

IN THE CIRCUIT COURT OF ADAMS COUNTY, MISSISSIPPI

**FERRCANN, INC., and
SADUJA, LLC**

Plaintiffs

vs.

Civil Action No. 24-KV-0006-D

**RAPID ANALYTICS, LLC
and JOHN DOES 1-5**

Defendant

ORDER ON DEFAULT JUDGMENT

The above captioned and numbered civil action came on for hearing on May 29, 2024, before the Court upon Plaintiff's Motion for Judgment of Default pursuant to Rule 55(b)(2) of the Mississippi Rules of Civil Procedure, and the Defendant, Rapid Analytics, LLC ("Rapid"), having been duly served on February 7, 2024, and it having failed to appear, plead or otherwise defend, and as a default having been duly entered by the Clerk of this Court, the Court is of the opinion that said motion is well taken and should be sustained.

This Court heard and considered the presentation of testimony from the Plaintiffs, and examined the following documents, which were offered and admitted into evidence:

1. Complaint;
2. Proof of Service on Rapid Analytics, LLC;
3. Clerk's Entry of Default;
4. Motion for Default Judgment;
5. Group Exhibit: Estimation of Damages as to Ferrcann, Inc.;
6. Group Exhibit: Estimation of Damages as to Saduja, LLC; and
7. Mississippi Medical Cannabis Program's 2/21/24 Notice of Intent to Revoke License No. TESL000301 Issued to Rapid Analytics, LLC

Based upon the Court's consideration of the above listed evidence, and the Defendant's failure to answer or otherwise plead to the Complaint filed herein, the Court does hereby **FIND**:

That Defendant Rapid is in default.

That Defendant is liable to Plaintiff under the theories of negligence, gross negligence, negligent hiring/retention/supervision, respondeat superior, and Res Ipsa Loquitor, wherein:

1. In and around December 21, 2023, the Mississippi Department of Health ("MDOH") issued a state-wide alert and required all cannabis operators, including cultivators, processors, and dispensaries, to quarantine all product that was tested by Rapid. The quarantine affected at least an eye-popping two-thirds (2/3) of the current available product on the market.
2. The MDOH and Mississippi Department of Revenue ceased the sale of the Rapid tested products to ensure the safety of the products to the public to validate results related to the use of pesticides and presence of mycotoxins that Rapid failed to account for in its testing. Rapid has been engaging in poor and faulty processes and procedures that have either unintentionally or intentionally caused lab results of products to be false or misleading related to pesticides, toxins, and bacteria.
3. All Plaintiffs were immediately forced to remove products from the stream of commerce and in their respective dispensaries. Plaintiffs have been unable to sell their products in both wholesale or retail capacity since December 21, 2023 and have lost revenue from their inability to sell these products due to Rapid's conduct
4. That the MDOH provided Rapid a Notice of Intent to Revoke Letter dated February 21,

2024 that sought to revoke Rapid's license and provided numerous violations of the applicable Mississippi code, rules and regulations when the Department of Health concluded its investigation from December 21, 2023 to February 9, 2024.

5. Plaintiffs' working capital has been frozen on products that have no value during the quarantine and Plaintiffs are unable to use funds they would have had but for the quarantine and Rapid's faulty testing practices.
6. Plaintiffs have also suffered reputation damages. The cannabis industry is new in Mississippi and has garnered its share of skeptics in both the medical and patient community. Rapid has caused damage to both the industry as a whole and the Plaintiffs who have had their products tested by Rapid and the Plaintiffs that are selling products tested by Rapid.
7. Plaintiff Saduja, LLC. ("Saduja") has also suffered loss of earning potential of ninety-five percent (95%) from its 5 million business valuation based on Saduja's inability to sell products after the administrative hold began to release. Saduja also suffered loss from its average \$5,347.00 per week in sales prior to the administrative hold after twenty (23) weeks since the hold began. Saduja is likely to incur additional loss in sales in the future as its products have still not been released as of the date of this Order. Testimony from Saduja's owner revealed Saduja may go out of business because of Rapid's conduct and the administrative hold.
8. Plaintiff Saduja was forced to incur additional investment, debt and loans as a result of the administrative hold and Rapid's conduct which further harmed overall company value. Plaintiff Saduja was also damaged by the loss in sales and value of its inventory

because of Rapid's conduct.

9. Plaintiff FerrCann's dispensary also suffered loss in sales, revenue, and opportunity to sell the product it was forced to remove from its stores and may never have an opportunity to sell the product to patients in the market.
10. The inability to sell the products is harmful to Plaintiffs daily—especially because the products have expiration dates that render the product unsellable or unattractive to cannabis patients after the products become stale, and the value of the products have decreased day to day wholesale prices. Moreover, Plaintiffs' resources are tied up in products that cannot be sold in either wholesale or retail capacities—forcing dispensary Plaintiffs to spend even more funds to purchase non-Rapid testing products they would otherwise not be required to purchase.

IT IS, THEREFORE, ORDERED AND JUDGMENT IN ENTERED AS FOLLOWS, that this Court entered judgment in favor of Ferrcann, Inc. and Saduja, LLC. and against Defendant Rapid Analytics, LLC in the following amounts:

1. **Saduja:**
 - a) Rapid be ordered to pay Saduja damages for lost sales in the amount of \$233,981.00;
 - b) Rapid be ordered to pay Saduja damages for lost inventory value of \$107,411.22;
 - c) Rapid be ordered to pay Saduja damages for additional investment, loans, and outstanding invoices from lost sales in the amount of \$464,213.30;
 - d) Rapid be ordered to pay Saduja damages for loss of company value, current

and future earning potential of \$4,163,790.32;

- e) Rapid be ordered to pay Saduja damages in the amount of \$500,000.00 for loss of reputation;
- f) Rapid be ordered to pay damages to Saduja in the amount of \$25,000.00 for investigation costs, court costs, and reasonable attorney's fees for its gross negligence; and
- g) Rapid be ordered to pay punitive damages to Saduja in the amount of \$250,000.00 for its gross negligence.

Therefore, the total monetary judgment in favor of Plaintiff, Saduja against Defendant, Rapid is **\$5,744,395.84**.

2. **FerrCann:**

- a) Rapid be ordered to pay FerrCann damages in the amount of \$25,000.00 for the loss of use of its inventory;
- b) Rapid be ordered to pay FerrCann damages in the amount of \$45,000.00 for loss of sales after the administrative hold;
- c) Rapid be ordered to pay FerrCann damages in the amount of \$250,000.00 for its loss of reputation;
- d) Rapid be ordered to pay FerrCann damages in the amount of \$25,000.00 for investigation costs, court costs, and reasonable attorney's fees for its gross negligence; and
- e) Rapid be ordered to pay FerrCann punitive damages in the amount of

\$250,000.00 for its gross negligence.

Therefore, the total monetary judgment in favor of Plaintiff, FerrCann against Defendant, Rapid is **\$595,000.00**.

The Court also awards Plaintiffs all prejudgment interest from the date of the Complaint filing and post judgment interest from the date of this judgment at a rate of 8% per annum.

SO ORDERED AND ADJUDGED, this the 30th day of May, 2024.


CIRCUIT COURT JUDGE

Prepared by:

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