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

**FORM 10-Q** /A

**(Mark One)**

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

**For the quarterly period ended September 30, 2019**

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

**For the transition period from _____to _____**

**Commission file number: 000-27039**

# MARIJUANA COMPANY OF AMERICA, INC.
(Exact name of registrant as specified in its charter)

| **Utah** | **98-1246221** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

**1340 West Valley Parkway**
**Suite 205**
**Escondido, CA 92029**
(Address of principal executive offices) (zip code)

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

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

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

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

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

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

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

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

As of September 30, 2019, and November 19, 2019, there were 52,029,238 and 74,989,736 shares of registrant's common stock issued and outstanding respectively.

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**ITEM 1. FINANCIAL STATEMENTS**

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

| | September 30, 2019 | December 31, 2018 |
|---|---|---|
| | Unaudited | Audited |
| ASSETS | | |
| Current assets: | | |
| Cash | $ 44,821 | $ 359,577 |
| Short-term Investments | 120,708 | 810,000 |
| Accounts receivable, net | 62,973 | 46,376 |
| Inventory | 204,041 | 186,989 |
| Other current assets | 111,540 | 93,833 |
| Total current assets | 544,083 | 1,496,775 |
| Property and equipment, net | 10,046 | 12,430 |
| Other assets: | | |
| Long-term Investments | 3,772,652 | 408,077 |
| Security deposit | 2,500 | 2,500 |
| Total assets | $ 4,329,281 | $ 1,919,782 |
| LIABILITIES AND STOCKHOLDERS' DEFICIT | | |
| Current liabilities: | | |
| Accounts payable | $ 751,109 | $ 416,444 |
| Accrued compensation | 270,000 | 454,316 |
| Accrued liabilities | 271,948 | 216,946 |
| Debt obligations of Joint venture | 1,633,872 | 289,742 |
| Notes payable, related party | 90,418 | 287,140 |
| Convertible notes payable, net of debt discount of $838,335 and $896,180, respectively | 2,688,555 | 1,132,668 |
| Warrant liability to be settled | 45,000 | — |
| Contingency Liability | 956,251 | — |
| Derivative liability | 5,118,562 | 2,256,631 |
| Total current liabilities | 11,825,715 | 5,053,887 |
| Total liabilities | 11,825,715 | 5,053,887 |
| Stockholders' deficit: | | |
| Preferred stock, $0.001 par value, 50,000,000 shares authorized | | |
| Class A preferred stock, $0.001 par value, 10,000,000 shares designated, 10,000,000 shares issued and outstanding as of September 30, 2019 and December 31, 2018 | 10,000 | 10,000 |
| Class B preferred stock, $0.001 par value, 5,000,000 shares designated, 0 issued and outstanding as of September 30, 2019 and December 31, 2018. | — | — |
| Common stock, $0.001 par value; 5,000,000,000 shares authorized; 52,029,238 and 42,687,301 shares issued and outstanding as of September 30, 2019 and December 31, 2018, respectively (Reflects post reverse stock split of 1:60) | 52,029 | 42,687 |
| Common Stock to be issued | 28 | — |
| Common stock subscriptions | — | 90,000 |
| Additional paid in capital | 57,304,027 | 50,707,103 |
| Accumulated deficit | (64,862,517) | (53,983,895 |
| Total stockholders' deficit | (7,496,433) | (3,134,105 |
| Total liabilities and stockholders' deficit | $ 4,329,281 | $ 1,919,782 |

See the accompanying notes to these unaudited condensed consolidated financial statements

**MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS**
**UNAUDITED**

| | For the three months Ended September 30, | | For the nine months Ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| REVENUES: | | | | |
| Sales | $ 222,984 | $ 81,007 | $ 538,026 | $ 128,452 |
| Related party Sales | 6,387 | 9,269 | 14,735 | 9,269 |
| Total Revenues | 229,371 | 90,276 | 552,761 | 137,721 |
| | | | | |
| Cost of sales | 90,843 | 28,437 | 159,860 | 43,047 |
| | | | | |
| Gross Profit | 138,528 | 61,839 | 392,901 | 94,674 |
| | | | | |
| OPERATING EXPENSES: | | | | |
| Selling, general and administrative expenses | 761,454 | 728,254 | 3,226,210 | 1,891,619 |
| Depreciation | 1,696 | 1,524 | 5,087 | 4,442 |
| Total operating expenses | 763,150 | 729,778 | 3,231,297 | 1,896,061 |
| | | | | |
| Net loss from operations | (624,622) | (667,939) | (2,838,396) | (1,801,387) |
| | | | | |
| OTHER INCOME (EXPENSES): | | | | |
| Interest expense, net | (1,559,720) | (1,422,231) | (3,001,972) | (3,503,610) |
| Legal contingency expense | (1,497,674) | — | (1,497,674) | (1,676,870) |
| Impairment of Joint Ventures | — | — | — | (296,761) |
| Loss on equity investment | 122,864 | (107,982) | (107,961) | (156,698) |
| Loss on debt modification | | (1,343,161) | | (1,343,161) |
| Gain (Loss) on change in fair value of derivative liabilities | (1,668,112) | 3,072,345 | (2,148,262) | 4,658,074 |
| Gain on cancellation of debt | | 1,500,000 | | 1,500,000 |
| Unrealized (Loss) Gain on trading securities | (362,625) | 1,175,000 | (647,625) | 1,175,000 |
| Loss on sales of trading securities | (24,698) | | (24,698) | |
| (Loss) Gain on settlement of debt | (612,034) | (61,906) | (612,034) | 94,933 |
| Total other income (expense) | (5,601,999) | 2,812,065 | (8,040,226) | 450,907 |
| | | | | |
| Net loss before income taxes | (6,226,621) | 2,144,126 | (10,878,622) | (1,350,480) |
| | | | | |
| Income taxes (benefit) | — | — | — | — |
| | | | | |
| NET INCOME (LOSS) | $ (6,226,621) | $ 2,144,126 | $ (10,878,622) | $ (1,350,480) |
| | | | | |
| Loss per common share, basic and diluted | $ (0.13) | $ 0.06 | $ (0.26) | $ (0.04) |
| | | | | |
| Weighted average number of common shares outstanding, basic and diluted (Reflects post reverse stock split of 1:60) | 49,686,994 | 38,150,788 | 41,726,239 | 36,891,076 |

See the accompanying notes to these unaudited consolidated financial statements

**MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT**
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018 (UNAUDITED)**

| | Class A Preferred Stock | | Class B Preferred Stock | | Common Stock | | Common Stock to be issued | | Common Stock | Additional Paid In | Accumulated | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | Shares | Amount | Shares | Amount | Subscriptions | Capital | Deficit | Total |
| **Balance, December 31, 2017** | **10,000,000** | **$10,000** | **—** | **$ —** | **35,057,733** | **$35,058** | **—** | **$ —** | **$ —** | **$32,525,294** | **$(42,888,104)** | **$(10,317,752)** |
| Common stock issued for services rendered | — | — | — | — | 370,847 | 371 | — | — | — | 327,384 | | 327,755 |
| Common stock issued in settlement of convertible notes payable and accrued interest | — | — | — | — | 1,525,673 | 1,526 | — | — | — | 3,035,563 | — | 3,037,089 |
| Conversion of related party notes payable | — | — | — | — | 1,265,471 | 1,265 | | — | | 758,018 | | 759,283 |
| Common stock issued in exchange for exercise of warrants on a cashless basis | — | — | — | — | 928,447 | 928 | — | — | | (928) | — | 0 |
| Common stock issued in settlement of legal case | — | — | — | — | 961,280 | 961 | | | | 1,700,504 | | 1,701,465 |
| Sale of common stock | — | — | | | | | 83,333 | 83 | | 49,917 | | 50,000 |
| Proceeds from common stock subscriptions | — | — | — | — | | | | | 190,000 | | | 190,000 |
| Reclassification of derivative liabilities | — | — | — | — | | | | | | 1,456,550 | | 1,456,550 |
| Reclassification of warrant liability | — | — | — | — | | | | | | 2,490,767 | | 2,490,767 |
| Stock based compensation | — | — | — | — | | | — | — | | (64,501) | — | (64,501) |
| Net Loss | — | — | — | — | — | — | — | — | — | — | (1,350,480) | (1,350,480) |
| **Balance, September 30, 2018** | **10,000,000** | **$10,000** | **—** | **$ —** | **40,109,450** | **$40,109** | **83,333** | **$ 83** | **$ 190,000** | **$42,278,568** | **$(44,238,584)** | **$ (1,719,823)** |

| | Class A Preferred Stock | | Class B Preferred Stock | | Common Stock | | Common Stock to be issued | | Common Stock | Additional Paid In | Accumulated | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | Shares | Amount | Shares | Amount | Subscriptions | Capital | Deficit | Total |
| **Balance, December 31, 2018** | **10,000,000** | **$10,000** | **—** | **$ —** | **42,687,301** | **$42,687** | **—** | **$ —** | **$ 90,000** | **$50,707,103** | **$(53,983,895)** | **$ (3,134,105)** |
| Common stock issued for services rendered | — | — | — | — | 552,054 | 552 | — | — | — | 553,815 | | 554,367 |
| Common stock issued in settlement of convertible notes payable and accrued interest | — | — | — | — | 5,208,063 | 5,208 | — | — | | 3,551,615 | — | 3,556,823 |
| Additional paid-in capital due to issuance of convertible debt | — | — | — | — | | — | — | — | | 462,714 | | 462,714 |
| Conversion of related party notes payable | | | | | 2,394,565 | 2,394 | | — | | 1,730,119 | | 1,732,513 |
| Common stock issued in exchange for exercise of warrants on a cashless basis | — | — | — | — | 655,556 | 656 | 27,778 | 28 | (40,000) | 95,139 | — | 55,823 |
| Sale of common stock | — | — | — | — | 531,699 | 532 | — | — | (50,000) | 203,522 | — | 154,054 |
| Net Loss | — | — | — | — | — | — | — | — | — | — | (10,878,622) | (10,878,622) |
| **Balance, September 30, 2019** | **10,000,000** | **$10,000** | **—** | **$ —** | **52,029,238** | **$52,029** | **27,778** | **$ 28** | **$ —** | **$57,304,027** | **$(64,862,517)** | **$ (7,496,433)** |

See the accompanying notes to these unaudited consolidated financial statements

**MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**UNAUDITED**

| | For the nine months ended September 30, | |
|---|---|---|
| | 2019 | 2018 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net Income (Loss) | $ (10,878,622) | $ (1,350,480) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation | 5,087 | 4,442 |
| Amortization of debt discount | 2,172,936 | 1,171,549 |
| Bad debt expense | 15,000 | 1,559 |
| Non cash interest | 1,886,837 | 2,827,419 |
| Stock based compensation | 100,350 | 21,404 |
| Unrealized Gain on trading securities | 647,625 | — |
| Realized Loss on trading securities | 41,667 | — |
| (Gain) Loss on change in fair value of derivative liabilities | 2,148,262 | (4,658,074) |
| Impairment of investment in BV joint venture | — | 296,761 |
| (Gain) Loss on settlement of debt | 612,034 | (1,594,933) |
| Loss on equity investment | 107,961 | 156,698 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (31,597) | 1,149 |
| Inventory | (17,052) | (401,033) |
| Other current assets | (17,707) | |
| Accounts payable | 206,926 | 474,128 |
| Accrued liabilities | (348) | (27,993) |
| Contingency Liability | 1,497,675 | 1,676,870 |
| Accrued compensation | (381,038) | 390,014 |
| Net cash used in operating activities | (1,884,004) | (1,010,520) |
| | | |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Investment in joint venture | (685,049) | |
| Purchase of investments | — | (624,767) |
| Purchase of property and equipment | (2,703) | (7,119) |
| Net cash used in investing activities | (687,752) | (631,886) |
| | | |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from issuance of notes payable | 2,257,000 | 1,080,186 |
| Proceeds from issuance of notes payable, related party | — | 194,881 |
| Proceeds from sale of common stock | — | 185,000 |
| Net cash provided by Financing activities | 2,257,000 | 1,460,067 |
| | | |
| Net decrease in cash | (314,756) | (182,339) |
| | | |
| Cash-beginning of period | 359,577 | 249,831 |
| Cash-end of period | $ 44,821 | $ 67,492 |
| | | |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION | | |
| Interest paid | $ — | $ — |
| Taxes paid | $ — | $ — |
| | | |
| Non cash financing activities: | | |
| Common stock issued in settlement of convertible notes payable | $ 3,016,750 | $ 762,650 |
| Common stock issued in settlement of related party notes payable and accrued compensation | $ 462,714 | $ 759,283 |
| Investment in joint venture | $ 2,650,000 | $ — |

See the accompanying notes to these unaudited condensed consolidated financial statements

**MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**SEPTEMBER 30, 2019**
***(unaudited)***

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

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

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

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

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

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

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

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

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

Operating results for the three and nine months ended September 30, 2019 are not necessarily indicative of results that may be expected for the year ending December 31, 2019. These condensed financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2018.

## NOTE 2 – GOING CONCERN AND MANAGEMENT'S LIQUIDITY PLANS

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the accompanying financial statements for nine months ended September 30, 2019, the Company had a net loss of $10,878,622 and used cash in operations of $1,884,004. These factors among others may indicate that the Company will be unable to continue as a going concern for a reasonable period of time.

The Company's primary source of operating funds in 2019 has been from funds generated from proceeds from the issuance of convertible and other debt and issuance of stock through private placements. With the exception of the current quarter, the Company has experienced net losses from operations since inception, but expects these conditions to improve as its business develops. The Company has stockholders' deficiencies at September 30, 2019 and requires additional financing to fund future operations.

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

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

Revenue Recognition

For annual reporting periods after December 15, 2017, the Financial Accounting Standards Board ("FASB") made effective ASU 2014-09 "Revenue from Contracts with Customers," to supersede previous revenue recognition guidance under current U.S. GAAP. Revenue is now recognized in accordance with FASB ASC Topic 606, Revenue Recognition. The objective of the guidance is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The core principal is to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Two options were made available for implementation of the standard: the full retrospective approach or modified retrospective approach. The guidance became effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, with early adoption permitted. We adopted FASB ASC Topic 606 for our reporting period as of the year ended December 31, 2017, which made our implementation of FASB ASC Topic 606 effective in the first quarter of 2018. We decided to implement the modified retrospective transition method to implement FASB ASC Topic 606, with no restatement of the comparative periods presented. Using this transition method, we applied the new standards to all new contracts initiated on/after the effective date. We also decided to apply this method to any incomplete contracts we determine are subject to FASB ASC Topic 606 prospectively. For the year ended December 31, 2018, and for the quarter ended September 30, 2019, there were no incomplete contracts. As is more fully discussed below, we are of the opinion that none of our contracts for services or products contain significant financing components that require revenue adjustment under FASB ASC Topic 606.

Identification of Our Contracts with Our Customers.

Contracts included in our application of FASB ASC Topic 606, consist completely of sales contracts between us and our customers that create enforceable rights and obligations. For the year ended December 31, 2018, and for the three and nine months ended September 30, 2019, our sales contracts included the following parties: us, our sales associates and our customers. Our sales contracts were offered by us and our sales associates to our customers directly through our web site. Our sales contracts, and those formalized by our sales associates, are represented by an electronic order form, which contains the contractual elements of offer for sale, acceptance and the provision of consideration consisting of the buyer's payment, and the concurrent delivery of our hempSMART™ product. Since our hempSMART™ product sales contracts are consummated upon (i) receipt of the customer's acceptance of our offer; (ii) our concurrent receipt of our customers payment; and, (iii) our delivery of the agreed to hempSMART™ product, all parties are equally committed to fulfilling their respective obligations under the sales contracts. Further, the sales contracts specifically identify (i) parties; (ii) quantity and type of hempSMART™ product ordered; (iii) price; and, (iv) subject, and so each respective party's rights are identifiable and the payment terms are defined. Since the sales contracts are consummated concurrent with offer, acceptance, payment and delivery of the hempSMART™ product ordered, we recognize principal revenue and cash flows as the respective sales contract transactions are completed. Further, because our sales contracts are offered, accepted and consummated concurrently, our ability to collect revenue is immediate. We receive no payments for agreements that do not qualify as a contract. If customers agree to multiple sales contracts when they are entered into at or near the same time, our policy is to combine those contracts if: (i) the sales contracts are negotiated as a single package; (ii) the payment amount of one sales contract is dependent upon another sales contract; (iii) our performance obligations of delivering multiple hempSMART™ products can be determined to be part of a single transaction. Since the nature of the entry into and consummation of our sales contracts occurs concurrently, there are no changes or modifications to the terms of the sales contracts that would modify the enforceable rights and performance obligations of the parties, and/or materially alter the timing of our receipt of revenue from our sales contracts.

Identifying the Performance Obligations in Our Sales Contracts.

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

Determination of the Price in Our Sales Contracts.

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

Allocation of the Transaction Price of Our Sales Contracts.

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

Recognition of Revenue when the Performance Obligation is Satisfied.

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

Product Sales

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

Consulting Services

We also offer professional services for financial accounting, bookkeeping or real property management consulting services based on consulting agreements. As of the date of this filing, we have not entered into any contracts for any financial accounting, bookkeeping and/or real property management consulting services that have generated reportable revenues as of the years ended 2017 and 2018 or the three and nine months ended September 30, 2019. We intend and expect these arrangements to be entered into on an hourly fixed fee basis.

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

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

Use of Estimates

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

Cash

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

Concentrations of credit risk

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

Accounts Receivable

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

Allowance for Doubtful Accounts

Any charges to the allowance for doubtful accounts on accounts receivable are charged to operations in amounts sufficient to maintain the allowance for uncollectible accounts at a level management believes is adequate to cover any probable losses. Management determines the adequacy of the allowance based on historical write-off percentages and the current status of accounts receivable. Accounts receivable are charged off against the allowance when collectability is determined to be permanently impaired. As of September 30, 2019, and December 31, 2018, allowance for doubtful accounts was $0, respectively.

Inventories

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

Cost of sales

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

Stock Based Compensation

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

Net Loss per Common Share, basic and diluted

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

The computation of basic and diluted income (loss) per share as of September 30, 2019 and 2018 excludes potentially dilutive securities when their inclusion would be anti-dilutive, or if their exercise prices were greater than the average market price of the common stock during the period.

Potentially dilutive securities excluded from the computation of basic and diluted net loss per share are as follows (September 30, 2018, figures adjusted to reflect the 1:60 reverse stock split effective September 3, 2019):

| | September 30, 2019 | September 30, 2018 |
|---|---|---|
| Convertible notes payable | 52,346,160 | 1,059,202 |
| Options to purchase common stock | — | 16,666,667 |
| Warrants to purchase common stock | 3,602,160 | 1,983,712 |
| Restricted stock units | — | 166,667 |
| Total | 55,948,320 | 19,876,248 |

Property and Equipment

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

Investments

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

As a smaller reporting company, the company is subject to provisions of Rule 8-03(b)(3) of Regulation S-X which requires the disclosure of certain financial information for equity investees that constitute 20% of more of the Company's consolidated net income (loss). For the three months ended September 30, 2019, income allocations from the Company's stock purchase agreement in Natural Plant Extract accounted for under the equity method, exceeded more than 20% of the Company's consolidated net loss.

**Natural Plant Extract of California, Inc**.

The standalone unaudited financial statements of Natural Plant Extract of California, Inc. for the third quarter ended September 30, 2019 and the year ended December 31, 2018 were as follows:

**Natural Plant Extract ("NPE")**

| | For the three months ended September 30, 2019 | For the nine months ended September 30, 2019 |
|---|---|---|
| Revenues | $ 11,081 | $ 326,019 |
| Cost of Sales | 60,757 | 407,022 |
| Gross Margin | (49,676) | (81,003) |
| Expenses | 95,870 | 426,984 |
| Net Loss | (145,546) | (507,987) |
| | | |
| Equity in net loss of unconsolidated joint venture reflected in the accompanying Consolidated Statement of Operations | $ (29,109) | $ (101,597) |

| **Summarized Balance Sheet** | **September 30, 2019** | **December 31, 2018** |
|---|---|---|
| Cash | $ 29,961 | $ 1,794 |
| Total Current Assets | 2,983,993 | — |
| Total Fixed assets | 56,202 | 98,282 |
| Notes receivable and other non-current assets | 1,578,229 | 312,004 |
| **TOTAL ASSETS** | **4,648,385** | **412,080** |
| | | |
| Long Term Liabilities | 2,657,381 | 616,264 |
| Equity | 1,991,004 | (204,184) |
| **Total Liabilities and equity** | **$ 4,648,385** | **$ 412,080** |

| | **For the third Quarter ended September 30, 2019** | **For the Year ended December 31, 2018** |
|---|---|---|
| **Summarized Income Statement** | | |
| Sales | $ 11,081 | — |
| Total expenses | 156,627 | $ 204,184 |
| **Net Losses** | **$ (145,546)** | **$ (204,184** |

On April 15, 2019, the Company entered into a material definitive agreement with Natural Plant Extract of California, Inc., a California corporation, and its wholly owned subsidiaries, Green Ethos LLC, Northern Lights Distribution LLC, and, Block Chain 420 LLC, all California limited liability companies (collectively, "NPE"). The Company and NPE agreed to form a joint venture incorporated in California under the name Viva Buds for the purpose of operating a California licensed cannabis distribution business pursuant to California law legalizing cannabis for recreational and medicinal use.

Pursuant to the material definitive agreement, the Company agreed to acquire twenty percent (equal to 200,000) of NPE's authorized shares in exchange for Registrant's payment of two million dollars and one million dollars' worth of common stock, or approximately 1,173,709 shares of the Company's restricted common stock, after the effects of the reverse stock split effective September 3, 2019. The shares were issued on July 3, 2019. The Company's payment obligations are governed by a stock purchase agreement which required the Company to the following payment schedule:

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

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

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

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

e. Deposit of $500,000 within 90 days

The Company made its initial deposit pursuant to this schedule. However, the Company failed to make the other scheduled payments and is now in default. As of the date of this filing, the Company and NPE are in negotiations to restructure the payment plan.

Derivative Financial Instruments

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

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

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

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

Fair Value of Financial Instruments

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of September 30, 2019 and December 31, 2018. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values. These financial instruments include cash and accounts payable. Fair values were assumed to approximate carrying values for cash, accounts payables and short-term notes, as they are short term in nature.

Advertising

The Company follows the policy of charging the costs of advertising to expense as incurred. The Company charged to operations $159,428 and $550,544 for the three and nine months ended September 30, 2019 and $273,219 and $343,964 for the three and nine months ended September 30, 2018, respectively; as advertising costs.

Income Taxes

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

The Company recognizes a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. As of September 30, 2019, and 2018, the Company has not recorded any unrecognized tax benefits.

Segment Information

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

The following table represents the Company's hempSMART business, which is its sole operating segment as of September 30, 2019:

**hempSMART**
**STATEMENT OF OPERATIONS**
**FOR THE THREE AND NINE MONTHS ENDED**
**SEPTEMBER 30, 2019**

| | For the Three months ended September 30, | | For the Nine months ended September 30, | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| Revenues | $ 229,371 | $ 90,276 | $ 552,761 | $ 137,721 |
| Cost of Sales | 90,843 | 28,437 | 159,860 | 43,047 |
| **Gross profit** | **138,528** | **61,839** | **382,901** | **94,674** |
| **Expenses** | | | | |
| Depreciation expense | 1,696 | 1,524 | 5,087 | 4,442 |
| Selling and general expenses | 399,662 | 251,786 | 1,611,581 | 617,294 |
| **Total Expenses** | **401,358** | **253,310** | **1,616,668** | **621,736** |
| **Net Loss from Operations** | **$ (262,830)** | **$ (191,471)** | **$ (1,223,767)** | **$ (527,062** |

Recent Accounting Pronouncements

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

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

The Company elected the package of practical expedients permitted under ASC 842 allowing it to account for its existing operating lease that commenced before the adoption date as an operating lease under the new guidance without reassessing (i) whether the contract contains a lease; (ii) the classification of the lease; or, (iii) the accounting for indirect costs as defined in ASC 842. The Company negotiated a 2 year extension on its current office lease.

On July 1, 2019, the Company entered into an amendment and extension of its one applicable lease for office space until June 30, 2021. The extension requires the Company to pay monthly rent of $1,308.88 from July 1, 2019 to June 30, 2020; and, $1,348.14 from July 1, 2020 to June 30, 2021. In considering its qualitative disclosure obligations under ASC 842-20-50-3, the Company examined its one lease for office space that has a fixed monthly rent with no variable lease payments. The lease is for an office space with no right of use assets. The lease does not provide for terms and conditions granting residual value guarantees by the Company, or any restrictions or covenants imposed by the lease for dividends or incurring additional financial obligations by the Company. The Company also elected a short-term lease exception policy and an accounting policy to not separate non-lease components from lease components for our facility lease, as we determined our right of use asset to be zero.

Consistent with ASC 842-20-50-4, for the Company's September 30, 2019, quarterly financial statements, the Company calculated its total lease cost based solely on its monthly rent obligation. The Company had no cash flows arising from its lease, no finance lease cost, short term lease cost, or variable lease costs. Our office lease does not produce any sublease income, or any net gain or loss recognized from sale and leaseback transactions. As a result, the Company did not need to segregate amounts between finance and operating leases for cash paid for amounts included in the measurement of lease liabilities, segregated between operating and financing cash flows; supplemental non-cash information on lease liabilities arising from obtaining right-of-use assets; weighted-average calculations for the remaining lease term; or the weighted-average discount rate.

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

Subsequent Events

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

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment as of September 30, 2019 and December 31, 2018 is summarized as follows:

| | September 30, 2019 | December 31, 2018 |
|---|---|---|
| Computer equipment | $ 17,809 | $ 15,207 |
| Furniture and fixtures | 5,140 | 5,140 |
| Subtotal | 22,949 | 20,347 |
| Less accumulated depreciation | (12,903) | (7,917) |
| Property and equipment, net | $ 10,046 | $ 12,430 |

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

Depreciation expense was $1,696 and $5,087 for the three and nine months ended September 30, 2019; and $1,524 and $4,442 for the three and nine months ended September 30, 2018, respectively.

**NOTE 5 – INVESTMENTS**

On March 13, 2017, the Company entered into a stock purchase agreement to acquire up to 150,000,000 common shares of MoneyTrac Technology, Inc., a corporation organized and operating under the laws of the state of California, for a total purchase price of $250,000 representing approximately 15% ownership at the time of the agreement. As of December 31, 2017, the Company had acquired 150,000,000 common shares for $250,000 representing approximately 15% ownership. In connection with the investment, Donald Steinberg, the Company's President and Chief Executive Officer and Director, was appointed as a board member to MoneyTrac.

The Company accounts for its investment in MoneyTrac Technology, Inc. at estimated market fair value using the market price for the publicly traded shares under the ticker symbol "GOHE" as listed on OTC Markets as an indicator of fair market value. As of September 30, 2019, and December 31, 2018, the balance of this investment was $120,708 and $810,000 and was classified as a short-term investment.

On July 19, 2019, MoneyTrac completed a 1:100 reverse split of its common stock, which reduced the number of shares beneficially owned by the Company to 1,500,000 shares.

Benihemp

On June 16, 2017, the Company entered into a Loan Agreement ("Agreement") with Conveniant Hemp Mart, LLC ("Benihemp"), a limited liability company formed and operating under the laws of the State of Wyoming. Pursuant to the Agreement, Benihemp executed a promissory note for a principal loan amount of $50,000, accruing interest at the rate of 4% per annum and payable in one year, subject to one-time six- month repayment extension. The Agreement also provided that the Company with the option to waive repayment of the note and pay Benihemp an additional $50,000 payment in exchange for a 25% membership interest in Benihemp's limited liability company. As of December 31, 2018, the balance of this investment reported on the balance sheet for the year ended December 31, 2018 was $0.00 as a result of the investment being deemed fully impaired.

Global Hemp Group Joint Ventures

We currently have two ongoing joint ventures with Global Hemp Group, Inc., a Canadian corporation. Each is a related party transaction in that Global Hemp Group's director, Charles Larsen, is a beneficial owner of more than 10% of our common stock, and a former director of the Company. Further, our President and Chief Executive Officer Donald Steinberg is a shareholder in Global Hemp Group. The two Global Hemp Group joint ventures are discussed together due to the common ownership of the joint venture partners in each project, and the fact that both joint ventures share a common purpose of growing, cultivating and performing research and development of industrial hemp.

Global Hemp Group New Brunswick Joint Venture

On August 31, 2017, the Company entered into a Joint Venture Agreement ("Agreement") with Global Hemp Group, Inc., a Canadian corporation ("Global Hemp Group"). The Company agreed to assist Global Hemp Group in developing commercial hemp production in New Brunswick, Canada. In the first year of the Agreement, the Company will share the costs of the ongoing hemp trial in New Brunswick; provide its expertise in developing hemp cultivation going forward; and, be granted a right of first refusal as Global Hemp Group's primary off-taker of any raw materials produced from the project. The Company's joint venture partner, Global Hemp Group, also partnered with Collège Communautaire du Nouveau Brunswick (CCNB) in Bathurst, New Brunswick, to assist in conducting research with the hemp trials. The trials are taking place on the Acadian peninsula of New Brunswick, and the initial trials to establish commercial cultivation pursuant to the Agreement are expected to be completed during 2019. As of September 30, 2019, we have fully impaired our investment in this joint venture.

Global Hemp Group JV – Scio Oregon

On May 8, 2018, the Company, Global Hemp Group, Inc., a Canadian corporation, and TTO Enterprises, Ltd., an Oregon corporation entered into a Joint Venture Agreement. The purpose of the joint venture is to develop a project to commercialize the cultivation of industrial hemp on a 109 acre parcel of real property owned by the Company and Global Hemp Group in Scio, Oregon, and operating under the Oregon corporation Covered Bridges, Ltd. The joint venture is in the development stage. On May 30, 2018, the joint venture purchased TTO's 15% interest in the joint venture for $30,000. The Company and Global Hemp Group, Inc. now have an equal 50-50 interest in the joint venture. The joint venture agreement committed the Company to a cash contribution of $600,000 payable on the following funding schedule: $200,000 upon execution of the joint venture agreement; $238,780 by July 31, 2018; $126,445 by October 31, 2018; and, $34,775 by January 31, 2019. The Company complied with its payments. The 2018 crop of hemp grown on the joint venture's real property consisted of 33 acres of high yielding CBD hemp grown in an orchard style cultivation on the property. The 2018 harvest consisted of approximately 37,000 high yielding CBD hemp plants producing 24 tons of biomass that produced 48,000 pounds of dried biomass. The joint venture partners prepared processing samples ranging in size from 100 lbs. to 2,000 lbs. for sample offers to extraction companies. The biomass is being processed into CBD crude oil with the option to refine it further into isolate, or full spectrum oil, in order to increase its value on the market. Results from the current extraction test batches were received in May, 2019 and will serve as a basis for the final terms of the sale of the biomass by the Partners. In August of 2019, the JV sold 10,000 lbs. of shucked biomass to an Oregon extraction facility for US$400,000. On October 29, 2019, the partners announced the completion of the 2019 harvest and subject to drying, shucking, processing and weighing for expected sale the fourth quarter 2019.

Bougainville Ventures, Inc. Joint Venture

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

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

Bougainville represented that it had an ownership interest in real property located in Washington State used for growing cannabis, and possessed information primarily related to the management and control of cannabis grow operations as conducted in Washington State that included research, development and know how in the cannabis industry. Bougainville also represented that it had an agreement with a I502 Tier 3 license holder in Washington State to operate on the land. The Company and Bougainville's agreement provided that funding provided by the Company would go, in part, towards the joint venture's ultimate purchase of the land consisting of a one-acre parcel located in Okanogan County, Washington, for joint venture operations.

As disclosed on Form 8-K on December 11, 2017, the Company did not comply with the funding schedule for the joint venture. On November 6, 2017, the Company and Bougainville amended the joint venture agreement to reduce the amount of the Company's commitment to $800,000 and also required the Company to issue Bougainville 250,000 shares of the Company's restricted common stock. The Company completed its payments pursuant to the amended agreement on November 7, 2017, and on November 9, 2017, issued to Bougainville 15 million shares of restricted common stock. The amended agreement provided that Bougainville would deed the real property to the joint venture within thirty days of its receipt of payment.

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

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

On August 10, 2018, the Company advised its independent auditor that Bougainville did not cooperate or communicate with the Company regarding its requests for information concerning the audit of Bougainville’s receipt and expenditures of funds contributed by the Company in the joint venture agreement. Bougainville had a material obligation to do so under the joint venture agreement. The Company believes that some of the funds it paid to Bougainville were misappropriated and that there was self-dealing with respect to those funds. Additionally, the Company believes that Bougainville misrepresented material facts in the joint venture agreement, as amended, including, but not limited to, Bougainville’s representations that: (i) it had an ownership interest in real property that was to be deeded to the joint venture; (ii) it had an agreement with a Tier 3 # I502 cannabis license holder to grow cannabis on the real property; and, (iii) that clear title to the real property associated with the Tier 3 # I502 license would be deeded to the joint venture thirty days after the Company made its final funding contribution. As a result, on September 20, 2018, the Company filed suit against Bougainville Ventures, Inc., BV-MCOA Management, LLC, Andy Jagpal, Richard Cindric, et al. in Okanogan County Washington Superior Court, case number 18-2- 0045324. The Company’s complaint seeks legal and equitable relief for breach of contract, fraud, breach of fiduciary duty, conversion, recession of the joint venture agreement, an accounting, quiet title to real property in the name of the Company, for the appointment of a receiver, the return to treasury of 15 million shares issued to Bougainville, and, for treble damages pursuant to the Consumer Protection Act in Washington State. The registrant has filed a lis pendens on the real property. The case is currently in litigation. The trial is set for January 26-28, 2021.

In connection with the agreement, the Company recorded a cash investment of $1,188,500 to the Joint Venture during 2017. This was comprised of 49.5% ownership of BV-MCOA Management LLC, and was accounted for using the equity method of accounting. The Company recorded an annual impairment in 2017 of $792,500, reflecting the Company’s percentage of ownership of the net book value of the investment. During 2018, the Company recorded equity losses of $37,673 and $11,043 for the first and second quarters respectively, and recorded an annual impairment of $285,986 for the year ended December 31, 2018, at which time the Company determined the investment to be fully impaired due to Bougainville’s breach of contract, including: (i) its failure to communicate and cooperate regarding the Company’s audit; (ii) its misrepresentations concerning its ownership interest in the real property in Okanogan County Washington; (iii) its failure to deed the property to the joint venture within thirty days of payment pursuant to the amended joint venture agreement; and, (iv) its misrepresentation that it possessed an agreement with a Tier 3 license holder to operate on the property.

The Company was able to obtain general loans from St. George Investments LLC, not specific to any of the company's joint ventures. Therefore, accordingly, the impairment of this investment did not create any defaults to the loan agreements and covenants. The loan agreement established the lender's option to convert the loans to common shares of the Company.

GateC Joint Venture

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

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

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

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

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

In 2017, the Company recorded a debt obligation of $1,500,000 to the Joint Venture and a corresponding impairment charge of $1,500,000 during for year ended December 31, 2017. Upon termination of the material definitive agreement on March 19, 2018, the Company realized a gain on settlement of debt obligation of $1,500,000 during the six months ended June 30, 2018.

Natural Plant Extract ("NPE")

Pursuant to a material definitive agreement, the Company agreed to acquire twenty percent of NPE's authorized shares, totaling 200,000 shares, in exchange for Registrant's payment of $2,000,000 (two million dollars) and $1,000,000 worth or approximately 1,173,709 shares of the Company's restricted common stock, after the effects of the reverse stock split. As of the date of this filing, the shares have been issued. The Company's payment obligations are governed by a stock purchase agreement which required the Company to the following payment schedule:

a. Deposit of $350,000 within 5 days of the execution of the material definitive agreement;
b. Deposit of $250,000 payable within 30 days;
c. Deposit of $400,000 within 60 days;
d. Deposit of $500,000 within 75 days;
e. Deposit of $500,000 within 90 days.'

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

The Company made its initial deposit pursuant to this schedule. However, the Company failed to make the other scheduled payments and is now in default. As of the date of this filing, the Company and NPE are in negotiations to restructure the payment plan.

The standalone unaudited financial statements of Natural Plant Extract of California, Inc. for the third quarter ended September 30, 2019 and the year ended December 31, 2018 were as follows:

| **Natural Plant Extract ("NPE")** | | |
|---|---|---|
| **Summarized Balance Sheet** | **September 30, 2019** | **December 31, 2018** |
| Cash | $ 29,961 | $ 1,794 |
| Total Current Assets | 2,983,993 | — |
| Total Fixed assets | 56,202 | 98,282 |
| Notes receivable and other non-current assets | 1,578,229 | 312,004 |
| **TOTAL ASSETS** | **4,648,385** | **412,080** |
| | | |
| Long Term Liabilities | 2,657,381 | 616,264 |
| Equity | 1,991,004 | (204,184) |
| **Total Liabilities and equity** | **$ 4,648,385** | **$ 412,080** |
| | | |
| | **For the third Quarter ended September 30, 2019** | **For the Year ended December 31, 2018** |
| **Summarized Income Statement** | | |
| Sales | $ 11,081 | — |
| Total expenses | 156,627 | $ 204,184 |
| **Net Losses** | **$ (145,546)** | **$ (204,184)** |

**MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**SEPTEMBER 30, 2019**
***(unaudited)***

**MARIJUANA COMPANY OF AMERICA, INC.**
**INVESTMENT ROLL-FORWARD**
**AS OF**
**SEPTEMBER 30, 2019**

| | | INVESTMENTS | | | | | | SHORT-TERM INVESTMENTS | |
|---|---|---|---|---|---|---|---|---|---|
| | TOTAL INVESTMENTS | Global Hemp Group | Benihemp | MoneyTrac | Bougainville Ventues, Inc. | Gate C Research Inc. | Natural Plant Extract | Vivabuds | TOTAL Short-Term Investments | MoneyTrac |
| **Beginning balance @12-31-16** | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | | | $ 0 | $ 0 |
| Investments made during 2017 | 3,049,275 | 10,775 | 100,000 | 250,000 | 1,188,500 | 1,500,000 | | | 0 | 0 |
| Quarter 03-31-17 equity method Loss | 0 | | | | | | | | 0 | |
| Quarter 06-30-17 equity method Loss | 0 | | | | | | | | 0 | |
| Quarter 09-30-17 equity method Loss | (375,000) | | | | (375,000) | | | | 0 | |
| Quarter 12-31-17 equity method accounting | 313,702 | | | | 313,702 | | | | 0 | |
| Impairment of Investment in 2017 | (2,292,500) | 0 | | | (792,500) | (1,500,000) | | | 0 | 0 |
| **Balances as of 12/31/17** | **695,477** | **10,775** | **100,000** | **250,000** | **334,702** | **0** | **0** | **0** | **0** | **0** |
| Investments made during 2018 | 986,654 | 986,654 | | | | | | | 0 | |
| Quarter 03-31-18 equity method Loss | (37,673) | | | | (37,673) | | | | 0 | |
| Quarter 06-30-18 equity method Loss | (11,043) | | | | (11,043) | | | | 0 | |
| Quarter 09-30-18 equity method Loss | (10,422) | | (10,422) | | | | | | 0 | |
| Quarter 12-31-18 equity method Loss | (31,721) | (31,721) | 0 | | | | | | 0 | |
| Moneytrac investment reclassified to Short-Term investments | (250,000) | | | (250,000) | | | | | 250,000 | 250,000 |
| Unrealized gains on trading securities - 2018 | 0 | | | | | | | | 560,000 | 560,000 |
| Impairment of investment in 2018 | (933,195) | (557,631) | (89,578) | | (285,986) | | | | 0 | |
| **Balance @12-31-18** | **$ 408,077** | **$ 408,077** | **$ 0** | **$ 0** | **$ 0** | **$ 0** | **$ 0** | **$ 0** | **$ 810,000** | **$ 810,000** |
| Investments made | | | | | | | | | | |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| during quarter ended 03-31-19 | 129,040 | 129,040 | | | | | | | | |
| Quarter 03-31-19 equity method Loss | (59,541) | (59,541) | | | | | | | | |
| Unrealized gains on trading securities - quarter ended 03-31-19 | | | | | | | | | (135,000) | $ (135,000) |
| **Balance @03-31-19** | **$ 477,576** | **$ 477,576** | **$ 0** | **$ 0** | **$ 0** | **$ 0** | **$ 0** | **$ 0** | **$ 675,000** | **$ 675,000** |
| Investments made during quarter ended 06-30-19 | **$ 3,157,234** | $ 83,646 | | | | | $ 3,000,000 | $ 73,588 | | |
| Quarter 06-30-19 equity method Income (Loss) | **($ 171,284)** | ($ 141,870) | | | | | $ (6,291) | $ (23,123) | | |
| Unrealized gains on trading securities - quarter ended 06-30-19 | **$ 0** | | | | | | | | (150,000 | $ (150,000) |
| **Balance @06-30-19** | **$ 3,463,526** | **$ 419,352** | **$ 0** | **$ 0** | **$ 0** | **$ 0** | **$ 2,993,709** | **$ 50,465** | **$ 525,000** | **$ 525,000** |
| Investments made during quarter ended 09-30-19 | **$ 186,263** | | | | | | | $ 186,263 | | |
| Quarter 09-30-19 equity method Income (Loss) | **$ 122,863** | $ 262,789 | | | | | $ (94,987) | $ (44,939) | | |
| Sale of trading securities during quarter ended 09-30-19 | | | | | | | | | | $ (41,667) |
| Unrealized gains on trading securities - quarter ended 09-30-19 | **$ 0** | | | | | | | | (362,625) | $ (362,625) |
| **Balance @09-30-19** | **$ 3,772,652** | **$ 682,141** | **$ 0** | **$ 0** | **$ 0** | **$ 0** | **$ 2,898,722** | **$ 191,789** | **$ 120,708** | **$ 120,708** |

**MARIJUANA COMPANY OF AMERICA, INC. AND SUBSIDIARIES**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**SEPTEMBER 30, 2019**
***(unaudited)***

| | Loan Payable | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | TOTAL JV Debt | Global Hemp Group | Benihemp | MoneyTrac | Bougainville Ventues, Inc. | Gate C Research Inc. | Natural Plant Extract | Vivabuds | General Operating Expense |
| **Beginning balance @12-31-16** | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | | | $ 0 |
| Quarter 03-31-17 loan borrowings | 1,500,000 | | | | | 1,500,000 | | | |
| Quarter 06-30-17 loan activity | | | | | | | | | |
| Quarter 09-30-17 loan borrowings | 725,000 | | | | 725,000 | | | | |
| Quarter 12-31-17 loan repayments | (330,445) | | | | (330,445) | | | | |
| General operational expense | 172,856 | | | | | | | | 172,856 |
| **Balances as of 12/31/17 (a)** | **2,067,411** | **0** | **0** | **0** | **394,555** | **1,500,000** | | | **172,856** |
| Quarter 03-31-18 loan borrowings (payments) | 376,472 | 447,430 | | | | | | | (70,958) |
| Quarter 06-30-18 cancellation of JV debt obligation | (1,500,000) | | | | | (1,500,000) | | | |
| Quarter 06-30-18 loan repayments | (101,898) | | | | | | | | (101,898) |
| Quarter 09-30-18 loan activity | 0 | | | | | | | | |
| Quarter 12-31-18 loan borrowings | 580,425 | 580,425 | | | | | | | |
| **Balance @12-31-18 (b)** | **$ 1,422,410** | **$1,027,855** | **$ 0** | **$ 0** | **$ 394,555** | **$ 0** | | | **$ 0** |
| Quarter 03-31-19 loan borrowings | 649,575 | 649,575 | | | | | | | |
| Quarter 03-31-19 debt conversion to equity | (407,192) | (407,192) | | | | | | | |
| **Balance @03-31-19 ©** | **$ 1,664,793** | **$1,270,238** | **$ 0** | **$ 0** | **$ 394,555** | **$ 0** | **$ 0** | **$ 0** | **$ 0** |
| Quarter 03-31-19 loan borrowings | 3,836,220 | $ 161,220 | | | | | $2,000,000 | $ 0 | $ 1,675,000 |
| Quarter 03-31-19 debt conversion to equity | (1,572,971) | $ (161,220) | | | | | $ (349,650) | | $ (1,062,101) |
| **Balance @06-30-19 (d)** | **$ 3,928,042** | **$1,270,238** | **$ 0** | **$ 0** | **$ 394,555** | **$ 0** | **$1,650,350** | **$ 0** | **$ 612,899** |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Quarter 09-30-19 loan borrowings | 582,000 | | | | | | | | $ 582,000 |
| Quarter 09-30-19 debt conversion to equity | (187,615) | | | | | | | | $ (187,615) |
| **Balance @09-30-19 (e)** | **$ 4,322,427** | **$ 1,270,238** | **$ 0** | **$ 0** | **$ 394,555** | **$ 0** | **$ 1,650,350** | **$ 0** | **$ 1,007,284** |

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

Concerning our investment loans for general operation for the quarter ended September 30, 2019, the Company accounted these transactions as an investment and a liability - "debt obligation of Joint Venture". The Company follows Accounting Standards Codification subtopic 321-10, Investments-Equity Securities ("ASC 321-10") which requires the accounting for equity security to be measured at fair value with changes in unrealized gains and losses are included in current period operations. Where an equity security is without a readily determinable fair value, the Company may elect to estimate its fair value at cost minus impairment plus or minus changes resulting from observable price changes.

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

As of September 30, 2019, and December 31, 2018, the Company's officers and directors have provided advances and incurred expenses on behalf of the Company. The issued notes are unsecured, due on demand and bear 5% interest. At September 30, 2019 and, December 31, 2018 there were an aggregate of $360,418 and $741,456 notes payable due to officers. The notes are at 5% per annum and non-interest bearing, respectively, and are due on demand.

During the nine months ended September 30, 2019, the Company issued an aggregate of 2,394,565 shares of its common stock in settlement of outstanding related party notes payable of $1,732,513.

**NOTE 7 – CONVERTIBLE NOTES PAYABLE**

Convertible notes payable are comprised of the following:

| | September 30, 2019 | December 31, 2018 |
|---|---|---|
| Convertible notes payable-St George-due from September 10, 2018 through January 24, 2020 ($1,246,408 and $967,890 in default) | $ 3,232,890 | $ 1,887,889 |
| Convertible note payable John Fife-due October 27, 2018 | — | 150,959 |
| Convertible notes payable-Power Up Lending-due from July 1, 2020 through September 12, 2020 | 294,000 | |
| Total | 3,526,890 | 2,028,848 |
| Less debt discounts | (838,335) | (896,180) |
| Net | 2,688,555 | 1,132,688 |
| Less current portion | (2,688,555) | (1,132,688) |
| Long term portion | $ — | $ — |

Convertible notes payable-St George Investments

Effective November 1, 2017, the Company issued a secured convertible promissory note in aggregate of $601,420 to St George Investments LLC ("St George"). The promissory note bears interest at 10% compounded daily, was due upon maturity on September 10, 2018 and includes an original issue discount ("OID") of $59,220. The promissory note was funded on November 11, 2017 for $542,200, net of OID and transaction costs. As of September 30, 2019, the Company owed $417,890 of principal and $38,378 of accrued interest on this convertible promissory note. As of September 30, 2019, this note was in default, but the lender has not enforced the default interest rate.

Effective December 20, 2017, the Company issued a secured convertible promissory note in aggregate of $1,655,000 to St George Investments LLC ("St George"). The promissory note bears interest at 10% compounded daily, was due upon maturity on October 27, 2018 and includes an original issue discount ("OID") of $155,000. In addition, the Company agreed to pay $5,000 for legal, accounting and other transaction costs of the lender. The promissory note was funded in nine tranches of $300,000; $200,000; $200,000; $400,000; $75,000; $150,000; $85,000; $120,000 and $70,000, resulting in aggregate net proceeds of $1,500,000. The Company received aggregate net proceeds of $1,200,000 and $300,000 during the years ended December 31, 2018 and 2017, respectively. As an investment incentive, the Company issued 1,100,000 five-year warrants, exercisable at $2.40 per share, with certain reset provisions.

The promissory notes are convertible, at any time at the lender's option, at $2.40 per share. However, in the event the Company's market capitalization (as defined) falls below $30,000,000, the conversion rate is 60% of the 3 lowest closing trade prices due the 20 trading days immediately preceding date of conversion, subject to additional adjustments, as defined. In addition, the promissory note includes certain anti-dilution provisions should the Company subsequently issue any common stock or equivalents at an effective price less than the lender conversion price.

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

On November 5, 2018, $250,000 of principal and accrued interest was assigned to John Fife as an individual with all the terms and conditions of the original note issued to St George. On March 21, 2019, $150,959 of principal and $4,963 of accrued interest along with $160,454 of derivative liabilities valued as of the respective conversion date were converted into 394,460 shares of common stock.

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

Effective August 28, 2018, the Company issued a secured convertible promissory note in aggregate of $1,128,518 (includes overfunding of $23,518) to St George Investments LLC ("St George"). The promissory note bears interest at 10% compounded daily, was due upon maturity on June 30, 2019 and includes an original issue discount ("OID") of $100,000. In addition, the Company agreed to pay $5,000 for legal, accounting and other transaction costs of the lender. During the year ended December 31, 2018, the Company received aggregate net proceeds of $825,000. During the nine months ended September 30, 2019, an additional $218,518 was funded under this note resulting in net proceeds of $198,518. As an investment incentive, the Company issued 750,000 five-year warrants, exercisable at $2.40 per share, with certain reset provisions. The aggregate fair value of the issued warrants was $1,588,493. The face value of the debt was then allocated, on a relative fair value basis, between the debt and the warrants. The portion allocated to warrants has been added to the debt discount with a resulting increase in additional paid-in capital. As of the funding date of each tranche of this note, the Company determined the fair value of the embedded derivative associated with the convertibility of this note. The fair value of the embedded derivative has been added to the debt discount (total debt discount is limited to the face value of the debt) with any excess of the derivative liability recognized as interest expense. The aggregate debt discount of $1,114,698 is being amortized to interest expense over the respective term of each tranche.

The promissory notes are convertible, at any time at the lender's option, at $2.40 per share. However, in the event the Company's market capitalization (as defined) falls below $30,000,000, the conversion rate is 60% of the 3 lowest closing trade prices due the 20 trading days immediately preceding date of conversion, subject to additional adjustments, as defined. In addition, the promissory note includes certain anti-dilution provisions should the Company subsequently issue any common stock or equivalents at an effective price less than the lender conversion price.

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

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

Effective January 29, 2019, the Company issued a secured convertible promissory note in aggregate of $2,205,000 to St George Investments LLC ("St George"). The promissory note bears interest at 10% compounded daily, is due upon maturity on December 5, 2019 and includes an original issue discount ("OID") of $200,000. In addition, the Company agreed to pay $5,000 for legal, accounting and other transaction costs of the lender. During the nine months ended September 30, 2019, the promissory note was funded in eight tranches totaling $1,406,482 resulting in aggregate net proceeds of $1,276,482 under this note. As an investment incentive, the Company issued 1,500,000 5-year warrants, exercisable at $2.40 per share, with certain reset provisions. The aggregate fair value of the issued warrants was $999,838. The face value of the debt was then allocated, on a relative fair value basis, between the debt and the warrants. The portion allocated to warrants has been added to the debt discount with a resulting increase in additional paid-in capital. As of the funding date of each tranche of this note, the Company determined the fair value of the embedded derivative associated with the convertibility of this note. The fair value of the embedded derivative has been added to the debt discount (total debt discount is limited to the face value of the debt) with any excess of the derivative liability recognized as interest expense. The aggregate debt discount of $1,118,606 is being amortized to interest expense over the respective term of each tranche.

The promissory notes are convertible, at any time at the lender's option, at $2.40 per share. However, in the event the Company's market capitalization (as defined) falls below $30,000,000, the conversion rate is 60% of the 3 lowest closing trade prices due the 20 trading days immediately preceding date of conversion, subject to additional adjustments, as defined. In addition, the promissory note includes certain anti-dilution provisions should the Company subsequently issue any common stock or equivalents at an effective price less than the lender conversion price.

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

As of September 30, 2019, the Company owed $1,406,482 of principal and $61,131 of accrued interest on this convertible promissory note.

Effective March 25, 2019, the Company issued a secured convertible promissory note in the amount of $580,000 to St George Investments LLC ("St George"). The promissory note bears interest at 10% compounded daily, is due upon maturity on January 24, 2020 and includes an original issue discount ("OID") of $75,000. In addition, the Company agreed to pay $5,000 for legal, accounting and other transaction costs of the lender. During the nine months ended September 30, 2019, the promissory note was funded in the amount of $580,000 resulting in net proceeds of $500,000 under this note. As an investment incentive, the Company issued 375,000 five-year warrants, exercisable at $2.40 per share, with certain reset provisions. The aggregate fair value of the issued warrants was $258,701. The face value of the debt was then allocated, on a relative fair value basis, between the debt and the warrants. The portion allocated to warrants has been added to the debt discount with a resulting increase in additional paid-in capital. As of the funding date of this note, the Company determined the fair value of the embedded derivative associated with the convertibility of this note. The fair value of the embedded derivative has been added to the debt discount (total debt discount is limited to the face value of the debt) with any excess of the derivative liability recognized as interest expense. The aggregate debt discount of $483,966 is being amortized to interest expense over the term of the note.

The promissory notes are convertible, at any time at the lender's option, at $2.40 per share. However, in the event the Company's market capitalization (as defined) falls below $30,000,000, the conversion rate is 60% of the 3 lowest closing trade prices due the 20 trading days immediately preceding date of conversion, subject to additional adjustments, as defined. In addition, the promissory note includes certain anti-dilution provisions should the Company subsequently issue any common stock or equivalents at an effective price less than the lender conversion price.

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

As of September 30, 2019, the Company owed $580,000 of principal and $31,089 of accrued interest on this convertible promissory note.

Convertible notes payable-Power Up Lending

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

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

As of September 30, 2019, the Company owed an aggregate of $294,000 of principal and $5,104 of accrued interest on these convertible promissory notes.

Summary:

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

At September 30, 2019, the Company determined the embedded derivatives had an aggregate fair value $5,118,563. The fair values were determined using the Black-Scholes Option Pricing Model based on the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 250.87%, (3) weighted average risk-free interest rate ranging from 1.75% - 1.91%, (4) expected life ranging from 0.08 to 0.95 years, (5) estimated fair value of the Company's common stock of $0.155 per share, and (6) conversion prices ranging from $0.0713 to $0.0791 per share.

For the three months ended September 30, 2019, the Company recorded a loss on change in fair value of derivative liabilities of $1,668,112 and recorded amortization of debt discounts of $864,385 as a charge to interest expense, respectively. For the nine months ended September 30, 2019, the Company recorded a loss on change in fair value of derivative liabilities of $2,148,262 and recorded amortization of debt discounts of $2,172,935 as a charge to interest expense, respectively.

**NOTE 8 – DERIVATIVE LIABILITIES**

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

**NOTE 9 – STOCKHOLDERS' DEFICIT**

Preferred stock

The Company is authorized to issue 50,000,000 shares of $0.001 par value preferred stock as of September 30, 2019 and December 31, 2018. As of September 30, 2019, and December 31, 2018, the Company designated and issued 10,000,000 shares of Class A Preferred Stock.

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

On October 28, 2019, Donald Steinberg, Charles Larsen and the Company agreed, in exchange for a mutual release of all claims, to cancel and return to treasury Messrs. Steinberg and Larsen's respective 5,000,000 shares of Preferred Class A common stock. The Board of Directors subsequently issued pro rata, 10 million Class A Preferred shares of common stock to directors Robert Coale, Edward Manolos and Jesus Quintero.

On July 18, 2019, the Company designated Class B Preferred shares in the amount of 5,000,000 shares authorized, par value $0.001 per share. As of September 30, 2019, and December 31, 2018, the Company has 0 shares of Class B Preferred shares issued and outstanding. Holders of Series B Preferred stock shall have one thousand times that number of votes on all matters submitted to the shareholders that is equal to the number of shares of common stock, at the record date for the determination of the shareholders entitled to vote such matters.

Common stock

The Company is authorized to issue 5,000,000,000 shares of $0.001 par value common stock as of September 30, 2019 and December 31, 2018. As of September 30, 2019, and December 31, 2018, the Company had 52,029,238 and 42,687,301 shares issued and outstanding, respectively. All references to our common stock in this filing reflect a 1:60 reverse stock split effective September 3, 2019.

During the nine months ended September 30, 2019, the Company issued an aggregate of 552,054 shares of its common stock for services rendered with an estimated fair value of $554,367.

During the nine months ended September 30, 2019, the Company issued an aggregate of 2,394,565 shares of its common stock, in settlement of outstanding related party notes payable, for a total aggregate value of $1,732,513.

During the nine months ended September 30, 2019, the Company issued 5,208,063 shares of its common stock in settlement of convertible notes payable, accrued interest and embedded derivative liabilities of $4,019,537.

During the nine months ended September 30, 2019, the company issued 655,556 shares of its common stock in exchange for exercise of warrants on a cashless basis with an aggregate value of $55,823.

During the nine months ended September 30, 2019, the Company sold an aggregate of 531,699 shares of its common stock for net proceeds of $154,054.

Warrants

The following table summarizes the stock warrant activity for the nine months ended September 30, 2019:

| | Shares | Weighted-Average Exercise Price | Weighted Average Remaining Contractual Term | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Outstanding at December 31, 2018 | 1,847,447 | $ 2.31 | 4.18 | $ 10,297 |
| Granted | 1,947,222 | $ 2.36 | | |
| Exercised | (192,521) | $ 1.78 | | |
| Outstanding at September 30, 2019 | 3,602,148 | $ 2.37 | 3.93 | $ — |
| | | | | |
| Exercisable at September 30, 2019 | 3,602,148 | $ 2.37 | 3.93 | $ — |

The aggregate intrinsic value in the preceding tables represents the total pretax intrinsic value, based on options with an exercise price less than the Company's stock price of $0.155 as of September 30, 2019, which would have been received by the option holders had those option holders exercised their options as of that date.

The following table presents information related to warrants at September 30, 2019:

| Warrants Outstanding | | Warrants Exercisable | |
|---|---|---|---|
| Exercise Price | Number of Options | Weighted Average Remaining Life In Years | Exercisable Number of Options |
| $.01-1.00 | 61,111 | 2.18 | 61,111 |
| $1.01-2.00 | 41,891 | 1.86 | 41,891 |
| $2.01-3.00 | 3,499,146 | 3.99 | 3,499,146 |
| | 3,602,148 | | 3,602,148 |

**NOTE 10 — FAIR VALUE MEASUREMENT**

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

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

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

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

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

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

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

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

As of September 30, 2019, and December 31, 2018, the Company did not have any items that would be classified as level 1 or 2 disclosures.

The Company recognizes its derivative liabilities as level 3 and values its derivatives using the methods discussed in note 7. While the Company believes that its valuation methods are appropriate and consistent with other market participants, it recognizes that the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. The primary assumptions that would significantly affect the fair values using the methods discussed in Note 6 are that of volatility and market price of the underlying common stock of the Company.

As of September 30, 2019, and December 31, 2018, the Company did not have any derivative instruments that were designated as hedges.

The derivative liability as of September 30, 2019 and December 31, 2018, in the amount of $5,118,562 and $2,256,631, respectively, have a level 3 classification.

The following table provides a summary of changes in fair value of the Company's Level 3 financial liabilities for the two years ended September 30, 2019:

| | | **Debt Derivative** |
|---|---|---|
| Balance, December 31, 2018 | $ | 2,256,631 |
| Increase resulting from initial issuances of additional convertible notes payable | | 1,553,968 |
| Decreases resulting from conversion or payoff of convertible notes payable | | (840,299) |
| Mark-to-market at September 30, 2019 | | 2,148,262 |
| Balance, September 30, 2019 | $ | 5,118,562 |
| Net change in fair value included in earnings related to derivative liabilities during the nine months ended September 30, 2019 | $ | 2,148,262 |

Fluctuations in the Company's stock price are a primary driver for the changes in the derivative valuations during each reporting period. During the period ended September 30, 2019, the Company's stock price decreased significantly from initial valuations. As the stock price decreases for each of the related derivative instruments, the value to the holder of the instrument generally decreases. Stock price is one of the significant unobservable inputs used in the fair value measurement of each of the Company's derivative instruments.

**NOTE 11 — RELATED PARTY TRANSACTIONS**

The Company's current officers and stockholders advanced funds to the Company for travel related and working capital purposes. As of September 30, 2019, and December 31, 2018, there were no related party advances outstanding.

As of September 30, 2019, and December 31, 2018, accrued compensation due officers and executives included as accrued compensation was $270,000 and $454,316, respectively.

During the nine months ended September 30, 2019, the Company issued an aggregate of 75,928,246 shares of its common stock in settlement of outstanding related party notes payable of $564,279 and accrued compensation of $195,000.

On August 31, 2017, the Company entered into a joint venture agreement with Global Hemp Group, Inc., a Canadian corporation. The Company's Director, Charles Larsen, is the President, Director and shareholder of Global Hemp Group, Inc. The Company's Director, President and Chief Executive Officer, Donald Steinberg, is a shareholder of Global Hemp Group, Inc.

On May 8, 2018, the Company entered into a joint venture agreement with Global Hemp Group, Inc., a Canadian corporation, and TTO Enterprises, Ltd., an Oregon corporation. The Company's Director, Charles Larsen, is the President, Director and shareholder of Global Hemp Group, Inc. The Company's Director, President and Chief Executive Officer, Donald Steinberg, is a shareholder of Global Hemp Group, Inc.

The joint venture will operate and has acquired a 109 acre agricultural property in Scio, Oregon (the "Property") for the cultivation of high CBD yielding hemp for the upcoming 2018 growing season. The joint venture acquired the property on May 1, 2018. The total capital commitment for the project will be $1,380,000. The Company's portion of the capital commitment is to raise $600,000 based upon the following funding schedule: $200,000 upon execution of this Agreement; $238,780 on or before July 31, 2018; $126,445 on or before October 31, 2018; and $34,775 on or before January 31, 2019. As of September 30, 2019, the complete $600,000 has been funded.

**NOTE 12 – SUBSEQUENT EVENTS**

On October 9, 2019, the registrant appointed Jesus Quintero as a member of its board of directors. There was no arrangement or understanding between the registrant and Mr. Quintero and any other person pursuant to which Mr. Quintero was selected as a director. Mr. Quintero is currently our Principal Financial Officer. The registrant does not expect to name Mr. Quintero to any board committees. The registrant and Mr. Quintero entered into an amended agreement whereby the registrant agreed to compensate Mr. Quintero by increasing his monthly salary from $5,000 to $6,500.

On October 28, 2019, Donald Steinberg, Charles Larsen and the Company agreed, in exchange for a mutual release of all claims, to cancel and return to treasury Messrs. Steinberg and Larsen's respective 5,000,000 shares of Preferred Class A common stock. The Board of Directors subsequently issued pro rata, 10 million Class A Preferred shares of common stock to directors Robert Coale, Edward Manolos and Jesus Quintero.

On November 10, 2019, Natural Plant Extract of California (NPE) notified the Company, pursuant to the stock purchase agreement associated with the Company's acquisition of a 20% in NPE, that an additional issuance of 3,371,746 shares of Company common stock was required. The Company agreed in the stock purchase agreement to issue NPE additional shares of common stock, if the aggregate value of the shares issued to NPE on April 15, 2019 was less than the closing price of the Company's common stock on October 15, 2019, as reported on OTC Markets. The Company have not issued the true up shares as of the date of this filing.

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

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

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

**Business Overview**

**Plan of Operations –** Marijuana Company of America and subsidiaries is a publicly listed company quoted on the OTCQB tier Exchange under the symbol "MCOA". We are based in Escondido, California. Our business plan and operation focuses in part on the development, manufacturing, marketing and sale of non-psychoactive industrial hemp, and hemp-derived consumer products containing CBD. Our business includes the research and development of (1) varieties of various species of hemp; (2) beneficial uses of hemp and hemp derivatives; (3) indoor and outdoor cultivation methods for hemp; (4) technology used for cultivation and harvesting of different species of hemp, including but not limited to lighting, venting, irrigation, hydroponics, nutrients and soil; (5) different industrial hemp derived CBD, and the possible health benefits thereof; (6) new and improved methods of hemp CBD extraction omitting or eliminating the delta-9 tetrahydrocannabinol "THC" molecule; and, (7) through its joint venture with Natural Plant Extract of California, a premium cannabis delivery service under the name "Viva Buds" which will initially deliver cannabis to the San Fernando Valley, located in Los Angeles, California. Although legal under California State law, cannabis remains an illegal Schedule 1 drug under the federal Controlled Substances Act, which views cannabis as a highly addictive drug with no medical value. In the event the U.S. federal government were to enforce the Controlled Substances Act regarding cannabis, the Company's Viva Buds operations discussed below would be materially impacted (See Government Regulation of Cannabis on page 47 and Risk Factors in Section 1A).

**hempSMART,™ Inc.**

The Company operates two distinct and separate business divisions related to its two wholly owned subsidiaries, H Smart, Inc. and MCOA CA, Inc.

Through our wholly owned subsidiary H Smart, Inc., we develop consumer products that include industrial hemp derived, non-psychoactive CBD as an ingredient, under the brand name "hempSMART™. Our industrial hemp-based products are specifically developed with an enriched CBD molecular composition with a THC concentration of three-tenths of one percent or less by dry weight. We market and sell our hempSMART™ products directly through our web site, and through our affiliate marketing program, where qualified sales affiliates use a secure multi-level-marketing sales software program that facilitates order placement over the internet via a web site, and accounts for affiliate orders and sales; calculates referral benefits apportionable to specific sales associates, and calculates and accounts for loyalty and rewards benefits for returning customers. We also retained a full-service marketing company that uses a multi-channel transactional marketing campaign focused on digital advertising, infographics, content marketing, customer incentives and acquisition, a broad social media presence, as well as search engine marketing and optimization that includes comprehensive research and analytics and order fulfillment in order to boost direct sales.

**Viva Buds**

On April 15, 2019, the Company entered into a material definitive agreement with Natural Plant Extract of California, Inc., a California corporation, and its wholly owned subsidiaries, Green Ethos LLC, Northern Lights Distribution LLC, and, Block Chain 420 LLC, all California limited liability companies (collectively, "NPE"). The Company and NPE agreed to form a joint venture incorporated in California under the name Viva Buds for the purpose of operating a California licensed cannabis distribution business pursuant to California law legalizing cannabis for recreational and medicinal use.
Although legal under California State law, cannabis remains an illegal Schedule 1 drug under the federal Controlled Substances Act, which views cannabis as a highly addictive drug with no medical value. In the event the U.S. federal government were to enforce the Controlled Substances Act regarding cannabis, the Company's Viva Buds operations discussed below would be materially impacted (See Government Regulation of Cannabis on page 47 and Risk Factors in Section 1A).

On August 8, 2019, the Company announced its launch of Viva Buds, its premium cannabis delivery service, which will initially deliver cannabis to the San Fernando Valley, located in Los Angeles, California.

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

**Conveniant Hemp Mart, LLC**; Conveniant Hemp Mart, LLC is a Wyoming limited liability company whose business plan includes the development, manufacture and sale of consumer products containing CBD that are intended for marketing and sales at convenience stores, gas stations and markets. On July 19, 2017, we agreed to lend fifty thousand dollars ($50,000) to Conveniant based on a promissory note. The note provided that in lieu of receiving repayment, we could elect to exercise a right to convert the loaned amount into a payment towards the purchase of a 25% interest in Conveniant, subject to our payment of an additional fifty thousand dollars $50,000 equaling a total purchase price of $100,000. The Company exercised this option on November 20, 2017 and made payment to Conveniant on November 21, 2017. On May 1, 2019, the Company and Conveniant agreed to cancel the Company's 25% interest in Conveniant. Conveniant issued to the Company a credit memo equal to the Company's $100,000 investment, The Company determined that as of September 30, 2019, approximately $41,000 of this credit was impaired.

**MoneyTrac Technology, Inc**.; MoneyTrac Technology, Inc. is a developer of an integrated and streamlined electronic payment processing system containing E-Wallet and mobile applications, that allows for the management and processing of prepaid cards, debit cards, and credit card payments. We entered into a stock purchase agreement with MoneyTrac on March 13, 2017 to purchase a 15% equity position in MoneyTrac. On July 27, 2017 we completed tender of the purchase price of $250,000. MoneyTrac's business and banking software solutions offer firms the ability to deposit funds directly into a "MoneyTrac Merchant Wallet," created and controlled by the firm, from which the firm can manage and provide inventory management, payroll processing, and audit tracking; and, the creation of "Customer Wallets," by anyone who wants to engage in cashless transactions, by loading money into their "MoneyTrac Customer Wallet" from a bank account or through a MoneyTrac kiosk, which also accepts debit and credit card transactions. MoneyTrac's kiosks are marketed to businesses that wish to offer cashless transactions to its customers, who can choose to either have funds loaded directly into their "Customer Wallet" or onto a pre-paid debit card. MoneyTrac's system provides for a secure, managed and auditable record of cashless transactions that is designed to be marketed to firms who want an alternative payment and management method for transacting business, including those firms in the legalized cannabis business in those states where cannabis has been legalized for recreational and/or medicinal use.

**Global Hemp Group, Inc. Joint Venture/New Brunswick Hemp Project;** On September 5, 2017, we announced our agreement to participate in a joint venture with Global Hemp Group Inc., a Canadian corporation, in a multi-phase industrial hemp project on the Acadian peninsula of New Brunswick, Canada. The joint venture's goal is to develop a "Hemp Agro-Industrial Zone", a concept that promotes and engages farmers, processors and manufacturers to collaboratively produce and process 100% of the hemp plant into a number of wholesale materials that can be manufactured into healthy and sustainable products. The "HAIZ" will be surrounded by hemp production thereby minimizing the cost of expensive transportation to distant processing facilities. The "Hemp Agro-Industrial Zone" has a goal of producing social and environmental benefits to the communities where they operate. These zones are envisioned to prospectively create jobs for farmers, foster rural development, provide the opportunity to develop more sustainable products of superior quality and help support Global Hemp Group's commitment to creating a carbon free economy. The first phase of the project involved lab testing in 2017 in support of the trials. The objective of phase one was to re-introduce hemp into the area and ensure that it could be productive under New Brunswick growing conditions prior to significantly increasing cultivation acreage and building a hemp processing facility in the region, in future phases of the project. The Collège Communautaire du Nouveau Brunswick (CCNB) in Bathurst, New Brunswick ("CCNB") assisted Global Hemp Group in research on its ongoing industrial hemp trials in the region, and to perform laboratory tests in support of the trials. These tests provided information validating agronomic and key yield data in preparation of a large scale industrial development project involving the processing of the full plant: grain, straw, flowers and leaves, that began on a 125 acre parcel in 2018. The Company's 2017 participation included providing one-half, or $10,775 of the funding for the phase one work. On June 15, 2018, the Company entered into a Joint Venture Agreement with Global Hemp Group, Inc. Aside from assisting Global Hemp Group in developing and cultivating commercial hemp production in New Brunswick, the Company was granted a right of first refusal as Global Hemp Group's primary off-taker of any raw materials produced from the project, and the Company will share in the ownership of research and development of hemp and CBD related studies produced by the New Brunswick Project. In the event Canadian laws governing the growing, harvesting, manufacturing and production of products containing hemp and CBD change (as expected, but not guaranteed) in 2018, the Company would benefit from possible preferred pricing and terms for the purchase of hemp and CBD that would enable us to further conduct its business and research and development into hemp and CBD products. As noted, the joint venture began commercial cultivation activities in 2018. The joint venture agreement required the Company to make an initial payment of $115,000 on June 15, 2018. The Company made this payment.

**Global Hemp Group Joint Venture/Scio Oregon Hemp Project**; On May 8, 2018, the Company, Global Hemp Group, Inc., a Canadian corporation, and TTO Enterprises, Ltd., an Oregon corporation entered into a Joint Venture Agreement. The purpose of the joint venture is to develop a project to commercialize the cultivation of industrial hemp on a 109 acre parcel of real property owned by the Company and Global Hemp Group in Scio, Oregon, and operating under the Oregon corporation Covered Bridges, Ltd. The joint venture is in the development stage. On May 30, 2018, the joint venture purchased TTO's 15% interest in the joint venture for $30,000. The Company and Global Hemp Group, Inc. now have an equal 50-50 interest in the joint venture. The joint venture agreement commits the Company to a cash contribution of $600,000 payable on the following funding schedule: $200,000 upon execution of the joint venture agreement; $238,780 by July 31, 2018; $126,445 by October 31, 2018; and, $34,775 by January 31, 2019. The Company has complied with its payments on schedule.

**Natural Plant Extract ("NPE")**

Pursuant to a material definitive agreement, the Company agreed to acquire twenty percent of NPE's authorized shares, totaling 200,000 shares, in exchange for Registrant's payment of $2,000,000 (two million dollars) and $1,000,000 worth or approximately 1,173,709 shares of the Company's restricted common stock, after the effects of the reverse stock split. The shares were issued on July 3, 2019. The Company's payment obligations are governed by a stock purchase agreement which required the Company to the following payment schedule:

a. Deposit of $350,000 within 5 days of the execution of the material definitive agreement;
b. Deposit of $250,000 payable within 30 days;
c. Deposit of $400,000 within 60 days;
d. Deposit of $500,000 within 75 days;
e. Deposit of $500,000 within 90 days.'

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

The Company made its initial deposit pursuant to this schedule. However, the Company failed to make the other scheduled payments and is now in default. As of the date of this filing, the Company and NPE are in negotiations to restructure the payment plan.

**VivaBuds:** On August 8, 2019, the Company announced its launch of VivaBuds, its premium cannabis delivery service, which will initially deliver cannabis to the San Fernando Valley, located in Los Angeles, California. As previously disclosed on Form 8-K on April 17, 2019, the Company entered into a material definitive agreement with Natural Plant Extract of California, Inc., a California corporation, and its wholly owned subsidiaries, Green Ethos LLC, Northern Lights Distribution LLC, and, Block Chain 420 LLC, all California limited liability companies (collectively, "NPE"). The Company and NPE agreed to form a joint venture incorporated in California under the name Viva Buds for the purpose of operating a California licensed cannabis distribution business pursuant to California law legalizing cannabis for recreational and medicinal use.

Pursuant to the material definitive agreement, the Company agreed to acquire twenty percent of NPE's authorized shares, totaling 200,000 shares, in exchange for Registrant's payment of $2,000,000 (two million dollars) and $1,000,000 worth or approximately 1,173,709 shares of the Company's restricted common stock, after the effects of the reverse stock split. The shares were issued on July 3, 2019. The Company's payment obligations are governed by a stock purchase agreement which required the Company to the following payment schedule:

a. Deposit of $350,000 within 5 days of the execution of the material definitive agreement;
b. Deposit of $250,000 payable within 30 days;
c. Deposit of $400,000 within 60 days;
d. Deposit of $500,000 within 75 days;
e. Deposit of $500,000 within 90 days.'

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

The Company made its initial deposit pursuant to this schedule. However, the Company failed to make the other scheduled payments and is now in default. As of the date of this filing, the Company and NPE are in negotiations to restructure the payment plan.

**Results of Operations**

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

***Three Months Ended September 30, 2019 Compared to Three Months Ended September 30, 2018***

**Results of Operations -** The Company generated revenue of $229,371 and $90,276 for the three months ended September 30, 2019 and 2018, respectively. This increase is due to the Company's initial deployment of its hempSMART marketing and sales efforts. Since the Company's sales efforts were launched approximately one year ago, no currently known or previous matters are expected to have a material impact on current or future operations, with the exception of the Company's need for additional funding (See Note 2 to the Financial Statements). For the three months ended September 30, 2019, the Company had a net loss of $6,226,621 as compared to net income of $2,144,126 for the three months ended September 30, 2018. This change is due primarily to the company experiencing a loss on changes in fair value of derivative liabilities of $1,668,112 as compared to a gain of $3,072,345 for 2018. Also, the company had income on equity investment for the three months ended September 30, 2019 of $122,864 as compared to a loss of $107,982 for 2018.

***Revenues/Cost of sales***

Total Revenues - Total revenues were $229,371 for the three months ended September 30, 2019 as compared to $90,276 for the three ended September 30, 2018. The reported revenues for each period reflect the Company's initial steps towards marketing and selling its hempSMART™ products. Management plans to expand its marketing and selling efforts in 2019 and expects revenues to increase in the coming months.

| | For the Three months ended September 30, | | |
|---|---|---|---|
| **Sales Product** | **2019** | **2018** | |
| Body Lotion | $ 7,299 | — | New product in 2019 |
| Brain Capsules | 20,569 | $ 16,657 | Due to growth and new UK business |
| Comfort Cream | 12,678 | — | New product in 2019 |
| Drops | 92,236 | 51,078 | Due to growth and new UK business |
| Face Moisturizer | 8,848 | 4,164 | Due to growth and new UK business |
| Leaflets and Accessories | 20,106 | — | New product in 2019 |
| Membership Fees | 4,649 | — | Due to sales growth |
| Pain Capsules | 9,840 | — | New product in 2019 |
| Pain Cream | 30,665 | 18,377 | Due to growth and new UK business |
| Pet Drops | 22,481 | — | New product in 2019 |
| **TOTALS** | **$ 229,371** | **$ 90,276** | |

Costs and Expenses - Costs of sales, include the costs of product development, manufacturing, testing, packaging, storage and sale. For the three months ended September 30, 2019, costs of sales were $90,843 as compared to $28,437 for the three months ended September 30, 2018. The reported costs of sales for each period reflect the Company's initial steps towards marketing and selling its hempSMART™ products.

***General and administrative expenses***

Other general and administrative expenses increased to $761,454 for the three months ended September 30, 2019 compared to $728,254 the three months ended September 30, 2018. General and administrative expenses include selling and marketing, research and development, building rent, utilities, legal fees, office supplies, subscriptions, and office equipment. The increase is attributed primarily to increase increases in service providers and other operating costs in the current period. Below is a variance analysis of expenses for the three months ended September 30, 2019 as compared to the three months ended September 30, 2018:

| EXPENSE | For the 3 months ended September 30, 2019 | 2018 | Variance | Explanation |
|---|---|---|---|---|
| Board of Director fees | $ 14,000 | $ 4,000 | $ 10,000 | Increase in Directors in Q3 2019 vs Q3 2018 |
| Travel Expenses | 21,639 | 874 | 20,765 | Increase in travel expenses due to increase in HempSMART sales |
| Investor Relations | 9,098 | 83,435 | (74,337 ) | Company terminated several Investor Media contracts in Q3 2019 vs Q3 2018 |
| Consulting fees | 81,260 | 137,356 | (56,097 ) | Reduction in contractual commitments to help reduce company expenses during Q3 2019 vs Q3 2018 |
| Accounting fees | 28,328 | 12,507 | 15,821 | New CFO hired during Q3 2018 and other accounting services incurred during Q3 2019 |
| Officers Compensation | 90,000 | 90,000 | 0 | |
| Filing Agent fees (Edgar) | 6,437 | 2,137 | 4,300 | Due to additional services related to SEC filings in Q3 2019 for 8ks and multiple amendment filings |
| UK Contract Compensation | 67,706 | 13,071 | 54,635 | New Hempsmart UK Sales Manager hired late in 2018 |
| Admin Compensation | 92,523 | 124,686 | (32,164 ) | Reduction in staff during Q3 2019 vs Q3 2018 for Logistics, Sales and administrative. |
| Audit Fees | 11,500 | 5,500 | 6,000 | Increase due to company growth in documentation and accounting and SEC reporting activities |
| Commissions expense | 73,892 | 15,064 | 58,829 | Commissions paid based on sales volume at Q3 2019 vs Q3 2018 |
| Marketing expense | 137,024 | 104,971 | 32,053 | Increase in product and marketing events during Q3 2019 vs Q3 2018 related to sales growth |
| Stock based compensation | 0 | 106,850 | (106,850 ) | Decrease due to cancellation of stock options in 2019 |
| Import duties and taxes | 5,165 | 0 | 5,165 | Expenses incurred during Q3 2019 for new UK business which begain in 2019 |
| Legal fees | 51,800 | 2,579 | 49,221 | Increase in Q3 2019 due to additional legal work for SEC inquiries, new patents and costs related to Bougeanville lawsuit |
| Bank wire transfer fees expense | 21,454.12 | 5,317 | 16,137 | Wire transfer costs incurred to send monies to Hempsmart UK operations |
| Others, net | 49,628 | 19,907 | 29,721 | |
| **TOTALS** | **$ 761,454** | **$ 728,254** | **$ 33,200** | |

***(Loss) Gain on change in fair value of derivative liabilities***

During 2019 and 2018, we issued convertible promissory notes and warrants with an embedded derivative, all requiring us to fair value the derivatives each reporting period, and mark to market as a non-cash adjustment to our current period operations. This resulted in a loss of $1,668,112 and a gain of $3,072,345 change in fair value of derivative liabilities for the three months ended September 30, 2019 and 2018, respectively.

***Legal Contingency Expense***

On June 25, 2018, DTTO Funding filed a complaint against the Company for breach of contract related to the Company's April 20, 2017 convertible promissory note in which DTTO lent the Company $111,111. Principal and interest in the note were, at the election of DTTO, convertible into common shares of the Company. On November 30, 2017, DTTO notified the Company of an election to convert a portion of the note to common shares, but the Company failed to process the conversion. The Company failed to repay principal and interest otherwise due on the maturity date of April 20, 2018. DTTO's action seeks damages against the Company including principal, default interest, liquidated damages, attorney fees and costs in an amount with an alleged present cash value of $1,787,981.10. On September 6, 2018 the company issued, pursuant to a court approved and ordered settlement, 57,676,810 common stock shares in settlement of the litigation with prejudice for at a total value of $1,701,466 and thus eliminating the contingent liability. Pursuant to the stipulation and court order the Company agreed to issue to DTTO additional shares of common stock if, one year following the September 6, 2018 issuance date, the value of the shares issued in settlement decreased from the value on the issuance date. The Company received notice from DTTO and demand for the additional issuance on September 6, 2019, and issued DTTO 2,082,398 shares of common stock.

***Interest Expense***

Interest expense during the three months ended September 30, 2019 was $1,559,720 compared to $1,422,231 for the three months ended September 30, 2018. Interest expense primarily consists of interest incurred on our convertible and other debt. The debt discounts amortization incurred during the three months ended September 30, 2019 and 2018 was $864,386 and $608,642, respectively. In addition, we incurred non-cash interest of $1,886,837 and $2,827,419 in connection with convertible notes in 2019 and 2018 respectively.

***Nine Months Ended September 30, 2019 Compared to Nine Months Ended September 30, 2018***

**Results of Operations** - The Company generated revenue of $552,761 and $137,721 for the nine months ended September 30, 2019 and 2018, respectively. This increase is due to the Company's initial deployment of its hempSMART marketing and sales efforts. Since the Company's sales efforts were launched approximately one year ago, no currently known or previous matters are expected to have a material impact on current or future operations, with the exception of the Company's need for additional funding (See Note 2 to the Financial Statements). For the nine months ended September 30, 2019, the Company had a net loss of $10,878,622 compared to a net loss of $1,350,480 for the nine months ended September 30, 2018. This change is due primarily to the Company's changes in our derivative and warrant liabilities and non-cash interest related to our convertible debt.

***Revenues/Cost of sales***

**Total Revenues -** Total revenues were $552,761 for the nine months ended September 30, 2019 as compared to $137,721 for the nine months ended September 30, 2018. The reported revenues for each period reflect the Company's initial steps towards marketing and selling its hempSMART™ products. Management plans to expand its marketing and selling efforts in 2019 and expects revenues to increase in the coming months.

The following table identifies our product offerings and the revenues related to these products for the nine months ended September 30, 2019 and 2018, respectively:

| | For the Nine months ended September 30, | | |
|---|---|---|---|
| **Sales Product** | **2019** | **2018** | |
| Body Lotion | $ 7,294 | | New product in 2019 |
| Brain Capsules | 55,564 | $ 16,005 | Due to growth and new UK business |
| Comfort Cream | 22,394 | | New product in 2019 |
| Drops | 207,744 | 58,224 | Due to growth and new UK business |
| Face Moisturizer | 29,486 | 7,450 | Due to growth and new UK business |
| Leaflets and Accessories | 37,278 | | Due to growth and new UK business |
| Membership Fees | 15,410 | | Due to growth and new UK business |
| Pain Capsules | 37,612 | 11,866 | Due to growth and new UK business |
| Pain Cream | 91,924 | 30,241 | Due to growth and new UK business |
| Pet Drops | 48,055 | 13,935 | Due to growth and new UK business |
| **TOTALS** | **$ 552,761** | **$ 137,721** | |

**Costs and Expenses -** Costs of sales, include the costs of product development, manufacturing, testing, packaging, storage and sale. For the nine months ended September 30, 2019, costs of sales were $159,860 as compared to $43,047 for the nine months ended September 30, 2018. The reported costs of sales for each period reflect the Company's initial steps towards marketing and selling its hempSMART™ products.

***General and administrative expenses***

Selling, general and administrative expenses increased to $3,226,210 for the nine months ended September 30, 2019 compared to $1,891,619 for the nine months ended September 30, 2018. General and administrative expenses include selling and marketing, research and development, building rent, utilities, legal fees, office supplies, subscriptions, and office equipment. The increase of $1,334,591 is attributed is attributed primarily to the growth in sales of its hempSMART™ products on a global basis. Below is a variance analysis of expenses for the nine months ended September 30, 2019 as compared to the nine months ended September 30, 2018:

| EXPENSE | For the 9 months ended September 30, 2019 | 2018 | Variance | Explanation |
|---|---|---|---|---|
| Board of Director fees | $ 32,000 | $ 4,000 | $ 28,000 | Increase in Board of Director members in 2019 vs 2018 |
| Travel Expenses | 80,486 | 16,936 | 63,550 | Increase in travel expenses for 9 months 2019 vs 9 months 2018 |
| Investor Relations | 96,924 | 216,205 | (119,281) | Company terminated several Investor Media contracts in Q3 2019 vs Q3 2018 |
| Consulting fees | 654,902 | 379,576 | 275,326 | Increase in fees for funding services, Advisory services, product development services and Medical advisory services related to Sales growth 9 months 2019 vs 2018 |
| Accounting fees | 63,035 | 2,967 | 60,068 | New CFO hired during Q3 2018 and other accounting services incurred during Q3 2019 |
| Officers Compensation | 310,000 | 390,000 | (80,000) | Compensation for CEO only during 2019 vs Compensation for CEO and 2 executives during 2018 |
| Filing Agent fees (Edgar) | 19,107 | 11,206 | 7,901 | Due to additional services related to SEC filings in 2019 for 8ks and multiple amendment filings vs 2018 |
| UK Contract Compensation | 244,081 | 13,071 | 231,010 | New Hempsmart UK Sales Manager hired late in 2018 |
| Admin Compensation | 316,042 | 82,603 | 233,439 | Reduction in staff during Q3 2019 vs Q3 2018 for Logistics, Sales and administrative. |
| Audit Fees | 34,782 | 20,884 | 13,899 | Increase due to company growth in documentation and accounting and SEC reporting activities |
| Commissions expense | 198,450 | 22,000 | 176,449 | Commissions paid based on sales volume for 9 months 2019 vs 9 months 2018 |
| Marketing expense | 723,721 | 360,170 | 363,552 | Increase in product and marketing events during Q3 2019 vs Q3 2018 related to sales growth |
| Stock based compensation | 100,350 | 73,255 | 27,095 | Stock compensation issued for Marketing and Medical advisory services 9 months 2019; 9 months 2018 includes accretion of vesting options recorded |
| Import duties and taxes | 27,429 | 4,245 | 23,185 | Expenses incurred during 9 months 2019 for new UK business which began in 2019 |
| Legal fees | 158,755 | 163,106 | (4,351) | Immaterial variance for basic legal work performed for SEC inquiries, new patents and Bougainville lawsuit during 2019 and 2018 |
| Bank wire transfer fees expense | 75,775 | 11,017 | 64,757 | Wire transfer costs incurred to send monies to HempSMART UK operations |
| Rent expense | 23,200 | 17,111 | 6,089 | Increase due to new lease agreement during 2019 vs 2018 |

| | | | |
|---|---|---|---|
| Others, net | 67,171 | 103,268 | (36,097) |
| **TOTALS** | **$ 3,226,210** | **$ 1,891,619** | **$ 1,334,591** |

During 2019 and 2018, we issued convertible promissory notes and warrants with an embedded derivative, all requiring us to fair value the derivatives each reporting period, and mark to market as a non-cash adjustment to our current period operations. This resulted in a loss of $2,148,262 and a gain of $4,658,074 change in fair value of derivative liabilities for the nine months ended September 30, 2019 and 2018, respectively.

***Legal Contingency Expense***

On September 25, 2018, DTTO Funding filed a complaint against the Company for breach of contract related to the Company's April 20, 2017 convertible promissory note in which DTTO lent the Company $111,111. Principal and interest in the note were, at the election of DTTO, convertible into common shares of the Company. On November 30, 2017, DTTO notified the Company of an election to convert a portion of the note to common shares, but the Company failed to process the conversion. The Company failed to repay principal and interest otherwise due on the maturity date of April 20, 2018. DTTO's action seeks damages against the Company including principal, default interest, liquidated damages, attorney fees and costs in an amount with an alleged present cash value of $1,787,981.10. On September 6, 2018 the company issued 57,676,810 common stock shares in settlement of this case for at a total value of $1,701,466 and thus eliminating the contingent liability. Pursuant to the stipulation and court order the Company agreed to issue to DTTO additional shares of common stock if, one year following the September 6, 2018 issuance date, the value of the shares issued in settlement decreased from the value on the issuance date. The Company received notice from DTTO and demand for the additional issuance on September 6, 2019, and issued DTTO 2,082,398 shares of common stock.

***Interest Expense***

Interest expense during the nine months ended September 30, 2019 and 2018 was $3,001,972 and $3,503,610, respectively. Interest expense primarily consists of interest incurred on our convertible and other debt. The debt discounts amortization incurred during the nine months ended September 30, 2019 and 2018 was $2,172,936 and $1,171,549, respectively. In addition, we incurred a non-cash interest of $1,886,837 and $2,827,419 non-cash interest in connection with convertible notes in 2019 and 2018.

**Liquidity and Capital Resources –** The Company has generated a net loss from continuing operations for the nine months ended September 30, 2019 of $10,878,622, however used $1,884,004 cash for operations. As of September 30, 2019, the Company had total assets of $4,329,281, which included inventory of $204,041, short-term investments of $120,708 and investments of $3,772,652.

During the nine months ended September 30, 2019 and 2018, the Company has met its capital requirements through a combination of loans and convertible debt instruments. The Company will need to secure additional external funding in order to continue its operations. Our primary internal sources of liquidity were provided by an increase in proceeds from the issuance of note payables of $2,257,000 for September 30, 2019, as compared to $1,080,186 for September 30, 2018, and an increase in proceeds from the sale of note payables to a related party of $194,881 for September 30, 2018. We have during the period ended September 30, 2019, relied upon external financing arrangements to fund our operations. As of September 30, 2019, we had financing arrangements with St. George Investments, LLC, a Utah limited liability company, in which we made borrowings, the principal of which is convertible into shares of our common stock (see Note 6, Convertible Note Payable). Our ability to rely upon external financing arrangements to fund operations is not certain, and this may limit our ability to secure future funding from external sources without changes in terms requested by counterparties, changes in the valuation of collateral, and associated risk, each of which is reasonably likely to result in our liquidity decreasing in a material way. We intend to utilize cash on hand, loans and other forms of financing such as the sale of additional equity and debt securities and other credit facilities to conduct our ongoing business, and to also conduct strategic business development and implementation of our business plans generally.

**Operating Activities** - For the nine months ended September 30, 2019, the Company used cash in operating activities of $1,884,004 as compared to $1,010,520 for the nine months ended September 30, 2018. This increase is due primarily to the implementation of our new business plan, operations, management, personnel and professional services, and the resulting increases in operating expenses.

**Investing Activities** - During the nine months ended September 30, 2019, the Company spent cash of $687,752 in investing activities related to its purchase of equipment of $2,703 and investments in joint ventures of $685,049. During the nine months ended September 30, 2018, we spent $7,119 on equipment purchases and $624,767 investment in joint ventures.

**Financing Activities** - During the nine months ended September 30, 2019, net cash provided through financing activities were $2,257,000, which were primarily through its receipt of funds from the issuance of notes payable from St. George and Power Up lending. For the nine months ended September 30, 2018 the Company, primarily through its receipts of funds from the issuance of notes payable, notes payable to related parties and sale of common stock, resulted in financing activity of $1,460,067.

The Company's business plans have not generated significant revenues and as of the date of this filing are not sufficient to generate adequate amounts of cash to meet its needs for cash. The Company's primary source of operating funds in 2019 and 2018 have been from revenue generated from proceeds from the sale of common stock and the issuance of convertible and other debt. The Company has experienced net losses from operations since inception, but expects these conditions to improve for the remainder of 2019 and beyond as it develops its affiliate marketing program and other direct sales and marketing programs. The Company has stockholders' deficiencies at September 30, 2019 and requires additional financing to fund future operations. As of the date of this filing, and due to the early stages of operations, the Company has insufficient sales data to evaluate the amounts and certainties of cash flows, as well as whether there has been material variability in historical cash flows.

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

**Off Balance Sheet Arrangements**

As of September 30, 2019, and December 31, 2018, we did not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

**Government Regulations of Cannabis**

***Federal Law***

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

On April 15, 2019, the Company entered into a material definitive agreement with Natural Plant Extract of California, Inc., a California corporation, and its wholly owned subsidiaries, Green Ethos LLC, Northern Lights Distribution LLC, and, Block Chain 420 LLC, all California limited liability companies (collectively, "NPE"). The Company and NPE agreed to form a joint venture incorporated in California under the name Viva Buds for the purpose of operating a California licensed cannabis distribution business pursuant to California law legalizing cannabis for recreational and medicinal use. Although legal under California State law, cannabis remains an illegal Schedule 1 drug under the federal Controlled Substances Act, which views cannabis as a highly addictive drug with no medical value. In the event the U.S. federal government were to enforce the Controlled Substances Act regarding cannabis, the Company's Viva Buds operations discussed below would be materially impacted (See Government Regulation of Cannabis on page 47 and Risk Factors in Section 1A).

The criminal penalty structure in the Controlled Substances Act is determined based on the specific predicate violations, including but not limited to: simple possession, drug trafficking, attempt and conspiracy, distribution to minors, trafficking in drug paraphernalia, money laundering, racketeering, environmental damage from illegal manufacturing, continuing criminal enterprise, and smuggling. A first conviction under the Controlled Substances Act can generally result in possible fines from $250,000 to $50 million dollars, and incarceration for periods generally from five and up to forty years. For a second conviction, fines increase generally from $500,000 to $75 million dollars, and incarceration for periods generally from ten years to twenty years to life.

The federal government recently issued guidance to federal prosecutors concerning marijuana enforcement under the Controlled Substances Act (CSA). On January 4, 2018, Attorney General Jeff Sessions issued a memorandum for all United States Attorneys concerning federal cannabis enforcement generally. Mr. Sessions rescinded all previous prosecutorial guidance issued by the Department of Justice regarding cannabis, including the August 29, 2013 memorandum by James Cole, Deputy Attorney General (the "Cole Memorandum").

The Cole Memorandum previously set out the Department of Justice's prosecutorial priorities in light of various states legalizing cannabis for medicinal and/or recreational use. The Cole Memorandum provided that when states have implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale, and possession of cannabis, conduct in compliance with those laws and regulations is less likely to threaten the federal priorities. Indeed, a robust system may affirmatively address those priorities by, for example, implementing effective measures to prevent diversion of cannabis outside of the regulated system and to other states, prohibiting access to cannabis by minors, and replacing an illicit cannabis trade that funds criminal enterprises with a tightly regulated market in which revenues are tracked and accounted for. In those circumstances, consistent with the traditional allocation of federal-state efforts in this area, the Cole Memorandum provided that enforcement of state law by state and local law enforcement and regulatory bodies should remain the primary means of addressing cannabis-related activity. If state enforcement efforts are not sufficiently robust to protect against the harms set forth above, the federal government may seek to challenge the regulatory structure itself in addition to continuing to bring individual enforcement actions, including criminal prosecutions, focused on those harms.

By rescinding the Cole Memorandum, Mr. Sessions injected material uncertainty as it relates to how the Department of Justice will evaluate cannabis cases for prosecution, and risk into the Company's business as it relates to the research, development, marketing and sale of its products containing industrial hemp derived CBD (see Risk Factors, Item 1A).

Mr. Sessions stated that U.S. Attorneys must decide whether or not to pursue prosecution of cannabis activity based upon factors including: the seriousness of the crime, the deterrent effect of criminal prosecution, and the cumulative impact of particular crimes on the community. Mr. Sessions reiterated that the cultivation, distribution and possession of cannabis continues to be a crime under the U.S. Controlled Substances Act.

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

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

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

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

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

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

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

We also offer and provide financial consulting and property management services to licensed, lawful and compliant operator(s) engaged within legalized states where cannabis strains containing the THC molecule is regulated and/or has been de-criminalized for personal and/or medicinal use.

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

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

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

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

Not applicable to Smaller Reporting Companies.

## ITEM 4. CONTROLS AND PROCEDURES

**Disclosure Controls and Procedures**

Management is responsible for establishing and maintaining adequate disclosure controls and procedures that are designed to ensure that information required to be disclosed by the Company in its Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow for timely and reliable financial reporting and the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America.

As of the quarter ended September 30, 2019, our principal executive officer and principal financial officer completed an assessment of the effectiveness of our disclosure controls and procedures, to determine the existence of any material weaknesses or significant deficiencies. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the registrant's financial reporting.

Management identified the following material weakness which has caused management to conclude that, as of September 30, 2019, our disclosure controls and procedures were not effective:

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

**Changes in Internal Control over Financial Reporting.**

In order to address the material weakness and significant deficiency, we made the following changes to our internal control over financial reporting:

(1) After our year ended December 31, 2018, we considered and approved on May 28, 2019, an internal audit sub-committee, led by independent director Robert Coale, to obtain timely information on a weekly basis on the status of our joint ventures, the respective budgets and expenses and variances on balances. Mr. Jesus Quintero, our Chief Financial Officer, has monitored, reviewed and to the extent he deemed prudent, tested Mr. Coale's work since inception of the internal audit sub-committee. Mr. Coale has reported to the Board of Directors on the status of each joint venture on a weekly basis, along with a discussion of the ability to sell and liquidate inventory and to also advised concerning funding. Although we believe our implementation of this framework will provide an effective preventative control that will allow us to provide our auditor timely information about our joint ventures so that we can close our books in a timely fashion and file our reports to the Commission consistent with its rules and forms, our internal sub-committee has been operational for approximately six months, and so our evaluation of its effectiveness is not complete and will require further review, assessment and disclosure. This material weakness remains unremedied.

**PART II - OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS**

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

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

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

The Company's complaint seeks legal and equitable relief for breach of contract, fraud, breach of fiduciary duty, conversion, recession of the joint venture agreement, an accounting, quiet title to real property in the name of the registrant, for the appointment of a receiver, the return to treasury of 15 million shares issued to Bougainville, and, for treble damages pursuant to the Consumer Protection Act in Washington State. The registrant has filed a lis pendens on the real property. The case is currently in litigation. Trial is set for January 26-28, 2021.

**ITEM 1A. RISK FACTORS**

Our business involves a number of very significant risks, including but not limited to various areas of the cannabis industry being illegal under Federal Law and susceptible to aggressive prosecution from the U.S. Attorney General. Our business, operating results and financial condition could be seriously harmed as a result of the occurrence of any of the following risks.

**You should invest in our common stock only if you can afford to lose your entire investment. Your decision to invest in our common stock should only be made after you have knowingly accepted the possibilities of such a loss and the associated risks, including our business being so close to the Federally illegal cannabis industry, including various states where hemp and marijuana are still not legal for commercial purposes and sale.**

**Risks Related to Our Business**

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

We launched our first hempSMART™ product, hempSMART Brain™, in November, 2016. As we continue to conduct the research and development and release of other hempSMART™ products and continue to pursue our business interests MoneyTrac Technology, Inc., and our joint ventures with Global Hemp Group, Inc. and Viva Buds, we anticipate increases in our operating expenses, without realizing significant revenues from operations. Within the next 12 months, these increases in expenses will be attributed to the cost of (i) administration and start-up costs, (ii) research and development, (iii) advertising and website development, (iv) legal and accounting fees at various stages of operation, (v) joint venture activities, (vi) creating and maintaining distribution and supply chain channels.

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

***Failure to raise additional capital to fund operations could harm our business and results of operations:***

Our primary source of operating funds from 2015 through September 30, 2019 has been from revenue generated from proceeds from the sale of our common stock and the issuance of convertible and other debt. The Company has experienced net losses from operations since inception but expects these conditions to improve in 2020 and beyond as it develops its business model. The Company has stockholders' deficiencies at December 31, 2018 and 2017 and requires additional financing to fund future operations. Currently, we do not have any arrangements for financing and can provide no assurance to investors that we will be able to obtain financing when required. No assurance can be given that our Company will obtain access to capital markets in the future or that financing, adequate to satisfy the cash requirements of implementing our business strategies, will be available on acceptable terms. The inability of our Company to gain access to capital markets or obtain acceptable financing could have an adverse effect upon the results of its operations and upon its financial conditions.

***Cannabis and CBD are illegal under federal law:***

Cannabis and CBD are Schedule 1 controlled substances and are illegal under federal law, specifically the Controlled Substances Act (21 U.S.C. § 811). Even in states that have legalized the use of cannabis and hemp, its sale and use remain violations of federal law. The illegality of cannabis and hemp under federal law preempts state laws that legalize its use. Therefore, strict enforcement of federal law regarding cannabis and hemp would likely result in our inability to proceed with our business plan. As Schedule 1 drugs, cannabis, hemp and CBD are viewed as being highly addictive and having no medical value. The United States Drug Enforcement Agency enforces the Controlled Substances Act, and persons violating it are subject to federal criminal prosecution. The criminal penalty structure in the Controlled Substances Act is determined based on the specific predicate violations, including but not limited to: simple possession, drug trafficking, attempt and conspiracy, distribution to minors, trafficking in drug paraphernalia, money laundering, racketeering, environmental damage from illegal manufacturing, continuing criminal enterprise, and smuggling. A first conviction under the Controlled Substances Act can generally result in possible fines from $250,000 to $50 million dollars, and incarceration for periods generally from five and up to forty years. For a second conviction, fines increase generally from $500,000 to $75 million dollars, and incarceration for periods generally from ten years to twenty years to life.

The federal government recently issued guidance to federal prosecutors concerning marijuana enforcement under the Controlled Substances Act (CSA). On January 4, 2018, Attorney General Jeff Sessions issued a memorandum for all United States Attorneys concerning cannabis enforcement. Mr. Sessions rescinded all previous prosecutorial guidance issued by the Department of Justice regarding cannabis, including the August 29, 2013 memorandum by James Cole, Deputy Attorney General (the “Cole Memorandum”).

The Cole Memorandum previously set out the Department of Justice’s prosecutorial priorities in light of various states legalizing cannabis for medicinal and/or recreational use. The Cole Memorandum provided that when states have implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale, and possession of cannabis, conduct in compliance with those laws and regulations is less likely to threaten the federal priorities. Indeed, a robust system may affirmatively address those priorities by, for example, implementing effective measures to prevent diversion of cannabis outside of the regulated system and to other states, prohibiting access to marijuana by minors, and replacing an illicit cannabis trade that funds criminal enterprises with a tightly regulated market in which revenues are tracked and accounted for. In those circumstances, consistent with the traditional allocation of federal-state efforts in this area, the Cole Memorandum provided that enforcement of state law by state and local law enforcement and regulatory bodies should remain the primary means of addressing cannabis-related activity. If state enforcement efforts are not sufficiently robust to protect against the harms set forth above, the federal government may seek to challenge the regulatory structure itself in addition to continuing to bring individual enforcement actions, including criminal prosecutions, focused on those harms.

By rescinding the Cole Memorandum, Mr. Sessions injected material uncertainty as it relates to how the Department of Justice will evaluate cannabis cases for prosecution, and risk into the Company's business as it relates to the research, development, marketing and sale of its hempSMART™ products containing hemp derived CBD.

Mr. Sessions stated that U.S. Attorneys must decide whether or not to pursue prosecution of cannabis activity based upon factors including: the seriousness of the crime, the deterrent effect of criminal prosecution, and the cumulative impact of particular crimes on the community. Mr. Sessions reiterated that the cultivation, distribution and possession of cannabis continues to be a crime under the U.S. Controlled Substances Act.

As to the Company engaging in business outside of the jurisdiction of the U.S.A., we assume that laws in other country(s), territories or destinations are similar to that of the United States Federal Government. As a result, we will retain competent legal counsel in any outside jurisdiction prior to engaging in any cannabis or hemp business.

***Laws and regulations affecting our industry are constantly changing:***

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

***Our business is subject to risk of government action:***

While we will use our best efforts to comply with all state and local laws and regulations laws, there is a possibility that U.S. Federal Government Action to enforce any alleged violations may result in legal fees and damage awards that would adversely affect us.

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

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

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

The FDA has not approved cannabis, industrial hemp or CBD derived from industrial hemp as a safe and effective drug for any indication. The FDA considers these substances illegal Schedule 1 drugs. As of the date of this filing, we have not, and do not intend to file an IND with the FDA, concerning any of our hempSMART™ products that contain industrial hemp or CBD derived from industrial hemp. Further, The FDA has concluded that products containing industrial hemp or CBD derived from industrial hemp are excluded from the dietary supplement definition under sections 201(ff)(3)(B)(i) and (ii) of the U.S. Food, Drug & Cosmetic Act, respectively. However, at some indeterminate future time, the FDA may choose to change its position concerning products containing cannabis, hemp, or CBD derived from industrial hemp, and may choose to enact regulations that are applicable to such products, including, but not limited to: the growth, cultivation, harvesting and processing of cannabis and hemp; regulations covering the physical facilities where cannabis and hemp are grown; and possible testing to determine efficacy and safety of industrial hemp derived CBD. In this hypothetical event, our industrial hemp-based hempSMART™ products containing CBD may be subject to regulation. In the hypothetical event that some or all of these regulations are imposed, we do not know what the impact would be on the cannabis industry in general, and what costs, requirements and possible prohibitions may be enforced. If we are unable to comply with the conditions and possible costs of possible regulations and/or registration as may be prescribed by the FDA, we may be unable to continue to operate our business.

***We may have difficulty accessing the service of banks:***

On February 14, 2014, the U.S. government issued rules allowing banks to legally provide financial services to state-licensed cannabis businesses. A memorandum issued by the Justice Department to federal prosecutors re-iterated guidance previously given, this time to the financial industry, that banks can do business with legal cannabis businesses and "may not" be prosecuted. We assume this applies to hemp. The Treasury Department's Financial Crimes Enforcement Network (FinCEN) issued guidelines to banks that "it is possible to provide financial services"" to state-licensed cannabis (and hemp) businesses and still be in compliance with federal anti-money laundering laws. The guidance falls short of the explicit legal authorization that banking industry officials had pushed the government to provide and to date, it is not clear if any banks have relied on the guidance. The aforementioned policy may be administration dependent and a change in presidential administrations may cause a policy reversal and retraction of current policies, wherein legal cannabis and hemp businesses may not have access to the banking industry. Also, the inability of potential customers in our target market to open accounts and otherwise use the service of banks may make it difficult for our affiliate sales representatives to purchase our hempSMART™ and VivaBuds products.

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

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

***Due to our involvement in the cannabis/hemp industry, we may have a difficult time obtaining the various insurances that are desired to operate our business, which may expose us to additional risk and financial liability:***

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

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

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

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

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

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

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

Due consideration must be given to our prospects in light of the risks, uncertainties and difficulties frequently encountered by companies in their early stage of development, particularly companies in the rapidly evolving legal cannabis and hemp industries. To be successful we must, among other things:

- Develop, manufacture and introduce new attractive and successful consumer products in our hempSMART™ brand.
- Attract and maintain a large customer base and develop and grow that customer base.
- Increase awareness of our hempSMART™ brand and develop effective marketing strategies to insure consumer loyalty.
- Establish and maintain strategic relationships with key sales, marketing, manufacturing and distribution providers.
- Respond to competitive and technological developments.
- Attract, retain and motivate qualified personnel.

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

Some of our hempSMART™ products are new and are only in early stages of commercialization. We are not certain that these products will function as anticipated or be desirable to their intended markets. Also, some of our products may have limited functionalities, which may limit their appeal to consumers and put us at a competitive disadvantage. If our current or future hempSMART™ products fail to function properly or if we do not achieve or sustain market acceptance, we could lose customers or could be subject to claims which could have a material adverse effect on our business, financial condition and operating results.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In part, we sell our products through a sales force of independent associates. The independent associates are independent contractors and, accordingly, we are not in a position to provide the same direction, motivation, and oversight as we would if associates were our own employees. As a result, there can be no assurance that our associates will participate in our marketing strategies or plans, accept our introduction of new products, or comply with our associate policies and procedures. All independent associates will be required to sign a written contract and agree to adhere to our policies and procedures, which prohibit associates from making false, misleading or other improper claims regarding our hempSMART™ products or income potential from the distribution of the products.

However, independent associates may from time to time, without our knowledge and in violation of our policies, create promotional materials or otherwise provide information that does not accurately describe our marketing program. There is a possibility that some jurisdictions could seek to hold us responsible for independent associate activities that violate applicable laws or regulations, which could result in government or third-party actions or fines against us, which could harm our financial condition and operating results.

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

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

***Our Investment in MoneyTrac Technology, Inc. is subject to significant risks due to its development stage status, lack of liquidity, lack of operating history, dilution, lack of profits and the typical risks associated with start-up enterprises.***

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

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

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

For example, our arrangements with Global Hemp Group, Inc. rely significantly upon the activities of Global Hemp Group, Inc. in Canada, and its operation of the research project in conformity with Canadian law. We will not be directly involved with the research, and will rely upon Global Hemp Group' personnel, business acumen, experience and involvement to insure compliance with the parameters of the research project and its compliance with Canadian law.

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

**Risks Related to the Company**

***Uncertainty of profitability:***

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

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

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

- Our ability to raise sufficient capital to take advantage of opportunities and generate sufficient revenues to cover expenses.
- Our ability to source strong opportunities with sufficient risk adjusted returns.
- Our ability to manage our capital and liquidity requirements based on changing market conditions generally and changes in the developing legal medical marijuana and recreational marijuana industries.
- The acceptance of the terms and conditions of our multi-level sales agreements.

- The amount and timing of operating and other costs and expenses.

- The nature and extent of competition from other companies that may reduce market share and create pressure on pricing and investment return expectations.

- Adverse changes in the national and regional economies in which we will participate, including, but not limited to, changes in our performance, capital availability, and market demand.

- Adverse changes in the projects in which we plan to invest which result from factors beyond our control, including, but not limited to, a change in circumstances, capacity and economic impacts.

- Adverse developments in the efforts to legalize cannabis or increased federal enforcement.

- Changes in laws, regulations, accounting, taxation, and other requirements affecting our operations and business.

- Our operating results may fluctuate from year to year due to the factors listed above and others not listed. At times, these fluctuations may be significant.

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

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

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

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

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

***Although we believe that our hempSMART™ products are exempt from regulation under the CSA, the U.S. Patent and Trademark Office may disagree and disallow us from obtaining trademark and patent protection for our hempSMART™ brand and products:***

We have applied for a trademark for our hempSMART™ brand name and a patent for our hempSMART™ Brain product. Because our hempSMART™ Brain product contains industrial hemp derived CBD and may be considered an illegal Schedule 1 drug under federal law, the U.S. Patent and Trademark Office may not approve our pending applications for patent or trademark protection, and this could materially affect our ability to establish and grow our hempSMART™ brand, products and develop our customer base and good will.

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

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

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

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

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

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

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

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

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

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

***Ordinary and necessary business deduction other than the cost of goods sold are disallowed by the Internal Revenue Services for Cannabis companies under IRC Section 280E:***

At this juncture, IRS 280E interferes with our businesses model from deducting ordinary and necessary business expenses. Since the Company entered the cannabis delivery business Viva Buds, this onerous tax burden might significantly impact the profitability of the Company and may make the pricing of its products less competitive.

**Risks Related to Our Common Stock**

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

Investors' interests in our Company will be diluted and investors may suffer dilution in their net book value per share when we issue additional shares. We are authorized to issue 5,000,000,000 shares of common stock, $0.001 par value per share. As of September 30, 2019, there were 38,413,354 shares of our common stock issued and outstanding. We anticipate that all or at least some of our future funding, if any, will be in the form of equity financing from the sale of our common stock. If we do sell more common stock, investors' investment in our company will be diluted. Dilution is the difference between what investors pay for their stock and the net tangible book value per share immediately after the additional shares are sold by us. If dilution occurs, any investment in our company's common stock could seriously decline in value.

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

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

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

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

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

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

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

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

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

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

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

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

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

On July 3, 2019, the Company issued 1,173,709 post-split common shares to Natural Plant Extract of California. The issuance was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. NPE was an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, that provided the Company with representations, warranties and information concerning its qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to NPE full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. NPE acquired the restricted common stock for its own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On July 10, 2019, the Company issued 5,128,205 common shares to Donald Steinberg. The issuance to Mr. Steinberg was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Mr. Steinberg was an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning his qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Mr. Steinberg full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Steinberg acquired the restricted common stock for his own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On July 10, 2019, the Company issued 1,538,462 common shares to Green Capital Advisors LLC ("Green Capital"). The issuance to Green Capital was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Green Capital was an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning its qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Green Capital full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Green Capital acquired the restricted common stock for its own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On July 10, 2019, the Company issued 1,166,667 common shares to Jesus Quintero. The issuance to Mr. Quintero was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Mr. Quintero was an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning his qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Mr. Quintero full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Quintero acquired the restricted common stock for his own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On July 10, 2019, the Company issued 1,166,667 common shares to Robert Coale. The issuance to Mr. Coale was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Mr. Coale was an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning his qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Mr. Coale full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Coale acquired the restricted common stock for his own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On July 10, 2019, the Company issued 1,166,667 common shares to Caren Glaser. The issuance to Ms. Glaser was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Ms. Glaser was an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning her qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Ms. Glaser full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Ms. Glaser acquired the restricted common stock for her own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On July 10, 2019, the Company issued 166,667 common shares to Trevor Muehlfelder. The issuance to Mr. Muehlfelder was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Mr. Muehlfelder was an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning his qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Mr. Muehlfelder full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Muehlfelder acquired the restricted common stock for his own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On July 10, 2019, the Company issued 1,166,667 common shares to Edward Manolos. The issuance to Mr. Manolos was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Mr. Manolos was an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning his qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Mr. Manolos full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Manolos acquired the restricted common stock for his own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On July 10, 2019, the Company issued 3,666,667 common shares to Robert L. Hymers, III for services. The issuance to Mr. Hymers was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Mr. Hymers was an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning his qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Mr. Hymers full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Hymers acquired the restricted common stock for his own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On July 10, 2019, the Company issued 83,333 common shares to Tad Mailander. The issuance to Mr. Mailander was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Mr. Mailander was an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning his qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Mr. Mailander full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Mailander acquired the restricted common stock for his own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On July 10, 2019, the Company issued 421,502 post-split common shares to Chicago Ventures. The issuance to Chicago Ventures was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Chicago Ventures is an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning its qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Chicago Ventures full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Chicago Ventures acquired the restricted common stock for its own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On July 30, 2019, the Company issued 475,919 post-split common shares to Chicago Ventures. The issuance to Chicago Ventures was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Chicago Ventures is an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning its qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Chicago Ventures full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Chicago Ventures acquired the restricted common stock for its own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On August 2, 2019, the Company issued 8,333 post-split common shares to Paula Vetter. The issuance to Ms. Vetter was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Ms. Vetter is an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning her qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Ms. Vetter full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Ms. Vetter acquired the restricted common stock for her own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On August 5, 2019, the Company issued 541,126 post-split common shares to Chicago Ventures. The issuance to Chicago Ventures was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Chicago Ventures is an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning its qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Chicago Ventures full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Chicago Ventures acquired the restricted common stock for its own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On September 6, 2019, the Company issued 8,333 post-split common shares to Ian Harvey. The issuance to Mr. Harvey was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Mr. Harvey is an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning his qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Mr. Harvey full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Mr. Harvey acquired the restricted common stock for his own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

On September 10, 2019, the Company issued 2,082,398 post-split common shares to DTTO Capital. The issuance to DTTO Capital was made in reliance upon the exemption from registration provided by Section 3(a)(10) of the Securities Act of 1933, and by order of the U.S. District Court for the Northern District of Texas; Case No. 01675; DTTO Funding vs. Marijuana Company of America, Inc.

On September 17, 2019, the Company issued a cashless warrant to Paladin Advisors, LLC in exchange for a purchase price of $45,000. Pursuant to the terms and conditions of the cashless warrant, Paladin may exercise the cashless warrant on or after March 17, 2020 and is eligible upon exercise to receive three hundred thousand dollars' worth of the Company's common stock valued as of the closing price on March 17, 2020. The issuance to Paladin was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, and Rule 506 of Regulation D promulgated thereunder, with respect to the issuance of the restricted stock. Paladin is an "accredited investor" and/or "sophisticated investor" pursuant to Section 501(a)(b) of the Securities Act, who provided the Company with representations, warranties and information concerning its qualifications as a "sophisticated investor" and/or "accredited investor." The Company provided and made available to Paladin full information regarding its business and operations. There was no general solicitation in connection with the offer or sale of the restricted securities. Paladin acquired the restricted common stock for its own account, for investment purposes and not with a view to public resale or distribution thereof within the meaning of the Securities Act. The restricted shares cannot be sold unless pursuant to an effective registration statement by the Company, or by an exemption from registration requirements of Section 5 of the Securities Act—the existence of any such exemption subject to legal review and approval by the Company.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable

**ITEM 5. OTHER INFORMATION**

None.

**ITEM 6. EXHIBITS**

The following exhibits are included as part of this report:

| Exhibit Number | Exhibit Description |
|---|---|
| 3.1 | Articles of Incorporation (1) |
| 3.2 | By-laws (1) |
| 10.1 | Global Hemp Group, Inc. TTO Enterprises, Inc. Company Joint Venture Agreement(1) |
| 10.2 | Lease Extension; July 1, 2019 (1) |
| 31* | Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32** | Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101.INS* | XBRL Instance Document. |
| 101.SCH* | XBRL Taxonomy Extension Schema. |
| 101.CAL* | XBRL Taxonomy Extension Calculation Linkbase. |
| 101.LAB* | XBRL Taxonomy Extension Labels Linkbase. |
| 101.PRE* | XBRL Taxonomy Extension Presentation Linkbase. |
| 101.DEF* | XBRL Taxonomy Extension Definition Linkbase. |

* Filed herewith
** Furnished herewith
(1) Incorporated by reference

**SIGNATURES**

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

Dated: January 10, 2020

**MARIJUANA COMPANY OF AMERICA, INC.**

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

By: /S/ Jesus Quintero
Jesus Quintero
Principal Accounting Officer

**EXHIBIT 31.1**
**RULE 13a-14(a)/15d-14(a) CERTIFICATION**

I, Jesus Quintero, certify that:

1. I have reviewed this quarterly report on Form 10-Q/A for the quarter ended September 30, 2019 of Marijuana Company of America, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles,

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

January 10, 2020

/S/ Jesus Quintero

Jesus Quintero
Chief Executive Officer
(Principal Executive Officer)

**EXHIBIT 31.2**
**RULE 13a-14(a)/15d-14(a) CERTIFICATION**

I, Jesus Quintero, certify that:

1. I have reviewed this quarterly report on Form 10-Q/A for the quarter ended September 30, 2019 of Marijuana Company of America, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles,

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrants other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

January 10, 2020

/s/ Jesus Quintero
Jesus Quintero, Chief Financial Officer
(Principal Financial and Accounting Officer)

**EXHIBIT 32.1**

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

In connection with the Quarterly Report of Marijuana Company of America, Inc. (the "Company") on Form 10-Q/A for the quarter ended September 30, 2019 as filed with the Securities and Exchange Commission (the "Report"), I, Jesus Quintero, Chief Executive Officer of Marijuana Company of America, Inc., certify, pursuant to 18 U.S.C. SS. 1350, as adopted pursuant to SS. 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

January 10, 2020

/S/ Jesus Quintero

Jesus Quintero
Chief Executive Officer
(Principal Executive Officer)

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

**EXHIBIT 32.2**

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

In connection with the Quarterly Report of Marijuana Company of America, Inc. (the "Company") on Form 10-Q/A for the quarter ended September 30, 2019 as filed with the Securities and Exchange Commission (the "Report"), I, Jesus Quintero, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. SS. 1350, as adopted pursuant to SS. 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

January 10, 2020

/S/ Jesus Quintero

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

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