedges.

The derivative liability as of March 31, 2020 and December 31, 2019, in the amount of \$6,059,349 and \$5,693,071, respectively, have a level 3 classification.

The following table provides a summary of changes in fair value of the Company's Level 3 financial liabilities for the three years ended March 31, 2020:

	<b>Debt Derivative</b>
Balance, January 1, 2020	\$ 5,693,071
Increase resulting from initial issuance of additional convertible notes payable	
Initial fair value of debt derivative at note issuance	441,750
Mark-to-market at March 31, 2020:	6,134,821
Transfers out of Level 3 upon conversion or payoff of notes payable	(75,472)
Balance, March 31, 2020	\$ 6,059,349
Net gain for the period included in earnings relating to the liabilities held during the period ended March 31, 2020	\$ 430,692

Fluctuations in the Company's stock price are a primary driver for the changes in the derivative valuations during each reporting period. During the period ended March 31, 2020, 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 11 — RELATED PARTY TRANSACTIONS**

The Company's current officers and stockholders advanced funds to the Company for travel related and working capital purposes. As of March 31, 2020, and December 31, 2019, there were no related party advances outstanding.

As of March 31, 2020, and December 31, 2019, accrued compensation due officers and executives included as accrued compensation was \$32,375 and \$4,875, respectively.

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At March 31, 2020 and December 31, 2019, there were an aggregate of \$0 and \$0 notes payable due to officers.

**NOTE 12 – 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.

On April 14, 2020, the Company appointed Gloria A. Lynch as Chief Marketing Officer.

On May 15, 2020 the Company's former director and a related party, Charles Larsen, passed away.

On May 20, 2020, the Company's former director, Robert Coale, agreed to cancel and return to treasury 3,333,333 shares of Preferred Class "A" Common Stock.

On June 12, 2020, the Company appointed Marco Guerrero as a member of its board of directors.

On June 17, 2020, the Company entered into a material definitive agreement with White Lion Capital, LLC, a Nevada Limited Liability Company ("White Lion"). White Lion agreed to invest up to ten million dollars to purchase the Registrant's Common Stock, par value \$0.001 per share, subject to the Company providing certain registration rights under the Securities Act of 1933, as amended, and the rules and regulations thereunder, and applicable state securities laws.

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

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

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

### Business Overview

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

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

Our current hempSMART™ wellness products offerings include the following:

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

- hempSMART Pain™ capsules formulated with 10mg of Full Spectrum, non-psychoactive CBD per serving, derived from industrial hemp, which along with a proprietary blend of other natural ingredients, delivers an all-natural formulation for the temporary relief of minor discomfort associated with physical activity.
- hempSMART Pain Cream™ each container formulated with 300mg of full spectrum non-psychoactive CBD derived from industrial hemp. The newly developed product contains a synergistic combination of natural botanicals and full spectrum hemp extract featuring CBD, CBG and a broad range of terpenes. The Company's proprietary blend of Ayurvedic herbs along with Menthol, Cayenne Pepper Extract, Rosemary Oil, Aloe Gel, White Willow Bark, Arnica, Wintergreen Extract and Tea Tree Oil, provides an immediate cooling and soothing sensation. This topical wellness consumer product is formulated to help reduce minor discomfort and promote muscle relaxation on areas that it is applied.
- hempSMART Drops™ full Spectrum Hemp CBD Oil Tincture Drops, available in 250mg and 500mg bottles, enriched with non-psychoactive industrial hemp derived CBD, and available in four different flavors: lemon, mint, orange and strawberry that is free of the THC isolate.
- hempSMART Pet Drops™ for cats and dogs, formulated with 250mg of full spectrum non-psychoactive CBD derived from industrial hemp. This new specially formulated product contains naturally occurring CBD derived from hemp seed oil, full spectrum hemp extract, fractionated coconut oil, and a rich bacon flavor.
- hempSMART Face™ a nourishing facial moisturizer combines full spectrum CBD from hemp, with a unique blend of Ayurvedic herbs and botanicals. Designed to refresh, replenish and restore the skin providing long lasting hydration and balance.

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

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

**MoneyTrac Technology, Inc.;** MoneyTrac Technology, Inc. is a developer of an integrated and streamlined electronic payment processing system containing E-Wallet and mobile applications, that allows for the management and processing of prepaid cards, debit cards, and credit card payments. We entered into a stock purchase agreement with MoneyTrac on March 13, 2017 to purchase a 15% equity position in MoneyTrac. On July 27, 2017 we completed tender of the purchase price of \$250,000. MoneyTrac's business and banking software solutions offer firms the ability to deposit funds directly into a "MoneyTrac Merchant Wallet," created and controlled by the firm, from which the firm can manage and provide inventory management, payroll processing, and audit tracking; and, the creation of "Customer Wallets," by anyone who wants to engage in cashless transactions, by loading money into their "MoneyTrac Customer Wallet" from a bank account or through a MoneyTrac kiosk, which also accepts debit and credit card transactions. MoneyTrac's kiosks are marketed to businesses that wish to offer cashless transactions to its customers, who can choose to either have funds loaded directly into their "Customer Wallet" or onto a pre-paid debit card. MoneyTrac's system provides for a secure, managed and auditable record of cashless transactions that is designed to be marketed to firms who want an alternative payment and management method for transacting business, including those firms in the legalized cannabis business in those states where cannabis has been legalized for recreational and/or medicinal use. On June 12th, 2018 Global Payout, Inc. ("Global", "Parent") entered into a Reverse Triangular Merger (the "Merger") with MoneyTrac Technology, Inc. ("MoneyTrac") a California Corporation and MTrac Tech Corporation ("Merger Sub") a Nevada corporation and wholly-owned subsidiary of Global Payout, Inc. whereby MoneyTrac Technology was successfully merged into MTrac Tech, the surviving corporation of the merger, and thereafter the separate existence of MoneyTrac ceased and all rights, privileges, powers and property, including, without limitation, all rights, privileges, franchise, patents, trademarks, licenses, registrations, bank accounts, contracts, patents, copyrights, and other assets of every kind and description of MoneyTrac were assumed by Merger Sub. Additionally, Merger Sub assumed all of the obligations and liabilities of MoneyTrac, except minute books and stock records of MoneyTrac insofar as they relate solely to its organization and capitalization, and the rights of MoneyTrac arising out of the executed Merger Agreement. Pursuant to the terms of the Merger, Global issued 1,100,000,000 (one billion, one hundred million) shares of its common stock to MoneyTrac as consideration for the purchase of MoneyTrac. Pursuant to the terms of the Merger, a conversion of issued MoneyTrac stock was completed whereby each one (1) share of MoneyTrac stock, issued and outstanding immediately prior to the effective date of the Merger, was canceled and extinguished and converted automatically into ten (10) shares of Global common stock. As of the effective date of the Merger, all shares of Global Preferred Stock issued prior to the effective date of the Merger were canceled and extinguished without any conversion thereof. 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." We realized \$51,748.17 from sales of our Global securities.

**Convenient Hemp Mart, LLC;** Convenient Hemp Mart, LLC (“Benihemp”) 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 Benihemp 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 Benihemp, 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 Benihemp on November 21, 2017. Benihemp 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 Benihemp agreed to cancel the Company’s 25% interest in Benihemp. Benihemp issued to the Company a credit memo equal to the Company’s \$100,000 investment. As of March 31, 2020, The Company determined that as of December 31, 2019, approximately \$41,000 of this credit was impaired.

**Global Hemp Group, Inc. Joint Venture;** On September 5, 2017, we announced our agreement to participate in a joint venture with Global Hemp Group Inc., a Canadian corporation, in a multi-phase industrial hemp project on the Acadian peninsula of New Brunswick, Canada. The joint venture’s goal was 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 “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. 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.

**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. 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.

**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 # 1502 cannabis license holder to grow cannabis on the real property; and, (iii) that clear title to the real property associated with the Tier 3 # 1502 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 Company 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.

We 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.

**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 and 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.

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 MARCH 31, 2020**

	INVESTMENTS								SHORT-TERM INVESTMENTS	
	TOTAL	Global Hemp			Bougainville Ventues, Inc.	Gate C Research Inc.	Natural Plant		TOTAL	
		INVESTMENTS	Group	Benihemp			MoneyTrac	Extract	Vivabuds	Investments
<b>Beginning balance @12-31-16</b>	\$ 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	0
Quarter 06-30-17 equity method Loss	0								0	0
Quarter 09-30-17 equity method Loss	(375,000)				(375,000)				0	0
Quarter 12-31-17 equity method accounting	313,702				313,702				0	0
Impairment of Investment in 2017	(2,292,500)	0			(792,500)	(1,500,000)			0	0
<b>Balances as of 12/31/17</b>	<u>695,477</u>	<u>10,775</u>	<u>100,000</u>	<u>250,000</u>	<u>334,702</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Investments made during 2018	986,654	986,654							0	0
Quarter 03-31-18 equity method Loss	(37,673)				(37,673)				0	0
Quarter 06-30-18 equity method Loss	(11,043)				(11,043)				0	0
Quarter 09-30-18 equity method Loss	(10,422)		(10,422)						0	0
Quarter 12-31-18 equity method Loss	(31,721)	(31,721)	0						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	0
<b>Balance @12-31-18</b>	<u>\$ 408,077</u>	<u>\$ 408,077</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 810,000</u>	<u>\$ 810,000</u>
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
<b>Balance @03-31-19</b>	<u>\$ 477,576</u>	<u>\$ 477,576</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 675,000</u>	<u>\$ 675,000</u>
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)
<b>Balance @06-30-19</b>	<u>\$ 3,463,526</u>	<u>\$ 419,352</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,993,709</u>	<u>\$ 50,465</u>	<u>\$ 525,000</u>	<u>\$ 525,000</u>
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)
<b>Balance @09-30-19</b>	<u>\$ 3,772,652</u>	<u>\$ 682,141</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,898,722</u>	<u>\$ 191,789</u>	<u>\$ 120,708</u>	<u>\$ 120,708</u>

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)								
<b>Balance @12-31-19</b>	<b>\$</b>	<b>693,915</b>	<b>\$</b>	<b>(0)</b>	<b>\$</b>	<b>0</b>	<b>\$</b>	<b>0</b>	<b>\$</b>	<b>0</b>	<b>\$</b>	<b>693,915</b>	<b>\$</b>	<b>0</b>	<b>\$</b>	<b>27,403</b>	<b>\$</b>	<b>27,403</b>		
Equity Loss for Quarter ended 03-31-20		126,845		126,845																
Recognize Joint venture liabilities per JV agreement @03-31-20		394,848		394,848																
Impairment of Equity Loss for Quarter ended 03-31-20		(521,692)		(521,692)																
Unrealized gains on trading securities - quarter ended 03-31-19																		(13,945)	\$	(13,945)
<b>Balance @03-31-20</b>	<b>\$</b>	<b>693,915</b>	<b>\$</b>	<b>0</b>	<b>\$</b>	<b>0</b>	<b>\$</b>	<b>0</b>	<b>\$</b>	<b>0</b>	<b>\$</b>	<b>0</b>	<b>\$</b>	<b>693,915</b>	<b>\$</b>	<b>0</b>	<b>\$</b>	<b>13,458</b>	<b>\$</b>	<b>13,458</b>

<b>Loan Payable</b>										
	TOTAL	Global Hemp			Bougainville Ventues, Inc.	Gate C Research Inc.	Natural Plant Extract	RobertL Hymers III	Vivabuds	General Operating Expense
<b>Beginning balance @12-31-16</b>	\$ 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
<b>Balances as of 12/31/17 (a)</b>	<u>2,067,411</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>394,555</u>	<u>1,500,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>172,856</u>
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								
<b>Balance @12-31-18 (b)</b>	<u>1,422,410</u>	<u>1,027,855</u>	<u>0</u>	<u>0</u>	<u>394,555</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Quarter 03-31-19 loan borrowings	649,575	649,575								
Quarter 03-31-19 debt conversion to equity	(407,192)	(407,192)								
<b>Balance @03-31-19 ©</b>	<u>1,664,793</u>	<u>1,270,238</u>	<u>0</u>	<u>0</u>	<u>394,555</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
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)
<b>Balance @06-30-19 (d)</b>	<u>3,928,042</u>	<u>1,270,238</u>	<u>0</u>	<u>0</u>	<u>394,555</u>	<u>0</u>	<u>1,650,350</u>	<u>0</u>	<u>0</u>	<u>612,899</u>
Quarter 09-30-19 loan borrowings	582,000									\$ 582,000
Quarter 09-30-19 debt conversion to equity	(187,615)									\$ (187,615)
<b>Balance @09-30-19 (e)</b>	<u>4,322,427</u>	<u>1,270,238</u>	<u>0</u>	<u>0</u>	<u>394,555</u>	<u>0</u>	<u>1,650,350</u>	<u>0</u>	<u>0</u>	<u>1,007,284</u>
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)			
<b>Balance @12-31-19 (f)</b>	<u>\$ 3,193,548</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 56,085</u>	<u>\$ 4,221</u>	<u>\$ 0</u>	<u>\$ 3,133,243</u>
Quarter 03-31-20 loan borrowings	441,638									\$ 441,638
Quarter 03-31-20 debt conversion to equity	(619,000)									\$ (619,000)
Recognize Joint venture liabilities per JV agreement @03-31-20	394,848	394,848								
Quarter 03-31-20 Debt Discount adjustments	24,138							\$ 24,138		
<b>Balance @03-31-20 (g)</b>	<u>3,435,172</u>	<u>394,848</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>56,085</u>	<u>28,359</u>	<u>0</u>	<u>2,955,881</u>
<b>This includes balances for:</b>			<b>03-31-20</b>	<b>12-31-19</b>	<b>09-30-19</b>	<b>06-30-19</b>	<b>03-31-19</b>	<b>12-31-18</b>	<b>12-31-17</b>	
- Debt obligation of JV			Note (g)	Note (f)	Note (e)	Note (d)	Note (c)	Note (b)	Note (a)	
- Convertible NP, net of discount			394,848	0	1,633,872	1,778,872	128,522	289,742	1,500,000	
- Longterm debt			3,040,324	3,193,548	2,688,555	2,149,170	1,536,271	1,132,668	394,555	
<b>Total Debt balance</b>			<u>3,435,172</u>	<u>3,193,548</u>	<u>4,322,427</u>	<u>3,928,042</u>	<u>1,664,793</u>	<u>1,422,410</u>	<u>2,067,411</u>	

## **Results of Operations**

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

### ***Three Months Ended March 31, 2020 Compared to Three Months Ended March 31, 2019***

**Results of Operations** - The Company generated revenue of \$81,819 and 114,810 for the three months ended March 31, 2020 and 2019, respectively. The decrease of \$32,991 is due to the effects of the Company's restructuring of its sales team and new sales strategies during the three months ended March 31, 2020, as well as the slowing of the general market demand due to the COVID-19 pandemic during the month of March. The changes to the sales strategy implemented during the quarter included rebranding of hempSMART's products. However, the Company continues to make progress with its sales program as it continues to promote and support its affiliate marketing sales program and direct sales through its website.

For the three months ended March 31, 2020 and 2019, the Company had net losses from continuing operations of \$392,157 and \$914,105, respectively. This change is due primarily to the effects of the Company's restructuring of its sales team and strategies and the effects of the COVID-19 pandemic which caused a slowing of the general market demands.

### ***Revenues***

Total revenues for the three months ended March 31, 2020 and 2019, were \$81,819 and \$114,810, respectively, a decrease of \$32,991. This decrease is attributable to the effects of the Company's restructuring of its sales team and new sales strategies during the three months ended March 31, 2020, as well as the slowing of the general market demand due to the COVID-19 pandemic during the month of March. The changes to the sales strategy implemented during the quarter included rebranding of hempSMART's products. However, the Company continues to make progress with its sales program as it continues to promote and support its affiliate marketing sales program and direct sales through its website.

During the three months ended March 2020, the Company released one new industrial hemp based hempSMART product: hempSMART Body lotion, a cream formulated with organically industrial hemp combining premium CBD oil with unique blend of synergistic herbs and botanicals.

The following table identifies a comparison of our sales of products during the three months ended March 31, 2020 and 2019, respectively:

	<b>March 31, 2020</b>	<b>March 31, 2019</b>	
Body Lotion	\$ 1,155	\$ 0	<b>New Product in 2020</b>
Brain	\$ 10,116	\$ 14,373	
Drops	\$ 47,224	\$ 39,172	
Face Moisturizer	\$ 873	\$ 8,278	
Pain Capsules	\$ 1,098	\$ 10,483	
Pain Cream	\$ 14,848	\$ 30,064	
Pet Drops	\$ 6,505	\$ 12,440	
<b>Total Sales</b>	<b>\$ 81,819</b>	<b>\$ 114,810</b>	

***Related Party Sales***

Related party sales contributed \$3,172 and \$1,539 to our revenue for the three months ended March 31, 2020 and 2019, respectively. Related party sales are comprised of sales of our hempSMART products to our directors, officers, employees 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 three months ended March 31, 2020 and 2019, our total costs of sales were \$34,205 and \$39,878, respectively. The decrease was primarily due to lower sales related to the Company's sales restructuring and the COVID-19 pandemic.

***Gross Profit***

For the three months ended March 31, 2020 and 2019, gross profit was \$47,614 and \$74,932, respectively. This decrease was primarily attributed to new pricing and promotions associated to the company's new sales restructuring and strategies during the three months ended March 31, 2020, which . However, the Company will continue to market its products aggressively as it continues to support its affiliate sales program in the near future. As a percentage of total revenues, gross profit was 58.2% and 65.3% for the three months ended March 31, 2020 and 2019, respectively.

***Selling and marketing expenses***

For the three months ended March 31, 2020 and 2019, selling and marketing expenses was \$126,455 and \$429,012, respectively. This decrease of \$302,557 is due primarily to the effects of the Company's restructuring of its sales team and new sales strategies during the three months ended March 31, 2020. The changes to the sales strategy implemented during the quarter included rebranding of hempSMART's products.

***Payroll and related expenses***

For the three months ended March 31, 2020 and 2019, payroll and related expenses was \$101,199 and \$130,000, respectively. This decrease of \$28,801 is attributed to elimination of redundant positions throughout the organization during the three months ended March 31, 2020 and resignation of the previous CEO and executive Vice President.

**Stock-based compensation**

The Company measures the cost of services received in exchange for an award of equity instruments based on the fair value of the award. For employees and directors, the fair value of the award is measured on the grant date and for non-employees, the fair value of the award is generally re-measured on vesting dates and interim financial reporting dates until the service period is complete. The fair value amount is then recognized over the period during which services are required to be provided in exchange for the award, usually the vesting period. Stock-based compensation expense is recorded by the Company in the same expense classifications in the statements of operations, as if such amounts were paid in cash. For the three months ended March 31, 2020, stock-based compensation was \$6,000 and \$100,350, respectively. This decrease of \$94,350 is due to the resignation of the Company's CEO and executive Vice President during 2019.

**General and administrative expenses**

Other general and administrative expenses decreased to \$204,371 for the three months ended March 31, 2020 compared to \$327,929 for the three months ended March 31, 2019. General and administrative expenses include research and development, building rent, utilities, legal fees, office supplies, subscriptions, and office equipment. The decrease of \$123,608 is attributed to a reduction of \$32,000 in bank fees due to less wire transfers fees incurred during the three months ended March 31, 2020; also a decrease in Consulting fees during the three months ended March 31, 2020 as these costs were higher during the three months ended March 31, 2019 related to the costs of closing a bank account and related consultant fees, for a total of \$92,000.

**Loss on change in fair value of derivative liabilities**

During 2020 and 2019, we issued convertible promissory notes and warrants with an embedded derivative, all requiring us to fair value the derivatives each reporting period, and mark to market as a non-cash adjustment to our current period operations. This resulted in a loss of \$430,692 and \$2,687,449 change in fair value of derivative liabilities for the three months ended March 31, 2020 and 2019, respectively.

**Loss on equity investment**

During the three months ended March 31, 2020 and 2019, we adjusted the carry value of our investment for our pro rata share of equity investment of \$129,845 and \$59,541, respectively.

**Gain on settlement of debt**

During the three months ended March 31, 2020 and 2019, the company realized a gain on settlement of debt of \$3,490 and \$0, respectively. This was related to the payoff of a settlement agreement. Made in the ordinary course of its business during the three months ended March 31, 2020.

**Interest Expense**

Interest expense during the three months ended March 31, 2020 was \$890,151 compared to \$436,282 for the three months ended March 31, 2019. Interest expense primarily consists of interest incurred on our convertible and other debt. The debt discounts amortization and non-cash interest incurred during the three months ended March 31, 2020 and 2019 was \$436,593 and \$495,438, respectively. In addition, we incurred a non-cash interest of \$890,151 and \$436,282 non-cash interest in connection with convertible notes for the three months ended March 31, 2020 and 2019, respectively.

**Liquidity and Capital Resources** – The Company has generated a net loss from continuing operations for the three months ended March 31, 2020 of \$2,118,302 and used \$597,243 cash for operations. As of March 31, 2020, the Company had total assets of \$985,489, which included inventory of \$136,388 and accounts receivable of \$12,874.

During the three months ended March 31, 2020 and 2019, the Company has met its capital requirements through a combination of loans and convertible debt instruments. The Company will need to secure additional external funding in order to continue its operations. Our primary internal sources of liquidity were provided by an increase in proceeds from the issuance of note payables of \$442,000 for March 31, 2020, as compared to \$649,575 for March 31, 2019. During the three months ended March 31, 2019 and 2018, we entered into several separate financing arrangements with St. George Investments, LLC, a Utah limited liability company, in which we borrowed an aggregate of \$1,536,271, the principal of which is convertible into shares of our common stock (see Note 6, Convertible Note Payable). Our ability to rely upon external financing arrangements to fund operations is not certain, and this may limit our ability to secure future funding from external sources without changes in terms requested by counterparties, changes in the valuation of collateral, and associated risk, each of which is reasonably likely to result in our liquidity decreasing in a material way. We intend to utilize cash on hand, loans and other forms of financing such as the sale of additional equity and debt securities and other credit facilities to conduct our ongoing business, and to also conduct strategic business development and implementation of our business plans generally.

Operating Activities - For the three months ended March 31, 2020, the Company used cash in operating activities of \$597,243. For the three months ended March 31, 2019, the Company used cash in operating activities of \$207,098. This decrease is due primarily to loss on share inducement and settlement of warrant liability (non-cash) and continued implementation of our business plans, operations, management, personnel and professional services.

Investing Activities - During the three months ended March 31, 2020, the Company spent cash of \$1,271 in investing activities related to its purchase of investment and equipment. During the three months ended March 31, 2019, we spent \$2,332 on equipment purchases and \$290,260 in purchase of investments.

Financing Activities - During the three months ended March 31, 2020, the Company, primarily through its receipt of funds from the issuance of notes payable resulted in financing activity of \$442,000. For the three months ended March 31, 2019 the Company received proceeds of \$649,575 from the issuance of notes payable.

The Company's business plans have not generated significant revenues and as of the date of this filing are not sufficient to generate adequate amounts of cash to meet its needs for cash. The Company's primary source of operating funds in 2020 and 2019 have been from revenue generated from proceeds from the sale of common stock and the issuance of convertible and other debt. The Company has experienced net losses from operations since inception, but expects these conditions to improve in the second half of 2019 and beyond as it develops its affiliate marketing program and other direct sales and marketing programs. The Company has stockholders' deficiencies at March 31, 2020 and requires additional financing to fund future operations. As of the date of this filing, and due to the early stages of operations, the Company has insufficient sales data to evaluate the amounts and certainties of cash flows, as well as whether there has been material variability in historical cash flows.

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

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

As of March 31, 2020, and December 31, 2019, we did not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

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

##### *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 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.

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

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

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

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

The FDA has concluded that products containing industrial hemp derived CBD are excluded from the dietary supplement definition under sections 201(ff)(3)(B)(i) and (ii) of the U.S. Food, Drug & Cosmetic Act, respectively. The FDA's position is that products containing industrial hemp derived CBD are Schedule 1 drugs under the Controlled Substances Act, and so are illegal drugs that are under the purview of the U.S. Drug Enforcement Agency and U.S. Justice Dept., who are charged with enforcing the Controlled Substances Act. However, at some indeterminate future time, the FDA may choose to change its position concerning cannabis generally, and specifically products containing industrial hemp derived CBD, and may choose to enact regulations that are applicable to such products as either drugs or supplements. In this event, our industrial hemp-based products containing CBD may be subject to regulation (See Risk Factors, Item IA).

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

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

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

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

Not applicable to Smaller Reporting Companies.

### **ITEM 4. CONTROLS AND PROCEDURES**

#### **Disclosure Controls and Procedures**

Management is responsible for establishing and maintaining adequate disclosure controls and procedures that are designed to ensure that information required to be disclosed by the Company in its Exchange Act reports 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 our management, including our principal executive officer and principal financial officer, as appropriate, to allow for timely and reliable financial reporting and the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America.

As of the quarter ended March 31, 2020, our principal executive officer and principal financial officer completed an assessment of the effectiveness of our disclosure controls and procedures, to determine the existence of any material weaknesses or significant deficiencies. 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.

Based on this evaluation, the Company's management concluded its internal controls over financial reporting were not effective as of March 31, 2020. 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) On May 28, 2019, we formed an internal audit sub-committee to obtain timely information on a weekly basis on the status of our operations, respective budgets, expenses and variances on balances. 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 business 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.

## PART II - OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

On September 20, 2018, the Company filed suit against Bougainville Ventures, Inc., BV-MCOA Management, LLC, Andy Jagpal, Richard Cindric, et al. in Okanogan County Washington Superior Court, case number 18-2- 0045324. The Company previously entered into a joint venture agreement with Bougainville Ventures, Inc. on March 16, 2017, as amended on November 6, 2017.

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

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

The Company recently served process on the defendants and the case is currently in litigation. The Court set a trial date of January 22, 2021.

#### **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.

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 than .03% THC was no longer a Schedule 1 drug under the CSA. Previously, the U.S. Food and Drug Administration (“FDA”) did not approve hemp or CBD derived from hemp as a safe and effective drug for any indication. The FDA considered hemp and hemp-derived CBD as illegal Schedule 1 drugs. Further, the FDA has concluded that products containing hemp or CBD derived from hemp are excluded from the dietary supplement definition under sections 201(ff)(3)(B)(i) and (ii) of the U.S. Food, Drug & Cosmetic Act, respectively. However, as a result of the passage of the Farm Bill, at some indeterminate future time, the FDA may choose to change its position concerning products containing hemp, or CBD derived from hemp, and may choose to enact regulations that are applicable to such products, including, but not limited to: the growth, cultivation, harvesting and processing of hemp; regulations covering the physical facilities where hemp is grown and 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.

***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 May 15, 2020, as amended, the Company was unable to file its Quarterly Report on Form 10-Q for the period ended March 31, 2020 by the original deadline of May 15, 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 June 23, 2020, there were 464,288,933 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.

*Our financing instrument with Power Up Lending may impede a successful corporate action.*

FINRA may or may not allow us to complete a corporate action including, but not limited to, a change of our name and/or trading symbol, due to our financing arrangements with Power Up Lending. One of Power Up Lending's principals was involved with a former SEC enforcement action. The action completed without liability to Power Up or the Power Up affiliate, but FINRA has, from time to time when considering whether or not to grant a corporate action, determined that association with Power Up is a deficiency causing rejection of corporate actions.

*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 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the quarter ended March 31, 2020, the Company made the following sales of unregistered equity securities:

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 6, 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.

On May 18, 2020, the Company issued 11,740,217 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 21, 2020, the Company issued 12,926,193 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 26, 2020, the Company issued 14,123,038 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 28, 2020, the Company issued 15,309,377 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 June 3, 2020, the Company issued 16,517,455 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 June 8, 2020, the Company issued 7,877,532 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 June 11, 2020, the Company issued 24,140,241 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.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable

**ITEM 5. OTHER INFORMATION**

None.

**ITEM 6. EXHIBITS**

The following exhibits are included as part of this report:

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

\*\* Filed herewith

\*\*\* Furnished Herewith

(1) Incorporated by reference

**SIGNATURES**

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

Dated: June 25, 2020

**MARIJUANA COMPANY OF AMERICA, INC.**

By: /s/ Jesus M. Quintero

Jesus M. Quintero  
President & Chief Executive Officer  
(Principal Executive Officer)

By: /s/ Jesus M. Quintero

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

**EXHIBIT 31.1**

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

I, Jesus M. Quintero, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2020 of Marijuana Company of America, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles,
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

June 25, 2020

*/s/ Jesus M. Quintero*

Jesus M. Quintero

Chief Executive Officer

(Principal Executive Officer)

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**EXHIBIT 31.2**

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

I, Jesus M. Quintero, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2020 of Marijuana Company of America, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles,
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrants other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

June 25, 2020

*/s/ Jesus M. Quintero*

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

**EXHIBIT 32.1**

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

In connection with the Quarterly Report of Marijuana Company of America, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2020 as filed with the Securities and Exchange Commission (the "Report"), I, Jesus M. Quintero, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

June 25, 2020

*/s/ Jesus M. Quintero*

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Jesus M. Quintero  
Chief Executive Officer  
(Principal Executive Officer)

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

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**EXHIBIT 32.2**

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

In connection with the Quarterly Report of Marijuana Company of America, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2020 as filed with the Securities and Exchange Commission (the "Report"), I, Jesus M. Quintero, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

June 25, 2020

*/s/ Jesus M. Quintero*

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Jesus M. Quintero

Chief Financial Officer

(Principal Financial and Accounting Officer)

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

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