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[Imaging3](#) said yesterday that it inked a reverse merger deal through which the company will be acquired by a privately held, but unnamed, Los Angeles-based cannabis company.

Burbank, Calif.-based Imaging3 said that its buyer holds licenses to manufacture and distribute cannabis products in California, and plans to open an ethanol-based extraction laboratory at its facilities.

Through the deal, the unnamed buyer will own 80% of the outstanding common shares of the company while current shareholder will own 20% of the outstanding shares.

As part of the deal, the buyer will be required to obtain a “commitment for a bridge loan” of not less than approximately \$1.3 million, to be funded upon the closure of the deal, as well as an equity infusion of \$10 million subsequent to the closing of the acquisition.

The buyer will gain rights to the company’s intellectual property, including its Dominion imaging technology, which will be assigned and transferred to a new, private closely-held company that will be owned by the post-acquisition Imaging3, according to a press release.

“We have continued our progress towards our targeted closure of approximately \$3M of funding for our Dominion development program which we anticipate to close in the near future. A critical step in this process is the resolution of certain outstanding obligations owed by the company. We believe that the proposed acquisition announced today will help us to more easily resolve these obligations, thereby allowing the Dominion to devote a substantially larger percentage of the anticipated \$3M funding to future endeavors as opposed to existing obligations. Conducting the Dominion enterprise in a new private entity will also eliminate the not insignificant costs of being a public entity,” CEO John Hollister said in a prepared statement. “As many of us observe on a daily basis, the healthcare benefits and investment opportunities in CBD and other cannabis-derived products has been the focus of significant attention to investors of every genre. We believe that the acquirer has wisely positioned itself to be a responsible leader in this emerging field, focusing on regulatory compliance and product quality as the drivers behind a well-planned rollup and integration of multiple facets of the cannabis business. The acquisition of our fully-reporting

and SEC current public company improves their access to the public equity markets and should facilitate their ability to rapidly attract either debt or equity financing and maximize value appreciation and liquidity for their investors and the current IGNG public shareholder. For the above reasons, IGNG’s officers and directors sincerely believe that the acquisition is in the best interest of all parties: Imaging3’s current shareholders, the myriad financial and health care beneficiaries of the roll out of our breakthrough Dominion imaging technology, and the acquirer.”

“The company’s management and board have diligently prepared for completion of our planned financing of the Dominion enterprise, and the execution of our vision for an important new value proposition addressing many under-served markets for 3D X-ray imaging technology. The explosion of investor interest in the cannabis space presented us with an unusual opportunity to leverage the asset of our fully-reporting, SEC current public company structure through the serendipitous confluence of these events which we believe strengthen our likelihood to achieve our vision for the Dominion technology, while at the same offering our current IGNG shareholders a valuable opportunity for rapid appreciation of their investment in the post-Acquisition cannabis-focused company,” company chair Jeffrey Peterson [said](#) in a press release.

The post [LA cannabis outfit inks reverse merger with Imaging3](#) appeared first on [MassDevice](#).