

**HEARING BEFORE A PANEL
OF THE BOARD OF
ALBERTA GAMING, LIQUOR AND CANNABIS COMMISSION**

**IN THE MATTER OF the *Gaming, Liquor and Cannabis Act*
Revised Statutes of Alberta 2000, Chapter G-1, as amended
and the Regulation**

and

**R&D Operatives Inc. (Applicant)
415 2 Avenue South
Lethbridge, AB T1J 0C2**

DATE OF HEARING:	October 9, 2025
HEARING PANEL:	Tongjie Zhang, Presiding Member Serena Donovan, Panel Member
APPLICANT / REPRESENTATIVE:	Ganesh Joseph Naidoo, Director/Shareholder
REGULATORY SERVICES DIVISION:	Alisha Hurley, Legal Counsel, Field Law Petrina Nash, Resource Officer

DECISION OF THE HEARING PANEL

In accordance with section 94(7)(a) of the *Gaming, Liquor and Cannabis Act* (the Act), the Panel confirms:

- the refusal of the Applicant's cannabis licence application for Atomic Cannabis; and
- the refusal of the Applicant's cannabis licence application for Atomic Cannabis Coleman.

I. Jurisdiction and Preliminary Matters

[1] R&D Operatives Inc. (the Applicant) requested a hearing before a Panel of the Board of the Alberta Gaming, Liquor and Cannabis Commission (AGLC) pursuant to section 94(2) of the Act with respect to:

- a decision of the Regulatory Services Division (Regulatory Services) of AGLC to refuse the Applicant's cannabis licence application for Atomic Cannabis; and
- a decision of Regulatory Services to refuse the Applicant's cannabis licence application for Atomic Cannabis Coleman.

[2] In accordance with section 11 of the Act, the Board Chair, Len Rhodes, designated two members of the Board to sit as a Panel to conduct the hearing and make a decision – Tongjie Zhang (Presiding Member) and Serena Donovan.

[3] Len Rhodes' tenure on the Board of Directors ended as of August 14, 2025, and Larry Spagnolo's appointment as Board Chair commenced August 15, 2025. Board Chair Spagnolo signed the Notice of Hearing dated August 19, 2025.

[4] The parties and the Hearing Panel were provided with a record containing various documents pertaining to the issues before the panel. The Applicant confirmed receipt of the Notice of Hearing dated August 19, 2025 and the attached hearing records. The following documents were entered into evidence:

- Exhibit 1A Hearing Record A, including Tabs 1 to 2
- Exhibit 1B Hearing Record B, including Tabs 1 to 2
- Exhibit 2 Regulatory Services' additional documentary submissions, including Tabs 1 to 27

II. Issues

[5] Should the Panel confirm, replace or cancel the decision of Regulatory Services to refuse the cannabis licence application for Atomic Cannabis?

[6] Should the Panel confirm, replace or cancel the decision of Regulatory Services to refuse the cannabis licence application for Atomic Cannabis Coleman?

III. Regulatory Services Submissions

[7] Regulatory Services called one witness: AGLC Inspector Riley Fowler. Inspector Fowler has been an inspector with AGLC for eight years.

[8] The following is a summary of the evidence provided by Inspector Fowler.

[9] Inspector Fowler advised that as part of his duties, he conducts inspections of licensed liquor and cannabis premises. He also provides staff training seminars to licensees and conducts investigations when he finds instances of non-compliance. Inspector Fowler is assigned to the AGLC Lethbridge office, which covers southern Alberta.

[10] Inspector Fowler explained that the Applicant previously held two retail cannabis store licences. One of the licences was for Atomic Cannabis in Lethbridge, and the other licence was for Atomic Cannabis Coleman in the Municipality of Crowsnest Pass (together, the Licences). Inspector Fowler performed inspections at both retail cannabis store locations.

[11] Inspector Fowler advised that the refusal letter dated June 12, 2025 addressed to the Applicant (Exhibit 1A, Tab 1) explains that the Applicant's application for a retail cannabis store licence for Atomic Cannabis was denied due to the Applicant's non-compliant operating history with the previously held retail cannabis store licence, pursuant to section 11 of the Regulation. Inspector Fowler said that he was involved with the decision to refuse the licence for Atomic Cannabis.

[12] Inspector Fowler advised that during the preparation process of an incident report for the Applicant, it was discovered that the Applicant, a federally incorporated corporation, had been

dissolved. In accordance with section 115 of the Regulation, the Licenses were cancelled on January 30, 2025.

[13] Inspector Fowler said at the time the Applicant applied for the reinstatement of the Licenses, the Applicant did not hold any active licenses.

[14] Inspector Fowler explained the application process for a retail cannabis store licence:

- Applications are submitted online through AGLC's licensing portal, and documents are uploaded to the portal.
- Once AGLC's licensing department receives the documents, the file is assigned to an inspector.
- Once the retail cannabis store location renovations are complete and the store is ready to open, an inspector goes to the location and conducts an inspection to ensure that the retail cannabis store meets licensing requirements.
- The inspector completes a request for decision and recommends approval if the store meets licensing requirements, and then it is signed by the Director of Compliance.
- The licence can be issued pending due diligence clearance by the AGLC Due Diligence Branch.
- The due diligence clearance is forwarded to the AGLC Inspections Branch, and then the retail cannabis store licence can be issued.

[15] Inspector Fowler explained that due diligence investigators go through an applicant's financial and criminal history to ensure that the applicant does not have ties to or a history of organized crime, money laundering or fraud.

[16] Inspector Fowler said that it is his understanding that the Due Diligence Branch has not started the due diligence process for the Applicant's applications because they are waiting on the results of this hearing.

[17] Inspector Fowler explained that he and AGLC Inspector Tanya Woo were assigned to review the Applicant's retail cannabis store applications. Based on the operating history of Atomic Cannabis and Atomic Cannabis Coleman outlined in the inspectors' Requests for Decision (Exhibit 1A, Tab 2 and Exhibit 1B, Tab 2), Inspectors Fowler and Woo recommended to their manager, Vance Wolsky, that the licence applications be denied. The Requests for Decision were sent to Senior Manager Brent Harrington and the Acting Director of Compliance Tom Siewert for signature.

[18] Inspector Fowler advised that the Inspections Branch uses a graduated compliance approach to ensure that retail cannabis store licensees comply with the Act, the Regulation, and AGLC policies. Inspector Fowler explained the approach:

- Inspectors start by educating a licensee on a particular contravention and explain what needs to be changed.
- If education does not work, inspectors issue a caution or a more formal warning that outlines what must be corrected.
- If the issue is not corrected and found again in the future, then an incident report is prepared which usually includes a fine or a suspension.

- The licensee is also offered a free staff training seminar.

[19] Inspector Fowler said that for each entry in the Requests for Decision (Exhibit 1A, Tab 2 and Exhibit 1B, Tab 2), there is corresponding documentation that was created at the time of each incident (Exhibit 2). Anytime an inspector provides education to a licensee, an operational report is created to document conversations with the licensee or their staff before issuing a formal caution. Incidents are also documented on incident reports.

[20] Inspector Fowler explained that retail cannabis store licensees are required to submit a Federal Compliance Report each month to AGLC detailing their inventory. AGLC is required to collect those reports in accordance with the *Cannabis Act*, SC 2018, c. 16 (the Cannabis Act) and submit them to Health Canada. Inspector Fowler advised that failing to submit these reports is a contravention of the Cannabis Act and puts AGLC's corporate reputation at risk.

[21] Inspector Fowler provided a summary of Atomic Cannabis' operating history, as set out in the Request for Decision (Exhibit 1A, Tab 1):

- Atomic Cannabis was initially licensed in June 2020.
- AGLC Inspector Keith Scotland conducted an operating check at Atomic Cannabis in July 2020 and found that the security standards were not being complied with at that time. Inspector Scotland provided education to Mr. Naidoo.
- Inspector Fowler conducted a maintenance inspection at Atomic Cannabis in August 2020 and found that the security standards were not being complied with again. A qualified cannabis worker policy requiring an identification card to be worn was in effect at that time, and it was also not being complied with. Inspector Fowler provided education on the qualified cannabis worker cards and issued a caution for failing to comply with the security standards.
- In September 2020, Inspector Fowler conducted an operating check and found the security standards were not being complied with again despite the previous education and caution. An incident report was submitted for failing to comply with the security standards, which included a \$2,500 fine or a 10-day suspension.
- In January 2021, Inspector Woo conducted a maintenance inspection and found that Mr. Naidoo was not wearing his qualified cannabis worker card. Education was provided to Mr. Naidoo on that requirement for the second time.
- Inspector Scotland conducted a maintenance inspection and an inventory audit of Atomic Cannabis in April 2021. He found that Mr. Naidoo was not wearing his qualified cannabis worker card, and the inventory count was off. Education was provided to Mr. Naidoo on those issues.
- In May 2021, Inspector Fowler conducted an operating check and found that one of the cabinets was unlocked. Education was provided to Mr. Naidoo on the security standards.
- Regulatory Services received a public complaint in May 2021 alleging that Atomic Cannabis was selling butane, which was against policy at the time. Education was provided to Mr. Naidoo.

- Inspector Fowler conducted a maintenance inspection in July 2021 and found that the camera monitor was not working. Education was provided to Mr. Naidoo.
- In September 2021, Inspectors Scotland and Fowler conducted an operating check and found that the security standards regarding unlocked cabinets containing cannabis were not being complied with again. A caution was issued to Mr. Naidoo warning him that an incident report would be submitted if the issues persist.
- In October 2021, Inspector Fowler conducted a maintenance inspection found an unlocked cabinet containing cannabis products. There was also illegal cannabis, non-duty paid tobacco and open liquor in the back of the premises. The staff members were not wearing their qualified cannabis worker cards, and the camera monitor was not working again. There were cannabis accessories depicting animals being sold, which was not allowed pursuant to the Cannabis Act. An incident report was submitted for the qualified cannabis worker cards not being worn, failure to comply with security standards and having unauthorized or illegal cannabis in the premises. A total fine of \$5,250 was issued. The tobacco was seized by the AGLC Investigations Branch, and a warning was given to Mr. Naidoo to not contravene the *Tobacco Tax Act*, RSA 2000, c. T-4 again. Education was provided to Mr. Naidoo on the open liquor and the cannabis accessories depicting animals.
- In March 2022, Inspector Fowler conducted an Under 25 audit. Mr. Naidoo was working and failed to request ID from an Under 25 agent. A caution was issued.
- In April 2022, Inspector Fowler conducted a second Under 25 audit, and a staff member failed to request ID from an Under 25 agent again. An incident report was submitted with a \$750 fine for contravening the Under 25 policy.
- In May 2022, Inspections Supervisor Petrina Nash contacted Mr. Naidoo as Atomic Cannabis' website did not have age gating as per AGLC policy. Education was provided to Mr. Naidoo advising him on what steps he needed to take to make his website compliant.
- In June 2022, Supervisor Nash reviewed the website again and found it was still not compliant. A caution was issued to Mr. Naidoo advising him an incident report would be submitted if he does not fix the website.
- In July 2022, inspections Supervisor Nash reviewed the website again and found it was still not compliant. An incident report was prepared by Supervisor Nash for failing to comply with AGLC's advertising and promotional policies. The original fine was \$10,000 or a 40-day suspension. There was a hearing before a panel of the AGLC Board, and the penalty was reduced to \$5,000.
- In August 2022, Inspector Mitch Gallant reviewed Atomic Cannabis' website again and found it was still non-compliant despite having just received an incident report regarding this issue. Inspector Gallant provided education to Mr. Naidoo.
- Inspector Woo conducted an operating check later in August 2022 and found that the security standards were not being complied with. She requested video footage, and despite several requests, it was not provided. A formal letter requesting the information pursuant to section 100 of the Act was issued to Mr. Naidoo. Mr. Naidoo provided the camera footage, but it was not the correct camera footage. Inspectors Fowler and Woo went to the premises and got the correct footage. An incident report was submitted for

failure to comply with security standards, and a \$7,500 fine or 30-day suspension was issued to Mr. Naidoo.

- In November 2022, the AGLC Investigations Branch forwarded a complaint to the Inspections Branch. The complaint alleged that there was a staff member working in Atomic Cannabis who was not a qualified cannabis worker at the time. It was determined through an investigation that the individual was working in the premises and was not qualified cannabis worker. Once Mr. Naidoo was contacted, the qualified cannabis worker application was submitted for that worker. The AGLC Registrations Branch denied the qualified cannabis worker application. The secure cannabis storage room door was also found open, leaving all the cannabis exposed in the event of a robbery.
- As a result of the November 2022 investigation, conditions were imposed on the retail cannabis store licence in January 2023.
- Later in January 2023, Inspector Fowler and Manager Wolsky had an in person meeting with Mr. Naidoo at the Lethbridge Office where they thoroughly discussed many topics, including compliance with the Act and his website also. Mr. Naidoo pledged he would comply. A staff training seminar was offered to Mr. Naidoo.
- Inspector Scotland conducted a maintenance inspection and inventory audit in February 2023. The audit showed discrepancies between the cannabis products in the store and the numbers listed in Atomic Cannabis' inventory system. Inspector Scotland provided education to Mr. Naidoo on ensuring inventory accounts are accurate. A staff Training seminar was also offered to Mr. Naidoo.
- Later in February 2023, Atomic Cannabis flooded. All the cannabis inside the premises was unsuitable for resale. Inspector Fowler and AGLC Investigator Dale Leroux attended the premises after some of it was remediated and took all the cannabis product to the landfill for destruction. Atomic Cannabis was non-operational due to the flood.
- Mr. Naidoo reopened Atomic Cannabis in January 2024. Inspector Fowler conducted a physical inspection of the premises in January 2024 to confirm that it met operating requirements and to discuss operating procedures and review the licence conditions with Mr. Naidoo. A staff training seminar was also offered.
- In February 2024, Inspector Scotland conducted a maintenance inspection and an inventory audit at Atomic Cannabis. He found that one of the licence conditions was not being complied with.
- Later in February 2024, Inspector Scotland and Inspector Fowler conducted a follow-up visit to the initial February 2024 visit, and the inspectors found that the camera recording system was neither retaining footage nor recording the correct timestamps, and Mr. Naidoo was not wearing his qualified cannabis worker card.
- In March 2024, a caution letter was delivered to Mr. Naidoo for his failure to comply with the licence conditions and the malfunctioning camera recording system. The letter was very educational and explained that any future contraventions at either retail cannabis location would be considered a contravention for both locations. A staff training seminar was also offered.
- Inspectors Scotland and Fowler conducted an operating check in April 2024 and found that the timestamps on the camera system were incorrect, which is a violation of the

licence conditions. The inspectors provided education to Mr. Naidoo and explained to him that he must comply with the licence conditions.

- In June 2024, Inspector Fowler conducted a maintenance inspection and found that the camera system's timestamps were incorrect and camera footage was being retained for less than 60 days. Inspector Fowler requested camera footage, and that request was not complied with despite multiple attempts to obtain it. An incident report was submitted for failing to comply with the licence conditions, security standards, and an inspector's request for records. The administrative sanction was an automatic hearing before a panel of the AGLC Board. After the hearing, the Board confirmed the licence conditions and imposed a \$19,000 fine or a 36-day suspension of the licence.
- In October 2024, Inspector Fowler delivered an interim licence to Atomic Cannabis with the licence conditions as per the Board hearing. During that visit, Inspector Fowler discovered the licence conditions were still not being complied with. Education was provided to Mr. Naidoo on complying with the licence conditions.
- Inspector Fowler conducted an operating check and an inventory audit on November 1, 2024 and found that the licence conditions were still not being complied with. Additionally, Federal Compliance Reports had not been submitted since March 2023.
- Later in November 2024, Inspector Fowler requested Mr. Naidoo perform a full inventory count by December 9, 2024 and then submit his Federal Compliance Report by December 10, 2024. These requests were not complied with, and an incident report was submitted. The administrative sanction was a hearing before a panel of the AGLC Board. Before that hearing took place, it was discovered that R&D Operatives Inc. had been dissolved. The hearing was cancelled.
- AGLC received a complaint in January 2025 from an employee of Atomic Cannabis Coleman alleging that Mr. Naidoo was not keeping employment records such as pay stubs. The employee also alleged that he did not receive a T4 for the 2023 tax year, all the employees were being paid via e-transfer, and Mr. Naidoo had submitted a fraudulent income statement so that an employee could remain on Assured Income for the Severely Handicapped (AISH).
- Inspector Fowler conducted an operating check later in January 2025 and found that the alarms were not being monitored by a security company, there was no panic/robbery button at the point of sale system, and the camera footage was not being retained for 60 days.
- Inspector Fowler visited the premises approximately one week later and met with the employee who filed the complaint, and he confirmed that there was no payroll system in place and had never been given a pay stub for his employment at Atomic Cannabis. The employee also advised that he takes any income he receives from e-transfer and reports it to Canada Revenue Agency as employment from a separate small business that he owns. Inspector Fowler started to prepare an incident report, but during that process it was discovered that R&D Operatives Inc. had been dissolved; therefore, the incident report did not go forward, and the Licences were cancelled on January 30, 2025.

[22] Inspector Fowler said that Atomic Cannabis' operating history in the first year is extremely exceptional, as most retail cannabis store licensees have no issues. There are approximately 40 retail cannabis store licensees in the southern Alberta inspections area, and this type of record is unusual.

[23] After the Licences were cancelled, Inspector Fowler said that there was an interim period where Regulatory Services was unsure as to how they would proceed because this was an unprecedented situation. To his knowledge, Inspector Fowler advised that this was the first time a retail cannabis store licence was involuntarily cancelled by AGLC. He further stated that when all of a licensee's licences are cancelled, their due diligence clearance is also cancelled. If the licensee re-applies for a licence, they must go through a new due diligence process and get clearance.

[24] Inspector Fowler advised that a letter was delivered to Mr. Naidoo in March 2025 advising him that pursuant to section 95.1 of the Act, all the cannabis products had to be removed from Atomic Cannabis and Atomic Cannabis Coleman due to the cancellation of the Licences. Regulatory Services gave Mr. Naidoo multiple options to remove the cannabis by April 2, 2025, which included moving it to his personal residence, selling it to another cannabis licensee with AGLC's permission or delivering it via common carrier to AGLC and potentially receiving a refund. Inspector Fowler said that Manager Wolsky had several conversations with Mr. Naidoo and implored him to remove the cannabis by the deadline. Mr. Naidoo did not remove the cannabis from either premises by the deadline.

[25] On May 14, 2025, Investigator Leroux seized the cannabis that was left in the retail cannabis stores pursuant to section 108 of the Act. Inspector Fowler said that Mr. Naidoo applied for a new retail cannabis store licence later that day. Investigator Leroux delivered an appeal process letter to Mr. Naidoo several days later, which explained how to apply to have this cannabis returned through the Court of Kings Bench.

[26] Inspector Fowler said that he was also present for that discussion and advised Mr. Naidoo that he had not yet submitted the licence application fees. Mr. Naidoo submitted the fees later that day.

[27] Inspector Fowler explained that based on the Applicant's non-compliant history, he recommended that the licence application for Atomic Cannabis be refused pursuant to section 11 of the Regulation.

[28] Inspector Fowler advised that he and Inspector Woo co-authored the Request for Decision for Atomic Cannabis Coleman (Exhibit 1B, Tab 2), which went through the same approval process as Atomic Cannabis. The Request for Decision for Atomic Cannabis Coleman contains its operating history, which is similar to Atomic Cannabis' operating history. There were an extensive number of incidents at Atomic Cannabis Coleman resulting in education, cautions and incident reports.

[29] Inspector Fowler said that based on the non-compliant operating history at Atomic Cannabis Coleman, he and Inspector Woo made the same recommendation to refuse the licence application in accordance with section 11 of the Regulation.

[30] Inspector Fowler contended that Regulatory Services spent a significant amount of time and money on trying to get R&D Operatives Inc. to comply with the Act, the Regulation, AGLC policies and the conditions on the Licences. The efforts put forward by Regulatory Services are unprecedented, as no

other retail cannabis store licensee has an operating history that comes close to those of Atomic Cannabis and Atomic Cannabis Coleman. Inspector Fowler further stated their operating history may even be worse than any liquor licensee's.

[31] Inspector Fowler advised that there was substantial evidence that Mr. Naidoo was not complying with the *Employment Standards Code*, RSA 2000, c. E-9. (the Employment Standards Code), but he believes the issues were rectified because a posting was removed from the Employment Standards Branch website. Inspector Fowler opined that not complying with the Employment Standards Code can seriously impact a person's livelihood. There were also allegations that Mr. Naidoo was not complying with the *Income Tax Act*, RSC 1985, c. 1 (5th Supp.), but Inspector Fowler said that that is outside of his investigative authority.

[32] Inspector Fowler said that he checked the status of R&D Operatives Inc. on the Corporations Canada website at approximately 8:30 a.m. on October 15, 2025 and found that the corporation is active but has annual return filings outstanding for three years. He further explained that the corporation is due to be dissolved at any time and would not be able to obtain a Certificate of Compliance from Corporations Canada.

[33] When Mr. Naidoo asked Inspector Fowler to clarify how much illegal tobacco he found in Atomic Cannabis, he stated that he could not recall the exact amount but there was at least one tin of non-duty paid shisha tobacco found.

[34] Mr. Naidoo stated that there was an eight- or nine-month period where Atomic Cannabis Coleman was operating while Atomic Cannabis was closed for renovations. When Mr. Naidoo asked Inspector Fowler if Atomic Cannabis Coleman was found to be compliant during this time, Inspector Fowler responded no and said that there were at least six incidents of non-compliance during that time. An incident report was submitted for non-compliance. He offered to go through the operating history of Atomic Cannabis Coleman, which is documented in the Request for Decision (Exhibit 1B, Tab 2).

[35] Inspector Fowler detailed the findings of one of the maintenance inspections he conducted at Atomic Cannabis Coleman in February 2023 and stated that a caution was issued for failing to:

- comply with the licence conditions and security standards;
- update the camera testing log;
- report inventory discrepancies to AGLC;
- sell childproof lockable containers; and
- ensure the employees' qualified cannabis worker cards had the proper information.

[36] Mr. Naidoo stated that his 2022, 2023 and 2024 taxes have been filed. Inspector Fowler responded that income taxes are filed with Canada Revenue Agency, which are separate from annual returns that are filed with Corporations Canada. He further stated that there are three years of annual return filings overdue for R&D Operative Inc., and the corporation is at risk of being dissolved again.

[37] When Mr. Naidoo asked Inspector Fowler if he has any proof that the worker who was not a qualified cannabis worker was interacting with the cannabis while he was inside the store, Inspector Fowler responded yes and said that when Regulatory Services conducted their investigation, they

requested camera footage and found that the worker was inside the secure cannabis store room lifting boxes containing cannabis. Inspector Fowler further stated that the worker's qualified cannabis worker application was denied due to his criminal history. Mr. Naidoo said the worker was hired to clean and was let go after that.

[38] When Mr. Naidoo asked Inspector Fowler if he took it upon himself to recommend the refusal of the cannabis licence applications, Inspector Fowler stated that the decision was made by himself, Inspector Woo, Manager Wolsky, Senior Manager Harrington and the Acting Director of Compliance, Tom Siewert.

[39] When Mr. Naidoo asked Inspector Fowler if he knew the exact date that the cannabis was seized from Atomic Cannabis and Atomic Cannabis Coleman, Inspector Fowler said that:

- the deadline to either move the cannabis to Mr. Naidoo's residence or sell it to another cannabis licensee was April 1, 2025 for both premises; or
- the deadline for delivering the cannabis by common carrier to the AGLC Lethbridge office was April 2, 2025.

Mr. Naidoo said that at that time, he hoped that the Licences would be reinstated so that he could continue operations, and he reached out for instructions but received no response. He further stated that he received a letter and signed an acknowledgement saying that he agreed to get rid of the cannabis products by a certain date.

[40] When asked by Mr. Naidoo if on the day of the cannabis seizure he recalls seeing proof that the camera system was retaining over 100 days of footage, Inspector Fowler said that he does not recall the exact retention period, but he does recall that Mr. Naidoo had a number of days of camera footage.

[41] When Mr. Naidoo asked Inspector Fowler if he recalls seeing the panic buttons and alarm on the day of the seizure, Inspector Fowler said that he does not specifically recall being shown the panic buttons and the alarm.

[42] When Mr. Naidoo asked Inspector Fowler if Atomic Cannabis or Atomic Cannabis Coleman had any successful inventory audits, Inspector Fowler said that he does not believe any of them were successful.

[43] When the Panel asked Inspector Fowler if Mr. Naidoo was given reasonable timelines to comply after receiving education, Inspector Fowler said yes and advised that other retail cannabis store licensees have been given similar timelines to fix similar issues, especially regarding camera footage retention and inventory audits, and they were all able to fix those issues immediately. He further stated that there is no valid reason for Mr. Naidoo being unable to comply with any of the education, cautions or requests.

[44] When the Panel asked Inspector Fowler if he feels that Mr. Naidoo understood what was expected of him in terms of compliance, Inspector Fowler contended that any reasonable person would have understood the verbal and written explanations that Mr. Naidoo received.

[45] When the Panel asked Inspector Fowler if he feels that Mr. Naidoo was respectful of what was expected of him and respectful to inspectors and other staff who offered education and other compliance measures, Inspector Fowler said that:

- Mr. Naidoo did not seem to respect the fact that there are rules and policies he had to follow, and his non-compliance issues seemed to gradually worsen despite the Board-imposed licence conditions, a staff training seminar, multiple education attempts and cautions, eight submitted incident reports, and four incident reports that were pending at the time the Licences were cancelled.
- Regulatory Services has gone above and beyond trying to educate Mr. Naidoo and bring him into compliance, but they are out of tools.
- Mr. Naidoo is a nice, cordial person who has been very respectful to inspectors and investigators.

[46] When the Panel asked Inspector Fowler to explain how the complaint regarding the employee receiving AISH was referred to AGLC since they have no jurisdiction over that matter, Inspector Fowler advised that:

- the complaint was made to him in person by an employee of Atomic Cannabis Coleman;
- he took down the complaints regarding AISH and alleged Employment Standards Code violations and provided that information to an Employment Standards Branch investigator; and
- an Employment Standards judgment was issued against R&D Operatives Inc.

IV. R&D Operatives Inc. Submissions

[47] The Representative for the Applicant, Ganesh Joseph Naidoo, gave evidence.

[48] The following is a summary of the evidence provided by Mr. Naidoo.

[49] Mr. Naidoo said that he decided to represent himself because he has the most knowledge of this situation.

[50] Mr. Naidoo stated that he takes full accountability and understands the importance of AGLC's guidelines and rules and why they are in place.

[51] Mr. Naidoo said that Inspector Fowler mentioned a lot of recurring infractions and issues with respect to:

- the cameras and panic buttons not working;
- the vault being left open; and
- federal compliance.

[52] Mr. Naidoo stated that the issues raised by Inspector Fowler have been addressed for many months now. The hinges on the cannabis vault were replaced with self-closing hinges, and it is always locked when not in use.

[53] Mr. Naidoo advised that the licenses were taken away in January, and from then until October, all the rents and security have been paid and upkept.

[54] Regarding payroll for the Applicant's employees, Mr. Naidoo explained that:

- there was a backlog;
- he spoke to his accountant and paid out all the employees;
- all the employees were hired as contractors and were supposed to file their own taxes;
- the claim that Inspector Fowler referred to was removed;
- he filed his part and declared what he paid the employees for wages and what was deducted from their pay.

[55] Leading up to the seizure of product, Mr. Naidoo explained that he paid fees for the background check first because he assumed that it needed to get done before the licence fees were paid. He further stated that the amount for the background check is being held pending the outcome of this hearing.

[56] Mr. Naidoo advised that he spoke with a man who used to own a retail cannabis store behind one of Mr. Naidoo's establishments, and this man worked with AGLC to ensure he was operating in compliance with the Act, the Regulation and the relevant policies. Mr. Naidoo said that he could hire this trusted, proven individual to ensure Atomic Cannabis and Atomic Cannabis Coleman operate in compliance.

[57] Mr. Naidoo said that he has logs and checklists for all employees and himself, and they will go over all AGLC guidelines on a weekly basis and conduct daily maintenance checks.

[58] Mr. Naidoo stated that the camera surveillance systems were probably the number one recurring contravention. He advised that he had a camera surveillance system professionally installed at each premises location, and it retains four months of footage with backup remote storage.

[59] Regarding the panic button and the security system, Mr. Naidoo said that he has scheduled maintenance with a security company that will come by the stores once a month to ensure that everything is working. Additionally, Mr. Naidoo advised that he will check the security system on a weekly basis.

[60] During his time as a Licensee, Mr. Naidoo said that he:

- spent close to \$3,000,000 purchasing product;
- wants to continue being a partner with AGLC;
- would like economic prosperity for everyone, especially during these uncertain times;
- wants to continue to hire people, grow and create more jobs for the community; and
- wants to continue to give back to the community by making further donations to charities.

[61] Mr. Naidoo said that after the Licences were cancelled, it took double the amount of work to get everything done with respect to federal compliance.

[62] After opening Atomic Cannabis Coleman, Mr. Naidoo said that he took a step back from the store because he had employees who were managing the operations. Mr. Naidoo stated that he now realizes the significance of his direct involvement with the businesses, and he hopes that working

alongside the former cannabis store owner will help him to do a better job. He further stated that he will take on management responsibilities rather than hiring managers, and he will go above and beyond.

[63] Mr. Naidoo said that during operating checks conducted by AGLC inspectors, it seems they always found one or two things that were incorrect. He further explained that he did not mean to disrespect the rules, and he now has fool-proof methods in place to ensure that those recurring issues do not happen again.

[64] Mr. Naidoo said that he would be happy to set up monthly meetings with AGLC inspectors to ensure that all the rules are followed. He further stated that:

- things will be done differently this time;
- he will constantly communicate with Regulatory Services;
- he learned that ensuring a policy is being adhered to is a lot less work than fixing something that becomes an issue;
- he is willing and motivated to do whatever needs to be done.

[65] When Ms. Hurley asked for the name of the former cannabis store owner, Mr. Naidoo provided it.

[66] When Ms. Hurley asked if the former cannabis store owner has committed to being employed by the Applicant, Mr. Naidoo said that there is no commitment or formal agreement in place because he does not know the outcome of this hearing yet.

[67] When Ms. Hurley asked Mr. Naidoo if he understands that licensees are responsible for compliance for all their licensed locations, Mr. Naidoo said "right."

[68] When Ms. Hurley asked Mr. Naidoo if he plans to hire another individual to operate the store without his oversight, Mr. Naidoo said that he will still be involved and plans to work alongside the former cannabis store owner to ensure he is held accountable. Mr. Naidoo further stated that he is ultimately responsible.

[69] When Ms. Hurley asked Mr. Naidoo if he was ultimately responsible for Atomic Cannabis and Atomic Cannabis Coleman when they were operational, Mr. Naidoo said that he was responsible for the stores, but he hired two managers and took them at their word when they said things were working properly. He further stated that he could avoid any uncertainty by managing the store himself or hiring someone who can be trusted.

[70] When Ms. Hurley asked Mr. Naidoo if he agrees that he has had since 2021 to implement the steps he outlined and has not taken any of those steps until now, Mr. Naidoo said that he tried different solutions in the past that saved him money but did not work. He further stated that he took the wrong measures to fix the issues.

[71] When Ms. Hurley asked if those wrong measures resulted in multiple infractions and numerous fines, Mr. Naidoo confirmed that was correct.

[72] When Ms. Hurley asked why he did not change his approach to fixing the issues after receiving numerous fines and conditions on the Licences, Mr. Naidoo explained that his first instinct was to address the issues himself rather than hire someone to fix them, but he now sees the benefit of hiring someone.

[73] When Ms. Hurley asked if his first instinct continued from 2022 – 2024, Mr. Naidoo said that he was trying to deal with the issues himself, but now there are new parties involved to help ensure the ongoing problems will not happen in the future.

[74] When Ms. Hurley asked if his plan going forward hinges on having someone else involved with the business who can address the problems, Mr. Naidoo responded no and said that he is aware of the repercussions of the situation. He further stated that hiring professionals is a good approach.

[75] When Ms. Hurley asked if he was aware of the repercussions of the infractions when he received fines and cautions, Mr. Naidoo said that he knew there were repercussions, but he now has a better understanding of what is expected of him due to the gravity of the situation.

[76] When the Panel asked if he has any documentation showing that the annual filings for R&D Operatives Inc. are current and the corporation is in good standing, Mr. Naidoo stated that when his corporation was dissolved, he filled out a form to restore it and his accountant has the documentation.

[77] Presiding Member Zhang asked Mr. Naidoo if he agrees with Inspector Fowler's testimony regarding the corporate search he conducted for R&D Operatives Inc. at 8:30 a.m. on the hearing date. Mr. Naidoo stated that he did not agree with Inspector Fowler's statement. Presiding Member Zhang asked Mr. Naidoo if he had any new evidence to dispute Inspector Fowler's statement, and Mr. Naidoo said that he worked with his accountant who advised that the annual returns were up to date. Mr. Naidoo would like to enter the documentation he claimed to have received from his accountant as an exhibit. Presiding Member Zhang asked Regulatory Services if they would object to entering the new documentation as an exhibit. Ms. Hurley stated that she may not object, but she is uncertain of what Mr. Naidoo is providing to establish that he is correct since he seems to be of the view that the active status of R&D Operatives Inc. reflects that the annual return filings have been completed. Ms. Nash stated that Regulatory Services may not object to Mr. Naidoo providing information showing that the annual return filings are up to date. Ms. Nash asked Mr. Naidoo if he knew how to access that information through Corporations Canada and offered to have someone pull that information for the Panel.

[78] The Hearing Panel Office offered to conduct a real-time search of R&D Operatives Inc. on the Corporations Canada website. Presiding Member Zhang directed the Hearing Panel Office to conduct the search and display the search results for the Panel and the parties to view.

[79] The Panel noted that the 2022, 2024 and 2025 annual returns were overdue and asked Mr. Naidoo if that was correct. Mr. Naidoo said that:

- no one was working in 2025; and
- he paid out his contractors in 2023 and 2024, and that was filed with the annual returns.

[80] Ms. Hurley stated that Mr. Naidoo may be confusing his annual tax returns with his annual corporate filings. The Panel advised Mr. Naidoo that Corporations Canada is separate from Canada Revenue Agency. Mr. Naidoo said that he knows he paid for his 2023 and 2024 filings and the returns were done. He further stated that it makes sense that the 2025 annual return filing is outstanding. When the Panel asked Mr. Naidoo what filings he is referring to, he said income tax filings. The Panel advised that income tax filings are related to Canada Revenue Agency, and the annual return filings with Corporations Canada ensure that the corporation is legally allowed to operate.

[81] When the Panel asked Mr. Naidoo if he would like to enter the real-time search results of R&D Operatives Inc. on Corporations Canada website as an exhibit. Mr. Naidoo agreed and said that he does not know why it says that certain annual return filings are overdue. He further stated that the issue could be fixed. Ms. Hurley did not object to entering the real-time search results as an exhibit. Presiding Member Zhang directed the Hearing Panel Office to save the real-time search results of R&D Operatives Inc. on Corporations Canada website and mark it as Exhibit 3.

V. Summation

Regulatory Services

[82] Ms. Hurley submits that the Act is quite permissive and gives fairly broad discretion. Section 90.02(1) of the Act says that the Board may, with or without a hearing, issue a cannabis licence if:

- (a) the Board considers it appropriate to do so;
- (b) the applicant is eligible to receive the cannabis licence, and
- (c) the requirements of the Act for issuing the cannabis licence have been met.

[83] Ms. Hurley submits that the Act does not say that the Board must issue a licence unless it can show that a licence is not appropriate to issue; the Act says the Board may issue a licence. The Regulation provides additional guidance, and Regulatory Services included section 11 in their Requests for Decision (Exhibit 1A, Tab 1 and Exhibit 1B, Tab 2), which says that the board may refuse to issue a licence to an applicant or to register an applicant if the board is satisfied that the applicant, any of the applicant's employees or associates or any other person with connections to the applicant has within the 5 years prior to the submission of the application contravened:

- (a) the Act or regulations under the Act,
- (b) a predecessor of the Act or regulations under a predecessor of the Act, or
- (c) a condition imposed on a licence or registration issued or made under the Act or a predecessor of the Act.

[84] Ms. Hurley contends that this matter is not an appeal of the prior infractions of Atomic Cannabis. Hearings were held in relation to some of those infractions, and they are the facts upon which this matter is based.

[85] Ms. Hurley submits that it is clear from the evidence of Inspector Fowler that the Applicant repeatedly contravened the Act, the Regulation and the conditions that were placed on the Licences. Regulatory Services spent significant resources on providing education and progressively disciplining the Applicant; despite these efforts, there were repeated infractions and no options left to compel

compliance. Given the Applicant's history of non-compliance and persistent infractions, Ms. Hurley takes the position that it is not appropriate to grant a licence to the Applicant.

[86] Ms. Hurley submits that even after the cancellation of the Licences, which Mr. Naidoo said was a bit of a wake-up call, it seems that the Applicant continued to be non-compliant with respect to the removal of cannabis from the premises. There is compelling evidence that if the Applicant were granted a licence, there would be continuing issues with non-compliance.

[87] As the Panel heard, the Applicant was by far the most non-compliant licensee. The contraventions resulted in significant costs arising from enforcement and inspection. Numerous contraventions went to hearings, which also resulted in costs. Inspector Fowler spoke about the risk to the corporate reputation of AGLC given the failure of the Applicant to provide documentation that AGLC was required to provide to Health Canada. The Panel also heard that the Applicant contravened legislation other than the Act and the Regulation.

[88] Inspector Fowler eloquently said that although Mr. Naidoo treats people with courtesy and respect, he lacks respect for not only the AGLC compliance process, but also employment standards and federal corporation legislation. Again, the question is whether it is appropriate to grant a licence to operate in a statutorily regulated business.

[89] Ms. Hurley contends that Mr. Naidoo had years to correct his compliance issues, and there are still questions as to whether he understands what requirements his corporation needs to operate. These requirements are specifically related to the cancellation of his federal incorporation, which directly led to the Licences being cancelled.

[90] Ms. Hurley is of the opinion that there are reasonable and continued concerns about Mr. Naidoo's understanding of his personal responsibility in respect of the requirements to know the legislation that the Applicant was operating under and know the requirements that need to be met in order to be a licensed cannabis retailer. A licence is not an entitlement; it is something that is granted where it is appropriate to do so.

[91] Ms. Hurley submits that the evidence in this case is fairly overwhelming. With all due respect to Mr. Naidoo, who has been respectful and nice, it is not appropriate to grant licences at this time and in these circumstances.

R&D Operatives Inc.

[92] The Applicant submits that the cannabis licences for Atomic Cannabis and Atomic Cannabis Coleman should be reinstated because all the previous issues have been addressed.

[93] The Applicant will have strict policies in place, such as the requirement for every staff member to be re-trained on updated procedures monthly. The Applicant has compiled easily accessible reference binders, which include checklists and key daily tasks.

[94] With respect to security systems, the Applicant submits that the video surveillance system has been updated to retain footage for over 100 days, and footage will be reviewed weekly. Panic buttons

and motion sensors have been replaced. Both locations are very secure. Further, monthly training seminars with AGLC inspectors would help to ensure that no further issues occur.

[95] The Applicant submits that all inventory audits are complete.

[96] The Applicant contends that past infractions have not been malicious. The Applicant plans to hire someone who has a proven track record of running a cannabis licensed premises and complying with AGLC policies.

[97] When respect to annual filings, the Applicant submits that he knows everything has been submitted and would like the ability to go through the due diligence process. If there are issues, the Applicant is of the opinion that Due Diligence Branch will find them.

[98] The Applicant spent approximately \$3,000,000 purchasing product for both retail cannabis locations, and Mr. Naidoo is of the opinion that he has the ability to benefit AGLC and the public. Atomic Cannabis and Atomic Cannabis Coleman could be a big asset to AGLC. The Applicant appreciates that adhering to AGLC policies is directly correlated with the Applicant's prosperity.

[99] With respect to the seizure of cannabis products, Mr. Naidoo submits that he was compliant.

[100] The Applicant submits that he appreciates the relationship he has had with AGLC and understands its significance. AGLC's presence in the market allowed Atomic Cannabis and Atomic Cannabis Coleman to become integral parts of their respective communities.

[101] The Applicant takes the position that he is fully aware of all the responsibilities that come along with being a partner with AGLC and is open to any other measures that AGLC thinks should be put in place to ensure that issues do not happen again.

[102] The Applicant asks for clemency and would like the opportunity to show that things have turned around.

VI. Analysis

[103] The Panel carefully considered the oral and documentary evidence submitted by Regulatory Services and the oral evidence provided by the Applicant in making its finding of fact.

[104] The Panel and the parties viewed real-time search results of R&D Operatives Inc. on the Corporations Canada website (Exhibit 3), which indicated that the 2022, 2024 and 2025 annual return filing were overdue. The Panel finds that R&D Operatives was not in good standing at the time of the search and may be at risk of being dissolved by Corporations Canada. The Panel notes that the dissolution of R&D Operatives Inc. was what led to the Licenses being cancelled. As such, the Panel finds it deeply concerning that the Applicant was in contravention of the *Canada Business Corporations Act*, RSC 1985, c. C-44 at the time of the hearing.

[105] Inspector Fowler provided oral and written evidence (Exhibit 1A, Exhibit 1B, and Exhibit 2) of the Applicant's lengthy history of non-compliance with the Act, the Regulation, AGLC policies and the Board-imposed licence conditions. He also detailed the considerable time, efforts and resources expended by

Regulatory Services on conducting operating checks and maintenance inspections; providing education; issuing cautions and incident reports; and attending AGLC Board hearings. Despite Regulatory Services' extraordinary efforts, the compliance issues at Atomic Cannabis and Atomic Cannabis Coleman persisted. The Applicant's history of non-compliance was the basis for refusing the Applicant's cannabis licence applications for Atomic Cannabis and Atomic Cannabis Coleman.

[106] Mr. Naidoo did not deny that Atomic Cannabis and Atomic Cannabis Coleman have a long history of non-compliance.

[107] Mr. Naidoo provided testimony that he rectified all the past security standard issues at Atomic Cannabis and Atomic Cannabis Coleman. He also detailed additional measures he plans to take should the Licences be reinstated, such as hiring a former cannabis licensee, additional training for employees and the use of reference binders and checklists. Mr. Naidoo also contended that he is fully aware of all the responsibilities that come along with holding a cannabis licence.

[108] The Panel finds that Mr. Naidoo was given sufficient education and opportunities to comply with the Board-imposed conditions, the Act, the Regulation and AGLC policies; yet he continually flouted the rules and the directions of inspectors and investigators.

[109] The Panel is troubled by Mr. Naidoo's apparent lack of appreciation for the abysmal operating history of Atomic Cannabis and Atomic Cannabis Coleman. Given the Applicant's lengthy and egregious history of non-compliance, the Panel is not persuaded that the Applicant would operate Atomic Cannabis and Atomic Cannabis Coleman in a compliant and responsible manner if the Licences were reinstated.

[110] Public safety is of paramount importance to AGLC. The Panel finds that the Applicant's numerous and repeated violations of security standards and disregard for the requirement to submit Federal Compliance Reports created significant public safety risks. Further, the Applicant's negligence could have caused reputational damage to AGLC.

[111] Holding a cannabis licence is not a right; it is a privilege that comes with significant responsibilities, including the requirement to follow legislation, policies and licence conditions without exception.

[112] As such, the Panel finds that Regulatory Services' decisions to refuse the Applicant's cannabis licence applications for Atomic Cannabis and Atomic Cannabis Coleman pursuant to section 11 of the Regulation were reasonable and in the best interests of public safety and the management of AGLC resources.

VII. Finding

[113] For the reasons stated above and in accordance with section 94(7)(a) of the Act, the Panel confirms:

- the refusal of the Applicant's cannabis licence application for Atomic Cannabis; and
- the refusal of the Applicant's cannabis licence application for Atomic Cannabis Coleman.

Signed at Calgary, this 29th day of October, 2025

A handwritten signature in blue ink, appearing to read 'Tongjie Zhang', is written over a horizontal line.

Tongjie Zhang, Presiding Member, Hearing Panel