

**BRETT O'NEIL**  
Office of the Commissioner of Securities & Insurance,  
Montana State Auditor  
840 Helena Avenue  
Helena, MT 59601  
(406) 444-2040

Attorney for the CSI

**BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE  
MONTANA STATE AUDITOR**

IN THE MATTER OF: ) Case No.: SEC-2014-228  
KANNAWAY, LLC. ) **CONSENT AGREEMENT AND**  
Respondent. ) **FINAL ORDER**  
\_\_\_\_\_ )

This Consent Agreement (Agreement) and Final Order (Order) is entered into by the Office of the Commissioner of Securities and Insurance, Montana State Auditor (CSI), acting pursuant to the authority of the Securities Act of Montana, Mont. Code Ann. § 30-10-101 et seq (Act), and Kannaway, LLC, a multilevel distribution company with a principal place of business in Poway, California (Respondent).

**RECITALS**

WHEREAS, Respondent has done business in Montana since February 2014 as a multilevel distribution company (MDC);

WHEREAS Respondent applied in May 2014 to the CSI to be registered as an MDC;

WHEREAS, Respondent violated Mont. Code Ann. § 30-10-216 by conducting MDC activities without proper registration;

WHEREAS, the CSI and Respondent agree that the best interests of the public would be served by entering into this Agreement;

NOW, THEREFORE, in consideration of the mutual undertakings contained in this Agreement, the CSI and Respondent hereby agree to settle this matter pursuant to the following terms and conditions:

**STIPULATIONS AND CONSENTS**

1. Respondent admits to the Recitals, and stipulates and agrees to the following:

A. Within ten business days from the execution of this Agreement, Respondent shall pay an administrative penalty to the State of Montana in the amount of five thousand dollars (\$5,000.00). The fine must be made payable to the State of Montana and sent to:

Montana State Auditor  
c/o Brett O'Neil  
840 Helena Avenue  
Helena, MT 59601

B. Respondent agrees to comply with the registration requirements of § 30-10-216.

C. With respect to the Recitals, Respondent specifically and affirmatively waives a contested case hearing and its right to appeal under the Montana Administrative Procedures Act, including Title 2, chapter 4, part 7, and elects to resolve this matter on the terms and conditions set forth therein;

D. Respondent fully and forever releases and discharges the CSI from any and all actions, claims, causes of action, demands, or expenses for damages or injuries, whether asserted or not asserted, known or unknown, foreseen or unforeseen, arising out of the

Recitals or this Agreement; and

E. Respondent's authorized representative acknowledges that he/she has read and understands each term of this Agreement and that this Agreement is entered into voluntarily and without reservation.

2. Both parties to this Agreement stipulate and agree as follows:

A. The CSI has jurisdiction over the subject matter of this Agreement;

B. This Agreement is entered without adjudication of any issue, law or fact. It is entered solely for the purpose of resolving the CSI's investigation and allegations, and is not intended to be used for any other purpose;

C. The CSI warrants and represents that so long as Respondent complies with the terms of this Agreement, the CSI will not bring any further action against Respondent arising from facts known to the CSI as of the date of the Agreement relating to the Recitals.

D. The applicable statute of limitation, Mont. Code Ann. § 30-10-305, is tolled for two years from the date of execution of this Agreement with regard to the allegations set forth above. In the event Respondent violates the terms of this Agreement at any time during the two-year tolling period, the CSI reserves the right to seek any additional administrative penalties or further regulatory action;

E. This Agreement constitutes the entire agreement between the parties and no other promises or agreements, either express or implied, have been made by the CSI or by any member, officer, agent, or representative of the CSI to induce Respondent to enter into this Agreement;

F. This Agreement may not be modified orally, and any subsequent modifications to this Agreement must be mutually agreed upon in writing to be effective;

G. This Agreement shall be incorporated into and made part of the attached Final Order issued by the Commissioner of Securities and Insurance, Montana State Auditor (Commissioner), herein;

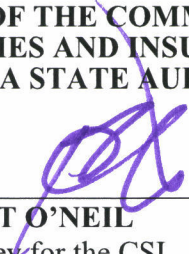
H. Upon the signing of the Final Order by the Commissioner, this Agreement and Final Order will be an order of the CSI. The CSI has jurisdiction over the enforcement of the Final Order, and failure to comply with it may constitute separate violations of the Act, as provided in Mont. Code Ann. § 30-10-305, and may result in subsequent legal action by the CSI;

I. This Agreement shall be effective upon signing of the Final Order;  
and

J. This Agreement and Final Order are public records under Montana law and as such may not be sealed or otherwise withheld from the public.

DATED this 7 day of October, 2014.

**OFFICE OF THE COMMISSIONER OF  
SECURITIES AND INSURANCE  
MONTANA STATE AUDITOR**

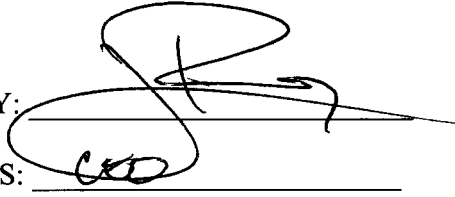
BY:   
**BRETT O'NEIL**  
Attorney for the CSI

DATED this 26 day of SEPTEMBER 2014.

**KANNAWAY, LLC**

BY:

ITS:

Handwritten signature and initials. The signature is a large, stylized cursive mark. Below it, the initials 'CD' are written in a smaller, simpler font. Both are positioned above a horizontal line.

**FINAL ORDER**

Pursuant to the authority vested by Mont. Code Ann. §§ 2-4-603 and 30-10-101 et seq,  
and upon review of the foregoing Consent Agreement and good cause appearing,

IT IS HEREBY ORDERED that the foregoing Consent Agreement between the Office of  
the Commissioner of Securities and Insurance, Montana State Auditor, and Respondent  
Kannaway, LLC is adopted as set forth fully herein.

DATED this 7<sup>th</sup> day of October, 2014.

**MONICA J. LINDEEN**  
Commissioner of Securities and Insurance,  
Montana State Auditor

By:   
**LYNNE EGAN**  
Deputy Securities Commissioner

cc: