

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made by and between Nick Diaz ("Diaz") and the Nevada State Athletic Commission (the "Commission") (both of whom will hereinafter be referred to as the "Parties"), and is effective only as of the date this Agreement is approved by a majority of the members of the Commission at a public meeting ("the Effective Date").

WHEREAS, the Commission is vested with the sole discretion, management, control and jurisdiction over contests, unarmed combatants, exhibitions and licensees of unarmed combat, which includes mixed martial arts;

WHEREAS, the Commission disciplined Diaz in 2007 and again in 2012 for Marijuana doping violations;

WHEREAS, the Commission at all relevant times, in addition to prohibiting the use of any alcohol, stimulant or any drug or injection that has not been approved by the Commission (NAC 467.850), has adopted and utilized the Prohibited List published by the World Anti-Doping Agency (WADA) to provide notice to unarmed combatants and licensees of those drugs, injections and stimulants that are not approved by the Commission. All Cannabinoids, including Marijuana, are listed on the Prohibited List and prohibited in-competition, and Diaz's urine specimens were provided during the in-competition period;

WHEREAS, the Executive Director issued a Complaint for Disciplinary Action against Diaz on or about February 6, 2015 (the "Complaint") arising out of a urinalysis provided by Diaz following his January 31, 2015 Contest (the "Contest"), against Anderson Silva, which reflected a positive / abnormal result due to the presence of Marijuana Metabolites (the "Disciplinary Action");

WHEREAS, although Diaz provided two other urinalysis tests on January 31, 2015 that did not test positive for Marijuana Metabolites or other substances on the Prohibited List, Diaz did not request that his "B" urine sample from the positive urinalysis be tested despite being specifically advised of his right to test the "B" sample which could have been done if he believed the results of the "A" specimen were false;

WHEREAS, Diaz submitted an Amended Answer to the Complaint at the time of the hearing on September 14, 2015 wherein Diaz changed his answer from a denial to an admission that he provided false or inaccurate information on his Pre-Fight Medical Questionnaire;

WHEREAS, the Commission conducted a hearing on the Complaint on September 14, 2015 at which Diaz personally appeared and was represented by legal counsel. During the course of the hearing Diaz wrongly invoked the Fifth Amendment in response to relevant questions posed by members of the Commission. At the conclusion of the hearing, the Commission determined that the allegations in the Complaint had been proven, specifically that Diaz had consumed Cannabinoids during the period defined as in-competition, and that Diaz provided false or misleading

information on his Pre-Fight Medical Questionnaire, and by a 4-0 decision: (i) suspended Diaz's license for five years from the date of his Contest, (ii) ordered Diaz to pay a fine of \$166,462.88 which reflects one-third of his \$500,000 purse for the Contest, plus costs and attorney's fees, and (iii) ordered Diaz to provide negative urine test results to the Commission 30, 15, and 3 days prior to the date of his next contest in Nevada;

WHEREAS, the Commission issued its Findings of Fact, Conclusions of Law, and Order based upon the September 14, 2015 hearing, and Diaz filed his Motion for Reconsideration wherein he recognizes and agrees that it was error to assert the Fifth Amendment and not to answer the Commission's relevant questions posed during the hearing and providing additional evidence for the purposes of granting reconsideration that Diaz did not use Marijuana in-competition;

WHEREAS, in light of the foregoing and in an effort to serve the Commission's primary mission of protecting the health and welfare of unarmed combatants, as well as the industry of unarmed combat as a whole, in Nevada, and in the interest of judicial and administrative economy, the Parties wish to resolve the Complaint and Disciplinary Action and potential litigation on the terms set forth herein;

NOW THEREFORE, in consideration of the mutual covenants, agreements and conditions herein stated, together with other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. TERMS OF AGREEMENT

The Parties hereby agree to the following terms and agree to perform any and all necessary acts, including signing necessary documents, to implement the following Agreement:

1.1 The Findings of Fact, Conclusions of Law, and Order shall be stricken in their entirety and, subject to Section 1.8 below, shall be of no further legal force and effect;

1.2 Diaz agrees to an 18-month suspension from the date of the Contest, which suspension shall be lifted on August 1, 2016 subject to Term 1.3 of this Agreement;

1.3 Diaz agrees to pay a fine in the amount of \$100,000 to the State of Nevada either before the date of his next contest in the State of Nevada or by December 1, 2016, whichever occurs first. Diaz acknowledges that he shall remain suspended until the fine is paid in full, or he submits an approved, written payment plan to the Commission;

1.4 Diaz agrees to pay for and provide the Commission with negative urine test results, pursuant to the Commission guidelines as outlined in NAC 467.850, for all prohibited substances, both in-competition and out-of-competition, 30, 15, and 3 days

before his next contest in Nevada and that he will file his application for an unarmed combatant's license at least 30 days before his next contest in Nevada if he chooses to fight in Nevada again. If, for whatever reason, Diaz does not seek a future unarmed combatant's license in the State of Nevada, then his failure to provide a negative urine test to the Commission pursuant to this Section shall not be deemed a breach of this Agreement so long as he has fulfilled the obligations set forth in the above Sections 1.2 and 1.3;

1.5 Each party shall bear its own attorney's fees and costs;

1.6 Except with respect to the obligations created by or arising out of this Agreement, each party (the "Releasing Party") does hereby for itself and its officers, directors, members, employees, investors, shareholders, administrators, attorneys, divisions, parents, affiliates, subsidiaries, assignees, independent contractors, predecessor and successor corporations, and assigns, fully and forever release and absolutely discharge the other party (the "Released Party") and each of its officers, directors, members, employees, investors, shareholders, administrators, attorneys, affiliates, divisions, parents, affiliates, subsidiaries, predecessor and successor corporations, and assigns, from liability, and agree not to sue or otherwise complain concerning, any claim, demand, duty, debt, liability, account, reckoning, obligation, violation, cost, expense, lien, attorneys' fee, action or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that any of them may possess arising from the facts and circumstances of the Complaint or Disciplinary Action and/or the threatened litigation, that have occurred up until and including the Effective Date of this Agreement including, without limitation, any and all claims which were or might have been the subject matter of the Complaint or Disciplinary Action and/or the threatened litigation;

1.7 In the event this Agreement is not approved by the Commission, (i) it shall be deemed withdrawn without prejudice to any claims, positions or contentions which may have been made by any party, (ii) the Parties will go back to the position they were in prior to this Agreement, and (iii) no part of this Agreement shall be admissible in evidence;

1.8 Upon Diaz's breach by failure to perform the obligations set forth in Sections 1.2 or 1.3 of this Agreement, this Agreement shall be considered null and void. If this Agreement is null and void, the Findings of Fact, Conclusions of Law, and Order shall be reinstated, Diaz will be liable for the full amount originally assessed by the Commission, and the Commission shall be authorized to pursue any and all available remedies;

1.9 In the event that Diaz fails to satisfy the obligations of Section 1.4 above, by failing to provide the Commission with negative urine test results for prohibited substances upon his next application for an unarmed combatant's license in the State of Nevada, the Commission may deny Diaz's application pursuant to NAC 467.082 and Diaz may be subject to any applicable provisions of NRS and / or NAC Chapter 467; and

1.10 This Agreement is a full and complete resolution of all issues arising from the Complaint and Disciplinary Action, and upon approval of the Agreement by the Commission, and compliance with the terms stated herein, the contested case arising from the Complaint and Disciplinary Action shall be considered closed and final.

1.11 The Parties agree to waive any and all appellate rights pertaining to the underlying Complaint and Disciplinary Action, including the right to a judicial review as set forth in NRS 233B.130. The Parties understand that they may not bring any type of action regarding the Complaint and Disciplinary Action other than any proceeding which would be necessary to enforce this Agreement.

2. NO ADMISSION OF LIABILITY

Nothing contained in this Agreement, nor the consideration provided for herein, shall be construed as an admission of any liability by any of the Parties or by any other person.

3. ENTIRE AGREEMENT

This Agreement represents the entire understanding of the parties. All prior or contemporaneous understandings or agreements between the Parties as they relate to the Complaint and Disciplinary Action are merged into this Agreement, and it expresses the agreement of the Parties. The Commission's approval of this Agreement does not constitute approval of or a precedent regarding approval of any principle or issue for any other purpose or for any other party except those involved in the specific Agreement. This Agreement does not imply any Commission policy with respect to this or any disciplinary actions and shall not constitute a precedent for any other issues or proceedings concerning this or any other licensee, and shall not be admissible in any other proceeding with respect to any other matter, except proceedings brought to enforce this Agreement under its terms. This Agreement may be modified only in writing, signed by all the Parties hereto, or all the Parties affected by any such modification, and no term or provision may be waived except by such writing. The Parties have been represented by counsel in connection with the preparation of this Agreement.

4. APPLICABLE LAW

This Agreement was drafted through the joint efforts of the Parties through counsel, and shall not be read for or interpreted against any party of this Agreement. This Agreement is intended to be enforced according to its written terms under the laws of the State of Nevada, and in the state courts of Nevada.

5. BENEFIT

This Agreement shall be binding upon and inure to the benefit of the Parties, and each of them, their successors, assigns, personal representatives, agents, employees, directors, members, officers and servants.

6. COUNTERPARTS

This Agreement may be executed in any number of counterparts and each counterpart executed by any of the undersigned together with all other counterparts so executed shall constitute a single instrument and agreement of the undersigned. Electronically transmitted copies hereof and electronically transmitted signatures hereon shall have the same force and effect as originals.

7. MUTUAL WARRANTIES

Each party to this Agreement warrants and represents to the other that they have not assigned or transferred to any person not a party hereto any claim or other released matter, or any part or portion thereof, and that each party has the authority to sign this Agreement, and each individual executing this Agreement on behalf of any entity or person specifically warrants that he or she has the authority to sign this Agreement. The Parties further represent and agree that they have not relied upon any representations by any other party or their respective directors, members, agents, employees, representatives, or attorneys, concerning the terms or effects of this Agreement other than those expressly contained in this Agreement.

8. NOTICE

All notices or demands of any kind that any party is required to or desires to give in connection with this Agreement shall be in writing and shall be deemed to be delivered if sent by emails or by facsimile and by depositing the notice or demand in the United States mail, postage paid, and addressed to the other parties as follows:

A. If to Diaz:

Hunter Campbell, Esq.
700 South Seventh Street
Las Vegas, Nevada 89101
Facsimile: 702- 382-0540
Email: whc@campbellandwilliams.com

B. If to the Commission:

Caroline Bateman
Deputy Attorney General
555 East Washington Avenue, Suite 3900
Las Vegas, Nevada 89101
Facsimile: 702-486-0621
Email: cbateman@ag.nv.gov

9. HEADINGS AND RECITALS

The headings of the paragraphs of this Agreement are for convenience only and shall not affect the construction or interpretation of any of its provisions.

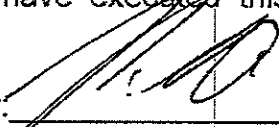
10. VOLUNTARY EXECUTION OF AGREEMENT

This Agreement is executed knowingly, voluntarily and without any duress or undue influence on the part or behalf of the Parties hereto, with the full intent of releasing all claims in accordance with Paragraph 1.6 above. The Parties acknowledge that:

- A. They have read this Agreement or had it read to them in their chosen language;
- B. They have been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of their own choice;
- C. They understand the terms and consequences of this Agreement and of the releases it contains; and
- D. They are fully aware of the legal and binding effect of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below:

DATED: 1/11/16

By: 

NICK DIAZ

DATED: _____


NEVADA STATE ATHLETIC
COMMISSION, DEPARTMENT OF
BUSINESS AND INDUSTRY, STATE OF
NEVADA

By: _____
ANTHONY A. MARNELL III
CHAIRMAN

Approved as to form and content:

ADAM PAUL LAXALT
Attorney General

CAMPBELL & WILLIAMS

By: 

HUNTER CAMPBELL, ESQ.
700 South Seventh Street
Las Vegas, Nevada 89101
Attorneys for Nick Diaz

By: _____
CAROLINE BATEMAN
Deputy Attorney General
555 East Washington Avenue,
Suite 3900
Las Vegas, Nevada 89101
Attorneys for Commission