

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

HEMP PRODUCTIONS, INC.,

Plaintiff,

v.

MCC DEVELOPMENT, INC., and TEAL, LLC d/b/a
IDEAL ENVIRONMENTAL

Defendants.

COMPLAINT

Civil Action No.: 20-9457

Plaintiff, Hemp Productions, Inc., by its attorneys, Phillips Lytle LLP for its
Complaint against defendants, MCC Development, Inc., and Teal, LLC d/b/a Ideal
Environmental alleges upon information and belief:

PARTIES

1. Plaintiff, Hemp Productions, Inc. (“HPI”) is a corporation, organized
and existing under the laws of the State of New York, having its principal place of business
in Poughkeepsie, New York.

2. Defendant, MCC Development, Inc. (“MCC”), is a corporation
organized and existing under the laws of the State of North Carolina, having its principal
place of business in Asheville, North Carolina.

3. Defendant, Teal LLC, d/b/a Ideal Environmental, (“Ideal
Environmental”) is a limited liability company organized and existing under the laws of the
State of California, having its principal place of business in San Jose, California.

JURISDICTION AND VENUE

4. This Court has subject matter jurisdiction over this controversy based upon diversity of citizenship pursuant to 28 U.S.C. § 1332.

5. The amount in controversy exceeds the sum specified by 28 U.S.C § 1332, exclusive of interest and costs.

6. Venue in this District is proper pursuant to 28 U.S.C. § 1391 because it is the District where a substantial part of the events or omissions giving rise to the claim occurred.

FACTS

7. HPI grows and processes industrial hemp pursuant to Article 29 of the NYS Agriculture and Markets Law.

8. HPI's heavily regulated business operations include growing, cultivating, and processing industrial hemp. The processing of industrial hemp requires specialized equipment and a customized indoor location to house that specialized equipment.

9. On February 26, 2018, New York State issued a three year permit to HPI to possess, grow, cultivate, and process industrial hemp.

10. On or about April 10, 2019, HPI leased land at 884-886 Noxon Road, Poughkeepsie, New York ("Poughkeepsie Property") to establish operations to process industrial hemp.

11. After executing the lease, HPI started a search for an experienced and qualified contractor to construct outside structures to house the specialized equipment and materials for hemp processing on the Poughkeepsie Property.

12. HPI required outdoor structures that could stand in an open area, survive the elements and protect HPI's specialized equipment.

A. HPI contracts with MCC to construct the outdoor structures

13. In 2019, HPI was referred to MCC. HPI contacted MCC to ask about the types of outdoor structures MCC could construct for HPI and a construction timeline.

14. MCC represented to HPI that it constructed weatherproof structures for outdoor use in oral conversations and provided HPI with marketing materials insinuating that its structures could be used outdoors.

15. HPI engaged in conference calls with MCC and its building supplier, Ideal Environmental, to discuss the type of structures to be used and the timeline for constructing them.

16. HPI considered these representations, relied on them, and ultimately entered into an agreement with MCC to erect outdoor structures on the Poughkeepsie Property.

17. On October 15, 2019, MCC provided HPI with a turnkey proposal ("Proposal") for the construction of a prefabricated extraction and processing facility and bathroom/locker buildings. A true and correct copy of the Proposal is attached as **Exhibit A**.

18. The Proposal set forth MCC's proposed scope of work, including a "10-year structural warranty, [and a] 1-year interior and exterior coatings warranty."

19. On or about October 15, 2019, HPI and MCC entered into an agreement titled MCC Proposal #1005 (REV-7) Service Agreement ("Service Agreement"), which incorporated the Proposal's scope of work. A true and correct copy of the Service Agreement is attached as **Exhibit B**.

20. The Service Agreement provides that MCC would execute and "manage the design, engineering, shop fabrication, delivery, installation, and commissioning of its factory-built PREFABRICATED EXTRACTION AND PROCESSING BUILDINGS & BATHROOM/LOCKER ROOM BUILDING on behalf of" HPI. *See* Ex. B.

21. Under the Service Agreement, MCC agreed to install five "10' x 50' Prefabricated Extraction and Processing Buildings" and one "bathroom/locker building approximately 12' x 50'" in accordance with the Proposal's scope of work which was incorporated into the Service Agreement by reference. *Id.*

22. The Service Agreement further provided that the outdoor structures constructed by MCC would be functionally complete, comply with regulatory requirements, and meet the HPI's performance requirements. *Id.*

23. The Service Agreement included a performance guaranty, which stated that MCC assumed all risks for permitting approval, regulatory, and "structural compliance." *Id.*

24] In exchange for the construction of the outdoor structures HPI agreed to pay MCC \$1,248,900.00, divided into multiple payments. *Id.*

25] The price was FOB Poughkeepsie, New York, and included all “costs for labor, materials, tools, equipment, project management, sealed engineering drawings, third party certifications, and commercial liability insurance.” *Id.*

B. HPI and MCC expand MCC’s scope of work

26] On or about February 25, 2020, HPI and MCC completed a change order (“Change Order”) for the purchase of two additional outdoor buildings. This increased the total contract price to \$1,674,664.00. A true and correct copy of the Change Order is attached as **Exhibit C**.

C. MCC enters into a subcontract agreement with Ideal Environmental

27] Upon information and belief, Ideal Environmental and MCC worked hand in hand to provide the initial Service Agreement and price to HPI.

28] On or about February 27, 2020, Ideal Environmental entered into a formal subcontract agreement/purchase order (“Subcontract Agreement”) with MCC for the construction and delivery of the outdoor structures to HPI.

29] Upon information and belief, the agreed upon price for the construction and delivery of the outdoor structures to HPI at the Poughkeepsie Property was \$1,097,015.

30] Although HPI was not a party to the Subcontract Agreement, based upon its relationship and communications with Ideal Environmental, HPI and Ideal

Environmental had the functional equivalent of privity as a third-party beneficiary of the Subcontract Agreement.

31] Specifically, HPI had direct dealings with Ideal Environmental such that Ideal Environmental knew that the construction and delivery of the outdoor structures was for the benefit of HPI. This included multiple communications directly with Ideal Environmental, both before and after HPI and MCC executed the Service Agreement, about the delivery of the outdoor structures and multiple deficiencies with the outdoor structures.

32] Further, because the Subcontract Agreement, specifically provided for the delivery of the outdoor structures to HPI, the foreseeable and intended beneficiary of the Subcontract Agreement was HPI.

D. MCC and Ideal Environmental Breach the Service Agreement and Subcontract Agreement

33] On or about July 31, 2020, Ideal Environmental delivered five of the seven outdoor structures and materials to install the outdoor structures to the Poughkeepsie Property.

34] When the outdoor structures and materials arrived HPI expressed concern to Ideal Environmental and MCC that the materials had been transported unprotected and appeared damaged. Ideal Environmental told HPI that the materials were transported this way because MCC did not want to pay for covered shipping.

35] HPI immediately contacted MCC and Ideal Environmental to discuss the issues with the five structures and materials.

36] After delivery of the first five outdoor structures, Ideal Environmental contacted HPI with concerns regarding MCC's liquidity and stated they would not ship the remaining three buildings unless payment was made.

37] To ensure the structures would be ready in time for a fall opening, HPI contracted directly with Ideal Environmental to ship the remaining three outdoor structures. HPI agreed to pay Ideal Environmental directly after delivery and inspection.

38] On or about August 12, 2020, Ideal Environmental delivered the three remaining structures. These structures were in even worse condition than the first five structures delivered by Ideal Environmental. Notably missing from the delivery were HVAC units that HPI had purchased through the Change Order. Further, the HVAC units that were delivered were not rated for New York state weather.

39] MCC then began installing the structures. MCC, however, did not complete the installation.

40] The partial installation of the structures and their defective condition resulted in further concern for HPI, and HPI immediately raised concerns with both Ideal Environmental and MCC.

41] After HPI raised complaints to both MCC and Ideal Environmental, they both offered to fix certain cosmetic issues. They, however, failed to do so.

42] After the installation of the structures, both MCC and Ideal Environmental sent inspectors to complete onsite inspections of the structures. Both inspectors stated that the structures were compromised and could not be used for their intended purpose.

43] An independent evaluator later confirmed that the structures were not suited for their intended purpose.

44] The structures had a myriad of deficiencies stemming from their factory construction, transportation, and on-site installation, including but not limited to:

- substantial water leaks;
- improper electric hookups resulting in further leaks;
- rust;
- wet installation between the interior and exterior walls;
- misaligned doors;
- warped flooring;
- damaged and dented walls and bent structures.

45] The defects with the structures were so substantial that the structures could not be used for their intended purpose and HPI could not begin processing its industrial hemp in the structures resulting in consequential losses.

46] On or about August 21, 2020, Kimberly Tanami of HPI sent an email to representatives from MCC and Ideal Environmental advising that HPI would not accept the outdoor structures that had been delivered due to the extensive issues. A true and correct copy of the August 21, 2020 email is attached as **Exhibit D**.

47] The outdoor structures are a total loss.

48] HPI has paid MCC and Ideal Environmental \$1,379,469.00 of the \$1,674,664.00 total contract price for the deficient and unusable outdoor structures. HPI has not paid the remainder of the contract balance due to the deficiencies with the structures.

49] On October 29, 2020, Ideal Environmental, in an effort to coerce payment from HPI for the defective structures, sent a letter to the Town of LaGrange's

building inspector informing him that it could not certify that the structures were compliant with the Town Building Code because it had not received payment on the balance of project.

50 The Town of LaGrange's building inspector then sent a notice informing HPI that the structures shall not be occupied or placed into service until a licensed design professional certifies that the structures were installed in compliance with all applicable building standards.

51 As a result of Ideal Environmental's refusal to certify, HPI, at its expense, will need to engage an independent licensed design professional to certify the structures compliance.

FIRST CLAIM
(Breach of Contract - HPI v. MCC)

52 HPI incorporates by reference the allegations set forth in the foregoing paragraphs 1 through 51 of this Complaint as though set forth fully herein.

53 HPI and MCC are parties to the Service Agreement.

54 The Agreement contains explicit provisions relating to the delivery, manufacture, erection and construction of the outdoor structures.

55 MCC breached the Service Agreement in multiple ways including, but not limited to:

- i. HPI required outdoor structures appropriate for industrial processing and received structures that were not fit to be used outdoors;
- ii. the materials were not shipped correctly and MCC was responsible for and is required to cover damages caused by shipping under the Service Agreement;

- iii. the installation of the structures caused significant damages to each structure;
- iv. the structures are entirely unusable for their intended purposes.

56| The foregoing failures by MCC constitute material breaches of the Service Agreement.

57| HPI fully performed its obligations under the Service Agreement and has paid MCC \$1,379,469.00.

58| As a result of the various defects with the outdoor structures by MCC, they are unusable.

59| Accordingly, HPI has been unable to commence the processing of industrial hemp incurring consequential damages.

60| As a direct and proximate result of MCC's breaches of the Service Agreement, HPI has suffered and will continue to suffer actual damages, in excess of \$1,674,664.00 exclusive of interests and costs, together with interest from the date of breach and granting such other and further relief as this Court deems just and proper.

SECOND CLAIM
(Breach of Contract - HPI v. Ideal Environmental)

61| HPI incorporates by reference the allegations set forth in the foregoing paragraphs 1 through 60 of this Complaint as though set forth fully herein.

62| Ideal Environmental entered into the Subcontract Agreement with MCC. Although HPI is not a party to the Subcontract Agreement, based upon its direct interactions with Ideal Environmental, HPI has the functional equivalent of privity with Ideal Environmental as a third-party beneficiary of the Subcontract Agreement.

63] Ideal Environmental contracted directly with HPI for delivery and payment of three structures.

64] Ideal Environmental had substantial interactions with HPI regarding the construction, delivery, and installation of the structures and the defects with the structures.

65] Ideal Environmental breached the Subcontract Agreement and its oral agreement to deliver the three remaining structures by, amongst other things, constructing, delivering, and installing defective outdoor structures purchased by HPI.

66] Ideal Environmental breached the direct agreement with HPI by, amongst other things, constructing, delivering, and installing defective outdoor structures purchased by HPI.

67] As a result of the outdoor structures defects, HPI has been unable to commence the processing of industrial hemp incurring consequential damages.

68] HPI fully performed its obligations under the Subcontract Agreement by paying MCC for the structures who, in turn, paid Ideal Environmental.

69] As a direct result of Ideal Environmental's failure to properly construct, deliver, and install the structures HPI has suffered and will continue to suffer actual damages, in excess of \$1,674,664.00 exclusive of interests and costs, together with interest from the date of breach and granting such other and further relief as this Court deems just and proper.

THIRD CLAIM
(Unjust Enrichment - HPI v. MCC)

70] HPI incorporates by reference the allegations set forth in the foregoing paragraphs 1 through 69 of this Complaint as though set forth fully herein.

71] HPI has paid MCC \$1,379,469.00 for the defective and unusable outdoor structures.

72] Because of the defects with the outdoor structures, they are unusable for their intended purpose and are not worth the \$1,674,664.00 contract price.

73] MCC has retained the \$1,379,469.00 HPI has paid to MCC while HPI has not received usable outdoor structures.

74] As a result of the foregoing, HPI has suffered and will continue to suffer actual damages, in excess of \$1,379,469.00 exclusive of interests and costs, together with interest from the date of breach and granting such other and further relief as this Court deems just and proper.

FOURTH CLAIM
(Unjust Enrichment - HPI v. Ideal Environmental)

75] HPI incorporates by reference the allegations set forth in the foregoing paragraphs 1 through 74.

76] HPI has paid \$1,379,469.00 for the defective and unusable outdoor structures.

77] Ideal Environmental has retained \$842,572.85 of the funds HPI paid for the outdoor structures while HPI has not received usable outdoor structures.

78] As a result of the foregoing, HPI has suffered and will continue to suffer actual damages, in excess of \$842,572.85 exclusive of interests and costs, together with interest from the date of breach and granting such other and further relief as this Court deems just and proper.

FIFTH CLAIM
(Fraud - HPI v. MCC)

79] HPI incorporates by reference the allegations set forth in the foregoing paragraphs 1 through 78 of this Complaint as though set forth fully herein.

80] When HPI sought a contractor to construct outdoor structures on the Poughkeepsie Property, it discussed in depth with MCC the types of buildings suitable for said property. The discussions included multiple oral discussions with MCC and a review of MCC marketing materials.

81] During these conversations, MCC represented to HPI that the structures had quality guarantees, were suitable for outside, and were particularly suitable for the weather in New York State.

82] MCC knew that the structures were not suitable for outdoor use in upstate New York.

83] MCC intentionally misrepresented its ability to construct structures suited for HPI's needs.

84] In reliance on these representations, HPI executed a contract with MCC.

85] The representations made to HPI by MCC about their structures were false; and MCC knew the representations were false at the time they were made and/or

made the representations recklessly and without regard for their truth. MCC made the representations with the intent to induce HPI to enter into the Service Agreement.

86. As a proximate result of MCC's intentional misrepresentations and concealments to induce HPI to enter the Service Agreement, HPI received unsuitable structures that caused HPI to lose an amount to be provided at trial, but at least damages of \$1,674,664.00, and an additional amount including lost profits and lost opportunities for HPI's inability to open and operate at the scheduled time.

JURY TRIAL

Pursuant to Fed. R. Civ. P. 38(b), plaintiff demands a trial by jury on all issues.

WHEREFORE, Plaintiff Hemp Productions, Inc. demands judgment against defendants as follows:

- a) On the First Claim for Breach of Contract against MCC Development, Inc. in the amount of \$1,674,664.00, plus interest, attorneys' fees, costs and disbursements;
- b) On the Second Claim for Breach of Contract against Teal, LLC d/b/a Ideal Environmental in the amount of \$1,097,015.00 plus interest, attorneys' fees, costs and disbursements;
- c) On the Third Claim for Unjust Enrichment against MCC Development, Inc. in the amount of \$1,674,664.00, plus interest, attorneys' fees, costs and disbursements;

d) On the Fourth Claim for Unjust Enrichment against Teal, LLC d/b/a Ideal Environmental in the amount of \$1,097,015.00 plus interest, attorneys' fees, costs and disbursements;

e) On the Fifth Claim for Fraud against MCC Development, Inc. damages in an amount to be determined at trial; and

f) For such other and further relief as the Court deems just and proper.

Dated: Buffalo, New York
November 11, 2020

PHILLIPS LYTTLE LLP

By: /s/ Daniel R. Maguire

David L. Cook

Daniel R. Maguire

Attorneys for Plaintiff

Hemp Productions, Inc.

One Canalside

125 Main Street

Buffalo, New York 14203-2887

Telephone No. (716) 847-8400

dcook@phillipslytle.com

dmaguire@phillipslytle.com

EXHIBIT

A



MCC Development, Inc.

Turnkey Integrated Hazmat Storage Solutions™

Kimberly Tanami
HEMP Productions, INC.
Poughkeepsie, NY 12603
(718)-207-4554

October 15, 2019

SUBJECT: MCC EXTRACTION AND PROCESSING BUILDINGS/BATHROOM-LOCKER ROOM & GMP DESIGN CONSULTATION

Proposal # **MCC-1005 (REV-7)**

Dear Kimberly,

MCC Development, Inc. ("MCC") is pleased to present its **turnkey proposal** for our Prefabricated Extraction and processing facility and Bathroom/Locker Room building.

The following narrative provides confirmation of **MCC's** qualifications for this project and offers insight into our **single-source responsibilities** for the design, shop fabrication, delivery and site installation, commissioning and validation of the system for quality assurance and regulatory compliance. **MCC's** seamless project delivery method will reduce the project administrative and site management burdens.

ENGINEERING AND DESIGN APPROACH; CONTRACTOR QUALIFICATIONS & COMPARATIVE ADVANTAGES OF MCC'S TURNKEY DELIVERY STRATEGY:

- **MCC's fixed-price proposal presented herein conforms to the state of NEW YORK Building, Fire, Environmental and Fire Prevention Codes, including local amendments and is constructed with an FM approved wall design.**
- **MCC will engage Jacobs Wyper Architects team to advise, confirm zoning, prepare permit drawings and consult for GMP compliance as part of this agreement.**
- **MCC has an allowance of (\$2,000.00) in this contract to be used for permitting. (Building/site).**
- **MCC will be responsible compliance of the modular structures.**
- **MCC will be responsible for creating a GMP layout for the pods, proposed site-built structures and equipment both inside and outside the pods.**
- **MCC will collaborate with the design team, equipment supplier (Precision), GMP consultant (The Weinberg Group) and HEMP Productions to determine the most effective and cost-effective layout for the project. Any vestibules and support buildings and any associated engineering, mechanical, etc. will be treated as a charge order.**
- **MCC will fabricate, deliver, install and commission the Extraction & Bathroom/locker structures.**

1. **MCC's on-site project team shall consist of (3) full-time team members. Dave Miller, Site Project Manager will direct and manage the field installation team; and Jim Annarella will serve as the Site Superintendent and Lead Safety Representative, and Dan Vernon**

MCC Development, Inc. Asheville, NC 28803
Ph: 609-444-6977 Email: info@hazmatbuildings.com
www.hazmatbuildings.com

carpenter/mechanic; **All are certified by the OSHA Thirty-Hour Construction Quality Management Training Program.**

2. **MCC's** Experience Modification Rate ("EMR") for the past three (3) years is zero. There are no "recordable incident rates" as there have been zero job-related injuries and no fatalities recorded in the past three years. **MCC's** Corporate Safety Program, Substance Abuse Policy and our commercial general liability insurance certificate, including "Products & Completed Operations" with \$1million combined limits shall be provided upon request.
3. **Regulatory Compliance:** **MCC's** factory-built Hazmat™ Extraction and Processing Building is approved and will come with stamped PE drawings.
4. **MCC's** building is constructed of Heavy Gauge Steel Sheets, Structural Tubing and Metal Studs. The unit is seam welded to achieve a unitized, weatherproof structure. Shop fabrication shall be performed in accordance with AWS, AISC, ANSI and ASTM construction standards.
5. **MCC's** built-in secondary spill containment sump shall be constructed with 10-gauge steel that is seam welded and hydrostatic leak tested for liquid tightness. The containment sump is designed to contain 25% of total volume of flammable liquids to be stored (EPA 40 CFR, part 264.175).
6. **MCC's Fire Protection Strategy** complies with NFPA 17 and includes an FM Global/UL Approved automatic dry chemical fire detection and suppression system.

CONTRACTOR WORK SCOPE:

MCC's state of NY registered professionals, site project manager, OSHA-certified installation team members shall be responsible for executing and managing the following work scope.

1. Pre-construction phase site meeting for due diligence and planning purposes.
 2. Review of zoning to ensure compliance.
 3. Team meeting to discuss the project layout, design and over plan.
 4. Submittals: Preparation and submission of certified engineering shop drawings, electrical schematic and fire suppression arrangement drawings for review and approval by Purchaser.
 5. **MCC** shall submit three (3) sets of PE stamped structural engineering and mechanical drawings with load calculations and PE stamped fire protection plans for the "Construction Design Release".
 6. Shop fabrication and functional testing of mechanical, electrical and alarm devices, and pressure testing of spill containment sump for liquid tightness. Performance of "FAT" for in-plant quality control.
 7. Review and approval of occupancy designation, preparation for permitting submission and GMP consulting.
 8. Transportation and Permitting and to Poughkeepsie, NY.
 9. Building Installation: Crane offloading and placement; setting units in place, shimming for level & plumb; and anchoring of the building for seismic, snow & wind load requirements.
 10. Installation of plumbing and electric to support the required equipment that will be installed (by others)
 11. Commissioning of Buildings.
 12. Installation of bathroom/locker building.
 13. Installation of static grounding system and functional testing of OH doors, HVAC (if applicable) and ventilation equipment.
 14. Fire protection: Activation, testing **and** certification of the pre-engineered dry chemical system.
 15. Factory Finish: All interior and exterior steel surfaces are protected with polyurethane finish coat for chemical & corrosion resistance and color and gloss retention.
- Closeout Submittals: Owner's Manual with compliance certifications, as-built drawings, sump leak test report, **10-year structural warranty**, 1-year interior and exterior coatings warranty.

MCC Development, Inc. Asheville, NC 28803
Ph: 609-444-6977 Email: info@hazmatbuildings.com
www.hazmatbuildings.com

EXHIBIT

B

Please refer to the attached drawing for the complete list of building specifications.



MCC Development, Inc.

Turnkey Integrated Hazmat Storage Solutions™

HEMP PRODUCTIONS
MCC PROPOSAL # 1005 (REV-7)
SERVICE AGREEMENT

MCC Development, Inc., a North Carolina corporation (hereinafter "MCC") hereby agrees to execute and manage the design, engineering, shop fabrication, delivery, installation, and commissioning of its factory-built **PREFABRICATED EXTRACTION AND PROCESSING BUILDINGS & BATHROOM/LOCKER ROOM BUILDING** on behalf of **HEMP PRODUCTIONS, INC. (Hereinafter "Purchaser")**. All work shall be performed in accordance in Poughkeepsie, NY with the performance specifications and contractor work scope contained herein and made part of this agreement by reference. This factory-built Hazmat™ structures shall be compliant with the Fire Commissioner for compliance with the National Electric Code, International Building, Fire and Mechanical Codes, and the FM Global Loss Prevention Standards of Construction. It is further agreed that this engagement shall constitute a performance contract whereby **Purchaser** shall compensate **MCC** for executing and managing this project on its behalf in accordance with the terms and conditions of performance and work scope detailed herein.

PRICING, TERMS, AND CONDITIONS OF PERFORMANCE

TURNKEY PROPOSAL: MCC agrees to execute and manage the design engineering, shop fabrication, delivery, offloading, installation, commissioning, and validation of **FIVE** of its 10' x 50' **Prefabricated Extraction and processing Buildings** (1) Bathroom/locker building approximately 12' x 50' in strict accordance with its specifications and the work scope stipulated herein for a lump sum price of **ONE MILLION TWO-HUNDRED FORTY-EIGHT THOUSAND NINE HUNDRED DOLLARS (\$1,248,900.00)**. This price is quoted FOB Poughkeepsie, NY and includes all costs for labor, materials, tools, equipment, transportation, project management, sealed engineering drawings, third party certifications, and commercial liability insurance. State and local sales tax, and any special excise fees, if applicable, are excluded.

The following equipment and services may be exercised by Purchaser by means of line item addition to the fixed-price contract or by purchase order addendum. **INCLUDED IN PRICE.**

Credit for Contingency: \$20,000.00- Price adjusted
JacobsWyper budget in proposal \$30,000,00
Permitting Allowance: \$2,000.00

Product Description	Schedule of Values	Comments
Option 1: Class 1 Div 2 Explosion proof A/C Unit Rated with Thermostat	\$6,950.00 (each)	6 Air conditions- total: \$41,700.00. Included
Option 2: Class1 Div 2 EP HEATER Unit	\$4,850.00 (each)	6 Heaters- Total: \$29,100.00 Included in Price

MCC Development, Inc. Asheville, NC 28803
 Ph: 609-444-6977 Email: info@hazmatbuildings.com
www.hazmatbuildings.com

TERMS AND CONDITIONS OF SALE:

Pricing shall be valid for executed agreement received by October 15, 2019.

Payment Terms of the sale are as follows:

- 30% down payment required with executed contract;
- 30% progress payment due upon completion of drawings and commencement of fabrication.
- 25% upon completion of fabrication and preparation for delivery.
- 10% upon delivery of Pods to the site.
- 5% upon completion of the installation, commissioning and acceptance.

CHANGE ORDERS:

A change order is a written document prepared by either party and signed by an authorized representative of both parties stating their agreement upon both of the following: 1) a change in the work and time for completion; and 2) the amount of an adjustment in the contract sum. An adjustment to the work scope and contract sum shall be based upon mutual acceptance and agreed upon unit prices for the proposed changes and the Project Timelines provided herein below.

CAPITAL EQUIPMENT TAX SAVINGS: The 2019 "Bonus" Depreciation Rule (Section 179 Expensing Deduction – US Tax Code) may allow Systems Controls to optimize its capital budget, enhance cash flow and improve its Return on Investment ("ROI") as the factory-built structures qualify as capital equipment and the accelerated depreciation rule permits 100% expensing during the first year in which the structures are put into use compared to conventional construction that is taxed for 29-31 years.

WORK PERFORMED BY OTHERS:

In consideration of MCC performing its work, Purchaser shall be responsible for executing the following site services:

- Clear, unimpeded access to the exterior areas for the staging of the delivery trailer and material handling equipment, offloading and placement of the storage building.
- Electrical power feed from main distribution panel (MDP) to MCC's load center. Final connection to the building to be performed by others.

PERFORMANCE GUARANTY:

MCC warrants that it possesses the design/build qualifications and regulatory code expertise to design, build, execute and manage this project and guarantees compliance with the NY state 'Industrialized' Building Code for quality assurance. MCC further warrants that it possesses the mechanical design engineering, manufacturing, construction skills and project management experience to deliver this project for the turnkey price contained herein and assumes all risks for permitting approval, regulatory compliance, and the functional performance of the climate control equipment. Also, MCC to include GMP "structural compliance" and recommendations in support of the GMP consultants/Auditor to ensure compliance.

PROJECT SCHEDULE:

Drawings review/preparation and submit to customer for review: (2-3) weeks
Zoning review (3-4 weeks) done simultaneously
GMP Plan and design (3-5) weeks done simultaneously.

MCC Development, Inc. Asheville, NC 28803
Ph: 609-444-6977 Email: info@hazmatbuildings.com
www.hazmatbuildings.com

Building Delivery in 6-8 weeks from the execution and funding of the contract and approved plans (above)
5-7 Days of site installation

INSURANCE: MCC is protected for general, automobile, worker's compensation, and employer's liability coverage including products and completed operations and professional liability policies for errors and omissions underwritten by USI-Midwest Insurance Group. The primary combined limits are \$1,000,000.

ENTIRE UNDERSTANDING: The intent of this Agreement is to provide a **Prefabricated Extraction and Processing Building & BATHROOM/LOCKER ROOM BUILDING** that is functionally complete, ensures regulatory compliance and meets the Purchaser's performance requirements. No agent, employee, representative, shareholder, or director of either party has the authority to make, and the parties shall not be bound by or liable for any statement, representation, promise, or agreement not set forth herein. Any additional work not expressly set forth herein shall be construed as an extra cost only if requested by Purchaser or its consulting engineers. In such event, **MCC** shall conduct its due diligence and execute the additional work upon receipt of a written "change order" signed by both parties and be shall be compensated by Purchaser for all such work.

ACCEPTANCE: Purchaser may accept this proposal by signing the original and returning one executed copy to **MCC** or by transmitting its standard contract with reference to **MCC** proposal #1005 REV-7.

PURCHASER

By Hemp Productions Inc
Signature [Signature]
Title CEO/President
Date 10/15/19

MCC DEVELOPMENT, INC.

By Joseph Lopardo
Signature Joseph C. Lopardo
Title Chief Operating Officer
Date October 15, 2019

MCC Development, Inc. Asheville, NC 28803
Ph: 609-444-6977 Email: info@hazmatbuildings.com
www.hazmatbuildings.com

EXHIBIT

C



MCC Development, Inc.

Integrated Hazmat Storage Solutions™

VENDOR CHANGE ORDER REQUEST

Vendor Name: MCC Development, Inc.	Change Order NO. 1
Contact: Joseph C. Lopardo	Change Order Date: 02/25/2020
Phone: 609-444-6977	Contract # 1005-REV-7
E-mail: joseph.lopardo@mccdevelopment.com	Original Purchase Order Date: 10/15/2019
Address: MCC Development PO BOX 601	Customer Name: HEMP PRODUCTIONS, INC.
Deerfield, IL 60015	Address: 886 Nikon Road Poughkeepsie, NY12503
	Project: Extraction Facility

THIS CHANGE ORDER made this date set forth above by and between **MCC** Development, Inc. ("**Vendor**") and HEMP PRODUCTIONS, INC. ("**Purchaser**") shall be amended as follows and supersedes all previous correspondence, change orders, and purchase order agreements. All other terms and condition of this Purchase Order Agreement remain unchanged.

1.0 Original Purchase Order Amount	\$1,248,900.00
2.0 (2) Additional Support modules. (1) Packaging and (1) Intake POD. Electrical packages, etc.	\$277,225.00
3.0 HVAC change to rooftop system. 25 Ton Roof Mount Unit - 14,000 BTU Cooling / 12,000 BTU Heating. 230 Volt 60 HZ/ 1 Phase C1 Grp BCD, Div 2 Interior. General Purpose Exterior with Remote Thermostat and On/Off Switch in Corridor Space. Stainless Steel Housing and Rain Guard for Condensor Openings. Includes HEPA Filters. 1 Unit for both Extraction Modules. Individual Units for other 3 H Occupancy rooms. Prewired and shipped inside units for site installation by others.	\$81,940.00
4.0 Change to Interior Anchoring system (This may change based on final Engineering). Airlock doors/R20 Insulation	\$36,800.00
5.0 Total Additional Engineering for anchoring/HVAC rooftop units, etc,	\$29,800.00
6.0 Total Amount of this Change Order	\$425,765.00
7.0 New Purchase Order Amount	\$1,674,665.00

This change order is mutually agreed to and accepted by the parties hereto:

MCC Development, Inc.

HEMP PRODUCTIONS, LLC

Joseph C. Lopardo
Signature

Signature

Joseph C. Lopardo CEO
Printed name/title

Printed name/title

February 25, 2020
Date

Date

EXHIBIT

D

Hemp Productions Project

From: KIMBERLY TANAMI (hempproductions@yahoo.com)

To: anthonybuffa@gmail.com; kristeen.snyder@chem-stor.com

Cc: hempproductionsnyc@gmail.com; peter71575@me.com; tommy.hempproductions@yahoo.com

Date: Friday, August 21, 2020, 02:53 PM EDT

Good afternoon,

As explained, Hemp Productions Inc. will not be accepting the modular pods delivered. The pods delivered have many defects, are water damaged and have been compromised. This last week, we had two fabricators come to do an onsite inspection. One fabricator came at the request of MCC and the other at the request of Ideal. Each fabricator stated that the pods were compromised and cannot be used for outdoors. The fabricators and electrician both advised that the defects, water damage and poor workmanship are excessive and therefore guarantees to any of the work performed cannot be given.

On the roof top of each pod many of the lines (I think their "Mate Lines") were just spot welded causing water to penetrate the pods, their walls and warping of the floors. There were no precautionary steps taken while in transit or while on site and till present. The electric has been compromised as well due to the wrong electrical boxes being placed on the roof tops. There are also many missing features to the pods, like floors, vents as a whole and/or hepa filtered vents, mismatched tiling, missing water line, the complete plumbing for pod C, insulation to the plumbing, and incorrect bathroom fixtures. The door entrances from pod a to pod d and e are reversed, the ceiling in the corridor to pod h is 2 inches lower, door frames are severely crooked in many pods (the one in pod g make me feel like I'm in an Alice and Wonderland movie, minus the drugs). There are waves in the ceilings, dents in the walls, sloppy corking, welding splatter throughout, cracked welds, rust lines dripping from the ceilings, on 2 of the pods the complete structure is bent and the list goes on. The applications applied and workmanship is heartbreaking!

We will not pay the balance owed and are requesting full reimbursement. Please come and remove the all pods from the property as soon as possible.

Sincerely,

Kimberly Tanami
Hemp Productions Inc.
884-886 Noxon Road
Poughkeepsie, NY 12603
cell: 718-207-4554

The information contained in this email message is intended only for the private and confidential use of the recipient(s) named above, unless the sender expressly agrees otherwise. In no event shall **Hemp Productions Inc.** accept any responsibility for the loss, use or misuse of any information including confidential information, which is sent to **Hemp Productions Inc.** via email, or email attachment. **Hemp Productions Inc.** does not guarantee the accuracy of any email or email attachment. If the reader of this message is not the intended recipient and/or you have received this email in error, you must take no action based on the information in this email and you are hereby notified that any dissemination, misuse or copying or disclosure of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by email and delete the original message.