

**THE QUEEN'S BENCH
Winnipeg Centre**

BETWEEN:

THE ATTORNEY GENERAL OF MANITOBA

plaintiff

- and -

**INDIGENOUS BLOOM LONG PLAIN GP LTD.,
LONG PLAIN FIRST NATION, and
INDIGENOUS BLOOM CGT CORP.**

defendants

FILED JUL 02 2021

STATEMENT OF CLAIM

MANITOBA JUSTICE
Legal Services Branch

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TO THE DEFENDANTS

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the plaintiff. The claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or a Manitoba lawyer acting for you must prepare a statement of defence in Form 18A prescribed by the *Queen's Bench Rules*, serve it on the plaintiff's lawyer or, where the plaintiff does not have a lawyer, serve it on the plaintiff, and file it in this court office, WITHIN 20 DAYS after this statement of claim is served on you, if you are served in Manitoba.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your statement of defence is 40 days. If you are served outside Canada and the United States of America, the period is 60 days.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU.

K. SANDISON
DEPUTY REGISTRAR
COURT OF QUEEN'S BENCH
FOR MANITOBA

July 2, 2021

Issued by _____
Deputy Registrar

TO: **Indigenous Bloom Long Plain GP Ltd.**

Per: Boudreau Law, registered office address
100 – 1619 Pembina Highway
Winnipeg, MB R3T 3Y6

And per: Dennis Meeches, Director and/or Stephen Prince, Director
Box 430
Portage la Prairie MB, R1N 3B7

AND TO: **Long Plain First Nation**
111 Yellowquill Trail East
Long Plain Reserve No. 6
Box 430
Portage la Prairie MB, R1N 3B7

AND TO: **Indigenous Bloom CGT Corp.**
2220 Horizon Drive East
Kelowna, BC V1Z 3L4

CLAIM

1. The Plaintiff seeks:
 - a. A permanent injunction prohibiting the Defendants, whether on their own, or jointly, or jointly with anyone else, and whether directly or indirectly, from doing any or all of the following:
 - i. Establishing and operating, or permitting the establishment or operation of, a cannabis store without a valid and subsisting cannabis store agreement with Manitoba Liquor and Lotteries Corporation.
 - ii. Doing, or purporting to allow anyone else to do, any of the following without being authorized to do so pursuant to a retail cannabis store licence issued under *The Liquor, Gaming and Cannabis Control Act*:
 1. Establishing and operating a cannabis store.
 2. Selling cannabis on a retail basis.
 - iii. Selling, or purporting to allow anyone else to sell, cannabis or any class of cannabis that:
 1. Has not been purchased from Manitoba Liquor and Lotteries Corporation.
 2. Is not authorized for sale under the *Cannabis Act* (Canada).
 3. Is not packaged, labelled and stamped in accordance with federal requirements.
 - iv. Possessing, or purporting to allow anyone else to possess, cannabis in Manitoba for the purpose of sale, without being licensed to do so under *The Liquor, Gaming and Cannabis Control Act*

- v. Facilitating, encouraging, assisting or otherwise causing anyone else who is not licensed under *The Liquor, Gaming and Cannabis Control Act* to engage in the selling of cannabis.
 - vi. Advertising, publishing or promoting sales of cannabis, or making communications about the availability of cannabis for sale, without having been issued a retail cannabis store licence under *The Liquor, Gaming and Cannabis Control Act*.
- b. A permanent injunction prohibiting the Defendants, whether on their own, or jointly, or jointly with anyone else, from using or causing to be used the premises at 79 Keeshkeemaquah Drive on the Long Plain First Nation (the "Indigenous Bloom Store"), which is adjacent to the City of Portage la Prairie, for any or all of the purposes identified above in subparagraph 1.a.
 - c. An Order requiring the Defendants, whether individually, jointly, or jointly with anyone else, to remove or cause to be removed any and all existing advertisements, publications or promotions of cannabis sales, wherever located, including for greater certainty on any website or social media webpage, and to refrain from making communications about the availability of cannabis that is not authorized for sale under *The Liquor, Gaming and Cannabis Control Act*.
 - d. An Order making the prohibitions and requirements identified above in paragraphs 1.a, 1.b. and 1.c. apply equally to anyone who is directly or indirectly employed or engaged or otherwise assisting the Defendants.
 - e. An Order requiring a copy of this Court's Order to be posted on all entrances and exits of the Indigenous Bloom Store, and to be kept openly visible at all times, and requiring that it not be removed, obscured, defaced or otherwise interfered with.
 - f. A permanent injunction prohibiting all persons receiving notice of this Court's Order from purchasing at the Indigenous Bloom Store any cannabis that is not authorized for sale in Manitoba in accordance with *The Liquor, Gaming and Cannabis Control Act*.

- g. An interlocutory or interim injunction, pending the outcome of the action for the permanent injunction, similar in effect to what is sought in paragraphs 1.a. through 1.f. above.
- h. Costs.
- i. Such further and other relief as counsel may advise and this Court may allow.

Jurisdiction and Parties

2. This proceeding is brought under the authority of *The Court of Queen's Bench Act*, section 55, and this Court's inherent jurisdiction as the superior court in the Province of Manitoba.
3. The Plaintiff is the Attorney General of Manitoba, who brings this action in accordance with his unique role as the guardian of the public interest, and for the preservation of the integrity of the rule of law in the province of Manitoba.
4. The Defendant Indigenous Bloom Long Plain GP Ltd. is a body corporate incorporated in Manitoba under *The Corporations Act* of Manitoba. It operates the retail business operation of selling non-medical cannabis that is the subject of this proceeding. 51% of its shares are owned by the Defendant Long Plain First Nation. 49% of its shares are owned by the Defendant Indigenous Bloom CGT Corp.
5. The Defendant Long Plain First Nation is an Ojibway First Nation and is a Band within the meaning of the *Indian Act* of Canada. It owns or possesses or has the use and benefit of the premises that are identified in this pleading as the Indigenous Bloom Store, and is facilitating and allowing the retail sale of cannabis that is occurring there.
6. The Defendant Indigenous Bloom Long Plain CGT Corp. is a body corporate incorporated under the *Canada Business Corporations Act* of Canada. It produces and supplies the cannabis that is being sold at the Indigenous Bloom Store. It is served in British Columbia without leave, pursuant to Queen's Bench Rule 17.02(i)

(injunction ordering a party to do, or refrain from doing, anything in Manitoba), and (m) (carrying on business in Manitoba).

The Legislative and Regulatory Regime for Cannabis

7. As a result of the enactment by the federal Parliament of the *Cannabis Act*, and the making by Manitoba's Legislature of amendments to *The Manitoba Liquor and Lotteries Corporation Act* and *The Liquor, Gaming and Cannabis Control Act*, the sale and use of cannabis for non-medical purposes has been legal in Manitoba, effective October 17, 2018.
8. The development of the legalized market for the sale and use of cannabis has been carefully licensed and regulated within these and other legislative instruments to protect public health and public safety:
 - a. The health of young persons is protected by restricting their access to cannabis
 - b. Young persons and others are protected from inducements to use cannabis.
 - c. Measures are in place to provide for the legal production of cannabis, while reducing illicit activities in relation to cannabis.
 - d. Illicit activities in relation to cannabis are deterred through appropriate sanctions and enforcement measures.
 - e. Access to a quality-controlled supply of cannabis is established.
 - f. Awareness of the public health risks associated with the use of cannabis is enhanced.
9. Overall, four principles guide the regulatory framework: social responsibility, education and treatment, protecting youth, and preventing illicit sales by organized crime. The purpose of *The Liquor, Gaming and Cannabis Control Act* is to ensure that cannabis is purchased, distributed and sold in a manner that is in the public interest. The overriding priority of the provincial cannabis regime is to protect public

health and safety, especially protecting children and youth and preventing illegal cannabis sales.

10. Together, federal and provincial legislation establishes a comprehensive “seed to sale” approach to the regulation of non-medical cannabis. Legal cannabis must be produced by federally-licensed producers at all stages.
11. Provincial legislation maintains the integrity of the supply chain because legally produced cannabis can only be sold in Manitoba by a person who first enters into a cannabis store retailer agreement with Manitoba Liquor and Lotteries Corporation (“MBLL”) and obtains a retail cannabis license issued by the Liquor Gaming and Cannabis Authority (“LGCA”) under *The Liquor, Gaming and Cannabis Control Act*. A separate retail cannabis licence is required for each location where a person operates a store.
12. In addition, all cannabis sold at a retail store must have been purchased from MBLL by the holder of the retail cannabis licence. This regime is intended to safeguard and give Manitobans confidence in the legal cannabis product they buy and use.
13. In addition, retailers who operate within the regulated regime are required to actively support, develop and contribute to social responsibility initiatives in relation to the sale and consumption of cannabis, in accordance with provincial legislation and retail cannabis store agreements.

Indigenous Bloom Store and Retail Sales of Cannabis

14. The Defendant Indigenous Bloom Long Plain GP Ltd. is the operator of a retail store branded as “Indigenous Bloom” and located at 79 Keeshkeemaquah Drive on the Long Plain First Nation, which is a reserve adjacent to the City of Portage la Prairie.
15. The Defendant Indigenous Bloom Long Plain GP Ltd., whether directly through its directors, officers, managers, employees, agents, contractors or partners, or jointly therewith, or jointly with the other Defendants, is selling cannabis from the Indigenous Bloom Store.

16. The Defendant Indigenous Bloom Long Plain GP Ltd. is not authorized under Manitoba law to operate a retail cannabis store at the Indigenous Bloom Store. Nor is anyone else. Notably:
- a. There is no valid and subsisting cannabis store agreement in relation to these premises with MBLL. Such an agreement is a statutory pre-requisite to qualifying for a retail cannabis licence under *The Liquor, Gaming and Cannabis Control Act*.
 - b. There is no retail cannabis store licence issued by the LGCA under *The Liquor, Gaming and Cannabis Control Act* in relation to these premises.
 - c. The Defendant Indigenous Bloom Long Plain GP Ltd. is selling cannabis that has not been purchased from MBLL as required by *The Liquor, Gaming and Cannabis Control Act*, nor authorized for sale under the *Cannabis Act (Canada)*.
17. The absence of any cannabis store agreement with MBLL, and the absence of any retail cannabis store licence, means that all sales of cannabis which are occurring at the Indigenous Bloom Store are contrary to the laws of Manitoba and Canada, notably:
- a. *The Manitoba Liquor and Lotteries Corporation Act*.
 - b. *The Liquor, Gaming and Cannabis Control Act*.
 - c. *The Cannabis Act (Canada)*.
18. Therefore, these premises are being operated in a manner that is circumventing and disregarding, and entirely contrary to, the prevailing legislative and regulatory regime in Manitoba for the retail sale of cannabis.

Prior Licensed Operation at the Same Location

19. From October 17, 2018 until July 10, 2020, the site of the current Indigenous Bloom Store had been operated as a retail cannabis store in a manner that complied with the laws of Manitoba and Canada. Notably:
 - a. A valid and then-subsisting cannabis store agreement with MBLL had been entered into in relation to these premises by NAC Arrowhead Limited Partnership, by its General Partner NAC Arrowhead GP Ltd.
 - b. A retail cannabis store licence had been issued in relation to these premises by the LGCA under *The Liquor, Gaming and Cannabis Control Act*.
 - c. Cannabis sold at that location had been purchased from MBLL and was authorized for sale under the *Cannabis Act* (Canada).
20. One of the limited partners in NAC Arrowhead Limited Partnership was Arrowhead Development Corporation, the economic development corporation which is wholly owned by the Defendant Long Plain First Nation. Arrowhead Development Corporation was also a 51% shareholder of the General Partner, NAC Arrowhead GP Ltd.
21. Throughout that time, the premises had been branded as "Meta Cannabis Supply Co." and were being operated under a cannabis store retailer agreement, initially with the Government of Manitoba and subsequently with MBLL, by which the retailer had expressly undertaken and reaffirmed its duty to comply with all federal, provincial and municipal laws, regulations and by-laws. The retailer had also undertaken to sell only cannabis purchased from MBLL.
22. On March 21, 2020, a representative of the operator of that store gave notice that the premises would cease being operated as a retail cannabis store. Accordingly, by letter dated May 11, 2020, MBLL gave notice that the cannabis store agreement would be terminated, effective July 10, 2020.
23. Further, the LGCA cancelled the retail cannabis store licence, effective July 10, 2020.

Other Licensed Operation at 420 Madison Street

24. Throughout this time, and until June 2021, another cannabis store had been operating within the legal regime on Long Plain reserve lands within the City of Winnipeg at 420 Madison Street (the "Madison Store"). Long Plain First Nation held a majority interest in that operation.
25. The Madison Store was being operated under a cannabis store retailer agreement, initially with the Government of Manitoba and subsequently with MBLL, and pursuant to a cannabis retail licence issued by LGCA to NAC Long Plain Limited Partnership. Similar to the agreement with the licensed store at 79 Keeshkeemaquah Drive, the operator of the Madison Store had undertaken to sell only cannabis purchased from MBLL, and had expressly undertaken and reaffirmed its duty to comply with all federal, provincial and municipal laws, regulations and by-laws.

Unlicensed Cannabis Sales

26. In April 2021, the Defendant Indigenous Bloom Long Plain GP Ltd. began operating the Indigenous Bloom Store and engaged in the unlicensed retail sale of cannabis, in a manner contrary to the laws of Manitoba and Canada.
27. The cannabis that is being sold in the Indigenous Bloom Store is not produced in accordance with the regulatory regime in the *Cannabis Act* (Canada), which regulates all aspects of production stages (i.e. from "seed to sale"). Rather, the cannabis that is being sold is packaged under the Indigenous Bloom label. This product is not authorized under the *Cannabis Act* (Canada), and is therefore illicit.
28. Further, the cannabis is not being sold in accordance with the provisions of *The Liquor Gaming and Cannabis Control Act*, which requires that all cannabis sold at retail in Manitoba must be obtained by a licensed seller from MBLL.
29. Indigenous Bloom is a brand name that is being used to operate similarly unregulated stores elsewhere in Canadian provinces, most notably in British Columbia.

30. The Defendants are aware that the Indigenous Bloom Store is being operated and selling cannabis at retail in a manner that is circumventing and disregarding the prevailing legislative and regulatory regime in Manitoba for the retail sale of cannabis, pursuant to *The Liquor, Gaming and Cannabis Control Act*. The Defendants have been reminded of and repeatedly offered the opportunity to participate in the legal market for the sale of cannabis in Manitoba. The Defendant Long Plain First Nation has advised the LGCA that it intends to allow retail sales of cannabis at the Indigenous Bloom Store to continue, without a cannabis store agreement with MBLL, and without a retail cannabis store licence under *The Liquor, Gaming and Cannabis Control Act*.
31. MBLL received notice from LGCA that cannabis was being obtained from an unlicensed producer and then being sold at retail at the Indigenous Bloom Store, without a provincial retail cannabis licence. Moreover, LGCA and MBLL received direct confirmation from the Defendant Long Plain First Nation that it has purported to authorize the purchase and sale of cannabis at the store contrary to provincial law.
32. On May 6, 2021, MBLL advised the NAC Long Plain Limited Partnership and the Defendant Long Plain First Nation (which is a majority shareholder of the Indigenous Bloom Store and the Madison Store) that unless the unlawful sale of cannabis at the Indigenous Bloom Store ceased, MBLL would suspend the cannabis store retailer agreement with NAC Long Plain Limited Partnership for the Madison Store.
33. The illegal activity did not cease and the Indigenous Bloom Store continued to operate outside of the legal cannabis regime. As a result of the actions of Long Plain First Nation continuing to sanction and participate in the purchase and sale of cannabis from an unlicensed producer at an unlicensed location, MBLL suspended the cannabis store retailer agreement with NAC Long Plain Limited Partnership for the operation of the Madison Store in Winnipeg on May 19, 2021. In turn, on the same date, the LGCA suspended the retail cannabis licence held by NAC Long Plain Limited Partnership until such time as the retailer agreement was reinstated.
34. Despite this, the Defendant Long Plain First Nation continued its involvement in the unlicensed sale of cannabis at the Indigenous Bloom Store. Consequently, on June

3, 2021, MBLL terminated the cannabis store retailer agreement with NAC Long Plain Limited Partnership and on the same date, LGCA cancelled the retail cannabis licence for the Madison Store.

35. Notwithstanding that the Defendants are aware that the legal framework remains available to them, and undeterred by the regulatory consequences of facilitating the illicit sale of cannabis, including the loss of the Madison Store, the Defendants are continuously flouting the law by persisting in operating the Indigenous Bloom Store in complete disregard for, and entirely contrary to, the laws of general application in the province.
36. The Attorney General of Manitoba accordingly seeks the assistance of this Honourable Court, in granting an injunction as identified in paragraph 1 for the purpose of enforcing the rule of law and re-establishing lawfulness as it relates to the retail sale of cannabis in this province.

July 2, 2021

Manitoba Justice
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