Table of Contents

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

FORM 10-Q

☒ **Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended June 30, 2018

☐ **Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from _____ to _____

Commission File Number: 000-54677

CV Sciences, Inc.
(Exact name of registrant as specified in its charter)

DELAWARE	**80-0944870**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2688 South Rainbow Boulevard, Suite B, Las Vegas, NV 89146
(Address number of principal executive offices) (Zip Code)

(866) 290-2157
(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 the 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	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☒
Emerging growth company	☐		

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

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

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. As of August 1, 2018, the issuer had 90,945,896 shares of issued and outstanding common stock, par value $0.0001.

DOCUMENTS INCORPORATED BY REFERENCE. None

CV SCIENCES, INC.
FORM 10-Q
TABLE OF CONTENTS

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information required by the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with the Securities and Exchange Commission (the "SEC"). You may read and copy any document we file with the SEC at the SEC's public reference room located at 100 F Street, N.E., Washington, D.C. 20549, U.S.A. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public from the SEC's internet site at *http://www.sec.gov.*

On our Internet website, http://www.cvsciences.com, we post the following recent filings as soon as reasonably practicable after they are electronically filed with or furnished to the SEC: our annual reports on Form 10-K; our quarterly reports on Form 10-Q; our current reports on Form 8-K; and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act.

When we use the terms "CV Sciences", "Company", "we", "our" and "us" we mean CV Sciences, Inc., a Delaware corporation, and its consolidated subsidiaries, taken as a whole, as well as any predecessor entities, unless the context otherwise indicates.

FORWARD LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, the other reports, statements, and information that the Company has previously filed with or furnished to, or that we may subsequently file with or furnish to, the SEC and public announcements that we have previously made or may subsequently make include, may include, or may incorporate by reference certain statements that may be deemed to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, and that are intended to enjoy the protection of the safe harbor for forward-looking statements provided by that Act. To the extent that any statements made in this report contain information that is not historical, these statements are essentially forward-looking. Forward-looking statements can be identified by the use of words such as "anticipate", "estimate", "plan", "project", "continuing", "ongoing", "expect", "believe", "intend", "may", "will", "should", "could", and other words of similar meaning. These statements are subject to risks and uncertainties that cannot be predicted or quantified and, consequently, actual results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, without limitation: marketability of our products; legal and regulatory risks associated with the OTC: QB; our ability to raise additional capital to finance our activities; the future trading of our common stock; our ability to operate as a public company; our ability to protect our proprietary information; general economic and business conditions; the volatility of our operating results and financial condition; our ability to attract or retain qualified senior management personnel and research and development staff; and other risks detailed from time to time in our filings with the SEC, or otherwise.

Information regarding market and industry statistics contained in this report is included based on information available to us that we believe is accurate. It is generally based on industry and other publications that are not produced for purposes of securities offerings or economic analysis. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and the additional uncertainties accompanying any estimates of future market size, revenue and market acceptance of products and services. We do not undertake any obligation to publicly update any forward-looking statements. As a result, investors should not place undue reliance on these forward-looking statements.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

CV SCIENCES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	(Unaudited) June 30, 2018	(Audited) December 31, 2017
Assets		
Current assets		
Cash (Note 2)	$ 6,452,597	$ 2,012,965
Restricted cash (Note 2)	778,579	778,579
Accounts receivable, net (Note 2)	2,586,868	1,507,824
Inventory (Note 3)	3,658,104	2,822,585
Prepaid expenses and other current assets	782,015	813,218
	14,258,163	7,935,171
Inventory, net (Note 3)	3,631,346	5,667,101
Other assets	400,000	400,000
Property & equipment, net (Note 2)	2,133,753	2,083,433
Intangibles, net (Note 5)	3,818,500	3,836,200
Goodwill (Note 5)	2,788,300	2,788,300
Total assets	$ 27,030,062	$ 22,710,205
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	$ 638,139	$ 678,271
Accrued expenses (Note 4)	1,509,148	1,931,920
Secured convertible promissory notes payable, net (Note 7)	–	609,926
Unsecured notes payable (Note 7)	866,818	116,370
Total current liabilities	3,014,105	3,336,487
Non-current liabilities		
Unsecured note payable, net (Note 7)	–	850,000
Deferred rent	1,189,175	1,067,459
Deferred tax liability	1,074,800	1,074,800
Total liabilities	5,278,080	6,328,746
Commitments and contingencies (Note 11)		
Stockholders' equity (Notes 8 and 9)		
Preferred stock, par value $0.0001; 10,000,000 shares authorized; no shares issued and outstanding	–	–
Common stock, par value $0.0001; 190,000,000 shares authorized; 90,945,896 and 90,512,563 shares issued and outstanding as of June 30, 2018 and December 31, 2017, respectively	9,094	9,051
Additional paid-in capital	52,965,572	51,400,336
Accumulated deficit	(31,222,684)	(35,027,928)
Total stockholders' equity	21,751,982	16,381,459
Total liabilities and stockholders' equity	$ 27,030,062	$ 22,710,205

See accompanying notes to the condensed consolidated financial statements.

CV SCIENCES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
UNAUDITED

	For the three months ended June 30,		For the six months ended June 30,	
	2018	**2017**	**2018**	**2017**
Product sales, net	$ 12,348,695	$ 4,081,832	$ 20,419,460	$ 7,846,023
Cost of goods sold	3,288,619	1,237,374	5,797,481	2,568,561
Gross Profit	9,060,076	2,844,458	14,621,979	5,277,462
Operating Expenses:				
Selling, general and administrative	(5,320,604)	(3,525,773)	(10,061,197)	(7,202,482)
Research and development	(442,004)	(205,647)	(595,708)	(394,363)
	(5,762,608)	(3,731,420)	(10,656,905)	(7,596,845)
Gain on changes in derivative liabilities	–	27,288	–	237,888
Royalty buy-out	–	–	–	(2,432,000)
	(5,762,608)	(3,704,132)	(10,656,905)	(9,790,957)
Operating Income (Loss)	3,297,468	(859,674)	3,965,074	(4,513,495)
Other (expense) income:				
Interest income	–	7	–	7
Interest expense	(71,558)	(132,521)	(119,830)	(263,475)
Total Other Expense	(71,558)	(132,514)	(119,830)	(263,468)
Income (loss) before provision for income taxes	3,225,910	(992,188)	3,845,244	(4,776,963)
Provision for income taxes	40,000	–	40,000	–
Net Income (Loss)	$ 3,185,910	$ (992,188)	$ 3,805,244	$ (4,776,963)
Weighted average common shares outstanding				
Basic	90,712,929	82,859,090	90,613,300	71,541,743
Diluted	112,466,463	82,859,090	106,291,469	71,541,743
Net income (loss) per common share				
Basic	$ 0.04	$ (0.01)	$ 0.04	$ (0.07)
Diluted	$ 0.03	$ (0.01)	$ 0.04	$ (0.07)

See accompanying notes to the condensed consolidated financial statements.

CV SCIENCES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2018
UNAUDITED

	Common Stock		Additional Paid-In	Accumulated	
	Shares	Amount	Capital	Deficit	Total
Balance - December 31, 2017	90,512,563	$ 9,051	$ 51,400,336	$ (35,027,928)	$ 16,381,459
Issuance of stock for professional services	150,000	15	61,560	–	61,575
Exercise of stock options	283,333	28	107,374	–	107,402
Stock based compensation	–	–	1,396,302	–	1,396,302
Net Income	–	–	–	3,805,244	3,805,244
Balance - June 30, 2018	90,945,896	$ 9,094	$ 52,965,572	$ (31,222,684)	$ 21,751,982

See accompanying notes to the condensed consolidated financial statements.

CV SCIENCES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED

	For the six months ended June 30,	
	2018	**2017**
OPERATING ACTIVITIES		
Net income (loss)	$ 3,805,244	$ (4,776,963)
Adjustments to reconcile net income (loss) to net cash flows provided by (used in) operating activities:		
Depreciation and amortization	244,910	104,547
Amortization of debt issuance costs and accrued interest	50,074	119,892
Amortization of beneficial conversion feature of convertible debts	–	15,088
Common stock issued for professional services	61,575	–
Stock-based compensation	1,396,302	1,744,128
Royalty buy-out	–	2,432,000
Bad debt expense	2,216	400,435
Accrued interest payable	–	75,666
Gain on changes in derivative liabilities	–	(237,888)
Change in operating assets and liabilities:		
Accounts receivable	(1,081,260)	(298,319)
Notes receivable	17,500	–
Inventory	1,200,236	872,582
Prepaid expenses and other current assets	13,703	(691,981)
Accounts payable and accrued expenses	(462,904)	445,092
Deferred rent	121,716	–
Net cash provided by operating activities	5,369,312	204,279
INVESTING ACTIVITIES		
Purchase of equipment	(190,600)	(6,410)
Tenant improvements to leasehold real estate	(86,930)	–
Net cash flows used in investing activities	(277,530)	(6,410)
FINANCING ACTIVITIES		
Borrowings from secured convertible debt, net of costs	–	750,000
Repayment of convertible debt in cash	(660,000)	–
Repayment of unsecured notes payable	(99,552)	(107,767)
Proceeds from exercise of stock options	107,402	–
Net cash flows provided by (used in) financing activities	(652,150)	642,233
Net increase in cash and restricted cash	4,439,632	840,102
Cash and restricted cash, beginning of period	2,791,544	1,057,468
Cash and restricted cash, end of period	$ 7,231,176	$ 1,897,570
Supplemental disclosures of non-cash transactions:		
Conversion of convertible promissory notes and accrued interest to common stock	$ –	$ 1,325,000
Value of embedded derivative at inception	–	29,300
Issuance of common stock in consideration for royalty buyout	–	15,000,000
Issuance of common stock to settle restricted stock units	–	1,000,000
Issuance of common stock for prepaid expenses and other current assets	–	202,000
Stock Redemptions	–	75,000
Supplemental cash flow disclosures:		
Interest paid	$ 119,830	$ 52,828
Taxes paid	17,699	35,033

See accompanying notes to the condensed consolidated financial statements.

CV SCIENCES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED

1. ORGANIZATION AND BUSINESS

CV Sciences, Inc. (the "Company," "we," "our" or "us") was incorporated under the name Foreclosure Solutions, Inc. in the State of Texas on December 9, 2010. On July 25, 2013, the Company's predecessor, CannaVest Corp., a Texas corporation ("CannaVest Texas"), merged with the Company, a wholly-owned Delaware subsidiary of CannaVest Texas, to effectuate a change in the Company's state of incorporation from Texas to Delaware. On January 4, 2016, the Company filed a Certificate of Amendment of Certificate of Incorporation reflecting its corporate name change to "CV Sciences, Inc.", effective on January 5, 2016. In addition, on January 4, 2016, the Company amended its Bylaws to reflect its corporate name change to "CV Sciences, Inc." The Company previously operated under the corporate name of CannaVest Corp. The change in corporate name was undertaken in connection with the acquisition of CanX Inc., a Florida-based, specialty pharmaceutical corporation (the "CanX Acquisition") as more fully set forth in our Current Report on Form 8-K filed with the U.S. Securities and Exchange Commission (the "SEC") on January 4, 2016. On June 8, 2016, the Company announced that the Financial Industry Regulatory Authority ("FINRA") had approved a change in the trading symbol for the Company's common stock to "CVSI." The Company's common stock formerly traded under the symbol "CANV."

The Company operates two distinct business segments: a consumer product segment in manufacturing, marketing and selling plant-based Cannabidiol ("CBD") products to a range of market sectors; and, a specialty pharmaceutical segment focused on developing and commercializing novel therapeutics utilizing synthetic CBD. The specialty pharmaceutical segment began development activities during the second quarter of 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The condensed consolidated financial statements include, as applicable, the accounts of CV Sciences, Inc. and its wholly-owned subsidiaries Plus CBD, LLC and CANNAVEST Acquisition, LLC; and the accounts of a 70% interest in CannaVest Europe, GmbH (collectively, as applicable, the "Company"). All intercompany accounts and transactions have been eliminated in consolidation. The Company commenced commercial operations for its current business model on January 29, 2013. On January 20, 2017, the Company filed for dissolution of CannaVest Europe, GmbH, an entity that, prior to dissolution, the Company had a 70% interest in, with the District Court, Dusseldorf Germany, effective December 31, 2016. On April 27, 2018, the Company filed a Certificate of Cancellation for its wholly-owned subsidiary, CANNAVEST Acquisition, LLC, with the Secretary of State of Delaware, effective as of April 27, 2018. Neither CANNAVest Acquisition, LLC nor CannaVest Europe, GmbH had any material assets or liabilities at the time of their respective dissolutions.

The unaudited condensed consolidated interim financial statements have been prepared by the Company pursuant to the rules and regulations of the SEC. The information furnished herein reflects all adjustments (consisting of normal recurring accruals and adjustments) which are, in the opinion of management, necessary to fairly present the operating results for the respective periods and ensure that the financial statements are not misleading. Certain information and footnote disclosures normally present in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been omitted pursuant to such rules and regulations. These unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements and notes for the year ended December 31, 2017, filed with the SEC on the Company's Annual Report on Form 10-K filed on March 29, 2018. The results for the interim periods ended June 30, 2018, are not necessarily indicative of the results to be expected for the full year ending December 31, 2018.

Liquidity – For the three months ended June 30, 2018 and 2017, the Company had net income (losses) of $3,185,910 and ($992,188), respectively. For the six months ended June 30, 2018 and 2017, the Company had net income (losses) of $3,805,244 and ($4,776,963), respectively. In addition, for the six months ended June 30, 2018 and 2017, the Company had positive cash flows from operations of $5,369,313 and $204,279, respectively. Management believes the Company has the funds necessary to continue its consumer product and pharmaceutical business segments and meet its other obligations over the next year solely from current revenues and cash flow due to increased sales and because our current inventory levels are sufficient to support anticipated sales for the next 12-month period through August 1, 2019, resulting in reduced cash outflow for inventory purchases.

Derivative Financial Instruments **–** Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and subsequently remeasured at fair value on a quarter-end reporting basis. Changes in the fair value of derivative financial instruments are recognized as a gain or loss in the Company's Condensed Consolidated Statements of Operations.

Goodwill and Intangible Assets **–** The Company evaluates the carrying value of goodwill and intangible assets annually during the fourth quarter in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 350, *Intangibles Goodwill and Other* and between annual evaluations if events occur or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount. Such circumstances could include, but are not limited to (1) a significant adverse change in legal factors or in business climate, (2) unanticipated competition, or (3) an adverse action or assessment by a regulator. When evaluating whether goodwill is impaired, the Company compares the fair value of the reporting unit to which the goodwill is assigned to the reporting unit's carrying amount, including goodwill. The fair value of the reporting unit is estimated using a combination of the income, or discounted cash flows, approach and the market approach, which utilizes comparable companies' data. If the carrying amount of a reporting unit exceeds its fair value, then the amount of the impairment loss must be measured. The impairment loss would be calculated by comparing the implied fair value of a reporting unit's goodwill to its carrying amount. In calculating the implied fair value of a reporting unit's goodwill, the fair value of the reporting unit is allocated to all of the other assets and liabilities of that unit based on their fair values. The excess of the fair value of a reporting unit over the amount assigned to its other assets and liabilities is the implied fair value of goodwill.

We make critical assumptions and estimates in completing impairment assessments of goodwill and other intangible assets. Our cash flow projections look several years into the future and include assumptions on variables such as future sales and operating margin growth rates, economic conditions, market competition, inflation and discount rates.

We classify intangible assets into three categories: (1) intangible assets with definite lives subject to amortization; (2) intangible assets with indefinite lives not subject to amortization; and (3) goodwill. We determine the useful lives of our identifiable intangible assets after considering the specific facts and circumstances related to each intangible asset. Factors we consider when determining useful lives include the contractual term of any agreement related to the asset, the historical performance of the asset, our long-term strategy for using the asset, any laws or regulations which could impact the useful life of the asset and other economic factors, including competition and specific market conditions. Intangible assets that are deemed to have definite lives are amortized, primarily on a straight-line basis, over their useful lives to their estimated residual values, generally five years. In process research and development ("IPR&D") has an indefinite life and is not amortized until completion and development of the project, at which time the IPR&D becomes an amortizable asset. If the related project is not completed in a timely manner or the project is terminated or abandoned, the Company may have an impairment related to the IPR&D, calculated as the excess of the asset's carrying value over its fair value. This method of amortization approximates the expected future cash flow generated from their use. During the three and six months ended June 30, 2018 and 2017, there were no impairments.

Use of Estimates – The Company's condensed consolidated financial statements have been prepared in accordance with GAAP. The preparation of these condensed consolidated financial statements requires us to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures of contingent assets and liabilities. We evaluate our estimates, including those related to contingencies, on an ongoing basis. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Significant estimates include the valuation of intangible assets, the amortization lives of intangible assets, valuation of contingent consideration, inputs for valuing derivative financial instruments, inputs for valuing warrants, inputs for valuing notes payable beneficial conversion features and stock-based compensation, valuation of inventory, classification of current and non-current inventory amounts and the allowance for doubtful accounts.

Reportable Segments – The Company has two business segments; consumer products and specialty pharmaceutical. Our consumer products segment develops, manufactures and markets products based on plant-based CBD, including under the name PlusCBD™ in a variety of market sectors including nutraceutical, beauty care, specialty foods and vape. Our specialty pharmaceutical segment is developing drug candidates which use synthetic CBD as a primary active ingredient. The specialty pharmaceutical segment began development activities during the second quarter of 2016.

Cash and Cash Equivalents – For purposes of the condensed consolidated statements of cash flows, the Company considers amounts held by financial institutions and short-term investments with an original maturity of three months or less when purchased to be cash and cash equivalents. As of June 30, 2018 and December 31, 2017, the Company had no cash equivalents.

Restricted Cash – The Company's current and past arrangements with its credit card processors require that its credit card processors withhold a cash reserve balance from the Company's credit card receipt transactions for a period of time not to exceed 270 days, for which the credit card processors will refund the Company the entire amounts withheld at its sole discretion. The Company had $778,579 in restricted cash withheld by former credit card processors as of June 30, 2018 and December 31, 2017. The following table provides a reconciliation of cash and restricted cash reported within the condensed consolidated balance sheets to the total of the same amounts shown in the statement of cash flows:

	June 30, 2018	December 31, 2017
Cash	$ 6,452,597	$ 2,012,965
Restricted cash	778,579	778,579
Total cash and restricted cash shown in the statement of cash flows	$ 7,231,176	$ 2,791,544

Concentrations of Credit Risk – As of June 30, 2018, the Federal Deposit Insurance Corporation ("FDIC") provided insurance coverage of up to $250,000 per depositor per bank. The Company has not experienced any losses in such accounts and does not believe that the Company is exposed to significant risks from excess deposits. The Company's cash balance in excess of FDIC limits totaled $6,410,526 as of June 30, 2018.

There was no concentration of accounts receivable, revenue and purchases as of, and for the period and year ended June 30, 2018 and December 31, 2017.

Accounts Receivable – Generally, the Company requires payment prior to shipment. However, in certain circumstances, the Company extends credit to companies located throughout the U.S. Accounts receivable consists of trade accounts arising in the normal course of business. Accounts for which no payments have been received after 30 days are considered delinquent and customary collection efforts are initiated. Accounts receivable are carried at original invoice amount less a reserve made for doubtful receivables based on a review of all outstanding amounts on a quarterly basis.

Management has determined the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition and credit history, and current economic conditions. As of June 30, 2018 and December 31, 2017, the Company maintained an allowance for doubtful accounts related to accounts receivable in the amount of $200,000.

Revenue Recognition - Our revenue is generated from the sale of products consisting primarily of nutritional supplements and beauty products. We recognize revenue when control of our products is transferred to our customers in an amount that reflects the consideration we expect to receive from our customers in exchange for those products. This process involves identifying the contract with a customer, determining the performance obligations in the contract, determining the contract price, allocating the contract price to the distinct performance obligations in the contract, and recognizing revenue when the performance obligations have been satisfied. We consider a performance obligation satisfied once we have transferred control of a product to the customer, meaning the customer has the ability to use and obtain the benefit of the product. We recognize revenue for satisfied performance obligations only when we determine there are no uncertainties regarding payment terms or transfer of control. Revenue from product sales is generally recognized upon shipment to the end customer, which is when control of the product is deemed to be transferred. Payment or invoicing typically occurs upon shipment and the term between invoicing and when payment is due is not significant. Revenue is recorded net of discounts and promotions.

Sales Tax – The Company is responsible for collecting tax on sales to end customers and remitting these taxes to applicable jurisdictions. These taxes are assessed based on the location of the end customer and the laws of the jurisdiction in which they reside. Such taxes are accounted for on a net basis, and not included in revenues.

Shipping and Handling – Shipping and handling expenses are recorded in cost of goods sold and totaled $487,939 and $166,643 for the three months ended June 30, 2018 and 2017, respectively, and for the six months ended June 30, 2018 and 2017 totaled $806,963 and $324,002, respectively.

Returns – Finished Products – Within ten (10) days of a customer's receipt of the Company's finished products, the customer may return (i) finished products that do not conform to the Company's product specifications or, (ii) finished products which are defective, provided that notice of condition is given within five (5) days of the customer's receipt of the finished products. The failure to comply with the foregoing time requirements shall be deemed a waiver of customer's claim for incorrect or defective shipments. In the event of the existence of one or more material defects in any finished product upon delivery to the customer, the Company shall, at its sole option and cost, either (a) take such measures as are required to cure the defect(s) designated in the customer's notice, or (b) replace such defective finished product(s). The Company may, at its sole option, require the return or destruction of the defective finished products. The customer shall afford the Company the opportunity to verify that such defects existed prior to shipment and were not, for purposes of example and not limitation, the result of improper transport, handling, storage, product rotation or misuse by the customer.

Bulk Oil Products – Sales of bulk oil products are generally final and the Company does not accept returns under any circumstances.

There was no allowance for customer returns as of June 30, 2018 or December 31, 2017 due to insignificant return amounts experienced during the six months ended June 30, 2018 and the year ended December 31, 2017.

Compensation and Benefits – The Company records compensation and benefits expense for all cash and deferred compensation, benefits, and related taxes as earned by its employees. Compensation and benefits expense also includes compensation earned by temporary employees and contractors who perform similar services to those performed by the Company's employees, primarily information technology and project management activities.

Stock-Based Compensation – Certain employees, officers, directors, and consultants of the Company participate in various long-term incentive plans that provide for granting stock options, restricted stock awards, restricted stock units, stock bonus awards and performance-based awards. Stock options generally vest in equal increments over a two- to four-year period and expire on the tenth anniversary following the date of grant. Performance-based stock options vest once the applicable performance condition is satisfied. Restricted stock awards generally vest 100% at the grant date.

The Company recognizes stock-based compensation for equity awards granted to employees, officers, directors, consultants and former directors as compensation and benefits expense in the consolidated statements of operations. The fair value of stock options is estimated using a Black-Scholes valuation model on the date of grant. The fair value of restricted stock awards is equal to the closing price of the Company's stock on the date of grant. Stock-based compensation is recognized over the requisite service period of the individual awards, which generally equals the vesting period. For performance-based stock options, compensation is recognized once the applicable performance condition is satisfied.

The Company recognizes stock-based compensation for equity awards granted to consultants as selling, general and administrative expense in the consolidated statements of operations. The fair value of stock options is estimated using a Black-Scholes valuation model on the date of grant and unvested awards are revalued at each reporting period. The fair value of restricted stock awards is equal to the closing price of the Company's stock on the date of grant multiplied by the number of shares awarded. Stock-based compensation is recognized over the requisite service period of the individual awards, which generally equals the vesting period. Forfeited stock options are accounted for as they occur.

Inventory – Inventory is stated at lower of cost or net realizable value, with cost being determined on an average cost basis. As of June 30, 2018, the Company had $680,515 of inventory in Germany and The Netherlands.

Property & Equipment – Equipment is stated at cost less accumulated depreciation. Cost represents the purchase price of the asset and other costs incurred to bring the asset into its existing use. Depreciation is provided on a straight-line basis over the assets' estimated useful lives. Tenant improvements are amortized on a straight-line basis over the remaining life of the related lease. Maintenance or repairs are charged to expense as incurred. Upon sale or disposition, the historically-recorded asset cost and accumulated depreciation are removed from the accounts and the net amount less proceeds from disposal is charged or credited to other income (expense).

Property and equipment, net, as of June 30, 2018 and December 31, 2017 were as follows:

	Useful Lives	June 30, 2018	December 31, 2017
Office furniture and equipment	3 years	$ 708,678	$ 537,607
Laboratory and other equipment	5 years	418,526	398,997
Tenant improvements	14 to 39 months	1,632,815	1,545,885
		2,760,019	2,482,489
Less: accumulated depreciation		(626,266)	(399,056)
		$ 2,133,753	$ 2,083,433

Depreciation expense for the three months ended June 30, 2018 and 2017 was $117,014 and $39,322, respectively, and for the six months ended June 30, 2018 and 2017 was $227,210 and $86,847, respectively.

Fair Value of Financial Instruments – In accordance with ASC Topic 825, *Financial Instruments*, the Company calculates the fair value of its assets and liabilities which qualify as financial instruments and includes this additional information in the notes to its financial statements when the fair value is different than the carrying value of those financial instruments. The estimated fair value of the Company's current assets and current liabilities approximates their carrying amount due to their readily available nature and short maturity.

Long-Lived Assets – In accordance with ASC Topic 360, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Company reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of property and equipment is measured by comparing its carrying value to the undiscounted projected future cash flows that the asset(s) are expected to generate. If the carrying amount of an asset is not recoverable, we recognize an impairment loss based on the excess of the carrying amount of the long-lived asset over its respective fair value, which is generally determined as the present value of estimated future cash flows or at the appraised value. The impairment analysis is based on significant assumptions of future results made by management, including revenue and cash flow projections. Circumstances that may lead to impairment of property and equipment include a significant decrease in the market price of a long-lived asset, a significant adverse change in the extent or manner in which a long-lived asset is being used or in its physical condition and a significant adverse change in legal factors or in the business climate that could affect the value of a long-lived asset including an adverse action or assessment by a regulator.

Debt Issuance Costs – Debt issuance costs have been capitalized as a discount to secured convertible promissory notes payable and are being amortized to interest expense using the interest method over the expected terms of the related debt agreements.

Earnings (net loss) per Share – The Company calculates earnings or loss per share ("EPS") in accordance with ASC Topic 260, *Earnings per Share*, which requires the computation and disclosure of two EPS amounts, basic and diluted. Basic EPS is computed based on the weighted average number of shares of common stock outstanding during the period. Diluted EPS is computed based on the weighted average number of shares of common stock outstanding plus all potentially dilutive shares of common stock outstanding during the period. Potentially dilutive common shares from equity awards are determined using the average share price for each period under the treasury stock method. The Company had 19,431,331 stock options and 2,322,203 warrants outstanding that were potentially dilutive as of June 30, 2018. In addition, the Company may be required to issue 10,750,000 additional shares of common stock related to certain performance-based stock options outstanding.

Research and Development Expense – Research and development costs are charged to expense as incurred and include, but are not limited to, employee salaries and benefits, cost of inventory used in product development, consulting service fees, the cost of renting and maintaining our laboratory facility and depreciation of laboratory equipment. Research and development expense for the consumer products segment was $75,833 and $55,956 for the three months ended June 30, 2018 and 2017, respectively, and for the six months ended June 30, 2018 and 2017 was $192,467 and $104,989, respectively. Research and development expense for the specialty pharmaceutical segment was $366,171 and $149,691 for the three months ended June 30, 2018 and 2017, respectively, and for the six months ended June 30, 2018 and 2017 was $403,241 and $289,374, respectively.

Advertising – The Company supports its products with advertising to build brand awareness of the Company's various products in addition to other marketing programs executed by the Company's marketing team. The Company believes the continual investment in advertising is critical to the development and sale of its *PlusCBD*™ brand products. Advertising costs of $220,915 and $108,555 were expensed as incurred during the three months ended June 30, 2018 and 2017, respectively, and for the six months ended June 30, 2018 and 2017 were $402,559 and $175,455, respectively.

Income Taxes – Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the related temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized when the rate change is enacted. Valuation allowances are recorded to reduce deferred tax assets to the amount that will more likely than not be realized. In accordance with ASC Topic 740, *Income Taxes*, the Company recognizes the effect of uncertain income tax positions only if the positions are more likely than not of being sustained in an audit, based on the technical merits of the position. Recognized uncertain income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which those changes in judgment occur. The Company recognizes both interest and penalties related to uncertain tax positions as part of the income tax provision. As of June 30, 2018, and December 31, 2017, the Company did not have a liability for unrecognized tax uncertainties. The Company is subject to routine audits by taxing jurisdictions. Management believes the Company is no longer subject to tax examinations for the years prior to 2014.

Recently Issued and Newly Adopted Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"), as amended by ASU 2015-14, *Revenue from Contracts with Customers (Topic 606)*, ASU 2016-08, *Revenue from Contracts with Customers (Topic 606),* ASU 2016-10, *Revenue from Contracts with Customers (Topic 606),* ASU 2016-12, *Revenue from Contracts with Customers (Topic 606)* and ASU 2016-20, *Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers,* which completes the joint effort by the FASB and the International Accounting Standards Board to improve financial reporting by creating common revenue recognition guidance for GAAP and the International Financial Reporting Standards. ASU 2014-09 became effective for the Company beginning on January 1, 2018. The Company implemented ASU 2014-09 for the interim and annual reporting periods of 2018, which resulted in no changes to how we recognize revenue.

In July 2015, the FASB issued ASU 2015-11, *Inventory: Simplifying the Measurement of Inventory* ("ASU 2015-11"), which requires inventory measured using any method other than last-in, first out or the retail inventory method to be subsequently measured at the lower of cost or net realizable value, rather than at the lower of cost or market. ASU 2015-11 is effective for annual reporting periods beginning after December 15, 2016 and for interim periods within such annual periods. Early application is permitted. The Company implemented ASU 2015-11 during the annual reporting period of 2017.

In February 2016, the FASB issued ASU 2016-02, *Leases* ("ASU 2016-02"), which, for operating leases, requires a lessee to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in its balance sheet. ASU 2016-02 also requires a lessee to recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term, on a generally straight-line basis. ASU 2016-02 is effective for public companies for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. The Company is evaluating the potential impact of ASU 2016-02 on the Company's consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, *Compensation – Stock Compensation* ("ASU 2016-09"), which involves multiple aspects of the accounting for share-based transactions, including income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. ASU 2016-09 is effective for public companies for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. Early adoption is permitted. The Company implemented ASU 2016-09 during the annual reporting period of 2017.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (A Consensus of the FASB Emerging Issues Task Force)* ("ASU 2016-15"), which provides amendments to specific statement of cash flows classification issues. ASU 2016-15 is effective for public companies for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Company implemented ASU 2016-15 for the interim and annual reporting periods of 2018.

In January 2017, the FASB issued ASU 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business* ("ASU 2017-01"), which revises the definition of a business. ASU 2017-01 requires that for an acquisition to be considered a business, the business would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. ASU 2017-01 also narrows the definition of the term "outputs," which are now considered the result of inputs and substantive processes that provide goods and services to customers, other revenue, or investment income, such as dividends and interest. ASU 2017-01 is effective for public companies for annual periods beginning after December 15, 2017. Early adoption is permitted. The Company adopted ASU 2017-01 for the interim and annual reporting periods of 2018.

In January 2017, the FASB issued ASU 2017-04, *Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* ("ASU 2017-04"), which eliminates Step 2 from the goodwill impairment test. Instead, an entity should perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should then recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. Additionally, an entity should consider income tax effects from any tax deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss, if applicable. ASU 2017-04 requires the entity to apply these amendments on a prospective basis for which it is required to disclose the nature of and reason for the change in accounting upon transition. This disclosure shall be provided in the first annual period and in the interim period within the first annual period when the entity initially adopts the amendments. The Company shall adopt these amendments for its annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company is currently evaluating the potential impact of ASU 2017-04 on the Company's consolidated financial statements.

In June 2018, the FASB issued ASU 2018-07, *Compensation – Stock Compensation (Topic 718): Improvement to Nonemployee Share-Based Payment Accounting* ("ASU 2018-07"), which is intended to reduce cost and complexity and to improve financial reporting for share-based payments to nonemployees. Under ASU 2018-07, most of the guidance on share-based payments to nonemployees would be aligned with the requirements for share-based payments granted to employees. ASU 2018-07 is effective for interim and annual reporting periods beginning after December 15, 2018. The Company is currently evaluating the potential impact of ASU 2018-07 on the Company's consolidated financial statements.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the American Institute of Certified Public Accountants, and the SEC did not, or are not believed by management to have, a material impact on the Company's present or future financial statements.

3. INVENTORY

Inventory as of June 30, 2018 and December 31, 2017 was comprised of the following:

	June 30, 2018	December 31, 2017
Raw materials	$ 5,033,276	$ 6,648,144
Finished goods	2,256,174	1,841,542
	$ 7,289,450	$ 8,489,686

4. ACCRUED EXPENSES

Accrued expenses as of June 30, 2018 and December 31, 2017 were as follows:

	June 30, 2018	December 31, 2017
Accrued payroll expenses	$ 402,278	$ 1,037,122
Other accrued liabilities	1,106,870	894,798
	$ 1,509,148	$ 1,931,920

5. INTANGIBLE ASSETS, NET

Intangible assets consisted of the following at June 30, 2018 and December 31, 2017:

	Original Fair Market Value	Accumulated Amortization	Net	Useful Life (Years)
Balance - June 30, 2018:				
In-process research and development	$ 3,730,000	$ –	$ 3,730,000	–
Trade names	100,000	50,000	50,000	5
Non-compete agreements	77,000	38,500	38,500	5
	$ 3,907,000	$ 88,500	$ 3,818,500	
Balance - December 31, 2017:				
In-process research and development	$ 3,730,000	$ –	$ 3,730,000	-
Trade names	100,000	40,000	60,000	5
Non-compete agreements	77,000	30,800	46,200	5
	$ 3,907,000	$ 70,800	$ 3,836,200	

Amortization expense for the three months ended June 30, 2018 and 2017 totaled $8,850 and $8,850, respectively and for the six months ended June 30, 2018 and 2017 totaled $17,700 and $17,700, respectively.

6. RELATED PARTIES

During the six months ended June 30, 2018 and 2017, the Company paid a Company stockholder who is a supplier of raw material inventory to the Company $0 and $9,060, respectively.

During the three months ended June 30, 2018 and 2017, the Company paid $5,250 and $5,250, respectively, to a company partially owned by a Company director that provides quality control and quality assurance consulting to the Company. During the six months ended June 30, 2018 and 2017, the Company paid the same company $10,500 and $10,500, respectively.

7. NOTES PAYABLE

Iliad Secured Convertible Promissory Notes Payable

On May 25, 2016 (the "Purchase Price Date"), the Company entered into a Securities Purchase Agreement ("Iliad SPA") with Iliad Research and Trading, L.P. (the "Lender" or "Iliad") pursuant to which the Lender loaned the Company $2,000,000. On the Purchase Price Date, the Company issued to Lender a Secured Convertible Promissory Note (the "Iliad Note") in the principal amount of $2,055,000 in exchange for payment by Lender of $2,000,000. The principal sum of the Iliad Note reflected the amount invested, plus a 2.25% "Original Issue Discount" ("OID") and a $10,000 reimbursement of Lender's legal fees. Out of the proceeds from the Iliad Note, the Company paid the sum of $25,000 to its placement agent, Myers & Associates, L.P., which is a registered broker-dealer. The Company received net proceeds of $1,975,000 in exchange for the Iliad Note. The Iliad Note required the repayment of all principal and any interest, fees, charges and late fees on the date that was thirteen months after the Purchase Price Date (the "Maturity Date"). Interest was to be paid on the outstanding balance at a rate of ten percent (10%) per annum from the Purchase Price Date until the Iliad Note was paid in full. Interest was accrued during the term of the Iliad Note and all interest calculations were computed on the basis of a 360-day year comprised of twelve (12) thirty (30)-day months and compounded daily. Subject to adjustment as set forth in the Iliad Note, the conversion price for each Lender conversion was $0.50 (the "Lender Conversion Price"), convertible into shares of fully paid and non-assessable common stock. Beginning on the date that was six months after the Purchase Price Date and continuing until the Maturity Date, Iliad had the right to redeem a portion of the Iliad Note in any amount up to the Maximum Monthly Redemption Amount ($275,000, which was the maximum aggregate redemption amount that could be redeemed in any calendar month), for which payments could be made in cash or by converting the redemption amount into shares of Company common stock at a conversion price which was the lesser of (a) the Lender Conversion Price of $0.50 and (b) the Market Price, defined as 70% ("the Conversion Factor"), subject to adjustment as follows: if at any time (1) the average of the three lowest closing bid prices in the previous twenty (20) trading days was below $0.25 per share then the Conversion Factor would have been reduced by 10%, (2) the Company was not Deposit/Withdrawal At Custodian eligible, then the Conversion Factor would have been reduced by an additional 5%, or (3) there occurred a "Major Default" then the Conversion Factor would have been reduced by an additional 5%. The Company was permitted to prepay the Iliad Note at any time by payment to Lender of 125% of the principal, interest and other amounts then due under the Note. The Company was permitted to prepay the Iliad Note notwithstanding an earlier notice of conversion from the Lender, provided that in such event the Lender could convert an amount not to exceed $300,000 under the Iliad Note. In connection with the Iliad Note, as set forth above, the Company incurred an original issue discount of $45,000 and $35,000 of other debt issuance costs, which were amortized over the Iliad Note term. The Iliad Note was securitized by the Company's accounts receivable, inventory and equipment.

In November 2016, the Company entered into an Amendment to the Iliad Note (the "Iliad Amendment"), whereby the Lender and the Company agreed that the Maximum Monthly Redemption Amount for the period from November 2016 to January 2017 (the "Reduction Period") be reduced from $275,000 to $166,667 (the "Reduced Maximum Monthly Redemption Amount"). In addition, if the Lender failed to convert the full Reduced Maximum Monthly Redemption Amount during any month in the Reduction Period, then any such unconverted amount would increase the Reduced Maximum Monthly Redemption Amount in the following month or months. Furthermore, the Company was not allowed to pay any of the Reduced Maximum Monthly Redemption Amounts in cash. As such, all amounts converted would be converted into Redemption Conversion Shares of the Company's common stock. Also, as part of the Iliad Amendment, the Lender agreed that, with respect to any Redemption Conversion Shares received during the Reduction Period, in any given calendar week its Net Sales of such Redemption Conversion Shares would not exceed the greater of (a) 10% of the Company's weekly dollar trading volume in such week or (b) $50,000 (the "Volume Limitation"). However, if the Lender's Net Sales were less than the Volume Limitation for any given week, then in the following week or weeks, the Lender would be allowed to sell an additional amount of Redemption Conversion Shares equal to the difference between the amount the Lender was allowed to sell and the amount the Lender actually sold. For the purpose of the Iliad Amendment, Net Sales was defined as the gross proceeds from sales of the Redemption Conversion Shares sold in a calendar week during the Reduction Period minus any trading commissions or costs associated with clearing and selling such Redemption Conversion Shares minus the purchase price paid for any shares of the Company's common stock purchased in the open market during such week. The Lender and the Company both agreed that in the event the Lender breached the Volume Limitation where its Net Sales of Redemption Conversion Shares during any week during the Reduction Period exceeded the dollar volume the Lender was permitted to sell during such week pursuant to the Volume Limitation (the "Excess Sales"), then the Company's sole and exclusive remedy for such breach was the reduction of the outstanding balance of the Iliad Note by an amount equal to 200% of the Excess Sales upon delivery of written notice to the Lender setting forth its basis for such reduction.

In January 2017, the Company entered into Amendment #2 to the Iliad Note (the "Iliad Amendment 2"). In accordance with the Iliad Amendment 2, during the period between January 27, 2017 and February 24, 2017, the Company agreed to allow the Lender to convert up to $500,000 (the "Additional Redemption Amount") in Redemption Conversions under the Note, provided that the Lender not effectuate a Redemption Conversion of any Maximum Monthly Redemption Amount between January 27, 2017 and March 1, 2017. During this time period, the Company was not allowed to pay any of the Additional Redemption Amount in cash and all such amounts had to be converted into Redemption Conversion Shares of the Company's common stock. In addition, the Lender agreed that the sale of any Redemption Conversion Shares between January 27, 2017 and April 30, 2017 (the "Limitation Period") was subject to the Volume Limitation. Immediately following the expiration of the Limitation Period, the Volume Limitation was cancelled.

In March 2017, the Company entered into Amendment #3 to the Iliad Note (the "Iliad Amendment 3"). In accordance with the Iliad Amendment 3, during the period from March 1, 2017 to March 31, 2017, the Company agreed to allow the Lender to convert up to $500,000 (the "Additional Redemption Amount 2") in Redemption Conversions under the Note, provided that the Lender not effectuate a Redemption Conversion of any Maximum Monthly Redemption Amount from March 1, 2017 until April 1, 2017. During this time period, the Company was not allowed to pay any of the Additional Redemption Amount 2 in cash and all such amounts had to be converted into Redemption Conversion Shares of the Company's common stock. In addition, the Lender agreed that the sale of any Redemption Conversion Shares between March 1, 2017 and May 31, 2017 (the "Limitation Period 2") was subject to the Volume Limitation. Immediately following the expiration of the Limitation Period 2, the Volume Limitation was cancelled.

In August 2017, the Company entered into Amendment #4 to the Iliad Note (the "Iliad Amendment 4"), whereby the Lender and the Company agreed to extend the Maturity Date of the Iliad Note to April 1, 2018. In addition, the parties agreed to amend the Volume Limitation in the Iliad Note, with respect to any Conversion Shares, such that in any given calendar week the Lender's Net Sales of such Conversion Shares would not exceed the greater of (a) 15% of the Company's weekly dollar trading volume in such week or (b) $50,000 (the "New Volume Limitation"). However, if the Lender's Net Sales were less than the New Volume Limitation for any given week, then in the following week or weeks, the Lender would be allowed to sell an additional amount of Conversion Shares equal to the difference between the amount the Lender was allowed to sell and the amount the Lender actually sold. For the purpose of the Iliad Amendment 4, Net Sales was defined as the gross proceeds from sales of the Conversion Shares sold in a calendar week minus any trading commissions or costs associated with clearing and selling such Conversion Shares minus the purchase price paid for any shares of the Company's common stock purchased in the open market during such week. The Lender and the Company both agreed that in the event the Lender breached the Volume Limitation where its Net Sales of Conversion Shares during any week exceeded the dollar volume the Lender was permitted to sell during such week pursuant to the Volume Limitation (the "Excess Sales"), then the Company's sole and exclusive remedy for such breach was the reduction of the outstanding balance of the Iliad Note by an amount equal to 200% of the Excess Sales upon delivery of written notice to the Lender setting forth its basis for such reduction. In connection with the Iliad Amendment 4, Lender confirmed that no Events of Default or other material breaches existed under the Iliad Note and related Transaction Documents (as defined in the Iliad SPA).

During the six months ended June 30, 2017, the Company issued 5,793,791 shares of its common stock to Iliad in connection with the conversions of the Iliad Note in the aggregate principal amount of $1,344,359 and $55,641 of accrued interest. The total of $1,400,000 was allocated to common stock and additional paid-in capital.

The Company's borrowings and conversions under the Iliad SPA for the six months ended June 30, 2018 and for the year ended December 31, 2017 are summarized in the table below:

	Maturity	June 30, 2018	December 31, 2017	Interest Rate
Secured promissory note payable	April 1, 2018	$ –	$ 1,897,976	10%
Interest accrued		–	137,334	
Unamortized original issue discount and debt issuance costs		–	35,335	
Conversion of convertible promissory notes and accrued interest to common stock		–	(1,805,000)	
Conversion of convertible promissory notes and accrued interest to accrued liabilities		–	75,000	
Cash repayment of promissory notes and accrued interest		–	(340,645)	
Net carrying amount of debt		–	–	
Less current portion		–	–	
Long-term borrowings - net of current portion		$ –	$ –	

On the Purchase Price Date, the Company recorded a beneficial conversion feature of $370,000 (the "Iliad Instrument"), which was originally recorded in additional paid-in capital ("APIC") and was scheduled for amortization over six months. The Company determined in 2016 that the Iliad Instrument qualified for derivative accounting treatment. The $370,000 fair value of the Iliad Instrument at the Purchase Price Date is unchanged as a result of the change in derivative accounting treatment, however, in 2016 we reclassified the Iliad Instrument from APIC to a liability in accordance with derivative accounting treatment. During the three and six months ended June 30, 2017, the Company recorded a gain of $16,300 and $222,800, respectively, for the change in fair value of the Iliad Instrument as part of a separate line item in the Company's Condensed Consolidated Statement of Operations. The assumptions used by the Company for calculating the fair value of the Iliad Instrument at the Purchase Price Date using the Binomial Lattice valuation model were: (i) Volatility of 74.0%; (ii) Risk-Free Interest Rate of 0.44%; and (iii) Expected Term of five months; and at June 30, 2017 were (i) Volatility of 61%, (ii) Risk-Free Interest Rate of 0.74%; and (iii) Expected Term of zero months.

In March 2017, the Company entered into another Securities Purchase Agreement ("Iliad SPA 2") with Iliad pursuant to which the Lender loaned the Company $750,000. On March 1, 2017 (the "Subsequent Purchase Price Date"), the Company issued to Lender a Secured Convertible Promissory Note (the "Iliad Note 2") in the principal amount of $770,000 in exchange for payment by Lender of $750,000. The principal sum of the Iliad Note 2 reflected the amount invested, plus a $15,000 OID and a $5,000 reimbursement of Lender's legal fees. The Company received net proceeds of $750,000 in exchange for the Iliad Note 2. The Iliad Note 2 required the repayment of all principal and any interest, fees, charges and late fees on the date that was fourteen months after the Subsequent Purchase Price Date (the "Maturity Date"). Interest was to be paid on the outstanding balance at a rate of eight percent (8%) per annum from the Subsequent Purchase Price Date until the Iliad Note 2 was paid in full. Interest accrued during the term of the Iliad Note 2 and all interest calculations were computed on the basis of a 360-day year comprised of twelve (12) thirty (30)-day months and compounded daily. Subject to adjustment as set forth in the Iliad Note 2, the conversion price for each Lender conversion was the Lender Conversion Price, convertible into shares of fully paid and non-assessable common stock. Beginning on the date that was six months after the Subsequent Purchase Price Date and continuing until the Maturity Date, Iliad had the right to redeem a portion of the Iliad Note 2 in an amount not to exceed $100,000. Provided the Company had not suffered an "Event of Default" and was in compliance with certain "Equity Conditions" (unless waived by Iliad, in either case), the Company was permitted to make payments on such redemptions in cash or by converting the redemption amount into shares of Company common stock at a conversion price which was the lesser of (a) $0.50 per share and (b) 70% ("the Conversion Factor") of the average of the three (3) lowest closing bid prices in the previous 20 trading days, subject to adjustment as follows: if at any time (1) the average of the three lowest closing bid prices in the previous twenty (20) trading days was below $0.25 per share then the Conversion Factor would have been reduced by 10%, (2) the Company was not Deposit/Withdrawal At Custodian eligible, then the Conversion Factor would have been reduced by 5%, (3) the Company was not DTC eligible, then the Conversion Factor would have been reduced by an additional 5% or (4) there occurred a "Major Default" then the Conversion Factor would have been reduced by an additional 5% for each of the first three Major Defaults that occurred after the effective date. The Company was permitted to prepay the Iliad Note 2 at any time by payment to Lender of 125% of the principal, interest and other amounts then due under the Note. The Company was permitted to prepay the Iliad Note notwithstanding an earlier notice of conversion from the Lender, provided that in such event the Lender could have converted an amount not to exceed $200,000 under the Iliad Note 2. In connection with the Iliad Note 2, as set forth above, the Company incurred an original issue discount of $15,000 and $5,000 of other debt issuance costs, which was amortized over the Iliad Note 2 term. The Iliad Note 2 was securitized by the Company's accounts receivable, inventory and equipment.

The Company's borrowings under the Iliad SPA 2 for the six months ended June 30, 2018 and for the year ended December 31, 2017 is summarized in the table below:

	Maturity	June 30, 2018	December 31, 2017	Interest Rate
Secured promissory note payable	April 30, 2018	$ 609,926	$ 770,000	8%
Interest accrued		$ 44,360	51,890	
Unamortized original issue discount and debt issuance costs, net		$ 5,714	(5,714)	
Conversion of convertible promissory notes and accrued interest to accrued liabilities		–	(75,000)	
Cash repayment of promissory notes and accrued interest		$ (660,000)	(131,250)	
Net carrying amount of debt		–	609,926	
Less current portion		–	(609,926)	
Long-term borrowings - net of current portion		$ –	$ –	

On the Subsequent Purchase Price Date, the Company recorded a derivative liability of $29,300 which was scheduled for amortization over 8 months. During the three and six months ended June 30, 2017, the Company recorded a gain of $10,988 and $15,088, respectively, for the change in fair value of the derivative liability as part of a separate line item in the Company's Condensed Consolidated Statement of Operations. The assumptions used by the Company for calculating the fair value of the derivative liability at the Subsequent Purchase Price Date and at June 30, 2017 using the Binomial Lattice valuation model were: (i) Volatility of 85.0%; (ii) Risk-Free Interest Rate of 0.84%; and (iii) Expected Term of 8 months; and at June 30, 2017 were (i) Volatility of 84.0%, (ii) Risk-Free Interest Rate of 0.93%; and (iii) Expected Term of 4 months. On April 24, 2018, the Company repaid all amounts outstanding under the Iliad Note 2.

Current Unsecured Note Payable

In November 2017, the Company entered into a new loan agreement with First Insurance Funding to fund a portion of the Company's insurance policies. The amount financed was $149,044 and bears interest at a rate of 4.65%. The Company is required to make nine monthly payments of $16,883 to satisfy this current unsecured note payable. As of June 30, 2018 and December 31, 2017, the outstanding balance was $16,818 and $116,370, respectively.

Unsecured Note Payable

On January 29, 2016, the Company issued an unsecured promissory note to Wiltshire, LLC ("Wiltshire") in the principal amount of $850,000 (the "Promissory Note") in consideration of a loan provided to the Company by Wiltshire. The Promissory Note accrued interest at 12% per annum, and the Company was obligated to make monthly interest-only payments in the amount of $8,500, for which the interest-only payments obligation commenced on March 1, 2016. All principal and accrued and unpaid interest was due under the Promissory Note on February 1, 2018. The Company had the right to prepay the Promissory Note without penalty or premium. In connection with the Promissory Note, the Company incurred an original issue discount of $30,000 and $18,570 of other debt issuance costs, which will be amortized over the Promissory Note term.

On November 9, 2017, the Company extinguished and replaced the Promissory Note with a new note to Wiltshire in the principal amount of $850,000 (the "Wiltshire Note 2") in consideration of a new loan to the Company by Wiltshire. The Wiltshire Note 2 bears interest at 16% per annum, the Company is obligated to make monthly interest-only payments of $11,333, for which the interest-only payments obligation commenced on November 9, 2017. All principal and accrued interest is due under the Wiltshire Note 2 on May 9, 2019. In connection with the Wiltshire Note 2, the Company incurred legal expenses of $12,500.

The Company's borrowing under the Promissory Note for the six months ended June 30, 2018 and for the year ended December 31, 2017 is summarized in the table below:

	June 30, 2018	December 31, 2017
Unsecured promissory note payable	$ 850,000	$ 850,000
Debt extinguishment (Promissory Note)	–	(850,000)
Unsecured promissory note – principal amount (Wiltshire 2)	–	850,000
Net carrying amount of debt	850,000	850,000
Less current portion	850,000	–
Long-term borrowings - net of current portion	$ –	$ 850,000

Pursuant to the terms of the Promissory Note, the Company issued to Wiltshire a warrant with the right to purchase up to 2,000,000 shares of the Company's common stock (the "Warrant"). The Warrant is exercisable, subject to certain limitations, subsequent to July 1, 2017 and before the date that is five years from the date of issuance at an exercise price of $0.20 per share, subject to adjustment upon the occurrence of certain events such as stock splits and dividends. The Company recorded the fair value of the Warrant of $266,800 as a debt discount associated with the Promissory Note. During the three months ended each of June 30, 2018 and 2017, the Company recorded interest expense of $34,000 and $33,350, respectively, for the amortization of the Warrant fair value. During the six months ended each of June 30, 2018 and 2017, the Company recorded interest expense of $68,000 and $66,700, respectively. The assumptions used by the Company for calculating the fair value of the Warrant at inception using the Black-Scholes valuation model were: (i) Volatility of 83.3%; (ii) Risk-Free Interest Rate of 2.12%; and (iii) Expected Term of five years.

Pursuant to the terms of the Wiltshire Note 2, the Company issued to Wiltshire a warrant with the right to purchase up to 750,000 shares of the Company's common stock (the "Warrant 2"). The Warrant 2 is exercisable at any time subsequent to the date of issuance on November 9, 2017, and before the date that is five years from the date of issuance at an exercise price of $0.248 per share, subject to adjustment upon the occurrence of certain events such as stock splits and dividends. The Company used extinguishment accounting to record the repayment of the Promissory Note and issuance of the Wiltshire Note 2. As a result, the fair value of the Warrant 2 of $136,650 was included in the loss on extinguishment of debt amount totaling $188,822 that was included in the Company's Consolidated Statement of Operations for the year ended December 31, 2017. The assumptions used by the Company for calculating the fair value of the Warrant 2 at inception using the Black-Scholes valuation model were: (i) Volatility of 95.9%; (ii) Risk-Free Interest Rate of 2.59%; and (iii) Expected Term of five years.

8. STOCKHOLDERS' EQUITY

Common Stock

The Company is authorized to issue up to 190,000,000 shares of common stock (par value $0.0001). As of June 30, 2018 and December 31, 2017, the Company had 90,945,896 and 90,512,563 shares of common stock issued and outstanding.

Preferred Stock

The Company is authorized to issue up to 10,000,000 shares of $0.0001 par value preferred stock with designations, rights and preferences to be determined from time to time by the Board of Directors of the Company. Each such series or class shall have voting powers, if any, and such preferences and/or other special rights, with such qualifications, limitations or restrictions of such preferences and/or rights as shall be stated in the resolution or resolutions providing for the issuance of such series or class of shares of preferred stock. As of June 30, 2018 and December 31, 2017, there was no preferred stock issued and outstanding.

Options/Warrants/RSU's

On July 23, 2014, Company stockholders approved the CV Sciences, Inc. Amended and Restated 2013 Equity Incentive Plan (the "Amended 2013 Plan"), which provides for the granting of stock options, restricted stock awards, restricted stock units (RSU's), stock bonus awards and performance-based awards. On each of December 21, 2015, October 24, 2016 and July 14, 2017, the Company's stockholders approved an amendment to the Amended 2013 Plan to increase the number of shares that may be issued under the Amended 2013 Plan. There are currently 25,000,000 shares of common stock authorized for issuance under the Amended 2013 Plan. This plan serves as the successor to the 2013 Equity Incentive Plan. There were no option awards under the 2013 Equity Incentive Plan prior to it being amended and restated.

9. STOCK-BASED COMPENSATION

The Company's Amended 2013 Plan provides for the granting of stock options, restricted stock awards, RSU's, stock bonus awards and performance-based awards. As of June 30, 2018, the Company had 3,346,334 of authorized unissued shares reserved and available for issuance upon exercise and conversion of outstanding awards under the Amended 2013 Plan.

The stock options are exercisable at no less than the fair market value of the underlying shares on the date of grant, and restricted stock and restricted stock units are issued at a value not less than the fair market value of the common stock on the date of the grant. Generally, stock options awarded are vested in equal increments ranging from two to four years on the annual anniversary date on which such equity grants were awarded. The stock options generally have a maximum term of 10 years.

The Company recognized Selling, General and Administrative ("SG&A") expenses of $361,149 and $557,837, relating to stock options and RSU's issued to employees, officers, directors and consultants for the three months ended June 30, 2018 and 2017, respectively. The Company recognized SG&A expenses of $1,396,302 and $1,744,128, relating to stock options and RSU's issued to employees, officer, directors and consultants for the six months ended June 30, 2018 and 2017, respectively. As of June 30, 2018, total unrecognized compensation cost related to non-vested stock-based compensation arrangements granted to employees, officers, directors and consultants was $1,621,695 which is expected to be recognized over a weighted-average period of 2.17 years.

The following table summarizes stock option and RSU activity for the Amended 2013 Plan during the six months ended June 30, 2018:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contract Term (Years)	Aggregate Intrinsic Value
Outstanding - December 31, 2017	15,823,277	$ 0.48	8.54	$ 5,406,499
Granted	6,669,000	0.40	–	–
Exercised	(283,334)	0.38	–	–
Cancelled/Forfeited	(550,000)	0.40	–	–
Expired	(5,277)	0.45	–	–
Outstanding - June 30, 2018	21,653,666	0.46	8.03	26,390,910
Total exercisable - June 30, 2018	15,838,205	0.48	7.60	18,944,543
Total unvested - June 30, 2018	5,815,461	0.38	9.22	7,446,367
Total vested or expected to vest - June 30, 2018	21,653,666	0.46	8.03	26,390,910

The following table summarizes unvested stock options as of June 30, 2018:

	Number of Shares	Weighted Average Fair Value Per Share on Grant Date
Unvested stock options - December 31, 2017	3,738,615	0.35
Granted	6,669,000	0.30
Vested	(4,042,154)	0.36
Cancellations	(550,000)	0.31
Unvested stock options - June 30, 2018	5,815,461	0.29

The following table summarizes stock option activity outside of the Amended 2013 Plan during the six months ended June 30, 2018:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contract Term (Years)	Aggregate Intrinsic Value
Outstanding - December 31, 2017	7,250,000	$ 0.37	8.78	$ 1,813,500
Granted	–	–	–	–
Exercised	–	–	–	–
Forfeited	–	–	–	–
Expired	–	–	–	–
Outstanding - June 30, 2018	7,250,000	0.37	8.29	9,353,500
Total exercisable - June 30, 2018	7,250,000	0.37	8.29	9,353,500
Total unvested - June 30, 2018	–	–	–	–
Total vested or expected to vest - June 30, 2018	7,250,000	0.37	8.29	9,353,500

As of June 30, 2018, there were 10,750,000 remaining unvested stock options granted outside of the Amended 2013 Plan which vest upon the completion of future performance conditions.

10. INCOME TAXES

On December 22, 2017, tax reform legislation known as the Tax Cuts and Jobs Act (the "Tax Legislation") was enacted in the United States (the "U.S."). The Tax Legislation significantly revises the U.S. corporate income tax by lowering the statutory corporate tax rate to 21%, among other changes.

The Company has preliminarily accounted for the effects of the Tax Legislation and estimate that our effective tax rate for 2018 will be approximately 1% because we expect that our taxable income for 2018 will be fully offset by net operating loss carry forwards and the only tax obligation will be for state-level alternative minimum taxes. Due to uncertainties in estimating our taxable income after 2018, we cannot determine that it is more likely than not that net operating loss carry forwards and other deferred tax assets will be utilized after 2018.

Our income tax provision for the three and six months ended June 30, 2018 and 2017 was $40,000, and was $0 for the three months ended June 30, 2017.

11. COMMITMENTS AND CONTINGENCIES

Commitments

The Company entered an 8-year lease agreement (the "Lease") consolidating its operations of approximately 24,000 square feet in San Diego, California that commenced on February 1, 2018. The Company is required to pay monthly base rent, utilities and common area maintenance expenses. The Company received a landlord rent incentive of $1,067,459 for tenant improvements. The Lease rent incentive is recorded as a deferred liability and is amortized over the Lease term to rent expense.

The Company entered a 3-year lease agreement for additional warehouse space of approximately 5,000 square feet in San Diego, California that commenced on April 1, 2018.

The following table provides the Company's future minimum payments under all Company lease commitments as of June 30, 2018:

	Operating Lease Commitment
2018 – for the six months ending December 31, 2018	$ 312,966
2019	733,849
2020	755,813
2021	712,204
2022	711,280
Thereafter	2,329,750
	$ 5,555,862

The Company incurred rent expense of $153,478 and $111,733 for the three months ended June 30, 2018 and 2017, respectively, and incurred rent expense of $335,817 and $242,617 for the six months ended June 30, 2018 and 2017, respectively.

Contingencies

On April 23, 2014, Tanya Sallustro filed a purported class action complaint (the "Complaint") in the Southern District of New York (the "Court") alleging securities fraud and related claims against the Company and certain of its officers and directors and seeking compensatory damages including litigation costs. Ms. Sallustro alleges that between March 18-31, 2014, she purchased 325 shares of the Company's common stock for a total investment of $15,791. The Complaint refers to Current Reports on Form 8-K and Current Reports on Form 8-K/A filings made by the Company on April 3, 2014 and April 14, 2014, in which the Company amended previously disclosed sales (sales originally stated at $1,275,000 were restated to $1,082,375 - a reduction of $192,625) and restated goodwill as $1,855,512 (previously reported at net zero). On March 19, 2015, the Court issued a ruling appointing Steve Schuck as lead plaintiff. Counsel for Mr. Schuck filed a "consolidated complaint" on September 14, 2015, asserting two claims: (1) for violation of Section 10(b) of the Exchange Act and SEC Rule 10B-5 promulgated thereunder against all defendants, and (2) for violation of Section 20(a) of the Exchange Act against the individual defendants. Plaintiffs sued the Company, Michael Mona, Jr., Bart Mackay, Theodore Sobieski, Edward Wilson, Stuart Titus, and Michael Llamas.

On December 11, 2015, the Company and the individuals (except for Messrs. Titus and Llamas) filed a motion to dismiss the consolidated complaint. On April 2, 2018, the Court issued an order granting in part and denying in part the motion to dismiss. With respect to the First Claim for violation of Section 10(b) of the Exchange Act, the court ruled that plaintiffs failed to allege misstatements or omissions attributable to Messrs. Mackay, Sobieski, or Titus, and so granted the motion on that claim as to those parties. The court found the allegations sufficient as to the Company and Messrs. Wilson, and Mona Jr., and so denied the motion as to those parties. Under plaintiffs' separate theory of "market manipulation," the Court granted the motion in favor of all defendants. The parties are currently awaiting entry of a case scheduling order by the Court. Management intends to vigorously defend the allegations and an estimate of possible loss cannot be made at this time.

On March 17, 2015, stockholder Michael Ruth filed a shareholder derivative suit in Nevada District Court alleging two causes of action: 1) Breach of Fiduciary Duty, and 2) "Gross Mismanagement." The claims are premised on the same events as the already-pending securities class action case in New York discussed above – it is alleged that the Form 8-K filings misstated goodwill and sales of the Company, which when corrected, lead to a significant drop in stock price. The Company filed a motion to dismiss the suit on June 29, 2015. Instead of opposing the Company's motion, Mr. Ruth filed an amended complaint on July 20, 2015. Thereafter, Mr. Ruth and the Company agreed to stay the action pending the outcome of the securities class action case in New York discussed above. Mr. Ruth and the Company filed a stipulation and proposed order on June 20, 2018 asking the Nevada District Court to continue the stay in the action pending a resolution on the securities class action case. Since no discovery has been conducted and the case has been stayed for nearly three years, an estimate of the possible loss or recovery cannot be made at this time.

On June 15, 2017, the SEC filed an enforcement action against the Company and its then-Chief Executive Officer, Michael Mona, Jr. In the complaint, filed in the United States District Court of Nevada (Case No. 2:17-cv-01681), the SEC alleged that the Company and Mr. Mona violated federal securities laws, including Section 10(b) of the Securities Exchange Act of 1934, as amended, and SEC Rule 10b-5(b), through alleged misrepresentations made in certain SEC reports regarding the value of the Company's assets acquired by the Company from PhytoSphere Systems, LLC. On May 31, 2018, the Company and Mr. Mona settled all claims. Pursuant to the terms of the settlement, without admitting or denying the allegations made by the SEC, the Company agreed to a consent judgment pursuant to which (a) the Company agreed to pay a penalty in the amount of $150,000, and (b) the Company is permanently enjoined from violations of federal securities laws. The Company has made this payment in full. Mr. Mona, without admitting or denying any allegations, agreed to an order (a) prohibiting him from serving as an officer or director of a publicly held company for five (5) years, (b) providing for payment in the aggregate amount of $50,000, payable in 12 installments commencing 30 days after entry of final judgment, and (c) permanently enjoining him from violations of federal securities laws. Effective concurrent with the settlement, Mr. Mona resigned as the Company's President and Chief Executive Officer, and resigned his position on the Company's Board of Directors.

On October 21, 2016, Dun Agro B.V. ("Dun Agro") filed a complaint against the Company in the District Court of the North Netherlands, location Groningen, The Netherlands, alleging non-performance under a contract, seeking compensatory damages of approximately 2,050,000 euros, excluding interest and costs. The plaintiff alleges that the Company was obligated to perform under that certain Supply Agreement between the Company and Dun Agro dated December 19, 2013, and to purchase 1,000,000 kilograms of harvested raw material related to the 2016 crop. A trial date is set for September 17, 2018. Management intends to vigorously defend the complaint allegations and an estimate of possible loss cannot be made at this time.

The Company is a plaintiff in two litigation matters involving former credit card processors of the Company. On September 10, 2017, the Company filed a complaint against one such credit card processor, PayToo Merchant Services, Corporation ("Pay Too"), a Florida corporation, in the Circuit Court in Broward County, Florida, asserting breach of contract claims for PayToo's failure to remit approximately $250,000 to the Company for credit card sales processed by PayToo from January 2017 to February 2017. On December 11, 2017, the Company filed a complaint against the other credit card processor, T1 Payments, LLC ("T1"), a Nevada corporation, in District Court, Clark County, Nevada, asserting breach of contract claims for T1's failure to remit approximately $500,000 to the Company for credit card sales processed by T1 from February 2017 to October 2017.

In the normal course of business, the Company is a party to a variety of agreements pursuant to which we may be obligated to indemnify the other party. It is not possible to predict the maximum potential amount of future payments under these types of agreements due to the conditional nature of our obligations and the unique facts and circumstances involved in each particular agreement. Historically, payments made by us under these types of agreements have not had a material effect on our business, consolidated results of operations or financial condition.

12. SEGMENT INFORMATION

The Company operates in two distinct business segments: a consumer product segment in manufacturing, marketing and selling plant-based CBD products to a range of market sectors; and, a specialty pharmaceutical segment focused on developing and commercializing novel therapeutics utilizing synthetic CBD. The Company's segments maintain separate financial information for which operating results are evaluated on a regular basis by the Company's senior management in deciding how to allocate resources and in assessing performance. The Company evaluates its consumer product segment based on net product sales, gross profit and operating income or loss. The Company currently evaluates its specialty pharmaceutical segment based on the progress of its clinical development programs.

The following table presents information by reportable operating segment for the three and six months ended June 30, 2018 and 2017:

	Consumer Products Segment	Specialty Pharmaceutical Segment	Consolidated Totals
Three Months Ended			
June 30, 2018:			
Product sales, net	$ 12,348,695	$ –	$ 12,348,695
Gross profit	9,060,076	–	9,060,076
Selling, general and administrative	(5,319,536)	(1,068)	(5,320,604)
Research and development	(75,833)	(366,171)	(442,004)
Operating income (loss)	$ 3,664,707	$ (367,239)	$ 3,297,468
Three Months Ended			
June 30, 2017:			
Product sales, net	$ 4,081,832	$ –	$ 4,081,832
Gross profit	2,844,458	–	2,844,458
Gain on change in derivative liabilities	27,288	–	27,288
Selling, general and administrative	(3,447,786)	(77,987)	(3,525,773)
Research and development	(55,956)	(149,691)	(205,647)
Operating loss	$ (631,996)	$ (227,678)	$ (859,674)
Six Months Ended			
June 30, 2018:			
Product sales, net	$ 20,419,460	$ –	$ 20,419,460
Gross profit	14,621,979	–	14,621,979
Selling, general and administrative	(10,046,120)	(15,077)	(10,061,197)
Research and development	(192,467)	(403,241)	(595,708)
Operating income (loss)	$ 4,383,392	$ (418,318)	$ 3,965,074
Six Months Ended			
June 30, 2017:			
Product sales, net	$ 7,846,023	$ –	$ 7,846,023
Gross profit	5,277,462	–	5,277,462
Gain on change in derivative liabilities	237,888	–	237,888
Royalty buy-out	–	(2,432,000)	(2,432,000)
Selling, general and administrative	(7,052,962)	(149,520)	(7,202,482)
Research and development	(104,989)	(289,374)	(394,363)
Operating loss	$ (1,642,601)	$ (2,870,894)	$ (4,513,495)

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

The following discussion of our financial condition and results of operations for the three and six months ended June 30, 2018 and 2017, respectively, should be read in conjunction with the financial statements and the notes to those statements that are included elsewhere in this Quarterly Report on Form 10-Q. Our discussion includes forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, expectations and intentions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors. We use words such as "anticipate", "estimate", "plan", "project", "continuing", "ongoing", "expect", "believe", "intend", "may", "will", "should", "could", and similar expressions to identify forward-looking statements.

OVERVIEW

We are a life science company with two distinct business segments. Our specialty pharmaceutical segment is focused on developing and commercializing novel therapeutics utilizing synthetic Cannabidiol ("CBD"). Our consumer product segment is focused on manufacturing, marketing and selling plant-based CBD products to a range of market sectors. On June 8, 2016, the Company changed its trading symbol from "CANV" to "CVSI", and continues to be traded on the OTC: QB.

Our specialty pharmaceutical business segment is developing synthetic cannabinoids to treat a range of medical conditions. The Company's product candidates are based on proprietary formulations, processes and technology that we believe are patent-protectable, and we plan to vigorously pursue patent protection on the Company's two drug candidates.

Our consumer product business segment manufactures, markets and sells consumer products containing plant-based CBD under our *PlusCBD*™ brand in a range of market sectors including nutraceutical, beauty care, specialty foods and vape.

We expect to realize revenue from our consumer products business segment to fund our working capital needs during 2018. However, the Company's pharmaceutical business segment may require additional capital over the next 12 months. Management believes that it will be able to fund our drug development efforts in 2018 either through current cash flow, or, through external financing on terms acceptable to the Company, however, there can be no assurances that the Company will be successful. If the Company is unable to generate sufficient cash flow or raise additional capital, the Company would likely be forced to curtail pharmaceutical development.

Non-GAAP Financial Measures

We currently focus on Adjusted EBITDA to evaluate our operating performance and financial position. Adjusted EBITDA is defined by us as EBITDA (net income (loss) minus interest income, plus interest expense, income tax expense, depreciation and amortization), further adjusted to exclude certain non-cash expenses and other adjustments as set forth below. We present Adjusted EBITDA because we consider it an important measure of our performance and it is a meaningful financial metric in assessing our operating performance from period to period by excluding certain items that we believe are not representative of our core business, such as certain non-cash items and other adjustments. The Company believes that Adjusted EBITDA, viewed in addition to, and not in lieu of, our reported results in accordance with accounting principles generally accepted in the United States ("GAAP"), provides useful information to investors regarding the Company's performance.

Adjusted EBITDA is a non-GAAP measure and does not purport to be an alternative to net income (loss) as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. The term "Adjusted EBITDA" is not defined under GAAP, and Adjusted EBITDA is not a measure of net income (loss), operating income or any other performance measure derived in accordance with GAAP. Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of the Company's results as reported under GAAP. CV Sciences' management compensates for these limitations by relying primarily on GAAP results and using Adjusted EBITDA as supplemental information.

A reconciliation from our net loss to Adjusted EBITDA, a non-GAAP measure, for the three and six months ended June 30, 2018 and 2017 is detailed below:

	For the three months ended June 30,		For the six months ended June 30,	
	2018	2017	2018	2017
Net income (loss)	$ 3,185,910	$ (992,188)	$ 3,805,244	$ (4,776,963)
Interest income	–	7	–	7
Interest expense	71,558	132,521	119,830	263,475
Amortization of purchased intangible assets	8,850	8,850	17,700	17,700
Depreciation of property & equipment	117,014	39,322	227,210	86,847
EBITDA	3,383,332	(811,488)	4,169,984	(4,408,934)
EBITDA Adjustments:				
Stock-based compensation expense (1)	361,149	557,837	1,396,302	1,744,128
Common stock issued for professional services (2)	61,575	–	61,575	–
Gain on changes in derivative liabilities (3)	–	(27,288)	–	(237,888)
Royalty buy-out (4)	–	–	–	2,432,000
Total EBITDA Adjustments	422,724	530,549	1,457,877	3,938,240
Adjusted EBITDA	$ 3,806,056	$ (280,939)	$ 5,627,861	$ (470,694)

(1) Represents stock-based compensation expense related to stock options and RSU's awarded to employees, consultants and non-executive directors based on the grant date fair value under the Black-Scholes valuation model (See Note 9 of the Company's condensed consolidated financial statements).
(2) Represents common stock issued for professional services
(3) Represents the gain on changes in derivative liabilities associated with the Iliad Notes (See Note 7 of the Company's condensed consolidated financial statements).
(4) Represents the share-based royalty buy-out associated with the CanX acquisition.

As illustrated above, Adjusted EBITDA improved by $4.1 million and $6.1 million for the three and six months ended June 30, 2018 compared with the same period in 2017. This improvement is primarily due to the Company's increase in sales.

Critical Accounting Policies

We have disclosed in the notes to our consolidated financial statements and in "Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our 2017 Annual Report on Form 10-K, those accounting policies that we consider to be significant in determining our results of operation and financial condition. There have been no material changes to those policies that we consider to be significant since the filing of our 2017 Annual Report on Form 10-K. The accounting principles used in preparing our unaudited condensed consolidated financial statements conform in all material respects to GAAP.

Recent Accounting Pronouncements

See Note 2 in the accompanying notes to condensed consolidated financial statements.

Results of Operations

Comparison of the three and six months ended June 30, 2018 and 2017

Revenues and gross profit **-** We had sales of $12.35 million and gross profit of $9.06 million representing a gross profit percentage of 73.4% for the three months ended June 30, 2018 compared to sales of $4.08 million and gross profit of $2.84 million, representing a gross profit percentage of 69.7% for the three months ended June 30, 2017. The Company increased sales by $8.27 million, or a 203% increase, for the three months ended June 30, 2018, when compared to results for three months ended June 30, 2017.

For the six months ended June 30, 2018, we had sales of $20.42 million and gross profit of $14.62 million, representing a gross profit percentage of 71.6% compared with sales of $7.85 million and gross profit of $5.28 million, representing a gross profit percentage of 67.3% for the six months ended June 30, 2017. The Company increased sales by $12.57 million, or a 160% increase, for the six months ended June 30, 2018 when compared to results for six months ended June 30, 2017.

The sales increase for the three and six months ended June 30, 2018 compared with the three and six months ended June 30, 2017 is primarily due to an increase in distribution, customer awareness and demand for our branded *PlusCBD*™ products, as we continued to expand and maintain our core customer base which further supports our decision to change our sales strategy to focus primarily on branded consumer products.

The gross profit increase for the three and six months ended June 30, 2018 compared with the three and six months ended June 30, 2017 is the result of our change in sales mix and the inventory impairment recorded in 2016 which resulted in lower raw material unit costs.

Selling, general and administrative expenses – Selling, general and administrative ("SG&A") expenses increased to $5.32 million for the three months ended June 30, 2018, compared with $3.53 million for the three months ended June 30, 2017. SG&A expenses include non-cash expenses of $0.55 million and $0.61 million for the three months ended June 30, 2018 and 2017, respectively, which consisted primarily of stock-based compensation, amortization of intangible assets, depreciation of fixed assets and bad debt expense. After adjusting for these non-cash expenses, SG&A expenses increased by $1.85 million for the three months ended June 30, 2018 compared to three months ended June 30, 2017, an approximate 63% increase. This increase relates primarily to increased employee headcount and higher commissions, both directly related to our 203% increase in sales for the three months ended June 30, 2018, as compared to three months ended June 30, 2017.

For the six months ended June 30, 2018 and 2017, we incurred SG&A expenses in the amount of $10.06 million and $7.20 million, respectively. SG&A expenses include non-cash expenses of $1.64 million and $1.85 million for the six months ended June 30, 2018 and 2017, respectively, which consisted primarily of stock-based compensation, amortization of intangible assets, depreciation of fixed assets and bad debt expense. After adjusting for these non-cash expenses, SG&A expenses increased by $3.07 million for the six months ended June 30, 2018 compared to six months ended June 30, 2017, an approximate 57% increase. This increase relates primarily to increased employee headcount and higher commissions, both directly related to our 160% increase in sales for the six months ended June 30, 2018, as compared to six months ended June 30, 2017.

Research and development expenses - For the three months ended June 30, 2018 and 2017, the Company incurred research and development ("R&D") expenses of $0.44 million and $0.21 million, respectively. These expenses are related to our cost of process development, rental of our laboratory facility, payroll expenses, laboratory supplies, product development and testing, outsourced research personnel, and R&D expenses related to our specialty pharmaceutical segment.

During the three months ended June 30, 2018, we incurred $0.37 million of R&D expenses related to our specialty pharmaceutical segment compared with $0.15 million for the six months ended June 30, 2017. We expect R&D expense related to our pharmaceutical segment to increase each quarter over the next 12 months.

For the six months ended June 30, 2018 and 2017, the Company incurred R&D expenses of $0.60 million and $0.39 million, respectively. These costs are related to the same costs incurred during the three months ended June 30, 2018 and 2017, respectively. During the six months ended June 30, 2018, we incurred $0.40 million of R&D expenses related to our specialty pharmaceutical segment compared with $0.29 million in the six months ended June 30, 2017.

Gain on changes in derivative liabilities - Gain on changes in derivative liabilities of $0 and $0.03 million during the three months ended June 30, 2018 and 2017, respectively, relates to the change in the derivative liability from the Iliad Note and the change in the derivative liability from inception for the Iliad Note 2 (See Note 7 of the Company's condensed consolidated financial statements). The gain results primarily from the reduction in the expected term of the derivative liabilities.

Gain on changes in derivative liabilities of $0 and $0.24 million during the six months ended June 30, 2018 and 2017, respectively, relates to the change in the derivative liability from December 31, 2016 on the Iliad Notes (See Note 7 of the Company's condensed consolidated financial statements). The gain results primarily from the reduction in the expected term of the derivative liabilities.

Royalty buy-out - Royalty buy-out of $0 and $2.43 million during the six months ended June 30, 2018 and 2017, respectively relates to the Company's share-based royalty buy-out associated with the Company's acquisition of CanX, Inc., Florida-based, specialty pharmaceutical corporation, as disclosed by the Company in that certain Current Report on Form 8-K filed by the Company with the SEC on March 22, 2017.

Liquidity and Capital Resources

A summary of our changes in cash flows for the six months ended June 30, 2018 and 2017 is provided below:

	For the six months ended June 30,	
	2018	**2017**
Net cash flows provided by (used in):		
Operating activities	$ 5,369,312	$ 204,279
Investing activities	(277,530)	(6,410)
Financing activities	(652,150)	642,233
Net increase (decrease) in cash and restricted cash	4,439,632	840,102
Cash and restricted cash, beginning of period	2,791,544	1,057,468

Cash and restricted cash, end of period	$ 7,231,176	$ 1,897,570

Operating Activities

Net cash provided by or used in operating activities includes our net income (loss) adjusted for non-cash expenses such as depreciation and amortization, bad debt expense, amortizations of debt issuance costs, gains or losses on our derivative liabilities, expenses related to issuance of common stock for professional services, stock-based compensation and accrued interest expense. Operating assets and liabilities primarily include balances related to funding of inventory purchases and customer accounts receivable. Operating assets and liabilities that arise from the funding of inventory purchases and customer accounts receivable can fluctuate significantly from day to day and period to period depending on the timing of inventory purchases and customer behavior.

Net cash provided by operating activities increased to $5.37 million for the six months ended June 30, 2018 compared to $0.20 million for the six months ended June 30, 2017, an improvement of $5.17 million. The primary reasons for this improvement include our increased sales, gross margins, and ability to convert our inventory investment into cash, as well as the Company's transition from a net loss to net income position during the first six months of 2018.

Investing Activities

The Company had $0.28 million and $0.01 used in investing activities for the six months ended June 30, 2018 and 2017, respectively. The investing activities for the first six months of 2018 included purchase of equipment and leasehold improvements.

Financing Activities

Net cash provided by (used in) financing activities for the six months ended June 30, 2018 and 2017 totaled ($0.65) million and $0.64 million, respectively. Cash flows used by financing activities for the six months ended June 30, 2018 consisted of $0.66 million of cash repayments on convertible debt, $0.10 million of repayments on an unsecured note payable and proceeds from exercise of stock options of $0.10 million. Cash flows provided by financing activities for the six months ended June 30, 2017 consisted of $0.75 million in borrowing net proceeds from the issuance of secured convertible debt and $0.11 million of repayments on an unsecured note payable. (See Note 7 of the Condensed Consolidated Financial Statements).

Liquidity

For the three months ended June 30, 2018 and 2017, the Company had net income (loss) of $3.19 million and ($0.99) million, respectively, and for the six months ended June 30, 2018 and 2017, the Company had net income (loss) of $3.81 million and ($4.78) million, respectively. In addition, for the six months ended June 30, 2018 and 2017, the Company had positive cash flows from operations of $5.37 million and $0.20 million. Management believes the Company has the funds needed to continue its consumer product business segment and meet its other obligations over the next year solely from current revenues and cash flow due to increased sales and because our current inventory levels are sufficient to support sales through 2019, resulting in reduced cash outflow for inventory purchases. However, the Company's pharmaceutical business segment may require additional capital over the next 12 months. Management believes that it will be able to fund our drug development efforts in 2018 either through current cash flow, or, through external financing on terms acceptable to the Company, however, there can be no assurances that the Company will be successful. If the Company is unable to generate sufficient cash flow or raise additional capital, the Company would likely be forced to curtail pharmaceutical development.

Off-Balance Sheet Arrangements

The Company previously had two supply arrangements with European farmers to supply raw inventory material through October 2018. Both agreements have been terminated and we do not intend to purchase raw inventory material from the 2017 or 2018 crop.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable to a "smaller reporting company" as defined in Item 10(f)(1) of Regulation S-K.

ITEM 4. CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES

Our management, which is comprised of one person holding the offices of Chief Executive Officer, Chief Financial Officer and Secretary, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act) as of the end of the period covered by this report (the "Evaluation Date"). Based on such evaluation, our management concluded that our disclosure controls and procedures were effective, at a reasonable assurance level, as of the Evaluation Date, to ensure that information required to be disclosed in reports that we file or submit under that Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management in a manner that allows timely decisions regarding required disclosures.

An evaluation was performed under the supervision and with the participation of the Company's management of the effectiveness of the design and operation of the Company's procedures and internal control over financial reporting as of June 30, 2018. In making this assessment, the Company used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in its Internal Control-Integrated Framework (2013).

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There was no change in our internal control over financial reporting identified with our evaluation that occurred during the fiscal quarter ended June 30, 2018, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

On April 23, 2014, Tanya Sallustro filed a purported class action complaint (the "Complaint") in the Southern District of New York (the "Court") alleging securities fraud and related claims against the Company and certain of its officers and directors and seeking compensatory damages including litigation costs. Ms. Sallustro alleges that between March 18-31, 2014, she purchased 325 shares of the Company's common stock for a total investment of $15,791. The Complaint refers to Current Reports on Form 8-K and Current Reports on Form 8-K/A filings made by the Company on April 3, 2014 and April 14, 2014, in which the Company amended previously disclosed sales (sales originally stated at $1,275,000 were restated to $1,082,375 - a reduction of $192,625) and restated goodwill as $1,855,512 (previously reported at net zero). On March 19, 2015, the Court issued a ruling appointing Steve Schuck as lead plaintiff. Counsel for Mr. Schuck filed a "consolidated complaint" on September 14, 2015, asserting two claims: (1) for violation of Section 10(b) of the Exchange Act and SEC Rule 10B-5 promulgated thereunder against all defendants, and (2) for violation of Section 20(a) of the Exchange Act against the individual defendants. Plaintiffs sued the Company, Michael Mona, Jr., Bart Mackay, Theodore Sobieski, Edward Wilson, Stuart Titus, and Michael Llamas.

On December 11, 2015, the Company and the individuals (except for Messrs. Titus and Llamas) filed a motion to dismiss the consolidated complaint. On April 2, 2018, the Court issued an order granting in part and denying in part the motion to dismiss. With respect to the First Claim for violation of Section 10(b) of the Exchange Act, the court ruled that plaintiffs failed to allege misstatements or omissions attributable to Messrs. Mackay, Sobieski, or Titus, and so granted the motion on that claim as to those parties. The court found the allegations sufficient as to the Company and Messrs. Wilson, and Mona Jr., and so denied the motion as to those parties. Under plaintiffs' separate theory of "market manipulation," the Court granted the motion in favor of all defendants. The parties are currently awaiting entry of a case scheduling order by the Court. Management intends to vigorously defend the allegations and an estimate of possible loss cannot be made at this time.

On March 17, 2015, stockholder Michael Ruth filed a shareholder derivative suit in Nevada District Court alleging two causes of action: 1) Breach of Fiduciary Duty, and 2) "Gross Mismanagement." The claims are premised on the same events as the already-pending securities class action case in New York discussed above – it is alleged that the Form 8-K filings misstated goodwill and sales of the Company, which when corrected, lead to a significant drop in stock price. The Company filed a motion to dismiss the suit on June 29, 2015. Instead of opposing the Company's motion, Mr. Ruth filed an amended complaint on July 20, 2015. Thereafter, Mr. Ruth and the Company agreed to stay the action pending the outcome of the securities class action case in New York discussed above. Mr. Ruth and the Company filed a stipulation and proposed order on June 20, 2018 asking the Nevada District Court to continue the stay in the action pending a resolution on the securities class action case. Since no discovery has been conducted and the case has been stayed for nearly three years, an estimate of the possible loss or recovery cannot be made at this time.

On June 15, 2017, the Securities and Exchange Commission (SEC) filed an enforcement action against the Company and its then-Chief Executive Officer, Michael Mona, Jr. In the complaint, filed in the United States District Court of Nevada (Case No. 2:17-cv-01681), the SEC alleged that the Company and Mr. Mona violated federal securities laws, including Section 10(b) of the Securities Exchange Act of 1934, as amended, and SEC Rule 10b-5(b), through alleged misrepresentations made in certain SEC reports regarding the value of the Company's assets acquired by the Company from PhytoSphere Systems, LLC. On May 31, 2018, the Company and Mr. Mona settled all claims. Pursuant to the terms of the settlement, without admitting or denying the allegations made by the SEC, the Company agreed to a consent judgment pursuant to which (a) the Company agreed to pay a penalty in the amount of $150,000, and (b) the Company is permanently enjoined from violations of federal securities laws. The Company has made this payment in full. Mr. Mona, without admitting or denying any allegations, agreed to an order (a) prohibiting him from serving as an officer or director of a publicly held company for five (5) years, (b) providing for payment in the aggregate amount of $50,000, payable in 12 installments commencing 30 days after entry of final judgment, and (c) permanently enjoining him from violations of federal securities laws. Effective concurrent with the settlement, Mr. Mona resigned as the Company's President and Chief Executive Officer, and resigned his position on the Company's Board of Directors.

On October 21, 2016, Dun Agro B.V. ("Dun Agro") filed a complaint against the Company in the District Court of the North Netherlands, location Groningen, The Netherlands, alleging non-performance under a contract, seeking compensatory damages of approximately 2,050,000 euros, excluding interest and costs. The plaintiff alleges that the Company was obligated to perform under that certain Supply Agreement between the Company and Dun Agro dated December 19, 2013, and to purchase 1,000,000 kilograms of harvested raw material related to the 2016 crop. A trial date is set for September 17, 2018. Management intends to vigorously defend the complaint allegations and an estimate of possible loss cannot be made at this time.

The Company is a plaintiff in two litigation matters involving former credit card processors of the Company. On September 10, 2017, the Company filed a complaint against one such credit card processor, PayToo Merchant Services Corporation ("Pay Too"), a Florida corporation, in the Circuit Court in Broward County, Florida, asserting breach of contract claims for PayToo's failure to remit approximately $250,000 to the Company for credit card sales processed by PayToo from January 2017 to February 2017. On December 11, 2017, the Company filed a complaint against the other credit card processor, T1 Payments, LLC ("T1"), a Nevada corporation, in District Court, Clark County, Nevada, asserting breach of contract claims for T1's failure to remit approximately $500,000 to the Company for credit card sales processed by T1 from February 2017 to October 2017.

Item 1a. RISK FACTORS

Not applicable to a "smaller reporting company" as defined in Item 10(f)(1) of Regulation S-K.

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

In June 2018, the Company issued 150,000 shares of common stock to IRTH Communications LLC, the Company's investor relations consultant, for compensation related to professional services provided. The total value of the shares issued was $61,575, which represents the fair market value of the Company's common stock as of the issuance date. The issuance of these shares of common stock was exempt from registration under the Securities Act of 1933, as amended (the "Act"), in reliance on exemptions from the registration requirement of the Act in transactions not involved in a public offering pursuant to Section 4(a)(2) under the Act.

Item 3. DEFAULTS UNDER SENIOR SECURITIES

None.

Item 4. MINE SAFETY DISCLOSURE

Not applicable.

Item 5. OTHER INFORMATION

None.

Item 6. EXHIBITS

Exhibit No.	Description of Exhibit
2.1 (1)	Agreement and Plan of Merger, dated as of July 25, 2013, by and between CannaVEST Corp., a Texas corporation, and CannaVEST Corp., a Delaware corporation.
2.1 (2)	Agreement and Plan of Reorganization by and among CannaVEST Corp., CannaVEST Merger Sub, Inc., CANNAVEST Acquisition LLC, CanX, Inc. and the Starwood Trust, as the Shareholder Representative.
3.1 (1)	Certificate of Incorporation of CannaVEST Corp., as filed on January 26, 2013.
3.2 (1)	Bylaws of CannaVEST Corp., dated as of January 26, 2013.
3.3 (3)	Certificate of Amendment to Certificate of Incorporation of CannaVest Corp., as filed on January 4, 2016.
3.4 (4)	Certificate of Incorporation of the Company, as amended.
3.5 (5)	Amendment to the Bylaws of the Company, as amended.
3.6 (6)	Bylaws of the Company, as amended.
4.1 (7)	CannaVEST Corp. Specimen Stock Certificate
10.1*	Employment Agreement, dated June 8, 2018, by and between the Company and Mr. Mona, Jr.
10.2*	CV Sciences, Inc. Restricted Stock Unit Award Agreement, dated June 8, 2018, by and between the Company and Mr. Michael Mona, Jr.
10.3*	Employment Agreement, dated June 14, 2018, by and between the Company and Mr. Joseph Dowling.
10.4*	Employment Agreement, dated June 14, 2018, by and between the Company and Mr. Michael Mona, III.
10.5*	Consent to Judgment
10.6*	Consent to Judgment
31.1*	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101 INS	XBRL Instance Document**
101 SCH	XBRL Schema Document**
101 CAL	XBRL Calculation Linkbase Document**
101 LAB	XBRL Labels Linkbase Document**
101 PRE	XBRL Presentation Linkbase Document**
101 DEF	XBRL Definition Linkbase Document**

* Filed herewith.

** The XBRL related information in Exhibit 101 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability of that section and shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing or document.

(1) Incorporated by reference from an exhibit to our Quarterly Report on Form 10-Q filed on August 13, 2013.
(2) Incorporated by reference from an exhibit to our Current Report on Form 8-K filed on January 4, 2016.
(3) Incorporated by reference from an exhibit to our Annual Report on Form 10-K filed on April 14, 2016.
(4) Incorporated by reference from an exhibit to our Quarterly Report on Form 10-Q filed on May 16, 2016.
(5) Incorporated by reference from an exhibit to our Current Report on Form 8-K filed on March 22, 2017.
(6) Incorporated by reference from an exhibit to our Quarterly Report on Form 10-Q filed on May 9, 2017.
(7) Incorporated by reference from an exhibit to our Current Report on Form 8-K filed on July 31, 2013.

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.

CV SCIENCES, INC.
(Registrant)

By /s/ Joseph D. Dowling
Joseph D. Dowling
Chief Executive Officer and Chief Financial Officer
(Principal Executive Officer)
(Principal Financial Officer)
Dated August 1, 2018

Exhibit 10.1

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is entered into as of June 8, 2018 (the "Effective Date"), by and between CV SCIENCES INC., a Delaware corporation (the "Company"), and MICHAEL J. MONA, JR. ("Employee").

Recitals

A. The Company operates two distinct business segments: a specialty pharmaceutical division focused on developing and commercializing novel therapeutics utilizing synthetic Cannabidiol ("CBD"); and, a consumer product division in manufacturing, marketing and selling plant-based CBD product to a range of market sectors.

B. Employee is the Founder, and former President and Chief Executive Officer of the Company, and Employee and the Company desire to set forth the terms and conditions of the Employee's employment by the Company.

Agreement

NOW, THEREFORE, in consideration of these premises, the mutual covenants and agreements of the parties hereunder, and for other good and valuable consideration the sufficiency and receipt of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Employment and Duties.

1.1 Position. The Company hereby employs Employee, and Employee hereby accepts employment with the Company, as Founder Emeritus.

1.2 Duties. Employee agrees to devote his full and best efforts to his employment with the Company, and shall have responsibility to manage the Company's relationships with suppliers and vendors, and to perform such other duties assigned to him by the Board of Directors or the Company's Chief Executive Officer. Employee shall report to the Company's Chief Executive Officer. Employee understands and acknowledges that the Company's senior officers shall oversee all strategic direction and decision-making within the Company in accordance with their positions, and Employee is not authorized to legally bind the Company.

1.3 Reporting. Employee shall report to the Chief Executive Officer.

1.4 Place of Employment. Executive shall perform his services hereunder at the Company's Las Vegas, NV and San Diego, CA offices. Executive's primary office shall be in Las Vegas, NV, however, Executive shall spend a portion of his time in the Company's primary office for operations and for certain executive functions of the Company located in San Diego, CA.

1.5 Change of Duties. The duties of Employee may be modified from time to time by the mutual consent of the Company and Employee without resulting in a rescission of this Agreement. The mutual written consent of the Company and Employee shall constitute execution of that modification. Notwithstanding any such change, the employment of Employee shall be construed as continuing under this Agreement as so modified.

1.6 Devotion of Time to Company's Business. During the Term of this Agreement (as such term is defined in Section 1.7 hereof), Employee agrees (i) to devote substantially all of his productive time, ability and attention to the business of the Company during normal working hours, (ii) not to engage in any other business duties or business pursuits whatsoever which conflict with his duties to the Company, (iii) whether directly or indirectly, not to render any services of a commercial or professional nature to any individual, trust, partnership, company, corporation, business, organization, group or other entity (each, a "Person") which conflict with his duties to the Company, whether for compensation or otherwise, without the prior written consent of the Company, and (iv) whether directly or indirectly, not to acquire, hold or retain more than a one percent (1%) interest in any business competing with or similar in nature to the business of the Company or any of its Affiliates (as such term is defined *below); provided, however,* the expenditure of reasonable amounts of time for other matters and charitable, educational and professional activities or, subject to the foregoing, the making of passive personal investments shall not be deemed a breach of this Agreement or require the prior written consent of the Company if those activities do not materially interfere with the services required of Employee under this Agreement. For purposes of this Agreement, "Affiliates" shall mean any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Company.

1.7 Term. Unless sooner terminated as provided in Section 4 hereof, the term of this Agreement shall commence on the Effective Date and shall continue for a period of three (3) years (through June 5, 2021) (the "Term"). The Company and Employee shall consult on extension of the Term as soon as reasonably practicable in the month of February 2021 but neither the Company nor Employee shall be under any obligation to extend the Term. The Term, together with any extensions or renewal terms shall be referred to in this Agreement as the "Term of this Agreement."

1.8 Observance of Company Rules. Regulations and Policies. Employee shall duly, punctually and faithfully perform and observe any and all rules, regulations and policies which the Company may now or hereafter reasonably establish governing the conduct of its business or its employees to the extent such rules, regulations and policies are not in conflict with this Agreement. Employee shall promptly provide written notice to the Board of Directors of any such apparent conflict of which Employee becomes aware.

1.9 Intellectual Property. Employee hereby assigns and agrees to assign in the future to the Company all Employee's right, title and interest in and to any and all such work products and designs (whether or not patentable or registerable under copyright or similar statutes) made or conceived or reduced to practice or learned by Employee, either individually or jointly with others, during Employee's employment with the Company ("Intellectual Property").

2. Compensation.

2.1 Base Salary. During the Term of this Agreement, the Company shall pay to Employee or his nominee an annual base salary in such amounts as the Board of Directors shall determine, based upon recommendations submitted to the Compensation Committee of the Board of Directors by the Company's Chief Executive Officer (the "Base Salary"). The Base Salary for 2018 shall initially be set at $400,000, retroactive to January 1, 2018, as approved by the Board of Directors on February 5, 2018 pursuant to the Employment Agreement of Employee in place as of the Effective Date. The Company shall withhold from any payroll or other amounts payable to Employee pursuant to this Agreement all federal, state, city or other taxes and contributions as are required pursuant to any law or governmental regulation or ruling now applicable or that may be enacted and become applicable in the future.

2.2 Performance Bonuses. In addition to the Base Salary, the Company may pay to Employee, or his nominee, annual bonuses based on the Company's performance and/or Employee's performance ("Annual Bonus") as follows:

(a) Bonus based on Achievement of Annual Performance Goals. Based upon performance of the Company as reflected by satisfaction of the performance goals previously delivered to Employee, the Company may pay Employee, or his nominee, a bonus in addition to Base Salary in such amount as may be determined by the Board of Directors. The targeted amount of the Annual Bonus shall be 50% of Employee's then effective Base Salary; *provided, however*, that the payment and amount of any Annual Bonus shall be in the sole discretion of the Board of Directors.

(b) Additional Bonus Compensation. The "Additional Bonus Compensation" as more particularly set forth in Section 2.2(c) of the Amendment to Employment Agreement by and between the Company and Employee dated March 16, 2017 shall remain in full force and effect and is by this reference fully restated herein.

2.3 Restricted Stock Units.

(a) The Board has approved the issuance of 2,950,000 stock-settled Restricted Stock Units to Employee (the "RSUs"). The RSUs shall be issued under the Company's Amended and Restated 2013 Equity Incentive Plan ("Plan").

(b) The RSUs will be durational based, and vest and become exercisable as follows: (i) one-third of the RSUs will vest on the one year anniversary of this Agreement, and (ii) the remaining two-thirds will vest in equal monthly increments over the remaining twenty-four (24) months of the Initial Term (as defined below).

(c) In the event of a sale of the Company or other change of control transaction (as customarily defined and set forth in Employee's Restricted Stock Unit Award Agreement to be delivered concurrently herewith), or upon a Disposition Event, as defined under the Agreement and Plan of Reorganization dated December 30, 2015 by and among CannaVest Corp., CannaVest Merger Sub, Inc., CannaVest Acquisition LLC, CanX, Inc. and The Starwood Trust, the RSUs shall immediately vest.

2.4 Incentive Plans. In addition to all other benefits and compensation provided by this Agreement, Employee shall be eligible to participate in such of the Company's equity, compensation and incentive plans as are generally available to any of the employees of the Company, including without limitation any executive and performance bonus or incentive plans.

2.5 Vacation. Employee shall be entitled to such annual vacation time with full pay as the Company may provide in its standard policies and practices for any employees; *provided, however,* that in any event Employee shall be entitled to a minimum of twenty (20) days annual paid vacation time exclusive of holidays.

2.6 Term Life Insurance. The Company shall pay directly to the insurance carrier the cost of premiums due on a term life insurance in the amount of $5,000,000, with such beneficiary or beneficiaries thereunder as may be designated from time to time by Employee. The Company shall reimburse Employee all amounts to maintain such policy in full force and effect during the Term of this Agreement.

2.7 Disability Insurance. The Company shall procure and maintain a disability insurance policy and the Company shall pay the premiums due on such policy and maintain such policy in full force and effect during the Term of this Agreement.

2.8 Outside Counsel for Employee. In order for Employee to have the benefit of counsel to advise and counsel Employee with respect to this Agreement, the Company shall pay the reasonable attorneys' fees and expenses incurred by Employee in connection with such advice and counsel and the drafting and execution of this Agreement.

2.9 Other Benefits. Employee shall participate in and have the benefits of all present and future vacation, holiday, paid leave, unpaid leave, life, accident, disability, dental, vision and health insurance plans, pension, 401k, profit-sharing and savings plans and all other plans and benefits which the Company now or in the future from time to time makes available to any of its management executives.

2.10 Car Allowance. Employee shall receive a monthly car allowance of $1,500, to be paid directly by the Company.

2.11 Withholding. The parties shall comply with all applicable legal withholding requirements in connection with all regular monthly and/or bi-monthly compensation payable to Employee hereunder.

3 . Expense Reimbursement. The Company shall reimburse Employee for all business travel and other out-of-pocket expenses reasonably incurred by Employee in the course of performing his duties under this Agreement. All reimbursable expenses shall be appropriately documented and shall be in reasonable detail and in a format and manner consistent with the Company's expense reporting policy, as well as applicable federal and state tax record keeping requirements.

4. Termination and Rights on Termination. This Agreement shall terminate upon the occurrence of any of the following events:

4.1 Death. Upon the death of Employee, the Company shall, within thirty (30) days of receiving notice of such death, pay Employee's estate or its nominee all salary and other compensation hereunder, then due and payable and all accrued vacation pay and bonuses, if any, in each case payable or accrued through the date of death. In addition, the Company shall pay Employee's estate, or its nominee, at the time or times otherwise payable under the terms of this Agreement, all salary and accrued benefits that would have been payable hereunder by the Company to Employee during the one-year period immediately following Employee's death. Any payment due under this Section 4.1 may be funded by one or more policies of life insurance to be purchased by the Company and which provide for a benefit in the amount payable to Employee as beneficiary under such policy or policies equal to that due Employee under this Section. In the event the Company purchases such policy or policies and thereafter maintains such policy or policies in continuous and full force and effect during the term hereof, then Employee agrees to look solely to such policy or policies for payment of any amount due hereunder; *provided, however*, that in the event the Company does not purchase such policy or policies and thereafter maintain such policy or policies in continuous and full force and effect during term hereof, then the Company shall be directly and fully obligated to Employee for such payment.

4.2 Disability. Upon the mental or physical Disability (as such term is defined below) of Employee, the Company shall, within thirty (30) days following the determination of Disability, pay Employee or his nominee all salary then due and payable and all accrued vacation pay and bonuses, if any, in each case payable or accrued through the date of determination. In addition, the Company shall pay all salary and accrued benefits that would have been payable hereunder by the Company to Employee (or his nominee) during the one-year period immediately following Employee's disability. For purposes of this Agreement, "Disability" shall mean a physical or mental condition, verified by a physician designated by the Company, which prevents Employee from carrying out one or more of the material aspects of his assigned duties for at least ninety (90) consecutive days, or for a total of ninety (90) days in any six (6) month period. Any payment due under this Section 4.2 may be funded by one or more policies of disability insurance to be purchased by the Company and which provide for a benefit in the amount payable to Employee as beneficiary under such policy or policies equal to that due Employee under this Section. In the event the Company purchases such policy or policies and thereafter maintains such policy or policies in continuous and full force and effect during the term hereof, then Employee agrees to look solely to such policy or policies for payment of any amount due hereunder; provided, however, that in the event the Company does not purchase such policy or policies and thereafter maintain such policy or policies in continuous and full force and effect during term hereof, then the Company shall be directly and fully obligated to Employee for such payment.

4.3 Termination by the Company for Cause. Upon delivery by the Board of Directors to Employee of a written notice terminating this Agreement for Cause (as such term is defined below), which notice shall be supported by a reasonably detailed statement of the relevant facts and reasons for termination, the Company shall, within thirty (30) days following such termination, pay Employee or his nominee all salary then due and payable through the date of termination. Employee shall not be entitled to any severance compensation or any accrued vacation pay or bonuses. For purposes of this Agreement, "Cause" shall mean:

(a) Employee shall have committed an act of fraud, embezzlement or theft with respect to the property or business of the Company, in any such event in such a manner as to cause material loss, damage or injury to the Company;

(b) Employee shall have materially breached this Agreement as determined by the Board and such breach shall have continued for a period of twenty (20) days after receipt of written notice from the Board specifying such breach;

(c) Employee shall have been grossly negligent in the performance of his duties hereunder, intentionally not performed or mis-performed any of such duties, or refused to abide by or comply with the reasonable and lawful directives of the Board of Directors, in each case as reasonably determined by the Board, which action shall have continued for a period of twenty (20) days after receipt of written notice from the Board demanding such action cease or be cured; or

(d) Employee shall have been found guilty of, or has plead *nolo contendere* to, the commission of a felony offense or other crime involving moral turpitude.

As a matter of clarity, it is agreed that any termination of Employee’s employment for reasons related to that certain SEC matter settled by the Company and Employee on or about May 31, 2018 shall not constitute “Cause” hereunder.

4.4 Termination by the Company Without Cause. In the event the Board of Directors delivers to Employee a written notice terminating Employee's employment under this Agreement for any reason without Cause, the Company shall continue to pay Employee or his nominee all salary, benefits, bonuses and other compensation that would be due hereunder through the end of the Term of this Agreement had the Company not terminated Employee's employment, but in any event not less than one-year after the date of such termination, with such amounts payable in accordance with the Company’s standard payroll.

4.5 Voluntary Termination by Employee. Thirty (30) days after delivery by Employee to the Company of a written notice terminating this Agreement for any reason without Good Reason, within thirty (30) days following the effective date of termination, the Company shall pay Employee or his nominee all salary then due and payable through the date of termination. Employee shall not be entitled to any severance compensation or bonuses.

4.6 Termination by Employee for Good Reason. Thirty (30) days after delivery by Employee to the Company of a written notice terminating this Agreement for Good Reason (as such term is defined below), the Company shall pay Employee or his nominee such amounts in such manner as provided for in Section 4.4 hereof. For purposes of this Agreement, "Good Reason" shall mean:

(a) The assignment of Employee to any duties inconsistent with, or any adverse change in, Employee's positions, duties, responsibilities, functions or status with the Company, or the removal of Employee from, or failure to reelect Employee to, any of such positions; *provided, however,* that a change in Employee's positions, duties, responsibilities, functions or status that Employee shall agree to in writing shall not be an event of Good Reason or give rise to termination under this Section 4.6;

(b) A reduction by the Company of Employee's Base Salary without his written consent;

(c) The failure by the Company to continue in effect for Employee any material benefit provided herein or otherwise available to any of the management executives of the Company, including without limitation, any retirement, pension or incentive plans, life, accident, disability or health insurance plans, equity or cash bonus plans or savings and profit sharing plans, or any action by the Company which would adversely affect Employee's participation in or reduce Employee's benefits under any of such plans or deprive Employee of any fringe benefit enjoyed by Employee; or

(d) Any other material breach by the Company of this Agreement which is not cured within twenty (20) days of delivery of written notice thereof by Employee to the Company.

4.7 Effect of Termination; Employee's Stock Options and RSUs.

(a) All rights and obligations of the Company and Employee under this Agreement shall cease as of the effective date of termination, except that the obligations of the Company under this Section 4 and Employee's obligations under Sections 5 and 6 hereof shall survive such termination in accordance with their respective terms.

(b) In addition, notwithstanding anything to the contrary contained herein or in any agreement with respect thereto, (i) upon termination of Employee's employment pursuant to Sections 4.3 or 4.5 (termination with Cause or voluntary termination without Good Reason), the RSUs and all stock options, other equity options, restricted equity grants and similar rights held by Employee with respect to securities of the Company, shall, to the extent not then fully vested, immediately terminate and revert to the Company, (ii) upon termination of Employee's employment pursuant to Section 4.4 or Section 4.6 (termination without Cause or voluntary termination with Good Reason), the RSU's, all stock options, other equity options, restricted equity grants and similar rights held by Employee with respect to securities of the Company shall, to the extent not then fully vested, immediately become fully vested, and (iii) upon termination of Employee's employment pursuant to Section 4.1 or Section 4.2 (Employee's death or Disability), the RSU's, all stock options, other equity options, restricted equity grants and similar rights held by Employee with respect to securities of the Company shall, to the extent not then fully vested, immediately become fully vested.

4.8 No Termination by Merger; Transfer of Assets or Dissolution. This Agreement shall not be terminated by any dissolution of the Company resulting from either merger or consolidation in which the Company is not the consolidated or surviving corporation or other entity or transfer of all or substantially all of the assets of the Company. In such event, the rights, benefits and obligations herein shall automatically be deemed to be assigned to the surviving or resulting corporation or other entity or to the transferee of the assets, as the case may be, with the consent of Employee.

4.9 Non-Disparagement. During the Term and at all times thereafter, Employee agrees not to make or solicit or encourage others to make or solicit directly or indirectly any disparaging, derogatory or negative statement or communication, oral or written, about the Company or its business practices, programs, products, services, operations, policies, activities, current or former officers, directors, managerial personnel, or other employees, or its customers to any other person or entity; *provided, however*, that such restriction shall not prohibit truthful testimony compelled by valid legal process or to the extent made in connection with filing or asserting any claims relating to employment. The Company agrees not to make any disparaging, derogatory or negative statement or communication, oral or written, about Employee; *provided, however*, that such restriction shall not prohibit truthful testimony compelled by valid legal process. Notwithstanding anything herein to the contrary, nothing in this Section 4.11 shall prevent any party to this Agreement from exercising its or his authority or enforcing its or his rights or remedies hereunder or that such party may otherwise be entitled to enforce or assert under another agreement or applicable law, or limit such rights or remedies in any way.

5. Restriction on Competition.

5.1 Covenant Not to Compete. During the Term of this Agreement and for a period of twelve (12) months from the termination of this Agreement, Employee shall not, without the prior written consent of the Company, either directly or indirectly, for himself or on behalf of or in conjunction with any other Person if such activities would necessarily involve the disclosure or use of any of the Company's trade secrets, confidential or other proprietary information (i) own, manage, operate, control, be employed by, participate in, render services to, or be associated in any manner with the ownership, management, operation or control of, any business similar to the type of business conducted by the Company or any of its Affiliates within any of the geographic territories in which the Company or any of its Affiliates conducts business, (ii) solicit business of the same or similar type being carried on by the Company or any of its Affiliates from any Person known by Employee to be a customer of the Company or any of its Affiliates, whether or not Employee had personal contact with such Person during and by reason of Employee's employment with the Company, or (iii) endeavor or attempt in any way to interfere with or induce a breach of any contractual relationship that the Company or any of its Affiliates may have with any employee, customer, contractor, supplier, representative or distributor.

5.2 No Breach for Activities Deemed Not Competitive. It is further agreed that, in the event that Employee shall cease to be employed by the Company and enter into a business or pursue other activities that, at such time, are not in competition with the Company or any of its Affiliates, Employee shall not be chargeable with a violation of this Section 5 if the Company subsequently enters the same (or a similar) competitive business or activity. In addition, if Employee has no actual knowledge that his actions violate the terms of this Section 5, Employee shall not be deemed to have breached the restrictive covenants contained herein if, promptly after being notified by the Company of such breach, Employee ceases the prohibited actions.

5.3 Severability. The covenants in this Section 5 are severable and separate, and the unenforceability of any specific covenant shall not affect the provisions of any other covenant. If any provision of this Section 5 relating to the time period or geographic area of the restrictive covenants shall be declared by a court of competent jurisdiction to exceed the maximum time period or geographic area, as applicable, that such court deems reasonable and enforceable, such time period or geographic area shall be deemed to be, and thereafter shall become, the maximum time period or largest geographic area that such court deems reasonable and enforceable and this Agreement shall automatically be considered to have been amended and revised to reflect such determination.

5.4 Fair and Reasonable. Employee has carefully read and considered the provisions of this Section 5 and, having done so, agrees that the restrictive covenants in this Section 5 impose a fair and reasonable restraint on Employee and are reasonably required to protect the interests of the Company, its Affiliates and their respective officers, directors, employees and stockholders. It is further agreed that the Company and Employee intend that such covenants be construed and enforced in accordance with the changing activities, business and locations of the Company throughout the term of these covenants.

6. Confidential Information.

6.1 Confidential Information. Employee hereby agrees to hold in strict confidence and not to disclose to any third party, other than employees and agents of the Company or persons retained by the Company to represent its interests, any of the valuable, confidential and proprietary business, financial, technical, economic, sales and/or other types of proprietary business information relating to the Company or any of its Affiliates (including all trade secrets) in whatever form, whether oral, written, or electronic (collectively, the "Confidential Information"), to which Employee has, or is given (or has had or been given), access during the course of his employment with the Company. It is agreed that the Confidential Information is confidential and proprietary to the Company because such Confidential Information encompasses technical know-how, trade secrets, or technical, financial, organizational, sales or other valuable aspects of the business and trade of the Company or its Affiliates, including without limitation, technologies, products, processes, plans, clients, personnel, operations and business activities. This restriction shall not apply to any Confidential Information that (a) becomes known generally to the public through no fault of the Employee, (b) is required by applicable law, legal process, or any order or mandate of a court or other governmental authority to be disclosed, or (c) is reasonably believed by Employee, based upon the advice of legal counsel, to be required to be disclosed in defense of a lawsuit or other legal or administrative action brought against Employee; *provided, however,* that in the case of clause (b) or (c), Employee shall give the Company reasonable advance written notice of the Confidential Information intended to be disclosed and the reasons and circumstances surrounding such disclosure, in order to permit the Company to seek a protective order or other appropriate request for confidential treatment of the applicable Confidential Information.

6.2 Return of Company Property. In the event of termination of Employee's employment with the Company for whatever reason or no reason, (a) Employee agrees not to copy, make known, disclose or use, any of the Confidential Information without the Company's prior written consent, and (b) Employee or Employee's personal representative shall return to the Company (i) all Confidential Information, (ii) all other records, designs, patents, business plans, financial statements, manuals, memoranda, lists, correspondence, reports, records, charts, advertising materials and other data or property delivered to or compiled by Employee by or on behalf of the Company or its respective representatives, vendors or customers that pertain to the business of the Company or any of its Affiliates, whether in paper, electronic or other form, and (iii) all keys, credit cards, vehicles and other property of the Company. Employee shall not retain or cause to be retained any copies of the foregoing. Employee hereby agrees that all of the foregoing shall be and remain the property of the Company and the applicable Affiliates and be subject at all times to their discretion and control.

7. Corporate Opportunities.

7.1 Duty to Notify. During the Term of this Agreement, in the event that Employee shall become aware of any business opportunity related to the business of the Company, Employee shall promptly notify the Board of Directors of such opportunity. Employee shall not appropriate for himself or for any other Person other than the Company (or any Affiliate) any such opportunity unless, as to any particular opportunity, the Board of Directors fails to take appropriate action within thirty (30) days. Employee's duty to notify the Board of Directors and to refrain from appropriating all such opportunities for thirty (30) days shall neither be limited by, nor shall such duty limit, the application of the general laws relating to the fiduciary duties of an agent or employee.

7.2 Failure to Notify. In the event that Employee fails to notify the Board of Directors or so appropriates any such opportunity without the express written consent of the Board of Directors, Employee shall be deemed to have violated the provisions of this Section notwithstanding the following:

(a) The capacity in which Employee shall have acquired such opportunity; or

(b) The probable success in the hands of the Company of such opportunity.

8. No Prior Agreements. Employee hereby represents and warrants to the Company that the execution of this Agreement by Employee, his employment by the Company, and the performance of his duties hereunder will not violate or be a breach of any agreement with a former employer or any other Person. Further, Employee agrees to indemnify and hold harmless the Company and its officers, directors and representatives for any claim, including, but not limited to, reasonable attorneys' fees and expenses of investigation, of any such third party that such third party may now have or may hereafter come to have against the Company or such other persons, based upon or arising out of any non-competition agreement, invention, secrecy or other agreement between Employee and such third party that was in existence as of the effective date of this Agreement. To the extent that Employee had any oral or written employment agreement or understanding with the Company, this Agreement shall, except as set forth herein, automatically supersede such agreement or understanding, and upon execution of this Agreement by Employee and the Company, such prior agreement or understanding automatically shall be deemed to have been terminated and shall be null and void.

9. Representation. Employee acknowledges that he (a) has reviewed this Agreement in its entirety, (b) has had an opportunity to obtain the advice of separate legal counsel prior to executing this Agreement, and (c) fully understands all provisions of this Agreement.

10. Assignment: Binding Effect. Employee understands that he has been selected for employment by the Company on the basis of his personal qualifications, experience and skills. Employee agrees, therefore, that he cannot assign or delegate all or any portion of his performance under this Agreement. This Agreement may not be assigned or transferred by the Company without the prior written consent of Employee. Subject to the preceding two sentences, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the parties hereto and their respective heirs, legal representatives, successors, and assigns. Notwithstanding the foregoing, if Employee accepts employment with an Affiliate, unless Employee and his new employer agree otherwise in writing, this Agreement shall automatically be deemed to have been assigned to such new employer (which shall thereafter be an additional or substitute beneficiary of the covenants contained herein, as appropriate), with the consent of Employee, such assignment shall be considered a condition of employment by such new employer, and references to the "Company" in this Agreement shall be deemed to refer to such new employer.

11. Complete Agreement; Waiver: Amendment. Employee has no oral representations, understandings or agreements with the Company or any of its officers, directors or representatives covering the same subject matter as this Agreement. This Agreement is the final, complete and exclusive statement and expression of the agreement between the Company and Employee with respect to the subject matter hereof and thereof, and cannot be varied, contradicted, or supplemented by evidence of any prior or contemporaneous oral or written agreements. This Agreement may not be later modified except by a further writing signed by a duly authorized officer of the Company and Employee, and no term of this Agreement may be waived except by writing signed by the party waiving the benefit of such term.

12. Notices. All notices, requests, demands and other communications required or permitted to be given under this Agreement shall be in writing and shall be given or made by personally delivering the same to or sending the same by prepaid certified or registered mail, return receipt requested, or by reputable overnight courier, or by facsimile machine to the party to which it is directed at the address set out on the signature page to this Agreement, with copies to counsel as indicated, or at such other address as such party shall have specified by written notice to the other party as provided in this Section, and shall be deemed to be given if delivered personally at the time of delivery, or if sent by certified or registered mail as herein provided three (3) days after the same shall have been posted, or if sent by reputable overnight courier upon receipt, or if sent by facsimile machine as soon as the sender receives written or telephonic confirmation that the facsimile was received by the recipient and such facsimile is followed the same day by mailing by prepaid first class mail.

13. Severability: Headings. If any portion of this Agreement is held invalid or inoperative, the other portions of this Agreement shall be deemed valid and operative and, so far as is reasonable and possible, effect shall be given to the intent manifested by the portion held invalid and inoperative. This severability provision shall be in addition to, and not in place of, the provisions of Section 5.3 above. The Sections headings herein are for reference purposes only and are not intended in any way to describe, interpret, define or limit the extent or intent of this Agreement or of any part hereof.

14. Equitable Remedy. Because of the difficulty of measuring economic losses to the Company as a result of a breach of the restrictive covenants set forth in Sections 5 and 6 hereof, and because of the immediate and irreparable damage that would be caused to the Company for which monetary damages would not be a sufficient remedy, it is hereby agreed that in addition to all other remedies that may be available to the Company or Employee at law or in equity, the Company or Employee shall be entitled to specific performance and any injunctive or other equitable relief as a remedy for any breach or threatened breach of the aforementioned restrictive covenants.

15. Arbitration. Any unresolved dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration conducted in accordance with the rules of the American Arbitration Association then in effect. The arbitrators shall not have the authority to add to, detract from, or modify any provision hereof nor to award punitive damages to any injured party. A decision by a majority of the arbitration panel shall be final and binding. Judgment may be entered on the arbitrators' award in any court having jurisdiction. Notwithstanding the foregoing, the Company shall be entitled to seek injunctive or other equitable relief, as contemplated by Section 14 hereof, from any court of competent jurisdiction, without the need to resort to arbitration. Should judicial proceedings be commenced to enforce or carry out this provision or any arbitration award, the prevailing party in such proceedings shall be entitled to reasonable attorneys' fees and costs in addition to other relief.

16. Governing Law. This Agreement shall in all respects be construed according to the laws of the State of California, without regard to its conflict of flaws principles.

17. Counterparts. This Agreement may be executed in any number of counterparts, each of which may be executed by less than all of the parties to this Agreement, each of which shall be enforceable against the parties actually executing such counterparts, and all of which together shall constitute one instrument.

18. Signatures. The parties shall be entitled to rely upon and enforce a facsimile of any authorized signatures as if it were the original.

[Signatures on following page.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

COMPANY:

CV SCIENCES, INC.

By: /s/ Joseph Dowling
Name (print): Joseph Dowling
Its: Chief Executive Officer

Address for Notices:

10070 Barnes Canyon Road, Suite 100
San Diego, CA 92121
Attn: Chief Executive Officer

With a copy (not constituting notice) to:

Procopio Cory Hargreaves & Savitch LLP
12544 High Bluff Drive, Suite 300
San Diego, CA 92130
Attn: John P. Cleary, Esq.

EMPLOYEE:

MICHAEL J. MONA, JR.

(sign): /s/ Michael J. Mona, Jr.

Address for Notices:

Michael J. Mona, Jr.
2688 South Rainbow Boulevard, Suite B
Las Vegas, NV 89146

With a copy (not constituting notice) to:

Terry A. Coffing
Marquis Aurbach Coffing
10001 Park Run Drive
Las Vegas, Nevada 89145

Exhibit 10.2

CV SCIENCES, INC.

RESTRICTED STOCK UNIT AWARD AGREEMENT

THIS RESTRICTED STOCK UNIT AWARD AGREEMENT (the "Agreement"), dated as of June 8, 2018 (the "Date of Grant"), is made by and between CV Sciences, Inc., a Delaware corporation (the "Company"), and Michael Mona, Jr. (the "Grantee"). Unless otherwise provided, capitalized terms shall have the meanings given in Section 3.

1. **Grant of Restricted Stock Unit Award**

(a) Grant of Restricted Stock Units. The Company hereby grants to the Grantee Two Million Nine Hundred Fifty Thousand (2,950,000) Restricted Stock Units (the "Award") which shall be settled in shares of the Company's Common Stock ("Shares") on the terms and conditions set forth in this Agreement. Grantee has instructed the Company to issue the Award in the following denominations to the following recipients, on Grantee's behalf:

(b) Dividends. If and whenever any cash dividends are declared on the Shares, on the date such dividend is paid, the Company will credit to Grantee a number of additional Restricted Stock Units equal to the result of dividing (i) the product of the total number of Restricted Stock Units credited to Grantee on the record date for such dividend (other than previously settled or forfeited Restricted Stock Units) multiplied by the per Share amount of such dividend, by (ii) the Fair Market Value of one Share on the record date for such dividend. The additional Restricted Stock Units shall be or become vested to the same extent as the Restricted Stock Units that resulted in the crediting of such additional Restricted Stock Units.

(c) Other Adjustments. If and whenever the Company declares and pays a dividend or distribution on the Shares in the form of additional shares, or there occurs a forward split of Shares, then a number of additional Restricted Units shall be credited to Grantee as of the payment date for such dividend or distribution or forward split equal to (i) the total number of Restricted Stock Units credited to Grantee on the record date for such dividend or distribution or split (other than previously settled or forfeited Restricted Stock Units), multiplied by (ii) the number of additional Shares actually paid as a dividend or distribution or issued in such split in respect of each outstanding Share. The additional Restricted Stock Units shall be or become vested to the same extent as the Restricted Stock Units that resulted in the crediting of such additional Restricted Stock Units.

2. **Terms and Conditions of Award**

The grant of Restricted Stock Units provided in Section 1 shall be subject to the following additional terms, conditions and restrictions:

(a) Limitations on Rights Associated with Units. The Restricted Stock Units are bookkeeping entries only. The Grantee shall have no rights as a stockholder of the Company, no dividend rights and no voting rights with respect to the Restricted Stock Units.

(b) Restrictions. Restricted Stock Units and any interest therein, may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of, except by will or the laws of descent and distribution, during the Restricted Unit Period. Any attempt to dispose of any Restricted Stock Units in contravention of the above restriction shall be null and void and without effect.

(c) Lapse of Restrictions. Subject to Sections 2(e) and 2(f) below, the Restricted Stock Units shall vest and become non-forfeitable as follows:

(i) 983,323 Restricted Stock Units shall be vested on the one year anniversary of the Date of Grant (the "Initial Award"); and

(ii) The remaining Restricted Stock Units shall vest in twenty-four (24) equal monthly increments thereafter, provided there has not been a termination of Grantee's service to the Company as of each such date.

(d) Timing and Manner of Payment of Restricted Stock Units. Any Restricted Stock Units subject to the Award that become non-forfeitable shall be paid within ten (10) business days after the date any Restricted Stock Units subject to the Award become non-forfeitable (the "Payment Date"). Such Restricted Stock Units shall be paid by the Company delivering to the Grantee a number of Shares equal to the number of Restricted Stock Units that become non-forfeitable upon that Payment Date. The Company shall issue the Shares either (i) in certificate form or (ii) in book entry form, registered in the name of the Grantee. Delivery of any certificates will be made to the Grantee's last address reflected on the books of the Company and its Subsidiaries unless the Company is otherwise instructed in writing. Neither the Grantee nor any of the Grantee's successors, heirs, assigns or personal representatives shall have any further rights or interests in any Restricted Stock Units that are so paid. Notwithstanding anything herein to the contrary, the delivery of Shares shall be delayed in the event the Company reasonably anticipates that the issuance of Shares would constitute a violation of federal securities laws or other Applicable Law. If the delivery of Shares is delayed by the provisions of this Section 2(d), the delivery of Shares shall occur at the earliest date at which the Company reasonably anticipates issuing the Shares will not cause a violation of federal securities laws or other applicable law.

(e) Termination of Employment or Service. Except as expressly provided in this Section 2(e) or in Section 2(f), in the event of the termination of Grantee's employment or service with the Company prior to the lapsing of the restrictions in accordance with Section 2(c) hereof with respect to any of the Restricted Stock Units granted hereunder: (i) if Grantee's employment is terminated with Cause or if Grantee voluntarily terminates his service without Good Reason (each as defined in Grantee's Employment Agreement dated June 8, 2018, and as amended from time to time), such portion of the Restricted Stock Units held by Grantee shall be automatically forfeited by the Grantee as of the date of termination, and neither the Grantee nor any of the Grantee's successors, heirs, assigns or personal representatives shall have any rights or interests in any Restricted Stock Units that are so forfeited; and (ii) if Grantee's employment is terminated without Cause or Grantee voluntarily terminates his employment with Good Reason, then such portion of the Restricted Stock Units held by Grantee shall become fully vested and non-forfeitable as of the date of such termination.

(f) Change in Control. In the event of a Change in Control, all Restricted Stock Units subject to the Award, to the extent then outstanding and not vested, shall become fully vested and non-forfeitable as of immediately prior to the consummation of such Change in Control.

(g) Income Taxes. All income and other taxes related to the Restricted Stock Units award and any Shares delivered in payment thereof are the sole responsibility of Grantee. Grantee has reviewed with his own tax advisors the applicable tax (U.S., foreign, state, and local) consequences of the transactions contemplated by this Agreement. Grantee is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. Grantee understands that he (and not the Company) shall be responsible for any tax liability that may arise as a result of the transactions contemplated by this Agreement.

(h) Restrictions on Resale. Grantee understands that the Shares are "restricted securities" and are subject to resale restrictions under Applicable Law, including holding period and other requirements under Rule 144 of the Securities Act, and that Grantee may incur a tax liability as a result of receipt of Shares and be prohibited from selling all or a portion of such Shares notwithstanding such tax liability.

(i) Release. The Grantee's rights to receive any accelerated vesting of the Restricted Stock Units subject to the Award in connection with a termination of the Grantee's employment or service pursuant to Section 2 shall require the Grantee to execute and deliver to the Company (with the period to revoke expiring without the Grantee's revocation) within sixty (60) days of such termination (or, if earlier, the date the Company is required to make payment hereunder in connection with such termination) a release in a form acceptable to the Company.

3. **Definitions**

"Affiliate" means, with respect to any individual or entity, any other individual or entity who, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, such individual or entity.

"Applicable Law" means the legal requirements relating to this Agreement and the Award granted hereunder with respect to applicable provisions of federal securities laws, state corporate and securities laws, the Code, the rules of any applicable stock exchange or national market system, and the rules of any non-U.S. jurisdiction applicable to Awards granted to residents therein.

"Board" means the Board of Directors of the Company.

"Change in Control" means:

(A) The direct or indirect sale or transfer, in a single transaction or a series of related transactions, by the stockholders of the Company of voting securities, in which the holders of the outstanding voting securities of the Company immediately prior to such transaction or series of transactions hold, as a result of holding Company securities prior to such transaction, in the aggregate, securities possessing less than twenty percent (20%) of the total combined voting power all outstanding voting securities of the Company or of the acquiring entity immediately after such transaction or series of related transactions;

(B) A merger or consolidation in which the Company is not the surviving entity, except for a transaction in which the holders of the outstanding voting securities of the Company immediately prior to such merger or consolidation hold as a result of holding Company securities prior to such transaction, in the aggregate, securities possessing more than fifty percent (50%) of the total combined voting power of all outstanding voting securities of the surviving entity (or the parent of the surviving entity) immediately after such merger or consolidation;

(C) A reverse merger in which the Company is the surviving entity but in which the holders of the outstanding voting securities of the Company immediately prior to such merger hold as a result of holding Company securities prior to such transaction, in the aggregate, securities possessing less than fifty percent (50%) of the total combined voting power of all outstanding voting securities of the Company or of the acquiring entity immediately after such merger;

(D) The sale, transfer or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company, except for a transaction in which the holders of the outstanding voting securities of the Company immediately prior to such transaction(s) receive as a distribution with respect to securities of the Company, in the aggregate, securities possessing more than fifty percent (50%) of the total combined voting power of all outstanding voting securities of the acquiring entity immediately after such transaction(s); or

(E) A Disposition Event, as defined under the Agreement and Plan of Reorganization dated December 30, 2015 by and among CannaVest Corp., CannaVest Merger Sub, Inc., CannaVest Acquisition LLC, CanX, Inc. and The Starwood Trust, the Restricted Stock Units shall immediately vest.

"Code" means the Internal Revenue Code of 1986, as amended.

"Common Stock" means the common stock of the Company.

"Date of Grant" has the meaning given in the Preamble.

"Fair Market Value" means, as of any date, the value of Common Stock determined as follows:

(A) If the Common Stock is listed on one or more established stock exchanges or national market systems, including without limitation The Nasdaq Global Market or The Nasdaq Capital Market of The Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on the principal exchange or system on which the Common Stock is listed (as determined by the Board) on the date of determination (or, if no closing sales price or closing bid was reported on that date, as applicable, on the last trading date such closing sales price or closing bid was reported), as reported in The Wall Street Journal or such other source as the Board deems reliable;

(B) If the Common Stock is regularly quoted on an automated quotation system (including the OTC Bulletin Board) or by a recognized securities dealer, its Fair Market Value shall be the closing sales price for such stock as quoted on such system or by such securities dealer on the date of determination, but if selling prices are not reported, the Fair Market Value of a share of Common Stock shall be the mean between the high bid and low asked prices for the Common Stock on the date of determination (or, if no such prices were reported on that date, on the last date such prices were reported), as reported in The Wall Street Journal or such other source as the Board deems reliable; or

(C) In the absence of an established market for the Common Stock of the type described in (A) and (B), above, the Fair Market Value thereof shall be determined by the Board in good faith.

"Restricted Unit Period" means the period commencing on the Date of Grant and ending on the date the Restricted Stock Units vest.

4. **Miscellaneous**

(a) Notices. Any and all notices, designations, consents, offers, acceptances and any other communications provided for herein shall be given in writing and shall be delivered either personally or by registered or certified mail, postage prepaid, which shall be addressed, in the case of the Company to the Chief Financial Officer of the Company at the principal office of the Company and, in the case of the Grantee, to the Grantee's address appearing on the books of the Company or to the Grantee's residence or to such other address as may be designated in writing by the Grantee.

(b) No Right to Continued Employment or Service. Nothing in the Plan or in this Agreement shall confer upon the Grantee any right to continue in the employ of the Company or shall interfere with or restrict in any way the right of the Company, which is hereby expressly reserved, to remove, terminate or discharge the Grantee at any time for any reason whatsoever, with or without cause and with or without advance notice.

(c) No Rights as Stockholder. Neither the Grantee nor any person claiming under or through the Grantee will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares (which may be in book entry form) will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to the Grantee (including through electronic delivery to a brokerage account). After such issuance, recordation and delivery, the Grantee will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.

(d) No Obligation to Register Shares. The Company shall be under no obligation to register any shares as a result of the settlement of the Restricted Stock Units pursuant to the federal securities laws.

(e) Code Section 409A. Notwithstanding anything in this Agreement to the contrary, the receipt of any benefits under this Agreement as a result of a termination of employment shall be subject to satisfaction of the condition precedent that the Participant undergo a "separation from service" within the meaning of Treas. Reg. § 1.409A-1(h) or any successor thereto. In addition, if a Participant is deemed to be a "specified employee" within the meaning of that term under Code Section 409A(a)(2)(B), then with regard to any payment or the provisions of any benefit that is required to be delayed pursuant to Code Section 409A(a)(2)(B), such payment or benefit shall not be made or provided prior to the earlier of (i) the expiration of the six (6) month period measured from the date of the Participant's "separation from service" (as such term is defined in Treas. Reg. § 1.409A-1(h)), or (ii) the date of the Participant's death (the "Delay Period"). Within ten (10) days following the expiration of the Delay Period, all payments and benefits delayed pursuant to this Section (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to the Participant in a lump sum, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.

(f) Successors. The terms of this Agreement shall be binding upon and inure to the benefit of the Company, its successors and assigns, and of the Grantee and the beneficiaries, executors, administrators, heirs and successors of the Grantee.

(g) Invalid Provision. The invalidity or unenforceability of any particular provision thereof shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision had been omitted.

(h) Modifications. No change, modification or waiver of any provision of this Agreement shall be valid unless the same is in writing and signed by the parties hereto.

(i) Entire Agreement and Full Satisfaction. This Agreement, the Plan and the Employment Agreement contain the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and therein and supersede all prior communications, representations and negotiations in respect thereto.

(j) Governing Law. This Agreement and the rights of the Grantee hereunder shall be construed and determined in accordance with the laws of the State of Delaware.

(k) Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

(l) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties hereto as of the 8th day of June 2018.

CV SCIENCES, INC.

/s/ Joseph Dowling
By: Joseph Dowling
Its: Chief Executive Officer

GRANTEE

Signature: /s/ Michael Mona, Jr.
Printed Name: Michael Mona, Jr.

Exhibit 10.3

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement") is entered into as of June 14, 2018 (the "Effective Date"), by and between CV SCIENCES, INC., a Delaware corporation (the "Company"), and JOSEPH DOWLING ("Executive").

Recitals

A. The Company and Executive entered into that certain Executive Employment Agreement dated July 6, 2016, and this Agreement supersedes and replaces such prior agreement in its entirety.

B. The Company operates two distinct business segments: a specialty pharmaceutical division focused on developing and commercializing novel therapeutics utilizing synthetic Cannabidiol ("CBD"); and, a consumer product division in manufacturing, marketing and selling plant-based CBD product to a range of market sectors.

C. Executive is the Chief Executive Officer and Chief Financial Officer of the Company, and Executive and the Company desire to set forth the terms and conditions of the Executive's employment by the Company.

Agreement

NOW, THEREFORE, in consideration of these premises, the mutual covenants and agreements of the parties hereunder, and for other good and valuable consideration the sufficiency and receipt of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Employment and Duties.

1.1 Position. The Company hereby employs Executive, and Executive hereby accepts employment with the Company, as Chief Executive Officer and Chief Financial Officer of the Company.

1.2 Duties. Executive agrees to devote his best efforts, and shall have primary responsibility within the Company, to act as the senior executive of the Company and have responsibility for the effective operation of the Company, the overall leadership and strategic directions of the Company, and to perform such other duties assigned to him by the Board of Directors of the Company (the "Board of Directors"). As Chief Financial Officer of the Company, Executive agrees to devote his best efforts, and shall have primary responsibility within the Company to act as the senior financial executive of the Company.

1.3 Reporting. Executive shall report to the Board of Directors.

1.4 Place of Employment. Executive shall perform his services hereunder at the Company's San Diego, CA offices.

1.5 Change of Duties. The duties of Executive may reasonably be modified from time to time by the mutual consent of the Company and Executive without resulting in a rescission of this Agreement. The mutual written consent of the Company and Executive shall constitute execution of that modification. Notwithstanding any such change, the employment of Executive shall be construed as continuing under this Agreement as so modified.

1.6 Devotion of Time to Company's Business. During the Term of this Agreement (as such term is defined in Section 1.7 hereof), Executive agrees (i) to devote substantially all of his productive time, ability and attention to the business of the Company during normal working hours, (ii) not to engage in any other business duties or business pursuits whatsoever which conflict with his duties to the Company, (iii) whether directly or indirectly, not to render any services of a commercial or professional nature to any individual, trust, partnership, company, corporation, business, organization, group or other entity (each, a "Person") which conflict with his duties to the Company, whether for compensation or otherwise, without the prior written consent of the Board of Directors, and (iv) whether directly or indirectly, not to acquire, hold or retain more than a one percent (1%) interest in any business competing with or similar in nature to the business of the Company or any of its Affiliates (as such term is defined *below); provided, however,* the expenditure of reasonable amounts of time for other matters and charitable, educational and professional activities or, subject to the foregoing, the making of passive personal investments shall not be deemed a breach of this Agreement or require the prior written consent of the Company if those activities do not materially interfere with the services required of Executive under this Agreement. For purposes of this Agreement, "Affiliates" shall mean any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Company.

1.7 Term. Unless sooner terminated as provided in Section 4 hereof, the term of this Agreement shall continue through June 13, 2021 (the "Term"). The Company and Executive shall consult on extension of the Term as soon as reasonably practicable in the month of April 2021 but neither the Company nor Executive shall be under any obligation to extend the Term. The Term, together with any extensions or renewal terms shall be referred to in this Agreement as the "Term of this Agreement."

1.8 Observance of Company Rules. Regulations and Policies. Executive shall duly, punctually and faithfully perform and observe any and all rules, regulations and policies which the Company may now or hereafter reasonably establish governing the conduct of its business or its employees to the extent such rules, regulations and policies are not in conflict with this Agreement. Executive shall promptly provide written notice to the Board of Directors of any such apparent conflict of which Executive becomes aware.

1.9 Intellectual Property. Executive hereby assigns and agrees to assign in the future to the Company all Executive's right, title and interest in and to any and all such work products and designs (whether or not patentable or registerable under copyright or similar statutes) made or conceived or reduced to practice or learned by Executive, either individually or jointly with others, during Executive's employment with the Company ("Intellectual Property").

2. Compensation.

2.1 Base Salary. During the Term of this Agreement, the Company shall pay to Executive an annual base salary in such amounts as the Compensation Committee of the Board of Directors (the "Compensation Committee") shall recommend to the full Board of Directors for approval (the "Base Salary"). As determined by the Board of Directors by special meeting on February 5, 2018, effective as of January 1, 2018 the Base Salary for 2018 shall initially be set at $400,000, payable in accordance with the Company's standard payroll procedures in effect at the time of payment. The Company shall withhold from any payroll or other amounts payable to Executive pursuant to this Agreement all federal, state, city or other taxes and contributions as are required pursuant to any law or governmental regulation or ruling now applicable or that may be enacted and become applicable in the future.

2.2 Performance Bonuses. In addition to the Base Salary, the Company may pay to Executive annual bonuses based on the Company's performance and/or Executive's performance ("Annual Bonus") as follows:

(a) Bonus based on Achievement of Annual Performance Goals. Based upon performance of the Company as reflected by satisfaction of the performance goals previously delivered to Executive, the Company may pay Executive a bonus in addition to Base Salary in such amount as may be determined by the Board of Directors. The targeted amount of the Annual Bonus shall be 50% of Employee's then effective Base Salary; *provided, however*, that the payment and amount of any Annual Bonus shall be in the sole discretion of the Board of Directors.

(b) Establishment of Annual Bonus Performance Goals. The Company may propose new performance goals for purposes of determining additional annual bonuses payable to Executive in consultation with Executive.

2.3 Stock Options. The Board may, from time to time and as recommended by the Compensation Committee, grant to Executive incentive stock options or other Stock Awards, as defined in and pursuant to the Company's 2013 Amended and Restated Equity Incentive Plan.

2.4 Incentive Plans. In addition to all other benefits and compensation provided by this Agreement, Executive shall be eligible to participate in such of the Company's equity, compensation and incentive plans as are generally available to any of the management executives of the Company, including without limitation any executive and performance bonus or incentive plans.

2.5 Vacation. Executive shall be entitled to such annual vacation time with full pay as the Company may provide in its standard policies and practices for any other management executives; *provided, however,* that in any event Executive shall be entitled to a minimum of twenty (20) days annual paid vacation time exclusive of holidays.

2.6 Directors and Officers Liability Insurance. Executive shall be entitled to participation in, and have the benefit of directors' and officers' liability insurance providing coverage consistent with standards in the life science industry.

2.7 Term Life Insurance. The Company shall pay directly to the insurance carrier the cost of premiums due on a term life insurance in the amount of $1,500,000, with such beneficiary or beneficiaries thereunder as may be designated from time to time by Executive. The Company shall reimburse Executive all amounts to maintain such policy in full force and effect during the Term of this Agreement.

2.8 Disability Insurance. The Company shall procure and maintain a disability insurance policy and the Company shall pay the premiums due on such policy and maintain such policy in full force and effect during the Term of this Agreement.

2.9 Outside Counsel for Executive. In order for Executive to have the benefit of counsel to advise and counsel Executive with respect to this Agreement, the Company shall pay the reasonable attorneys' fees and expenses incurred by Executive in connection with such advice and counsel and the drafting and execution of this Agreement.

2.10 Other Benefits. Executive shall participate in and have the benefits of all present and future vacation, holiday, paid leave, unpaid leave, life, accident, disability, dental, vision and health insurance plans, pension, profit-sharing and savings plans and all other plans and benefits which the Company now or in the future from time to time makes available to any of its management executives.

2.11 Car Allowance. Executive shall receive a monthly car allowance of $1,500, to be paid directly by the Company.

2.12 Withholding. The parties shall comply with all applicable legal withholding requirements in connection with all regular monthly and/or bi-monthly compensation payable to Executive hereunder.

3 . Expense Reimbursement. The Company shall reimburse Executive for all business travel and other out-of-pocket expenses reasonably incurred by Executive in the course of performing his duties under this Agreement. All reimbursable expenses shall be appropriately documented and shall be in reasonable detail and in a format and manner consistent with the Company's expense reporting policy, as well as applicable federal and state tax record keeping requirements.

4. Termination and Rights on Termination. This Agreement shall terminate upon the occurrence of any of the following events:

4.1 Death. Upon the death of Executive, the Company shall, within thirty (30) days of receiving notice of such death, pay Executive's estate all salary and other compensation hereunder, then due and payable and all accrued vacation pay and bonuses, if any, in each case payable or accrued through the date of death. In addition, the Company shall pay Executive's estate at the time or times otherwise payable under the terms of this Agreement, all salary and accrued benefits that would have been payable hereunder by the Company to Executive during the one-year period immediately following Executive's death. Any payment due under this Section 4.1 may be funded by one or more policies of life insurance to be purchased by the Company and which provide for a benefit in the amount payable to Executive as beneficiary under such policy or policies equal to that due Executive under this Section. In the event the Company purchases such policy or policies and thereafter maintains such policy or policies in continuous and full force and effect during the term hereof, then Executive agrees to look solely to such policy or policies for payment of any amount due hereunder; provided, however, that in the event the Company does not purchase such policy or policies and thereafter maintain such policy or policies in continuous and full force and effect during term hereof, then the Company shall be directly and fully obligated to Executive for such payment.

4.2 Disability. Upon the mental or physical Disability (as such term is defined below) of Executive, the Company shall, within thirty (30) days following the determination of Disability, pay Executive all salary then due and payable and all accrued vacation pay and bonuses, if any, in each case payable or accrued through the date of determination. In addition, the Company shall pay all salary and accrued benefits that would have been payable hereunder by the Company to Executive during the one-year period immediately following Executive's disability. For purposes of this Agreement, "Disability" shall mean a physical or mental condition, verified by a physician designated by the Company, which prevents Executive from carrying out one or more of the material aspects of his assigned duties for at least ninety (90) consecutive days, or for a total of ninety (90) days in any six (6) month period. Any payment due under this Section 4.2 may be funded by one or more policies of disability insurance to be purchased by the Company and which provide for a benefit in the amount payable to Executive as beneficiary under such policy or policies equal to that due Executive under this Section. In the event the Company purchases such policy or policies and thereafter maintains such policy or policies in continuous and full force and effect during the term hereof, then Executive agrees to look solely to such policy or policies for payment of any amount due hereunder; provided, however, that in the event the Company does not purchase such policy or policies and thereafter maintain such policy or policies in continuous and full force and effect during term hereof, then the Company shall be directly and fully obligated to Executive for such payment.

4.3 Termination by the Company for Cause. Upon delivery by the Board to Executive of a written notice terminating this Agreement for Cause (as such term is defined below), which notice shall be supported by a reasonably detailed statement of the relevant facts and reasons for termination, the Company shall, within thirty (30) days following such termination, pay Executive all salary then due and payable through the date of termination. Executive shall not be entitled to any severance compensation or any accrued vacation pay or bonuses. For purposes of this Agreement, "Cause" shall mean:

(a) Executive shall have committed an act of fraud, embezzlement or theft with respect to the property or business of the Company, in any such event in such a manner as to cause material loss, damage or injury to the Company;

(b) Executive shall have materially breached this Agreement as determined by the Board and such breach shall have continued for a period of twenty (20) days after receipt of written notice from the Board specifying such breach;

(c) Executive shall have been grossly negligent in the performance of his duties hereunder, intentionally not performed or mis-performed any of such duties, or refused to abide by or comply with the reasonable and lawful directives of the Board of Directors, in each case as reasonably determined by the Board, which action shall have continued for a period of twenty (20) days after receipt of written notice from the Board demanding such action cease or be cured; or

(d) Executive shall have been found guilty of, or has plead *nolo contendere* to, the commission of a felony offense or other crime involving moral turpitude.

4.4 Termination by the Company Without Cause. In the event the Board delivers to Executive a written notice terminating Executive's employment under this Agreement for any reason without Cause, the Company shall continue to pay Executive all salary, benefits, bonuses and other compensation that would be due hereunder through the end of the Term of this Agreement had the Company not terminated Executive's employment, but in any event not less than one-year after the date of such termination, with such amounts payable in accordance with the Company's standard payroll.

4.5 Voluntary Termination by Executive. Thirty (30) days after delivery by Executive to the Company of a written notice terminating this Agreement for any reason without Good Reason, within thirty (30) days following the effective date of termination, the Company shall pay Executive all salary then due and payable through the date of termination. Executive shall not be entitled to any severance compensation or bonuses.

4.6 Termination by Executive for Good Reason. Thirty (30) days after delivery by Executive to the Company of a written notice terminating this Agreement for Good Reason (as such term is defined below), the Company shall pay Executive such amounts in such manner as provided for in Section 4.4 hereof. For purposes of this Agreement, "Good Reason" shall mean:

(a) The assignment of Executive to any duties inconsistent with, or any adverse change in, Executive's positions, duties, responsibilities, functions or status with the Company, or the removal of Executive from, or failure to reelect Executive to, any of such positions; *provided, however,* that a change in Executive's positions, duties, responsibilities, functions or status that Executive shall agree to in writing shall not be an event of Good Reason or give rise to termination under this Section 4.6;

(b) A reduction by the Company of Executive's Base Salary without his written consent;

(c) The failure by the Company to continue in effect for Executive any material benefit provided herein or otherwise available to any of the management executives of the Company, including without limitation, any retirement, pension or incentive plans, life, accident, disability or health insurance plans, equity or cash bonus plans or savings and profit sharing plans, or any action by the Company which would adversely affect Executive's participation in or reduce Executive's benefits under any of such plans or deprive Executive of any fringe benefit enjoyed by Executive; or

(d) Any other material breach by the Company of this Agreement which is not cured within twenty (20) days of delivery of written notice thereof by Executive to the Company.

4.7 Effect of Termination; Executive's Stock Options.

(a) All rights and obligations of the Company and Executive under this Agreement shall cease as of the effective date of termination, except that the obligations of the Company under this Section 4 and Executive's obligations under Sections 5 and 6 hereof shall survive such termination in accordance with their respective terms.

(b) In addition, notwithstanding anything to the contrary contained herein or in any agreement with respect thereto, (i) upon termination of Executive's employment pursuant to Sections 4.3 or 4.5 (termination with Cause or voluntary termination without Good Reason) all Stock Options, other equity options, restricted equity grants and similar rights held by Executive with respect to securities of the Company not then fully vested shall immediately terminate and revert to the Company, (ii) upon termination of Executive's employment pursuant to Section 4.4 or Section 4.6 (termination without Cause or voluntary termination with Good Reason), all Stock Options, other equity options, restricted equity grants and similar rights held by Executive with respect to securities of the Company shall, remain in full force and effect and shall not be affected by such termination, and shall continue to vest, and (iii) upon termination of Executive's employment pursuant to Section 4.1 or Section 4.2 (Executive's death or Disability), all Stock Options, other equity options, restricted equity grants and similar rights held by Executive with respect to securities of the Company shall, to the extent not then fully vested, immediately become fully vested.

4.8 No Termination by Merger; Transfer of Assets or Dissolution. This Agreement shall not be terminated by any dissolution of the Company resulting from either merger or consolidation in which the Company is not the consolidated or surviving corporation or other entity or transfer of all or substantially all of the assets of the Company. In such event, the rights, benefits and obligations herein shall automatically be deemed to be assigned to the surviving or resulting corporation or other entity or to the transferee of the assets, as the case may be, with the consent of Executive.

4.9 Non-Disparagement. During the Term and at all times thereafter, Executive agrees not to make or solicit or encourage others to make or solicit directly or indirectly any disparaging, derogatory or negative statement or communication, oral or written, about the Company or its business practices, programs, products, services, operations, policies, activities, current or former officers, directors, managerial personnel, or other employees, or its customers to any other person or entity; *provided, however*, that such restriction shall not prohibit truthful testimony compelled by valid legal process or to the extent made in connection with filing or asserting any claims relating to employment. The Company agrees not to make any disparaging, derogatory or negative statement or communication, oral or written, about Executive; *provided, however*, that such restriction shall not prohibit truthful testimony compelled by valid legal process. Notwithstanding anything herein to the contrary, nothing in this Section 4.11 shall prevent any party to this Agreement from exercising its or his authority or enforcing its or his rights or remedies hereunder or that such party may otherwise be entitled to enforce or assert under another agreement or applicable law, or limit such rights or remedies in any way.

5. Restriction on Competition.

5.1 Covenant Not to Compete. During the Term of this Agreement and for a period of twelve (12) months from the termination of this Agreement, Executive shall not, without the prior written consent of the Company, either directly or indirectly, for himself or on behalf of or in conjunction with any other Person if such activities would necessarily involve the disclosure or use of any of the Company's trade secrets, confidential or other proprietary information (i) own, manage, operate, control, be employed by, participate in, render services to, or be associated in any manner with the ownership, management, operation or control of, any business similar to the type of business conducted by the Company or any of its Affiliates within any of the geographic territories in which the Company or any of its Affiliates conducts business, (ii) solicit business of the same or similar type being carried on by the Company or any of its Affiliates from any Person known by Executive to be a customer of the Company or any of its Affiliates, whether or not Executive had personal contact with such Person during and by reason of Executive's employment with the Company, or (iii) endeavor or attempt in any way to interfere with or induce a breach of any contractual relationship that the Company or any of its Affiliates may have with any employee, customer, contractor, supplier, representative or distributor.

5.2 No Breach for Activities Deemed Not Competitive. It is further agreed that, in the event that Executive shall cease to be employed by the Company and enter into a business or pursue other activities that, at such time, are not in competition with the Company or any of its Affiliates, Executive shall not be chargeable with a violation of this Section 5 if the Company subsequently enters the same (or a similar) competitive business or activity. In addition, if Executive has no actual knowledge that his actions violate the terms of this Section 5, Executive shall not be deemed to have breached the restrictive covenants contained herein if, promptly after being notified by the Company of such breach, Executive ceases the prohibited actions.

5.3 Severability. The covenants in this Section 5 are severable and separate, and the unenforceability of any specific covenant shall not affect the provisions of any other covenant. If any provision of this Section 5 relating to the time period or geographic area of the restrictive covenants shall be declared by a court of competent jurisdiction to exceed the maximum time period or geographic area, as applicable, that such court deems reasonable and enforceable, such time period or geographic area shall be deemed to be, and thereafter shall become, the maximum time period or largest geographic area that such court deems reasonable and enforceable and this Agreement shall automatically be considered to have been amended and revised to reflect such determination.

5.4 Fair and Reasonable. Executive has carefully read and considered the provisions of this Section 5 and, having done so, agrees that the restrictive covenants in this Section 5 impose a fair and reasonable restraint on Executive and are reasonably required to protect the interests of the Company, its Affiliates and their respective officers, directors, employees and stockholders. It is further agreed that the Company and Executive intend that such covenants be construed and enforced in accordance with the changing activities, business and locations of the Company throughout the term of these covenants.

6. Confidential Information.

6.1 Confidential Information. Executive hereby agrees to hold in strict confidence and not to disclose to any third party, other than employees and agents of the Company or persons retained by the Company to represent its interests, any of the valuable, confidential and proprietary business, financial, technical, economic, sales and/or other types of proprietary business information relating to the Company or any of its Affiliates (including all trade secrets) in whatever form, whether oral, written, or electronic (collectively, the "Confidential Information"), to which Executive has, or is given (or has had or been given), access during the course of his employment with the Company. It is agreed that the Confidential Information is confidential and proprietary to the Company because such Confidential Information encompasses technical know-how, trade secrets, or technical, financial, organizational, sales or other valuable aspects of the business and trade of the Company or its Affiliates, including without limitation, technologies, products, processes, plans, clients, personnel, operations and business activities. This restriction shall not apply to any Confidential Information that (a) becomes known generally to the public through no fault of the Executive, (b) is required by applicable law, legal process, or any order or mandate of a court or other governmental authority to be disclosed, or (c) is reasonably believed by Executive, based upon the advice of legal counsel, to be required to be disclosed in defense of a lawsuit or other legal or administrative action brought against Executive; *provided, however,* that in the case of clause (b) or (c), Executive shall give the Company reasonable advance written notice of the Confidential Information intended to be disclosed and the reasons and circumstances surrounding such disclosure, in order to permit the Company to seek a protective order or other appropriate request for confidential treatment of the applicable Confidential Information.

6.2 Return of Company Property. In the event of termination of Executive's employment with the Company for whatever reason or no reason, (a) Executive agrees not to copy, make known, disclose or use, any of the Confidential Information without the Company's prior written consent, and (b) Executive or Executive's personal representative shall return to the Company (i) all Confidential Information, (ii) all other records, designs, patents, business plans, financial statements, manuals, memoranda, lists, correspondence, reports, records, charts, advertising materials and other data or property delivered to or compiled by Executive by or on behalf of the Company or its respective representatives, vendors or customers that pertain to the business of the Company or any of its Affiliates, whether in paper, electronic or other form, and (iii) all keys, credit cards, vehicles and other property of the Company. Executive shall not retain or cause to be retained any copies of the foregoing. Executive hereby agrees that all of the foregoing shall be and remain the property of the Company and the applicable Affiliates and be subject at all times to their discretion and control.

7. Corporate Opportunities.

7.1 Duty to Notify. During the Term of this Agreement, in the event that Executive shall become aware of any business opportunity related to the business of the Company, Executive shall promptly notify the Board of Directors of such opportunity. Executive shall not appropriate for himself or for any other Person other than the Company (or any Affiliate) any such opportunity unless, as to any particular opportunity, the Board of Directors fails to take appropriate action within thirty (30) days. Executive's duty to notify the Board of Directors and to refrain from appropriating all such opportunities for thirty (30) days shall neither be limited by, nor shall such duty limit, the application of the general laws relating to the fiduciary duties of an agent or employee.

7.2 Failure to Notify. In the event that Executive fails to notify the Board of Directors or so appropriates any such opportunity without the express written consent of the Board of Directors, Executive shall be deemed to have violated the provisions of this Section notwithstanding the following:

(a) The capacity in which Executive shall have acquired such opportunity; or

(b) The probable success in the hands of the Company of such opportunity.

8. No Prior Agreements. Executive hereby represents and warrants to the Company that the execution of this Agreement by Executive, his employment by the Company, and the performance of his duties hereunder will not violate or be a breach of any agreement with a former employer or any other Person. Further, Executive agrees to indemnify and hold harmless the Company and its officers, directors and representatives for any claim, including, but not limited to, reasonable attorneys' fees and expenses of investigation, of any such third party that such third party may now have or may hereafter come to have against the Company or such other persons, based upon or arising out of any non-competition agreement, invention, secrecy or other agreement between Executive and such third party that was in existence as of the effective date of this Agreement. To the extent that Executive had any oral or written employment agreement or understanding with the Company, this Agreement shall automatically supersede such agreement or understanding, and upon execution of this Agreement by Executive and the Company, such prior agreement or understanding automatically shall be deemed to have been terminated and shall be null and void.

9. Representation. Executive acknowledges that he (a) has reviewed this Agreement in its entirety, (b) has had an opportunity to obtain the advice of separate legal counsel prior to executing this Agreement, and (c) fully understands all provisions of this Agreement.

10. Assignment: Binding Effect. Executive understands that he has been selected for employment by the Company on the basis of his personal qualifications, experience and skills. Executive agrees, therefore, that he cannot assign or delegate all or any portion of his performance under this Agreement. This Agreement may not be assigned or transferred by the Company without the prior written consent of Executive. Subject to the preceding two sentences, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the parties hereto and their respective heirs, legal representatives, successors, and assigns. Notwithstanding the foregoing, if Executive accepts employment with an Affiliate, unless Executive and his new employer agree otherwise in writing, this Agreement shall automatically be deemed to have been assigned to such new employer (which shall thereafter be an additional or substitute beneficiary of the covenants contained herein, as appropriate), with the consent of Executive, such assignment shall be considered a condition of employment by such new employer, and references to the "Company" in this Agreement shall be deemed to refer to such new employer.

11. Complete Agreement; Waiver: Amendment. Executive has no oral representations, understandings or agreements with the Company or any of its officers, directors or representatives covering the same subject matter as this Agreement. This Agreement is the final, complete and exclusive statement and expression of the agreement between the Company and Executive with respect to the subject matter hereof and thereof, and cannot be varied, contradicted, or supplemented by evidence of any prior or contemporaneous oral or written agreements. This Agreement may not be later modified except by a further writing signed by a duly authorized officer of the Company and Executive, and no term of this Agreement may be waived except by writing signed by the party waiving the benefit of such term.

12. Notices. All notices, requests, demands and other communications required or permitted to be given under this Agreement shall be in writing and shall be given or made by personally delivering the same to or sending the same by prepaid certified or registered mail, return receipt requested, or by reputable overnight courier, or by facsimile machine to the party to which it is directed at the address set out on the signature page to this Agreement, with copies to counsel as indicated, or at such other address as such party shall have specified by written notice to the other party as provided in this Section, and shall be deemed to be given if delivered personally at the time of delivery, or if sent by certified or registered mail as herein provided three (3) days after the same shall have been posted, or if sent by reputable overnight courier upon receipt, or if sent by facsimile machine as soon as the sender receives written or telephonic confirmation that the facsimile was received by the recipient and such facsimile is followed the same day by mailing by prepaid first class mail.

13. Severability: Headings. If any portion of this Agreement is held invalid or inoperative, the other portions of this Agreement shall be deemed valid and operative and, so far as is reasonable and possible, effect shall be given to the intent manifested by the portion held invalid and inoperative. This severability provision shall be in addition to, and not in place of, the provisions of Section 5.3 above. The Sections headings herein are for reference purposes only and are not intended in any way to describe, interpret, define or limit the extent or intent of this Agreement or of any part hereof.

14. Equitable Remedy. Because of the difficulty of measuring economic losses to the Company as a result of a breach of the restrictive covenants set forth in Sections 5 and 6 hereof, and because of the immediate and irreparable damage that would be caused to the Company for which monetary damages would not be a sufficient remedy, it is hereby agreed that in addition to all other remedies that may be available to the Company or Executive at law or in equity, the Company or Executive shall be entitled to specific performance and any injunctive or other equitable relief as a remedy for any breach or threatened breach of the aforementioned restrictive covenants.

15. Arbitration. Any unresolved dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration conducted in accordance with the rules of the American Arbitration Association then in effect. The arbitrators shall not have the authority to add to, detract from, or modify any provision hereof nor to award punitive damages to any injured party. A decision by a majority of the arbitration panel shall be final and binding. Judgment may be entered on the arbitrators' award in any court having jurisdiction. Notwithstanding the foregoing, the Company shall be entitled to seek injunctive or other equitable relief, as contemplated by Section 14 hereof, from any court of competent jurisdiction, without the need to resort to arbitration. Should judicial proceedings be commenced to enforce or carry out this provision or any arbitration award, the prevailing party in such proceedings shall be entitled to reasonable attorneys' fees and costs in addition to other relief.

16. Governing Law. This Agreement shall in all respects be construed according to the laws of the State of California, without regard to its conflict of flaws principles.

17. Counterparts. This Agreement may be executed in any number of counterparts, each of which may be executed by less than all of the parties to this Agreement, each of which shall be enforceable against the parties actually executing such counterparts, and all of which together shall constitute one instrument.

18. Signatures. The parties shall be entitled to rely upon and enforce a facsimile of any authorized signatures as if it were the original.

[Signatures on following page.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

COMPANY:

CV SCIENCES, INC.

By: /s/ James McNulty
Name (print): James McNulty
Its: Chairman, Compensation Committee

Address for Notices:

CV Sciences, Inc.
2688 South Rainbow Boulevard, Suite B
Las Vegas, NV 89146

EXECUTIVE:

JOSEPH DOWLING

(sign): /s/ Joseph Dowling

Address for Notices:

CV Sciences, Inc.
10070 Barnes Canyon Road Suite 100
San Diego, CA 92121

Exhibit 10.4

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement") is entered into as of June 14, 2018 (the "Effective Date"), by and between CV SCIENCES, INC., a Delaware corporation (the "Company"), and MICHAEL MONA III ("Executive").

Recitals

A. The Company and Executive entered into that certain Executive Employment Agreement dated July 6, 2016, and except as otherwise provided herein, this Agreement supersedes and replaces such prior agreement in its entirety.

B. The Company operates two distinct business segments: a specialty pharmaceutical division focused on developing and commercializing novel therapeutics utilizing synthetic Cannabidiol ("CBD"); and, a consumer product division in manufacturing, marketing and selling plant-based CBD product to a range of market sectors.

C. Executive is the President and Chief Operating Officer of the Company, and Executive and the Company desire to set forth the terms and conditions of the Executive's employment by the Company.

Agreement

NOW, THEREFORE, in consideration of these premises, the mutual covenants and agreements of the parties hereunder, and for other good and valuable consideration the sufficiency and receipt of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Employment and Duties.

1.1 Position. The Company hereby employs Executive, and Executive hereby accepts employment with the Company, as President and Chief Operating Officer of the Company.

1.2 Duties. Executive agrees to devote his best efforts, and shall have primary responsibility within the Company to act as the senior operations executive of the Company. Executive shall perform his duties in a trustworthy, businesslike and loyal manner.

1.3 Reporting. Executive shall report to the Chief Executive Officer.

1.4 Place of Employment. Executive shall perform his services hereunder at the Company's Las Vegas, NV and San Diego, CA offices. Executive's primary office shall be in San Diego, CA, however, Executive shall spend a portion of his time in the Company's primary office for operations and for certain executive functions of the Company located in Las Vegas, NV.

1.5 Change of Duties. The duties of Executive may reasonably be modified from time to time by the mutual consent of the Company and Executive without resulting in a rescission of this Agreement. The mutual written consent of the Company and Executive shall constitute execution of that modification. Notwithstanding any such change, the employment of Executive shall be construed as continuing under this Agreement as so modified.

1.6 Devotion of Time to Company's Business. During the Term of this Agreement (as such term is defined in Section 1.7 hereof), Executive agrees (i) to devote substantially all of his productive time, ability and attention to the business of the Company during normal working hours, (ii) not to engage in any other business duties or business pursuits whatsoever which conflict with his duties to the Company, (iii) whether directly or indirectly, not to render any services of a commercial or professional nature to any individual, trust, partnership, company, corporation, business, organization, group or other entity (each, a "Person") which conflict with his duties to the Company, whether for compensation or otherwise, without the prior written consent of the Board of Directors, and (iv) whether directly or indirectly, not to acquire, hold or retain more than a one percent (1%) interest in any business competing with or similar in nature to the business of the Company or any of its Affiliates (as such term is defined *below); provided, however,* the expenditure of reasonable amounts of time for other matters and charitable, educational and professional activities or, subject to the foregoing, the making of passive personal investments shall not be deemed a breach of this Agreement or require the prior written consent of the Company if those activities do not materially interfere with the services required of Executive under this Agreement. For purposes of this Agreement, "Affiliates" shall mean any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Company.

1.7 Term. Unless sooner terminated as provided in Section 4 hereof, the term of this Agreement shall continue through June 13, 2021 (the "Term"). The Company and Executive shall consult on extension of the Term as soon as reasonably practicable in the month of April 2021 but neither the Company nor Executive shall be under any obligation to extend the Term. The Term, together with any extensions or renewal terms shall be referred to in this Agreement as the "Term of this Agreement."

1.8 Observance of Company Rules. Regulations and Policies. Executive shall duly, punctually and faithfully perform and observe any and all rules, regulations and policies which the Company may now or hereafter reasonably establish governing the conduct of its business or its employees to the extent such rules, regulations and policies are not in conflict with this Agreement. Executive shall promptly provide written notice to the Board of Directors of any such apparent conflict of which Executive becomes aware.

1.9 Intellectual Property. Executive hereby assigns and agrees to assign in the future to the Company all Executive's right, title and interest in and to any and all such work products and designs (whether or not patentable or registerable under copyright or similar statutes) made or conceived or reduced to practice or learned by Executive, either individually or jointly with others, during Executive's employment with the Company ("Intellectual Property").

2. Compensation.

2.1 Base Salary. During the Term of this Agreement, the Company shall pay to Executive an annual base salary in such amounts as the Compensation Committee of the Board of Directors (the "Compensation Committee") shall recommend to the full Board of Directors for approval (the "Base Salary"). As determined by the Board of Directors by special meeting on February 5, 2018, effective as of January 1, 2018 the Base Salary for 2018 shall initially be set at $350,000, payable in accordance with the Company's standard payroll procedures in effect at the time of payment. The Company shall withhold from any payroll or other amounts payable to Executive pursuant to this Agreement all federal, state, city or other taxes and contributions as are required pursuant to any law or governmental regulation or ruling now applicable or that may be enacted and become applicable in the future.

2.2 Performance Bonuses. Performance Bonuses. In addition to the Base Salary, the Company may pay to Executive annual bonuses based on the Company's performance and/or Executive's performance ("Annual Bonus") as follows:

(a) Bonus based on Achievement of Annual Performance Goals. Based upon performance of the Company as reflected by satisfaction of the performance goals previously delivered to Executive, the Company may pay Executive a bonus in addition to Base Salary in such amount as may be determined by the Board of Directors. The targeted amount of the Annual Bonus shall be 50% of Employee's then effective Base Salary; *provided, however*, that the payment and amount of any Annual Bonus shall be in the sole discretion of the Board of Directors.

(b) Additional Bonus Compensation. The "Additional Bonus Compensation" as more particularly set forth in Section 2.2(c) of the Amendment to Employment Agreement by and between the Company and Executive dated March 16, 2017 shall remain in full force and effect and is by this reference fully restated herein.

(c) Establishment of Annual Bonus Performance Goals. The Company may propose new performance goals for purposes of determining additional annual bonuses payable to Executive, in consultation with Executive.

2.3 Stock Options. The Board may, from time to time and as recommended by the Compensation Committee, grant to Executive incentive stock options or other Stock Awards, as defined in and pursuant to the Company's 2013 Amended and Restated Equity Incentive Plan.

2.4 Incentive Plans. In addition to all other benefits and compensation provided by this Agreement, Executive shall be eligible to participate in such of the Company's equity, compensation and incentive plans as are generally available to any of the management executives of the Company, including without limitation any executive and performance bonus or incentive plans.

2.5 Vacation. Executive shall be entitled to such annual vacation time with full pay as the Company may provide in its standard policies and practices for any other management executives; *provided, however,* that in any event Executive shall be entitled to a minimum of twenty (20) days annual paid vacation time exclusive of holidays.

2.6 Directors and Officers Liability Insurance. Executive shall be entitled to participation in, and have the benefit of directors' and officers' liability insurance providing coverage consistent with standards in the life science industry.

2.7 Term Life Insurance. The Company shall pay the cost to Executive of premiums due on a term life insurance in the amount of $5,000,000, with such beneficiary or beneficiaries thereunder as may be designated from time to time by Executive. The Company shall reimburse Executive all amounts to maintain such policy in full force and effect during the Term of this Agreement.

2.8 Disability Insurance. The Company shall procure and maintain a disability insurance policy and the Company shall pay the premiums due on such policy and maintain such policy in full force and effect during the Term of this Agreement.

2.9 Outside Counsel for Executive. In order for Executive to have the benefit of counsel to advise and counsel Executive with respect to this Agreement, the Company shall pay the reasonable attorneys' fees and expenses incurred by Executive in connection with such advice and counsel and the drafting and execution of this Agreement.

2.10 Other Benefits. Executive shall participate in and have the benefits of all present and future vacation, holiday, paid leave, unpaid leave, life, accident, disability, dental, vision and health insurance plans, pension, profit-sharing and savings plans and all other plans and benefits which the Company now or in the future from time to time makes available to any of its management executives.

2.1 Car Allowance. Executive shall receive a monthly car allowance of $1,500, to be paid directly by the Company.

2.2 Withholding. The parties shall comply with all applicable legal withholding requirements in connection with all regular monthly and/or bi-monthly compensation payable to Executive hereunder.

3 . Expense Reimbursement. The Company shall reimburse Executive for all business travel and other out-of-pocket expenses reasonably incurred by Executive in the course of performing his duties under this Agreement. All reimbursable expenses shall be appropriately documented and shall be in reasonable detail and in a format and manner consistent with the Company's expense reporting policy, as well as applicable federal and state tax record keeping requirements.

4. Termination and Rights on Termination. This Agreement shall terminate upon the occurrence of any of the following events:

4.1 Death. Upon the death of Executive, the Company shall, within thirty (30) days of receiving notice of such death, pay Executive's estate all salary and other compensation hereunder, then due and payable and all accrued vacation pay and bonuses, if any, in each case payable or accrued through the date of death. In addition, the Company shall pay Executive's estate, at the time or times otherwise payable under the terms of this Agreement, all salary and accrued benefits that would have been payable hereunder by the Company to Executive during the one-year period immediately following Executive's death. Any payment due under this Section 4.1 may be funded by one or more policies of life insurance to be purchased by the Company and which provide for a benefit in the amount payable to Executive as beneficiary under such policy or policies equal to that due Executive under this Section. In the event the Company purchases such policy or policies and thereafter maintains such policy or policies in continuous and full force and effect during the term hereof, then Executive agrees to look solely to such policy or policies for payment of any amount due hereunder; provided, however, that in the event the Company does not purchase such policy or policies and thereafter maintain such policy or policies in continuous and full force and effect during term hereof, then the Company shall be directly and fully obligated to Executive for such payment.

4.2 Disability. Upon the mental or physical Disability (as such term is defined below) of Executive, the Company shall, within thirty (30) days following the determination of Disability, pay Executive all salary then due and payable and all accrued vacation pay and bonuses, if any, in each case payable or accrued through the date of determination. In addition, the Company shall pay all salary and accrued benefits that would have been payable hereunder by the Company to Executive during the one-year period immediately following Executive's disability. For purposes of this Agreement, "Disability" shall mean a physical or mental condition, verified by a physician designated by the Company, which prevents Executive from carrying out one or more of the material aspects of his assigned duties for at least ninety (90) consecutive days, or for a total of ninety (90) days in any six (6) month period. Any payment due under this Section 4.2 may be funded by one or more policies of disability insurance to be purchased by the Company and which provide for a benefit in the amount payable to Executive as beneficiary under such policy or policies equal to that due Executive under this Section. In the event the Company purchases such policy or policies and thereafter maintains such policy or policies in continuous and full force and effect during the term hereof, then Executive agrees to look solely to such policy or policies for payment of any amount due hereunder; provided, however, that in the event the Company does not purchase such policy or policies and thereafter maintain such policy or policies in continuous and full force and effect during term hereof, then the Company shall be directly and fully obligated to Executive for such payment.

4.3 Termination by the Company for Cause. Upon delivery by the Board to Executive of a written notice terminating this Agreement for Cause (as such term is defined below), which notice shall be supported by a reasonably detailed statement of the relevant facts and reasons for termination, the Company shall, within thirty (30) days following such termination, pay Executive all salary then due and payable through the date of termination. Executive shall not be entitled to any severance compensation or any accrued vacation pay or bonuses. For purposes of this Agreement, "Cause" shall mean:

(a) Executive shall have committed an act of fraud, embezzlement or theft with respect to the property or business of the Company, in any such event in such a manner as to cause material loss, damage or injury to the Company;

(b) Executive shall have materially breached this Agreement as determined by the Board and such breach shall have continued for a period of twenty (20) days after receipt of written notice from the Board specifying such breach;

(c) Executive shall have been grossly negligent in the performance of his duties hereunder, intentionally not performed or mis-performed any of such duties, or refused to abide by or comply with the reasonable and lawful directives of the Board of Directors, in each case as reasonably determined by the Board, which action shall have continued for a period of twenty (20) days after receipt of written notice from the Board demanding such action cease or be cured; or

(d) Executive shall have been found guilty of, or has plead *nolo contendere* to, the commission of a felony offense or other crime involving moral turpitude.

4.4 Termination by the Company Without Cause. In the event the Board delivers to Executive a written notice terminating Executive's employment under this Agreement for any reason without Cause, the Company shall continue to pay Executive all salary, benefits, bonuses and other compensation that would be due hereunder through the end of the Term of this Agreement had the Company not terminated Executive's employment, but in any event not less than one-year after the date of such termination, with such amounts payable in accordance with the Company's standard payroll.

4.5 Voluntary Termination by Executive. Thirty (30) days after delivery by Executive to the Company of a written notice terminating this Agreement for any reason without Good Reason, within thirty (30) days following the effective date of termination, the Company shall pay Executive all salary then due and payable through the date of termination. Executive shall not be entitled to any severance compensation or bonuses.

4.6 Termination by Executive for Good Reason. Thirty (30) days after delivery by Executive to the Company of a written notice terminating this Agreement for Good Reason (as such term is defined below), the Company shall pay Executive such amounts in such manner as provided for in Section 4.4 hereof. For purposes of this Agreement, "Good Reason" shall mean:

(a) The assignment of Executive to any duties inconsistent with, or any adverse change in, Executive's positions, duties, responsibilities, functions or status with the Company, or the removal of Executive from, or failure to reelect Executive to, any of such positions; *provided, however,* that a change in Executive's positions, duties, responsibilities, functions or status that Executive shall agree to in writing shall not be an event of Good Reason or give rise to termination under this Section 4.6;

(b) A reduction by the Company of Executive's Base Salary without his written consent;

(c) The failure by the Company to continue in effect for Executive any material benefit provided herein or otherwise available to any of the management executives of the Company, including without limitation, any retirement, pension or incentive plans, life, accident, disability or health insurance plans, equity or cash bonus plans or savings and profit sharing plans, or any action by the Company which would adversely affect Executive's participation in or reduce Executive's benefits under any of such plans or deprive Executive of any fringe benefit enjoyed by Executive; or

(d) Any other material breach by the Company of this Agreement which is not cured within twenty (20) days of delivery of written notice thereof by Executive to the Company.

4.7 Effect of Termination; Executive's Stock Options. All rights and obligations of the Company and Executive under this Agreement shall cease as of the effective date of termination, except that the obligations of the Company under this Section 4 and Executive's obligations under Sections 5 and 6 hereof shall survive such termination in accordance with their respective terms. In addition, notwithstanding anything to the contrary contained herein or in any agreement with respect thereto, (a) upon termination of Executive's employment pursuant to Sections 4.3 or 4.5, all equity options, restricted equity grants and similar rights held by Executive with respect to securities of the Company, including without limitation any stock options referred to in Section 2.3 herein shall, to the extent not then fully vested, immediately terminate and revert to the Company, (b) upon termination of Executive's employment pursuant to Section 4.4, all equity options, restricted equity grants and similar rights held by Executive with respect to securities of the Company, including without limitation Executive's stock options referred to in Section 2.3 herein shall, remain in full force and effect and shall not be affected by such termination, and (c) upon termination of Executive's employment pursuant to any other provision of this Section 4, all equity options, restricted equity grants and similar rights held by Executive with respect to securities of the Company, including without limitation Executive's stock options referred to in Section 2.3 herein, if such stock options shall have been approved by the Company's stockholders, shall, to the extent not then fully vested, immediately become fully vested.

4.8 No Termination by Merger; Transfer of Assets or Dissolution. This Agreement shall not be terminated by any dissolution of the Company resulting from either merger or consolidation in which the Company is not the consolidated or surviving corporation or other entity or transfer of all or substantially all of the assets of the Company. In such event, the rights, benefits and obligations herein shall automatically be deemed to be assigned to the surviving or resulting corporation or other entity or to the transferee of the assets, as the case may be, with the consent of Executive.

4.9 Non-Disparagement. During the Term and at all times thereafter, Executive agrees not to make or solicit or encourage others to make or solicit directly or indirectly any disparaging, derogatory or negative statement or communication, oral or written, about the Company or its business practices, programs, products, services, operations, policies, activities, current or former officers, directors, managerial personnel, or other employees, or its customers to any other person or entity; *provided, however*, that such restriction shall not prohibit truthful testimony compelled by valid legal process or to the extent made in connection with filing or asserting any claims relating to employment. The Company agrees not to make any disparaging, derogatory or negative statement or communication, oral or written, about Executive; *provided, however*, that such restriction shall not prohibit truthful testimony compelled by valid legal process. Notwithstanding anything herein to the contrary, nothing in this Section 4.11 shall prevent any party to this Agreement from exercising its or his authority or enforcing its or his rights or remedies hereunder or that such party may otherwise be entitled to enforce or assert under another agreement or applicable law, or limit such rights or remedies in any way.

5. Restriction on Competition.

5.1 Covenant Not to Compete. During the Term of this Agreement and for a period of twelve (12) months from the termination of this Agreement, Executive shall not, without the prior written consent of the Company, either directly or indirectly, for himself or on behalf of or in conjunction with any other Person, if such activities would necessarily involve the disclosure or use of any of the Company's trade secrets, confidential or other proprietary information (i) own, manage, operate, control, be employed by, participate in, render services to, or be associated in any manner with the ownership, management, operation or control of, any business similar to the type of business conducted by the Company or any of its Affiliates within any of the geographic territories in which the Company or any of its Affiliates conducts business, (ii) solicit business of the same or similar type being carried on by the Company or any of its Affiliates from any Person known by Executive to be a customer of the Company or any of its Affiliates, whether or not Executive had personal contact with such Person during and by reason of Executive's employment with the Company, or (iii) endeavor or attempt in any way to interfere with or induce a breach of any contractual relationship that the Company or any of its Affiliates may have with any employee, customer, contractor, supplier, representative or distributor.

5.2 No Breach for Activities Deemed Not Competitive. It is further agreed that, in the event that Executive shall cease to be employed by the Company and enter into a business or pursue other activities that, at such time, are not in competition with the Company or any of its Affiliates, Executive shall not be chargeable with a violation of this Section 5 if the Company subsequently enters the same (or a similar) competitive business or activity. In addition, if Executive has no actual knowledge that his actions violate the terms of this Section 5, Executive shall not be deemed to have breached the restrictive covenants contained herein if, promptly after being notified by the Company of such breach, Executive ceases the prohibited actions.

5.3 Severability. The covenants in this Section 5 are severable and separate, and the unenforceability of any specific covenant shall not affect the provisions of any other covenant. If any provision of this Section 5 relating to the time period or geographic area of the restrictive covenants shall be declared by a court of competent jurisdiction to exceed the maximum time period or geographic area, as applicable, that such court deems reasonable and enforceable, such time period or geographic area shall be deemed to be, and thereafter shall become, the maximum time period or largest geographic area that such court deems reasonable and enforceable and this Agreement shall automatically be considered to have been amended and revised to reflect such determination.

5.4 Fair and Reasonable. Executive has carefully read and considered the provisions of this Section 5 and, having done so, agrees that the restrictive covenants in this Section 5 impose a fair and reasonable restraint on Executive and are reasonably required to protect the interests of the Company, its Affiliates and their respective officers, directors, employees and stockholders. It is further agreed that the Company and Executive intend that such covenants be construed and enforced in accordance with the changing activities, business and locations of the Company throughout the term of these covenants.

6. Confidential Information.

6.1 Confidential Information. Executive hereby agrees to hold in strict confidence and not to disclose to any third party, other than employees and agents of the Company or persons retained by the Company to represent its interests, any of the valuable, confidential and proprietary business, financial, technical, economic, sales and/or other types of proprietary business information relating to the Company or any of its Affiliates (including all trade secrets) in whatever form, whether oral, written, or electronic (collectively, the "Confidential Information"), to which Executive has, or is given (or has had or been given), access during the course of his employment with the Company. It is agreed that the Confidential Information is confidential and proprietary to the Company because such Confidential Information encompasses technical know-how, trade secrets, or technical, financial, organizational, sales or other valuable aspects of the business and trade of the Company or its Affiliates, including without limitation, technologies, products, processes, plans, clients, personnel, operations and business activities. This restriction shall not apply to any Confidential Information that (a) becomes known generally to the public through no fault of the Executive, (b) is required by applicable law, legal process, or any order or mandate of a court or other governmental authority to be disclosed, or (c) is reasonably believed by Executive, based upon the advice of legal counsel, to be required to be disclosed in defense of a lawsuit or other legal or administrative action brought against Executive; *provided, however,* that in the case of clause (b) or (c), Executive shall give the Company reasonable advance written notice of the Confidential Information intended to be disclosed and the reasons and circumstances surrounding such disclosure, in order to permit the Company to seek a protective order or other appropriate request for confidential treatment of the applicable Confidential Information.

6.2 Return of Company Property. In the event of termination of Executive's employment with the Company for whatever reason or no reason, (a) Executive agrees not to copy, make known, disclose or use, any of the Confidential Information without the Company's prior written consent, and (b) Executive or Executive's personal representative shall return to the Company (i) all Confidential Information, (ii) all other records, designs, patents, business plans, financial statements, manuals, memoranda, lists, correspondence, reports, records, charts, advertising materials and other data or property delivered to or compiled by Executive by or on behalf of the Company or its respective representatives, vendors or customers that pertain to the business of the Company or any of its Affiliates, whether in paper, electronic or other form, and (iii) all keys, credit cards, vehicles and other property of the Company. Executive shall not retain or cause to be retained any copies of the foregoing. Executive hereby agrees that all of the foregoing shall be and remain the property of the Company and the applicable Affiliates and be subject at all times to their discretion and control.

7. Corporate Opportunities.

7.1 Duty to Notify. During the Term of this Agreement, in the event that Executive shall become aware of any business opportunity related to the business of the Company, Executive shall promptly notify the Board of Directors of such opportunity. Executive shall not appropriate for himself or for any other Person other than the Company (or any Affiliate) any such opportunity unless, as to any particular opportunity, the Board of Directors fails to take appropriate action within thirty (30) days. Executive's duty to notify the Board of Directors and to refrain from appropriating all such opportunities for thirty (30) days shall neither be limited by, nor shall such duty limit, the application of the general laws relating to the fiduciary duties of an agent or employee.

7.2 Failure to Notify. In the event that Executive fails to notify the Board of Directors or so appropriates any such opportunity without the express written consent of the Board of Directors, Executive shall be deemed to have violated the provisions of this Section notwithstanding the following:

(a) The capacity in which Executive shall have acquired such opportunity; or

(b) The probable success in the hands of the Company of such opportunity.

8 . No Prior Agreements. Executive hereby represents and warrants to the Company that the execution of this Agreement by Executive, his employment by the Company, and the performance of his duties hereunder will not violate or be a breach of any agreement with a former employer or any other Person. Further, Executive agrees to indemnify and hold harmless the Company and its officers, directors and representatives for any claim, including, but not limited to, reasonable attorneys' fees and expenses of investigation, of any such third party that such third party may now have or may hereafter come to have against the Company or such other persons, based upon or arising out of any non-competition agreement, invention, secrecy or other agreement between Executive and such third party that was in existence as of the effective date of this Agreement. To the extent that Executive had any oral or written employment agreement or understanding with the Company, this Agreement shall, except as set forth herein, automatically supersede such agreement or understanding, and upon execution of this Agreement by Executive and the Company, such prior agreement or understanding automatically shall be deemed to have been terminated and shall be null and void.

9. Representation. Executive acknowledges that he (a) has reviewed this Agreement in its entirety, (b) has had an opportunity to obtain the advice of separate legal counsel prior to executing this Agreement, and (c) fully understands all provisions of this Agreement.

10. Assignment: Binding Effect. Executive understands that he has been selected for employment by the Company on the basis of his personal qualifications, experience and skills. Executive agrees, therefore, that he cannot assign or delegate all or any portion of his performance under this Agreement. This Agreement may not be assigned or transferred by the Company without the prior written consent of Executive. Subject to the preceding two sentences, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the parties hereto and their respective heirs, legal representatives, successors, and assigns. Notwithstanding the foregoing, if Executive accepts employment with an Affiliate, unless Executive and his new employer agree otherwise in writing, this Agreement shall automatically be deemed to have been assigned to such new employer (which shall thereafter be an additional or substitute beneficiary of the covenants contained herein, as appropriate), with the consent of Executive, such assignment shall be considered a condition of employment by such new employer, and references to the "Company" in this Agreement shall be deemed to refer to such new employer.

11. Complete Agreement; Waiver: Amendment . Executive has no oral representations, understandings or agreements with the Company or any of its officers, directors or representatives covering the same subject matter as this Agreement. This Agreement is the final, complete and exclusive statement and expression of the agreement between the Company and Executive with respect to the subject matter hereof and thereof, and cannot be varied, contradicted, or supplemented by evidence of any prior or contemporaneous oral or written agreements. This Agreement may not be later modified except by a further writing signed by a duly authorized officer of the Company and Executive, and no term of this Agreement may be waived except by writing signed by the party waiving the benefit of such term.

12. Notices. All notices, requests, demands and other communications required or permitted to be given under this Agreement shall be in writing and shall be given or made by personally delivering the same to or sending the same by prepaid certified or registered mail, return receipt requested, or by reputable overnight courier, or by facsimile machine to the party to which it is directed at the address set out on the signature page to this Agreement, with copies to counsel as indicated, or at such other address as such party shall have specified by written notice to the other party as provided in this Section, and shall be deemed to be given if delivered personally at the time of delivery, or if sent by certified or registered mail as herein provided three (3) days after the same shall have been posted, or if sent by reputable overnight courier upon receipt, or if sent by facsimile machine as soon as the sender receives written or telephonic confirmation that the facsimile was received by the recipient and such facsimile is followed the same day by mailing by prepaid first class mail.

13. Severability: Headings. If any portion of this Agreement is held invalid or inoperative, the other portions of this Agreement shall be deemed valid and operative and, so far as is reasonable and possible, effect shall be given to the intent manifested by the portion held invalid and inoperative. This severability provision shall be in addition to, and not in place of, the provisions of Section 5.3 above. The Sections headings herein are for reference purposes only and are not intended in any way to describe, interpret, define or limit the extent or intent of this Agreement or of any part hereof.

14. Equitable Remedy. Because of the difficulty of measuring economic losses to the Company as a result of a breach of the restrictive covenants set forth in Sections 5 and 6 hereof, and because of the immediate and irreparable damage that would be caused to the Company for which monetary damages would not be a sufficient remedy, it is hereby agreed that in addition to all other remedies that may be available to the Company or Executive at law or in equity, the Company or Executive shall be entitled to specific performance and any injunctive or other equitable relief as a remedy for any breach or threatened breach of the aforementioned restrictive covenants.

15. Arbitration. Any unresolved dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration conducted in accordance with the rules of the American Arbitration Association then in effect. The arbitrators shall not have the authority to add to, detract from, or modify any provision hereof nor to award punitive damages to any injured party. A decision by a majority of the arbitration panel shall be final and binding. Judgment may be entered on the arbitrators' award in any court having jurisdiction. Notwithstanding the foregoing, the Company shall be entitled to seek injunctive or other equitable relief, as contemplated by Section 14 hereof, from any court of competent jurisdiction, without the need to resort to arbitration. Should judicial proceedings be commenced to enforce or carry out this provision or any arbitration award, the prevailing party in such proceedings shall be entitled to reasonable attorneys' fees and costs in addition to other relief.

16. Governing Law. This Agreement shall in all respects be construed according to the laws of the State of California, without regard to its conflict of flaws principles.

17. Counterparts. This Agreement may be executed in any number of counterparts, each of which may be executed by less than all of the parties to this Agreement, each of which shall be enforceable against the parties actually executing such counterparts, and all of which together shall constitute one instrument.

18 Signatures. The parties shall be entitled to rely upon and enforce a facsimile of any authorized signatures as if it were the original.

[Signatures on following page.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

COMPANY:

CV SCIENCES, INC.

By: /s/ Joseph Dowling
Name (print): Joseph Dowling
Its: Chief Executive Officer

Address for Notices:

2688 South Rainbow Boulevard, Suite B
Las Vegas, NV 89146

EXECUTIVE:

MICHAEL MONA III

(sign): /s/ Michael Mona III

Address for Notices:

Michael Mona III
2688 South Rainbow Boulevard, Suite B
Las Vegas, NV 89146

Exhibit 10.5

DAVID J. VAN HAVERMAAT (Cal. Bar No. 175761)
Email: vanhavermaatd@sec.gov
JENNIFER T. CALABRESE (Cal. Bar No. 247976)
Email: calabresej@sec.gov

Attorneys for Plaintiff
Securities and Exchange Commission
Michele Wein Layne, Regional Director
Alka Patel, Associate Regional Director
Amy J. Longo, Regional Trial Counsel
444 South Flower Street, 9th Floor
Los Angeles, California 90071
Telephone: (323) 965-3998
Facsimile: (213) 443-1904

UNITED STATES DISTRICT COURT

DISTRICT OF NEVADA

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

CANNAVEST CORP. a/k/a/ CV SCIENCES, INC. and MICHAEL J. MONA, JR.,

Defendants.

Case No. CV-17-01681-APG-PAL

CONSENT OF DEFENDANT CANNAVEST CORP. TO ENTRY OF FINAL JUDGMENT

1. Defendant CannaVEST Corp. ("Defendant") acknowledges having been served with the complaint in this action, enters a general appearance, and admits the Court's jurisdiction over Defendant and over the subject matter of this action.

2. Without admitting or denying the allegations of the complaint (except as provided herein in paragraph 11 and except as to personal and subject matter jurisdiction, which Defendant admits) , Defendant hereby consents to the entry of the final Judgment in the form attached hereto (the "Final Judgment") and incorporated by reference herein, which, among other things:

(a) permanently restrains and enjoins Defendant from violation of Sections 10(b), 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Securities Exchange Act of 1934 ("Exchange Act") and Rules 10b-5, 12b-20, and 13a-13 thereunder; and

(b) orders Defendant to pay a civil penalty in the amount of $150,000 pursuant to Section 21(d)(3) of the Exchange Act, payable in 12 monthly installments to begin within 30 days after entry of the Final Judgment and to conclude within 360 days after entry of the Final Judgment.

3. Defendant agrees that it shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made pursuant to any insurance policy, with regard to any civil penalty amounts that Defendant pays pursuant to the Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors. Defendant further agrees that it shall not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state, or local tax for any penalty amounts that Defendant pays pursuant to the Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors.

4. Defendant waives the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure.

5. Defendant waives the right, if any, to a jury trial and to appeal from the entry of the Final Judgment.

6. Defendant enters into this Consent voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the Securities and Exchange Commission ("SEC") or any member, officer, employee, agent, or representative of the SEC to induce Defendant to enter into this Consent.

7. Defendant agrees that this Consent shall be incorporated into the Final Judgment with the same force and effect as if fully set forth therein.

8. Defendant will not oppose the enforcement of the Final Judgment on the ground, if any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and hereby waives any objection based thereon.

9. Defendant waives service of the Final Judgment and agrees that entry of the Final Judgment by the Court and filing with the Clerk of the Court will constitute notice to Defendant of its terms and conditions. Defendant further agrees to provide counsel for plaintiff Securities and Exchange Commission ("SEC"), within thirty days after the Final Judgment is filed with the Clerk of the Court, with an affidavit or declaration stating that Defendant has received and read a copy of the Final Judgment.

10. Consistent with 17 C.F.R. 202.5(f), this Consent resolves only the claims asserted against Defendant in this civil proceeding. Defendant acknowledges that no promise or representation has been made by the SEC or any member, officer, employee, agent, or representative of the SEC with regard to any criminal liability that may have arisen or may arise from the facts underlying this action or immunity from any such criminal liability. Defendant waives any claim of Double Jeopardy based upon the settlement of this proceeding, including the imposition of any remedy or civil penalty herein. Defendant further acknowledges that the Court's entry of a permanent injunction may have collateral consequences under federal or state law and the rules and regulations of self-regulatory organizations, licensing boards, and other regulatory organizations. Such collateral consequences include, but are not limited to, a statutory disqualification with respect to membership or participation in, or association with a member of, a self-regulatory organization. This statutory disqualification has consequences that are separate from any sanction imposed in an administrative proceeding. In addition, in any disciplinary proceeding before the SEC based on the entry of the injunction in this action, Defendant understands that it shall not be permitted to contest the factual allegations of the complaint in this action.

11. Defendant understands and agrees to comply with the terms of 17 C.F.R. § 202.5(e), which provides in part that it is the SEC's policy "not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegations in the complaint or order for proceedings," and "a refusal to admit the allegations is equivalent to a denial, unless the defendant or respondent states that he neither admits nor denies the allegations." As part of Defendant's agreement to comply with the terms of Section 202.5(e), Defendant: (i) will not take any action or make or permit to be made any public statement denying, directly or indirectly, any allegation in the complaint or creating the impression that the complaint is without factual basis; (ii) will not make or permit to be made any public statement to the effect that Defendant does not admit the allegations of the complaint, or that this Consent contains no admission of the allegations, without also stating that Defendant does not deny the allegations; (iii) upon the filing of this Consent, Defendant hereby withdraws any papers filed in this action to the extent that they deny any allegation in the complaint; and (iv) stipulates solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, that the allegations in the complaint are true, and further, that any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Defendant under the Final Judgment or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Defendant of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19). If Defendant breaches this agreement, the SEC may petition the Court to vacate the Final Judgment and restore this action to its active docket. Nothing in this paragraph affects Defendant's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the SEC is not a party.

12. Defendant hereby waives any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from the United States, or any agency, or any official of the United States acting in his or her official capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses, or costs expended by Defendant to defend against this action. For these purposes, Defendant agrees that Defendant is not the prevailing party in this action since the parties have reached a good faith settlement.

13. Defendant agrees that the SEC may present the Final Judgment to the Court for signature and entry without further notice.

14. Defendant agrees that this Court shall retain jurisdiction over this matter for the purpose of enforcing the terms of the Final Judgment.

Dated: 12/19/17

/s/ Michael J. Mona, Jr.
CannaVEST Corp.
By Michael J. Mona, Jr.

Approved as to form:

/s/ S Todd Neal
S. Todd Neal
Procopio, Cory, Hargreaves & Savitch LLP
525 B. Street, Suite 2200
San Diego, CA 92101
Attorney for Defendant CannaVEST Corp.

Exhibit 10.6

DAVID J. VAN HAVERMAAT (Cal. Bar No. 175761)
Email: vanhavermaatd@sec.gov
JENNIFER T. CALABRESE (Cal. Bar No. 247976)
Email: calabresej@sec.gov

Attorneys for Plaintiff
Securities and Exchange Commission
Michele Wein Layne, Regional Director
Alka Patel, Associate Regional Director
Amy J. Longo, Regional Trial Counsel
444 South Flower Street, 9th Floor
Los Angeles, California 90071
Telephone: (323) 965-3998
Facsimile: (213) 443-1904

UNITED STATES DISTRICT COURT

DISTRICT OF NEVADA

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

CANNAVEST CORP. a/k/a/ CV SCIENCES, INC. and MICHAEL J. MONA, JR.,

Defendants.

Case No. CV-17-01681-APG-PAL

CONSENT OF DEFENDANT MICHAEL J. MONA, JR. TO ENTRY OF FINAL JUDGMENT

1. Defendant Michael J. Mona, Jr. ("Defendant") acknowledges having been served with the complaint in this action, enters a general appearance, and admits the Court's jurisdiction over Defendant and over the subject matter of this action.

2. Without admitting or denying the allegations of the complaint (except as provided herein in paragraph 11 and except as to personal and subject matter jurisdiction, which Defendant admits) , Defendant hereby consents to the entry of the final Judgment in the form attached hereto (the "Final Judgment") and incorporated by reference herein, which, among other things:

(a) permanently restrains and enjoins Defendant from violation of Sections 10(b) and 13(b)(5) of the Securities Exchange Act of 1934 ("Exchange Act") and Rules 10b-5, 13a-14, 13b2-1, and 13b2-2 thereunder, and Section 304(a) of the Sarbanes-Oxley Act of 2002;
(b) permanently restrains and enjoins Defendant from controlling any person who violates Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act and Rules 12b-20 and 13a-13 thereunder;
(c) prohibits Defendant for a period of five years from entry of the Final Judgment from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act or that is required to file reports pursuant to Section 15(d) of the Exchange Act;
(d) orders Defendant to pay a civil penalty in the amount of $40,000 pursuant to Section 21(d)(3) of the Exchange Act, payable in 12 monthly installments to begin within 30 days after entry of the Final Judgment and to conclude within 360 days after entry of the Final Judgment; and
(e) orders Defendant to reimburse CannaVEST Corp. the amount of $10,000 pursuant to Section 304(a) of the Sarbanes-Oxley Act of 2002, payable in 12 monthly installments to begin within 30 days after entry of the Final Judgment and to conclude within 360 days after entry of the Final Judgment.

3. Defendant agrees that he shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made pursuant to any insurance policy, with regard to any civil penalty amounts that Defendant pays pursuant to the Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors. Defendant further agrees that he shall not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state, or local tax for any penalty amounts that Defendant pays pursuant to the Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors.

4. Defendant waives the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure.

5. Defendant waives the right, if any, to a jury trial and to appeal from the entry of the Final Judgment.

6. Defendant enters into this Consent voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the Securities and Exchange Commission ("SEC") or any member, officer, employee, agent, or representative of the SEC to induce Defendant to enter into this Consent.

7. Defendant agrees that this Consent shall be incorporated into the Final Judgment with the same force and effect as if fully set forth therein.

8. Defendant will not oppose the enforcement of the Final Judgment on the ground, if any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and hereby waives any objection based thereon.

9. Defendant waives service of the Final Judgment and agrees that entry of the Final Judgment by the Court and filing with the Clerk of the Court will constitute notice to Defendant of its terms and conditions. Defendant further agrees to provide counsel for the SEC within thirty days after the Final Judgment is filed with the Clerk of the Court, with an affidavit or declaration stating that Defendant has received and read a copy of the Final Judgment.

10. Consistent with 17 C.F.R. 202.5(f), this Consent resolves only the claims asserted against Defendant in this civil proceeding. Defendant acknowledges that no promise or representation has been made by the SEC or any member, officer, employee, agent, or representative of the SEC with regard to any criminal liability that may have arisen or may arise from the facts underlying this action or immunity from any such criminal liability. Defendant waives any claim of Double Jeopardy based upon the settlement of this proceeding, including the imposition of any remedy or civil penalty herein. Defendant further acknowledges that the Court's entry of a permanent injunction may have collateral consequences under federal or state law and the rules and regulations of self-regulatory organizations, licensing boards, and other regulatory organizations. Such collateral consequences include, but are not limited to, a statutory disqualification with respect to membership or participation in, or association with a member of, a self-regulatory organization. This statutory disqualification has consequences that are separate from any sanction imposed in an administrative proceeding. In addition, in any disciplinary proceeding before the SEC based on the entry of the injunction in this action, Defendant understands that he shall not be permitted to contest the factual allegations of the complaint in this action.

11. Defendant understands and agrees to comply with the terms of 17 C.F.R. § 202.5(e), which provides in part that it is the SEC's policy "not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegations in the complaint or order for proceedings," and "a refusal to admit the allegations is equivalent to a denial, unless the defendant or respondent states that he neither admits nor denies the allegations." As part of Defendant's agreement to comply with the terms of Section 202.5(e), Defendant: (i) will not take any action or make or permit to be made any public statement denying, directly or indirectly, any allegation in the complaint or creating the impression that the complaint is without factual basis; (ii) will not make or permit to be made any public statement to the effect that Defendant does not admit the allegations of the complaint, or that this Consent contains no admission of the allegations, without also stating that Defendant does not deny the allegations; (iii) upon the filing of this Consent, Defendant hereby withdraws any papers filed in this action to the extent that they deny any allegation in the complaint; and (iv) stipulates solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, that the allegations in the complaint are true, and further, that any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Defendant under the Final Judgment or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Defendant of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19). If Defendant breaches this agreement, the SEC may petition the Court to vacate the Final Judgment and restore this action to its active docket. Nothing in this paragraph affects Defendant's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the SEC is not a party.

12. Defendant hereby waives any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from the United States, or any agency, or any official of the United States acting in his or her official capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses, or costs expended by Defendant to defend against this action. For these purposes, Defendant agrees that Defendant is not the prevailing party in this action since the parties have reached a good faith settlement.

13. Defendant agrees that the SEC may present the Final Judgment to the Court for signature and entry without further notice.

14. Defendant agrees that this Court shall retain jurisdiction over this matter for the purpose of enforcing the terms of the Final Judgment.

Dated: 12/19/17

/s/ Michael J. Mona, Jr.
By Michael J. Mona, Jr.

Approved as to form:

/s/ S Todd Neal
S. Todd Neal
Procopio, Cory, Hargreaves & Savitch LLP
525 B. Street, Suite 2200
San Diego, CA 92101
Attorney for Defendant CannaVEST Corp.

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15(d)-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Joseph D. Dowling, Chief Executive Officer and Chief Financial Officer of CV Sciences, Inc. (the "Company") certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of the Company;

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. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me 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 my 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 my 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. I have disclosed, based on my 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.

Dated: August 1, 2018

By: /s/ Joseph D. Dowling

Joseph D. Dowling
Chief Executive Officer and Chief Financial Officer
(Principal Executive Officer)
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER 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 CV Sciences, Inc. (the "Registrant") on Form 10-Q for the interim period ended June 30, 2018 (the "Report"), I, Joseph D. Dowling, Chief Executive Officer and Chief Financial Officer of the Registrant, do hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report, as filed with the Securities and Exchange Commission, 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 results of operations of the Registrant.

Dated: August 1, 2018

By: /s/ Joseph D. Dowling

Joseph D. Dowling
Chief Executive Officer and Chief Financial Officer
(Principal Executive Officer)
(Principal Financial Officer)