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SUPERIOR COURT OF ARIZONA

MARICOPA COUNTY

CA2 CAPITAL, an Arizona limited liability company; ALAN B. ABRAMS, an individual; BROKEN ARROW HERBAL CENTER, INC., an Arizona nonprofit corporation; CJK, INC., an Arizona nonprofit corporation,

Plaintiffs,

v.

DUKE RODRIGUEZ, a/k/a RUEBEN DUKE MONTENEGRO RODRIGUEZ, an individual; STORMWIND GROUP, LLC, an Arizona limited liability company; CUMBRE INVESTMENT, LLC, an Arizona limited liability company; CVUH, LLC, an Arizona limited liability company; SOLD BY GROUP, LLC, an Arizona limited liability company; JOHN and JANE DOES I-X; BLACK and WHITE ENTITIES 1-X,

Defendants.

No. CV2015-003778

OPPOSITION TO APPLICATION FOR TEMPORARY RESTRAINING ORDER

(Assigned to Honorable Colleen L. French)

On March 26, 2015, CA2 Capital, LLC; Alan B. Abrams; Broken Arrow Herbal Center, Inc.; and CJK, Inc. (collectively, "Plaintiffs") filed a Verified Complaint and Application for Temporary Restraining Order and Preliminary Injunction Without Notice

("Application"), seeking various forms of injunctive relief. The stated purpose of the request is to protect the money Plaintiffs, primarily Mr. Abrams, invested in various entities controlled and operated by defendant Duke Rodriguez. By seeking injunctive relief, Plaintiffs' claim it will avoid "confusion" in the marketplace. Yet, on its face, this is a dispute about money. As such, there is no irreparable harm. Without a showing of irreparable harm, injunctive relief is inappropriate.

This dispute is an investor's ill-conceived attempt to wrest control of various companies from the founder based on the investor's monetary contributions. Divesting the founder of control through provisional injunctive relief will exacerbate the confusion created already by the attempted coup.

Moreover, the key entity the Plaintiffs seek to control (Ultra Health, LLC) is not a named defendant. Therefore, the Court lacks jurisdiction over Ultra Health, LLC and cannot issue a ruling binding upon it. *See* Ariz. R. Civ. P. 65(h).

Finally, the injunctive relief the Plaintiffs seek will change control over the entities. As such, Plaintiffs are requesting a mandatory injunction, which carries a higher standard and heavier burden. Retaining the status quo would leave the existing leadership in place, without disruption, which requires denial of Plaintiffs' request.

Defendants oppose the Application and submit this Opposition to Application for Temporary Restraining Order ("Opposition") for the Court's consideration, which includes the following Memorandum of Points and Authorities, the Declaration of Duke Rodriguez, exhibits attached to the declaration, and the Verified Complaint with its attachments.

MEMORANDUM OF POINTS AND AUTHORITIES

The gulf between the factual scenarios presented by the parties in this dispute is vast. Given the considerable discrepancies between the parties' version of the underlying facts and the lack of notice provided to the Defendants, the Defendants urge the Court to

carefully consider whether a drastic remedy, such as injunctive relief, is appropriate under the circumstances.

I. RELATIONSHIP OF PARTIES AND BACKGROUND

Duke Rodriguez formed Ultra Health, LLC in June 2013. See Declaration of Duke Rodriguez, ¶ 1 ("Rodriguez Decl."), attached here as **Exhibit 1**. At the time of formation, Duke Rodriguez was Ultra Health's sole member and manager. *Id.* ¶ 2. Mr. Rodriguez formed Ultra Health, LLC to facilitate entry into the medical marijuana ("MMJ") business consistent with the Arizona Medical Marijuana Act. *Id.* ¶ 3.

Near the time of Ultra Health's formation, Mr. Rodriguez was introduced to defendant Alan Abrams, Chris Carra, and Marc Brannigan. *Id.* ¶ 4. These individuals were also interested in entering the MMJ business in Arizona. *Id.* ¶ 5. In August 2013, Abrams, Carra, and Brannigan formed the entity MAC CAM, LLC (**M**ark, **A**lan, **C**hris, **C**hris, **A**lan, **M**arc). *Id.* ¶ 6.

Contrary to the statements in the Verified Complaint, Mr. Rodriguez and Ultra Health **never** prepared or presented anyone with solicitation or prospectus documentation. *Id.* ¶ 7. The Financial and Market Analysis & Recommendations on Entering the Arizona Medical Marijuana Market ("Market Analysis") document attached to the Verified Complaint at Exhibit 1 is not a document prepared by Mr. Rodriguez or Ultra Health. *Id.* ¶ 8. Indeed, as the Verified Complaint notes, the Market Analysis references issued dispensary certificates that have no relation to Ultra Health. *Id.* ¶ 9. The Verified Complaint's reliance on this document is inconsistent with the parties actual dealings, as described below. *Id.* ¶ 10.

In 2013, the MAC CAM and Ultra Health members identified a property in Chino Valley, Arizona that, they envisioned, could be used as an MMJ cultivation site in the future ("Chino Valley Property"). *Id.* ¶ 11. The group entered into a Joint Venture Agreement in the summer of 2013 that outlined their venture and the plans for acquisition

of the Chino Valley Property, among other items ("JVA"). *Id.* ¶ 12. Under the JVA, Mr. Abrams would provide money to finance the acquisition and Mr. Rodriguez would use his real estate and finance experience to secure the property. *Id.* ¶ 13.

Over the course of the following months, the joint venture partners worked to secure title to the Chino Valley Property. *Id.* ¶ 14. Eventually, around May 2014, after the parties obtained title to the Chino Valley Property, Ultra Health formed a single purpose limited liability company to hold title to the Chino Valley Property. *Id.* ¶ 15. The single purpose entity is CVUH, LLC. *Id.* ¶ 16. Ultra Health is the single member of CVUH, LLC. *Id.* ¶ 17.

With the Chino Valley Property secured, Ultra Health and MAC CAM then began the process of connecting with non-profit entities holding a MMJ certificate from the Arizona Department of Health Services, under the Arizona Medical Marijuana Act. *Id.* ¶ 18. These entities are licensed to operate dispensary and cultivation activities consistent with the Act and related regulations. *Id.* ¶ 19. The joint venture partners obtained controlling board seats on two non-profit license holder entities: Broken Arrow Herbal Center, Inc. and CJK, Inc. (both Plaintiffs in this action). *Id.* ¶ 20.

Upon information and belief, a dispute arose between the members of MAC CAM, which resulted in Mr. Carra and Mr. Abrams acquiring Mr. Brannigan's interests. Meanwhile, Mr. Carra and Mr. Abrams formed a new entity, Plaintiff CA2 Capital, LLC in May 2014. Mr. Carra and Mr. Abrams are believed to be the sole members of CA2 Capital.

In order to solidify their relationships and investments, around June 2014, the CA2 Capital members presented Mr. Rodriguez with an Amended and Restated Operating Agreement for Ultra Health, LLC ("Amended OA"). The Amended OA outlines the members' relationships and describes how Ultra Health would be operated going forward. The parties signed the Amended OA on August 18, 2014. *Id.* ¶ 21.

The Amended OA identifies two members of Ultra Health: (1) Duke Rodriguez and (2) CA2 Capital, LLC. [Amended OA at § 1.7.] As founder and for purposes of continuity, the parties agreed that Mr. Rodriguez would continue as Ultra Health's manager. [Amended OA at §3.2.] Critically, Mr. Rodriguez also retained a controlling interest in the operation of the company by maintaining a 51% membership interest. [Amended OA at § 6.1.] In order to acknowledge CA2 Capital's monetary contributions, the parties agreed that, notwithstanding Mr. Rodriguez's control, CA2 Capital would receive a greater share of profit distributions. This point was clearly made in **bold** typeface:

> The Percentage Interest of the Members is as follows:
> **Duke Rodriguez – 51% of Membership Interest and 40% of all distributions of Company profits, losses and distributions of all types.**
> **CA2 Capital – 49% of Membership Interest and 60% of all distributions of Company profits, losses and distributions of all types.**

[*Id.* (emphasis original).]

The Amended OA is lacking in many respects, which is a primary source of this litigation. For example, although a capitalized/defined term in Section 6.1, the term "Membership Interest" is not otherwise provided a definition in the Amended OA. [*See* Amended OA at § 1.9 "Definitions."] Yet, for removal of the manager to be valid, the Amended OA requires the vote of a "Majority-In-Interest of the Members." [Amended OA at § 3.8.] The term "Majority-In-Interest" is defined to mean: "Members owning a simple majority of the Percentage Interests." [Amended OA at § 1.9(r).] Circling back to Section 6.1, entitled "Percentage Interests," Mr. Rodriguez holds the simple majority interest for all purposes other than distributions and losses. Therefore, the attempted

removal upon which the lawsuit and Application are based is invalid, as discussed below.

Contrary to the allegations in the Verified Complaint, CA2 Capital's membership interest in Ultra Health provides it with ownership of the CVUH, LLC entity.

II. FACTS GIVING RISE TO THIS LAWSUIT

Within the last month, Ultra Health has begun operating at a profit. Having passed through the difficult start-up period, CA2 Capital and Mr. Abrams are attempting a coup that would oust Mr. Rodriguez from the company he founded to take control over the operations.

A. The Invalid Meeting And Sham Resolution.

As detailed in the Verified Complaint, on March 26, 2015, the day the Application was filed, the members of CA2 Capital attempted to hold a "meeting" of Ultra Health, during which meeting CA2 Capital voted to remove Mr. Rodriguez as manager. [Verified Complaint, Exhibit 2.] The document purporting to remove Mr. Rodriguez does not identify any cause for removal. [*Id.*] The document purporting to remove Mr. Rodriguez as manager purports to grant CA2 Capital the authority to vote for removal pursuant to the simple majority of CA2 Capital's distribution interest – not its actual membership interest (the inconsistency of which is described above).

The actions taken by CA2 Capital are invalid for a variety of reasons. For example, the "meeting" held by CA2 Capital was not property noticed pursuant to the Amended OA. [*See* Amended OA §5.4.] The Amended OA requires that a member calling for a meeting must provide "written notice stating the place, day, and hour of the meeting and the purpose or purposes for which the meeting is called" at least two days before the date of the meeting. [*Id.*] Mr. Rodriguez never received written notice of the meeting (nor is evidence of such notice referenced in or attached to the Verified Complaint). Obviously, had Mr. Rodriguez attended such a "meeting," his simple majority controlling interest would trump a vote to remove him as manager.

B. The Motive Is Money.

In addition to their co-membership in CA2 Capital, Messrs. Abrams and Carra are founding shareholders of an entity known as Zoned Properties, Inc. *Id.* ¶ 22. Zoned Properties, Inc. focuses its business on acquiring real estate used by entities in the MMJ industry and leasing that real property back to the MMJ operators. The Zoned Properties, Inc. website describes the company as follows:

> Zoned Properties, Inc. primarily focuses on acquiring free standing buildings, land parcels, and greenhouses when the end goal is to have them re-zoned to be able to carry hydroponic agricultural grow operations.

www.zonedproperties.com/about-us

Until recently, Marc Brannigan (from MAC CAM) was the CEO of Zoned Properties, Inc. http://www.prnewswire.com/news-releases/zoned-properties-inc-ceo-marc-brannigan-resigns-vp-of-operations-and-cso-bryan-mclaren-to-serve-as-interim-ceo-253176541.html Mr. Carra and Mr. Abrams are founding stockholders in Zoned Properties, Inc. *Id.* ¶ 23.

Upon information and belief, virtually all of the properties Zoned Properties holds are properties operated by Ultra Health, with one critical exception – the Chino Valley Property. *Id.* ¶ 24. The Chino Valley Property would be a great additional asset for Zoned Properties, Inc. to acquire and then lease-back to Ultra Health. Unfortunately, however, Ultra Health retains ownership and control over the Chino Valley Property through its wholly owned subsidiary CVUH, LLC and it is not in Ultra Health's best interest to sell the property to Zoned Properties under an exorbitant lease-back scenario. *Id.* ¶ 25. The only group this would benefit is the Zoned Properties, Inc. shareholders – Abrams and Carra a/k/a CA2 Capital, LLC. *Id.* ¶ 26.

Mr. Carra has a history in finance and the stock market. In particular, he has

experience selling and promoting penny stocks, such as Zoned Properties, Inc. (OTC: ZDPY). In fact, Mr. Carra entered into a Letter of Consent with FINRA and paid a fine arising from FINRA's allegations that he used multiple names or "handles" on internet message boards to promote certain stocks. Attached here as **Exhibit 2.**

III. LEGAL ANALYSIS

A. Injunctive Relief Standard Not Met.

To secure a temporary restraining order, the Plaintiffs' must demonstrate: (i) a strong likelihood that they will succeed at trial on the merits of its claims; (ii) they will suffer irreparable harm not remediable by damages; (iii) the balance of the hardships favors them; and (iv) public policy favors the TRO. *See Shoen v. Shoen*, 167 Ariz. 58, 63, 804 P.2d 787, 792 (App. 1990). The grant of injunctive relief is committed to the Court's sound discretion. *Id.* Moreover, an "injunction is an extraordinary and drastic remedy, one that should not be granted unless the movant, by a clear showing, carries the burden of persuasion." *Mazurek v. Armstrong*, 520 U.S. 968, 972 (1997) (quotation marks and citations omitted).

Here, the Court should deny the Application for temporary injunctive relief because: (1) Plaintiffs have not demonstrated a strong likelihood of success on the merits; (2) there is no irreparable harm because this is a dispute about monetary damage; (3) the balance of hardships favors the defendants; and (4) public policy does not favor issuing an injunction under these circumstances.

Moreover, Plaintiffs' Application does not seek the type of injunctive relief that a TRO is intended to provide. Injunctive relief is meant to maintain the status quo during the pendency of litigation. *Firchau v. Barringer Crater Co.*, 86 Ariz. 215, 219 (1959) (TRO is meant only to be "a restraint on the defendant until the propriety of granting a preliminary injunction can be determined, thus going no further in its operation than to preserve the status quo until that determination"). It is not a means for a party to obtain

damages before a trial on the merits. *Burton v. Celentano*, 134 Ariz. 594, 595 (App. 1982) ("It has been stated that a preliminary *mandatory* injunction is not a favored remedy, especially where it does more than simply maintain the status quo pending a trial on the merits."); *cf. Cracchiolo v. State*, 135 Ariz. 243, 247 (App. 1983) (vacating temporary injunction because it did not preserve the status quo).

B. Little Likelihood of Success On The Merits.

Plaintiffs' eleven-count Verified Complaint is premised on the assumed authority of CA2 Capital to remove Duke Rodriguez as the manager of Ultra Health (which is not a party to this proceeding). As discussed above, the plain terms of the Amended OA provide Mr. Rodriguez with the controlling interest (51%) in governance matters. In addition, CA2 Capital failed to property notice a meeting of Ultra Health members and its actions are not binding on the company. It seems unlikely, let alone a strong possibility, that Plaintiffs will prevail on its request to have the Court "bless" its rouge conduct.

Of the eleven counts, several do not qualify as causes of action.

C. No Irreparable Harm Exists.

An injunction should not issue if an adequate and complete remedy at law is available to the party seeking redress for breach of contract. *Arizona Edison Co. v. Southern Sierras Power Co.*, 17 F.2d 739 (9th Cir. 1927). Plaintiffs have a complete remedy at law – damages.

Plaintiffs' Application is devoid of any discussion concerning irreparable harm that might be suffered by Mr. Rodriguez' continued service as manager. Conversely, the Plaintiffs' admit that the purpose of the Application is to protect money invested by Plaintiffs, namely Mr. Abrams. For example, the Application states:

- "Further, Mr. Abrams is the **source of the funding** of the business, having committed nearly $12,000,000 (TWELVE MILLION DOLLARS) in investment money to or on behalf of or for the benefit of Ultra Health."

Application p. 3 (emphasis added).

- The purpose of the Application is "[t]o avoid the harm to the businesses and Mr. Abrams' **massive investment** which would foreseeably result from confusion absent a temporary, ten (10) day[,] order of this Court...." Application, p. 4 (emphasis added).
- "...there is an opportunity for Rodriguez to be tempted to act in his own self-interest and to transfer assets, monies and property over which he currently exercises control – but was purchased with Mr. Abrams' nearly $12,000,000 (TWELVE MILLION DOLLARS) – in such a way that **recovery will become more complicated and expensive** than it already is." Application p. 5 (emphasis added).[1]
- "The Requested TRO is a Measured and Proper Way **to Protect Plaintiffs' Substantial Interests** for Ten (10) Days Pending a More Full Presentation." Application, p. 6.

Recognizing any purported harm would be recoverable as damages, Plaintiffs attempt to reason that a TRO is necessary to "avoid confusion" as to the leadership of the companies. Plaintiffs cite no case law or other authority to support the idea that avoidance of self-induced "confusion" is an irreparable harm that would justify injunctive relief. This is the ultimate "straw man" argument. On March 26, 2015, Plaintiffs' purported to "replace" Mr. Rodriguez with Mr. Abrams – thus, creating confusion. Now, turning that action on its head, Plaintiffs argue that without the Court's blessing of their conduct, the marketplace will be confused as to why Mr. Rodriguez, the founder, manager and leader

[1] This statement by Plaintiffs underscores the reasons for denying their Application. Plaintiffs' claims are based on an "opportunity" that may exist and arise from a concern that Mr. Rodriguez may be "tempted" to act inappropriately – in the future. There is no allegation (or factual evidence) that Mr. Rodriguez has actually done **anything** wrong or intends to act contrary to Plaintiffs' interests. In fact, given their joint interests in Ultra Health and the non-profit entities, Mr. Rodriguez should have the same motivation as Plaintiffs to see the businesses succeed.

of all of the companies, continues to serve in that capacity as he has for the last two years. This makes no sense. To avoid confusion and maintain the *status quo*, the Court should deny the Application and allow Mr. Rodriguez to continue in his leadership roles.

D. The Balance of Hardships Favors The Defendants.

Mr. Rodriguez is the founder of Ultra Health and the president of the non-profit entities, which he helped connect to Ultra Health. Mr. Rodriguez invested considerable "sweat equity" in the businesses to help them reach the point of profitability in early 2015.

Ultra Health and the non-profits are involved in several, unrelated, lawsuits that are pending. Counsel for Ultra Health and the non-profits are awaiting direction as to whom will oversee the litigation on Ultra Health's behalf. Mr. Abrams is not involved in the day-to-day management of the company and is not presently prepared to consult with counsel regarding strategy and legal advice. Retaining Mr. Rodriguez will maintain continuity for communication with counsel.

Removing Mr. Rodriguez from management will also remove any "check and balance" on CA2 Capital from stripping Ultra Health of its most valuable asset, the Chino Valley Property, to benefit Messrs. Abrams and Carra's investment in Zoned Properties, Inc. (which is the underlying purpose of this action).

E. Public Policy Favors Maintenance of the Status Quo With Rodriguez.

Mr. Abrams, through CA2 Capital, is an investor. He invested his money in hopes that he would realize a positive return on his investment. CA2 Capital knowingly entered into the Amended OA with Ultra Health accepting a minority governing interest in exchange for a higher distribution interest. Yet, when disagreements with management arose, CA2 Capital is attempting to use self-help to gain control of the businesses.

Public policy favors upholding contracts. The Amended OA is a contract. CA2 Capital lacked the knowledge and expertise to accomplish the creation and establishment of a MMJ business in Arizona. CA2 Capital relied on Mr. Rodriguez to provide the

intellectual resources necessary to establish the businesses. Mr. Rodriguez accomplished the objective with the investment of money from CA2 Capital. Now that the business are operating, CA2 Capital is manufacturing a basis to change the terms of the parties' contractual arrangement based on the reasoning that Mr. Abrams must protect his "massive" investment of capital.

It would be poor public policy to allow investors to wield unlimited power within a corporation based on the size of their purse. This would discourage business operators from seeking investment capital to grow their businesses. If operators, such as Mr. Rodriguez believed that their ideas and work could be easily stolen by their investors, they would be reticent to seek investment, which would slow the growth of their businesses and the overall economy.

IV. Conclusion

For the reasons stated above and any additional argument made during the hearing, the Defendants respectfully request that the Court deny Plaintiffs application and enter an order finding that Mr. Rodriguez continues to serve as the manager of Ultra Health and the President and board member of the non-profit entities, to maintain the status quo as it existed before March 26, 2015.

DATED this 31st day of March, 2015.

FENNEMORE CRAIG, P.C.

By _____
J. Christopher Gooch
Attorneys for Defendants

Filed this 31st day of March, 2015, with:

Clerk of the Court
Maricopa County Superior Court

Copy hand-delivered this 31st day of March, 2015, to:

Honorable Colleen L. French

Copy of the foregoing mailed this 31st day of March, 2015, to:

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EXHIBIT

1

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DUKE RODRIGUEZ, a/k/a RUEBEN DUKE MONTENEGRO RODRIGUEZ, an individual; STORMWIND GROUP, LLC, an Arizona limited liability company; CUMBRE INVESTMENT, LLC, an Arizona limited liability company; CVUH, LLC, an Arizona limited liability company; SOLD BY GROUP, LLC, an Arizona limited liability company; JOHN and JANE DOES I-X; BLACK and WHITE ENTITIES 1-X,

Defendants.

No. CV2015-003778

DECLARATION OF DUKE RODRIGUEZ

(Assigned to Honorable Colleen L. French)

I, Duke Rodriguez, declare as follows:

1. I formed Ultra Health, LLC ("Ultra Health") in June 2013.

2. At the time of formation, I was Ultra Health's sole member and manager.

3. I formed Ultra Health to facilitate entry into the medical marijuana ("MMJ") business consistent with the Arizona Medical Marijuana Act.

4. Near the time of Ultra Health's formation, I was approached by defendant Alan Abrams, Chris Carra, and Marc Brannigan.

5. These individuals were also interested in entering the MMJ business in Arizona.

6. In August 2013, Abrams, Carra, and Brannigan formed the entity MAC CAM, LLC (**M**ark, **A**lan, **C**hris, **C**hris, **A**lan, **M**arc).

7. Contrary to the statements in the Verified Complaint, neither I nor Ultra Health **ever** prepared or presented anyone with solicitation or prospectus documentation.

8. The Financial and Market Analysis & Recommendations on Entering the Arizona Medical Marijuana Market ("Market Analysis") document attached to the Verified Complaint at Exhibit 1 is not a document prepared by me or Ultra Health.

9. The Market Analysis references issued dispensary certificates that have no relation to Ultra Health. I believe this is a modified version of a capstone paper prepared by Justin Abbate for his studies at San Diego State University. I understand Mr. Abbate was the General Counsel for Zoned Properties, Inc. Exhibit A, here.

10. The Verified Complaint's reliance on this document is inconsistent with the parties actual dealings.

11. In 2013, the MAC CAM and Ultra Health members identified a property in Chino Valley, Arizona that, we envisioned, could be used as an MMJ cultivation site in the future ("Chino Valley Property"). I later discovered that MAC CAM had previously engaged in discussions regarding acquisition of the Chino Valley Property.

12. MAC CAM and I entered into a Joint Venture Agreement in the summer of 2013 that outlined a venture and the plans for acquisition of the Chino Valley Property, among other items ("JVA"). Exhibit B, here.

13. Under the JVA, Mr. Abrams would provide money to finance the acquisition and I would use my management, real estate and finance experience to secure the property.

14. Over the course of the following months, the joint venture partners worked to secure title to the Chino Valley Property.

15. Eventually, around May 2014, after the parties obtained title to the Chino Valley Property, Ultra Health formed a single purpose limited liability company to hold title to the Chino Valley Property.

16. The single purpose entity is CVUH, LLC.

17. Ultra Health is the single member of CVUH, LLC. I am the Manager.

18. With the Chino Valley Property secured, Ultra Health and MAC CAM then began the process of connecting with non-profit entities holding a MMJ certificate from the Arizona Department of Health Services, under the Arizona Medical Marijuana Act.

19. These entities are licensed to operate dispensary and cultivation activities consistent with the Act and related regulations.

20. The joint venture partners obtained controlling board seats on two non-profit license holder entities: Broken Arrow Herbal Center, Inc. and CJK, Inc. (both Plaintiffs in this action). I serve as President of both non-profit companies.

21. In order to solidify our relationships and investments, around June 2014, the CA2 Capital members presented me with an Amended and Restated Operating Agreement for Ultra Health, LLC ("Amended OA"). The Amended OA outlines the members' relationships and describes how Ultra Health would be operated going forward. The parties signed the Amended OA on August 18, 2014. Ver. Complaint, Exhibit 3.

22. In addition to their co-membership in CA2 Capital, Messrs. Abrams and Carra are founding shareholders of an entity known as Zoned Properties, Inc.

23. Until recently, Marc Brannigan (from MAC CAM) was the CEO of Zoned

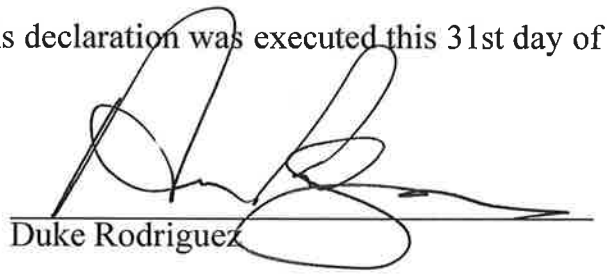
Properties, Inc. http://www.prnewswire.com/news-releases/zoned-properties-inc-ceo-marc-brannigan-resigns-vp-of-operations-and-cso-bryan-mclaren-to-serve-as-interim-ceo-253176541.html Mr. Carra and Mr. Abrams are founding stockholders in Zoned Properties, Inc.

24. Upon information and belief, virtually all of the properties Zoned Properties holds are properties operated by Ultra Health, with one critical exception – the Chino Valley Property.

25. The Chino Valley Property would be a great additional asset for Zoned Properties, Inc. to acquire and then lease-back to Ultra Health. However, Ultra Health retains ownership and control over the Chino Valley Property through its wholly owned subsidiary CVUH, LLC and it is not in Ultra Health's best interest to sell the property to Zoned Properties under an exorbitant lease-back scenario.

26, The only group this would benefit is the Zoned Properties, Inc. shareholders – including Plaintiffs Abrams and Carra a/k/a CA2 Capital, LLC.

I declare under penalty of perjury under the laws of the State of Arizona that the foregoing is true and correct, and that this declaration was executed this 31st day of March, 2015, at Phoenix, Arizona.



Duke Rodriguez

10223838

EXHIBIT

B

JOINT VENTURE AGREEMENT

This JOINT VENTURE AGREEMENT ("Agreement"), made on September 24, 2013 by and between ULTRA HEALTH, LLC, an Arizona limited liability company whose principle place of business is located at 17015 N. Scottsdale Rd #125, Scottsdale, Arizona 85255 ("UH") and MACCAM, LLC an Arizona limited liability company whose principle place of businesss is located at 3931 E. Orchid Lane, Phoenix, Arizona 85044 ("MAC"). The parties are hereinafter sometimes referred to together as the "Joint Venturers" or the "Parties" and individually as a "Joint Venturer" or "Party."

WHEREAS, the Parties wish to establish a joint venture for the purpose of operating dispensary, cultivation, and commercial kitchen facilities pursuant to the rules and guidelines of the Arizona Medical Marijuana Act; and

WHEREAS, the Parties wish to enter into this Agreement to carry out the purpose of the joint venture and to define the respective rights and obligations of the Parties with respect to this joint venture.

NOW THEREFORE, in consideration of the mutual promises, covenants, warranties and conditions herein, the Joint Venturers agree as follows:

Name. The parties hereby form and establish a joint venture to be conducted under the name of ULTRA HEALTH, LLC, (hereinafter referred to as the "Joint Venture"). The Joint Venturers agree that the legal title to the Joint Venture property and assets, including the Joint Venture itself, shall remain in the name of the UH.

Place of Business & Term. The principal place of business of the Joint Venture shall be located at 17015 N. Scottsdale Rd #125, Scottsdale, Arizona 85255. The term of the Joint Venture shall commence on the execution date hereof and shall continue in perpetuity until mutual agreement to end the Joint Venture by the Joint Venturers.

Purpose. The Joint Venturers form this Joint Venture to operate dispensary, cultivation, and commercial kitchen facilities pursuant to the rules and guidelines set forth in the Arizona Medical Marijuana Act. To the extent set forth in this Agreement, each of the Joint Venturers shall own an undivided fractional part in the business.

Capital. Separate capital accounts shall be maintained for each Joint Venturer and shall consist of the sum of its contributions to the capital of the Joint Venture plus its share of the profits of the Joint Venture, less its share of any losses of the Joint Venture, and less any distributions to or withdrawals made by or attributed to it from the Joint Venture.

The contributions from each of the Joint Venturers, for the purpose of this Joint Venture, is as follows:

(a) MAC hereby agrees to provide UH with a THIRTY (30) year loan worth THREE MILLION DOLLARS ($3,000,000) at an EIGHT AND A HALF PERCENT (8.5%) interest rate (the "Loan") with respect to the Joint Venture as follows:

a. Approximately THREE HUNDRED AND SEVENTY FIVE THOUSAND DOLLARS ($375,000) will be used to fund UH's joint venture with Scan 4 Health, executed on September 15, 2013.

b. The remainder of the funding will be used to finance UH's purchase of a land in Chino Valley, AZ from JACK M. TULS, JR. as well as the non-performing note held by CHINO VALLEY PARTNERS, a general partnership having its principal offices at 160 West Canyon Crest Road, Alpine, Utah 84004.

c. The Joint Venturers agree that there will be no prepayment penalty on the Loan.

(b) MAC also hereby agrees to provide the sum of TWO MILLION DOLLARS ($2,000,000) in equity with respect to the Joint Venture due to UH according to the following tranche(s):

a. FIVE HUNDRED THOUSAND DOLLARS ($500,000) due immediately upon the execution of the Memorandum of Understanding between the Partners executed on the 5th day of September, 2013.

b. FIVE HUNDRED THOUSAND DOLLARS ($500,000) due immediately upon the Safford dispensary location receiving its approval to operate ("ATO");

c. FIVE HUNDRED THOUSAND DOLLARS ($500,000) due immediately upon the Gilbert dispensary location receiving its ATO; and

d. FIVE HUNDRED THOUSAND DOLLARS ($500,000), due at any time, but no later than FORTY-FIVE (45) days after tranche (c) is due.

(c) MAC and UH hereby agree that the funds shall be distributed according to the terms set forth above upon execution of this Agreement and UH shall manage said funds.

The Joint Venturers shall make such other capital contributions required to enable the Joint Venture to carry out its purposes as set forth herein as the Joint Venturers may mutually agree upon. The Joint Venturers shall arrange for or provide any financing as may be required by the Joint Venture for carrying out the purposes of the Joint Venture. The terms and conditions of all such loans shall be subject to prior approval of the Joint Venturers. The Joint Venturers shall endorse, assume, or guarantee such obligations of the Joint Venture as the Joint Venturers may mutually agree upon.

Percentage Interest In The Joint Venture. The respective percentage interest in the Joint Venture owned by each Joint Venturer, respectively, is as follows:

UH 51%
MAC 49%

Management and Delegation of Authority. Management of the Joint Venture shall be conducted by the respective head officers/appointed representative of MAC and UH as laid out below:

a. Duke Rodriguez shall represent the interest, authority, and decision making of UH.

b. Alan Abrams shall represent the interest, authority, and decision making of MAC.

Profits. The net profits as they accrue for the term of this Agreement or so long as the Joint Venturers are the owners in common of the business interest, shall be distributed between the Joint Venturers, based on the respective percentage interest in the Joint Venture owned by each Joint Venturer as follows:

UH 50%
MAC 50%

Losses. All losses and disbursements in acquiring, holding and protecting the business interest and the net profits shall, during the period of the venture, will be paid as follows:

UH 50%
MAC 50%

Expenses of Venture. All losses and disbursements in acquiring, holding and protecting the business interest and the net profits shall, during the period of the venture, be paid by the Joint Venturers, in the ratio which the contribution of each Joint Venturer bears to the total contributions.

Confidential Information. "Confidential Information" means nonpublic information that (a) the disclosing Party designates as confidential, or (b) which, under the circumstances surrounding disclosure, ought to be treated as confidential. Confidential Information may include, without limitation, intellectual property rights, marketing materials, ideas, know-how, methods, formulae, processes, designs, apparatus, devices, techniques, systems, sketches, photographs, plans, drawings, specifications, studies, findings, data, reports, projections, plant and equipment expansion plans, lists or identities of employees, financial statements or other financial information, pricing information, cost and expense information, product development and marketing plans, information, procedures, notes, summaries, descriptions, results and the like.

Intellectual Property Rights. "Intellectual Property Rights" means any and all patent, copyright, trademark, trade secret, know-how, trade dress or other intellectual or industrial property rights or proprietary rights (including, without limitation, all claims and causes of action for infringement, misappropriation or violation thereof and all rights in any registrations, applications and renewals thereof), whether existing now or in the future, whether worldwide or in individual countries or political subdivisions thereof, or regions, including, without limitation, the United States.

Treatment of Proprietary and Confidential Information.

1. In connection with the performance of this Agreement, each Party contemplates the disclosure by it of certain Confidential Information to the other Party. Each Party considers its Confidential Information to be an asset of substantial commercial value, having been developed at considerable expense, but will disclose such information to the other Party under the terms and conditions of this Agreement.

   (a) During the Term and continuing thereafter for TWO (2) years from the termination or expiration of the Agreement, the Party receiving Confidential Information ("Receiving Party") from the disclosing Party ("Disclosing Party") shall (i) treat all Confidential Information disclosed by the Disclosing Party as secret and confidential and shall not disclose all or any portion of the Confidential Information to any other Person, except as provided in section 1.(b), (ii) not use any of such Confidential Information except in the performance of the Receiving Party's covenants and obligations or otherwise as contemplated under this Agreement, and (iii) restrict access to Confidential Information to the Receiving Party's employees (including contractors, accountants and counsel and similar representatives) who have a need to know such information in connection with the performance of the Receiving Party's obligations and covenants under this Agreement and shall be responsible to ensure that such employees maintain the terms of confidentiality and nonuse as required in this Agreement.

   (b) In the event that either Party desires to use a third party service provider ("Service Provider"), including, for example, an engineering design firm or a contract manufacturer, to develop or produce the Product using Technology or Technology Improvements, all Parties to this Agreement must first enter into at least an acceptable non-disclosure and technology ownership agreement with the Service Provider. Neither Party to this Agreement may disclose any Confidential Information to a Service Provider unless (i) both Parties to this Agreement have individually entered into a non-disclosure agreement with the Service Provider and (ii) the Service Provider has a presence in the United States and is able to be served legal documents in the United States or agrees, in writing, that it can be served and that United States Courts have personal jurisdiction over the Service Provider.

2. Notwithstanding anything to the contrary herein, Confidential Information shall not include any information that: (a) is presently in the Receiving Party's possession, provided that such

information has not been obtained from the Disclosing Party and that such possession can be demonstrated by the Receiving Party's written records; (b) is, or becomes, generally available to the public through no act or omission of the Receiving Party; (c) is received by the Receiving Party in written form from a third party having no binding obligation to keep such information confidential; or (d) is required to be disclosed by law, upon the advice of legal counsel.

3. Specific Confidential Information shall not be deemed to be available to the public or in the possession of the Receiving Party merely because it is embraced by more general information so available or in said Receiving Party's possession, nor shall a combination or aggregation of features which form confidential information be deemed to be non-confidential merely because the individual features, without being combined or aggregated, are non-confidential.

4. Each of the Parties hereby agrees that all written or other tangible forms of Confidential Information (including any materials generated by the Receiving Party related to any Confidential Information) shall be and remain the property of its owner and shall be promptly returned to the owner upon the written request of the owner.

5. Neither the Agreement nor the disclosure of any information by the Disclosing Party shall be deemed to constitute by implication or otherwise, a vesting of any title or interest or a grant of any license, immunity or other right to the Receiving Party with regard to the Confidential Information. Additionally, except as expressly provided in this Agreement, the execution of the Agreement shall not operate, directly or indirectly, to grant to either Party any rights under any patent, trade secret or know-how now or hereafter owned by or licensed to the other Party.

6. Each Party warrants that it is the rightful owner of the Confidential Information to be disclosed under this Agreement and that it has the lawful right to make such disclosure.

7. In the event that the Receiving Party or any of its representatives are requested or required to disclose Confidential Information pursuant to a subpoena or an order of a court or government agency, the Receiving Party shall (a) promptly notify the Disclosing Party of the existence, terms and circumstances surrounding the governmental request or requirements; (b) consult with the Disclosing Party on the advisability of taking steps to resist or narrow the request; (c) if disclosure of Confidential Information is required, furnish only such portion of the Confidential Information as the Receiving Party is advised by counsel is legally required to be disclosed; and (d) cooperate with the Disclosing Party in its efforts to obtain an order or other reliable assurance that confidential treatment be accorded to that portion of the Confidential Information that is required to be disclosed.

Because money damages may not be a sufficient remedy for any breach of this Section of the Agreement by the Receiving Party, the Disclosing Party shall be entitled to seek equitable relief, including injunction and specific performance, as a remedy for any such breach of this Section. Such remedy shall not be deemed to be the exclusive remedy for a breach of this Section of the Agreement by the Receiving Party, but shall be in addition to all other remedies available

at law or equity to the Disclosing Party. In the event of litigation relating to the Agreement, if a court of competent jurisdiction determines that the Receiving Party has breached this Section of the Agreement, then the Receiving Party shall be liable and pay to the Disclosing Party the reasonable attorneys' fees, court costs and other reasonable expenses of litigation, including any appeal therefrom. The Receiving Party further agrees to waive any requirement for the posting of a bond in connection with any such equitable relief.

Indemnity. Each Party agrees to defend, indemnify, and hold harmless the other Party and its officers, directors, agents, affiliates, distributors, representatives, and employees from any and all third party claims, and any and all claims related to this Joint Venture, demands, liabilities, costs and expenses, including reasonable attorneys fees, costs and expenses resulting from the indemnifying Party's material breach of any duty, representation, or warranty under this Agreement.

Deadlock. In the event the Joint Venturers are divided on a material issue and cannot agree on the conduct of the business and affairs of the Joint Venture, then a deadlock between the Joint Venturers shall be deemed to have occurred. Upon the occurrence of a deadlock, one Joint Venturer (hereinafter referred to as the "Offeror") may elect to purchase the Joint Venture interest of the other Joint Venturer (hereinafter referred to as the "Offeree") at a price calculated as the Offeree's percentage interest in a total purchase price for all of the assets of the Joint Venture and shall have the right of first refusal. The Offeror shall notify the Offeree in writing of the offer to purchase, stating the total purchase price for all of the assets of the Joint Venture, and the price offered for the Offeree's Joint Venture interest expressed as the Offeree's percentage interest in the Joint Venture assets multiplied by the total purchase price for all of the assets of the Joint Venture. The Offeree shall have the right to buy the interest of the Offeror at the designated price and terms, or to sell the Offeree's interest to the Offeror at the designated price and terms, whichever the Offeree may elect. The offer, when made by the Offeror, is irrevocable for THIRTY (30) days. The Offeree shall have TEN (10) days from the receipt of such offer to make its election, that is, either to buy such interest of the Offeror or to sell its own interest, which shall be made in writing executed by the Offeree and stating the nature of the election. A Joint Venturer, which is obligated to purchase the interest of another Joint Venturer pursuant to the provisions hereof, shall have TWENTY (20) days from the date of receipt of the written election from such other Joint Venturer to pay the designated price and satisfy the terms of such purchase. Should the Joint Venturer who has received an offer to sell or buy fail to make the election required herein in a timely fashion, then such non-responding party shall be deemed to have elected and agreed to sell or buy, as the case may be, according to the terms of the offer.

Legal Title to the Joint Venture. The Joint Venturers agree that the legal title to the Joint Venture property and assets, including the Joint Venture itself, shall remain in the name of the UH.

Transfers Of Joint Venturers' Interests. Except as otherwise expressly permitted herein, no Joint Venturer may sell, transfer, assign or encumber its interest in the Joint Venture, or admit additional Joint Venturers, without the prior written consent of the other Joint Venturer. Any attempt to transfer or encumber any interest in the Joint Venture in violation of this Section shall be null and void.

The obligations and Rights of Transferees are as follows:

(a) Any person who acquires in any manner whatsoever any interest in the Joint Venture, irrespective of whether such person has accepted and adopted in writing the terms and provisions of this Agreement, shall be deemed by the acceptance of the benefit of the acquisition thereof to have agreed to be subject to and bound by all the obligations of this Agreement that any predecessor in interest of such a person was subject to or bound by;

(b) The person acquiring an interest in the Joint Venture shall have only such rights, and shall be subject to all of the obligations, as are set forth in this Agreement; and, without limiting the generality of the foregoing, such a person shall not have any right to have the value of its interest ascertained or receive the value of such interest or, in lieu thereof, profits attributable to any right in the Joint Venture, except as herein set forth.

Termination. Upon the termination or dissolution of the Joint Venture, the Joint Venturers shall proceed to liquidate the Joint Venture, and all proceeds of such liquidation shall be applied and distributed in the manner set above according to the interests held by each party in the Joint Venture. A reasonable time shall be allowed for the orderly liquidation of the Joint Venture's assets in order to minimize losses normally attendant upon such liquidation.

Notice. Any notices to be given under this Agreement by either party to the other may be effected either by personal delivery in writing or by mail, registered or certified, postage prepaid with return receipt requested. Mailed notices must be addressed to the addresses of the parties as they appear in the introductory paragraph of this Agreement. Each party may change its address by written notice in accordance with this paragraph. Notices delivered personally will be deemed communicated as of actual receipt; mailed notices will be deemed communicated as of FIFTEEN (15) business days after mailing.

Arbitration and Attorney's Fees. Any controversies or disputes arising out of or relating to this Agreement shall be resolved by binding arbitration in accordance with the then-current Commercial Arbitration Rules of the American Arbitration Association. The Joint Venturers shall select a mutually acceptable arbitrator knowledgeable about issues relating to the subject matter of this Agreement. In the event the Joint Venturers are unable to agree to such a selection, each party will select an arbitrator and the two arbitrators in turn shall select a third arbitrator, all three of whom shall preside jointly over the matter. The arbitration shall take place at a location that is reasonably centrally located between the Joint Venturers, or otherwise mutually agreed upon by the Joint Venturers. All documents, materials, and information in the possession of each party that are in any way relevant to the dispute shall be made available to the other Joint Venturer for review and copying no later than THIRTY (30) days after the notice of arbitration is served. The arbitrator(s) shall not have the authority to modify any provision of this Agreement or to award punitive damages. The arbitrator(s) shall have the power to issue mandatory orders and restraint orders in connection with the arbitration. The decision rendered by the arbitrator(s) shall be final and binding on the Joint Venturers, and judgment may be entered in conformity with the decision in any court having jurisdiction. The agreement to

arbitration shall be specifically enforceable under the prevailing arbitration law. During the continuance of any arbitration proceeding, the parties shall continue to perform their respective obligations under this Agreement. Regarding all costs associated with actual Arbitration proceedings including, but not limited to, payment of the Arbitrators, payment for the arbitration location, shall be split equally between the two parties. Each Joint Venturer shall be responsible for its own attorney's fees regardless the outcome of the arbitration for either party.

Fees and Commissions. Each Joint Venturer hereby represents and warrants to the other that it has not incurred or obligated the Joint Venture for any brokerage, finder's or other similar fees or commissions in connection with the transactions covered by this Agreement or in connection with acquiring the Joint Venture or forming this Joint Venture. Each Joint Venturer hereby agrees to indemnify and hold harmless the other from and against all liabilities, costs, damages and expenses from any breach or alleged breach of the foregoing representation.

Waiver. Failure on the part of either Joint Venturer to complain of any act of the other Joint Venturer or to declare the other Joint Venturer in default, irrespective of how long such failure continues, shall not constitute a waiver by such Joint Venturer of its rights hereunder. No waiver of, or consent to, any breach or default shall be deemed or construed to be a waiver of, or consent to, any future breach or default.

Severability. If any provision of this Agreement or the application thereof shall be determined by a court of competent jurisdiction to be invalid and unenforceable, the remainder of this Agreement and the application of the other provisions herein contained shall not be affected thereby, and all such other provisions shall remain effective and in force and shall be enforced to the fullest extent permitted by law.

Binding Effect. This Agreement shall inure to the benefit of and be binding upon the Joint Venturers, and their heirs, successors and assigns.

Duplicate Originals. This Agreement may be executed in duplicate, with each such duplicate to be considered an original for all purposes.

Construction of Agreement. The captions contained in this Agreement are inserted only as a matter of convenience and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision thereof. As used herein, the word "person" shall include the individuals, corporations, partnerships and other entities of any type. In this Agreement, the use of any gender shall be applicable to all genders, and the singular shall include the plural, and the plural shall include the singular.

Other Activities of Joint Venturers. Any Joint Venturer may engage in other business ventures of every nature and neither the Joint Venture nor the other Joint Venturer shall have any right in such independent ventures or the income and profits derived therefrom.

Merger Clause. This Agreement, when executed by the Joint Venturers, shall contain the entire understanding and agreement between the Joint Venturers, if any, with respect to the matters referred to herein and shall supersede all prior or contemporaneous agreements,

representations and understanding with respect to such matters.

Amendments. This Agreement may be amended by the mutual assent of the Parties hereto at any time prior; provided, however, that any amendment must be by an instrument or instruments in writing signed and delivered on behalf of each of the Parties hereto.

Governing Law. The laws of the State of Arizona will govern this Agreement without regard for conflicts of laws principles. Each Joint Venturer hereby expressly consents to the personal jurisdiction of the state and federal courts located in the state of Arizona, in the county of Maricopa, for any lawsuit filed there against any party to this Agreement by any other party to this Agreement concerning the Joint Venture or any matter arising from or relating to this Agreement.

[REST OF PAGE INTENTIONALLY LEFT BLANK]

[SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties hereto acknowledge that they have read and fully understand this Agreement:

MACCAM, LLC

Signature: Alan Abrams

By: Alan Abrams

Date: 9/24/2013

Ultra Health, LLC

Signature:

By: Duke Rodriguez

Date: SEP 24 2013

EXHIBIT C

Zoned Properties, Inc. CEO Marc Brannigan Resigns, V.P. of Operations and CSO Bryan McLaren to Serve as Interim CEO

New Board Feels Move Is Best for Company and Mr. Brannigan

SCOTTSDALE, Ariz., March 31, 2014 /PRNewswire/ -- Zoned Properties, Inc. (OTC: ZDPY) **http://www.zonedproperties.com** (http://www.zonedproperties.com/), a lessor of land, facilities, and equipment to the medical marijuana industry announced that after careful consideration, the board has recommended that Marc Brannigan should step down as acting CEO and board member of the company. As such, effective immediately, Marc Brannigan has resigned as the company's CEO.

Zoned Properties, Inc. V.P. of Operations and Chief Sustainability Officer, Bryan McLaren, will serve as the company's interim CEO as the organization pursues its search for a permanent CEO.

Outgoing CEO Marc Brannigan has stated: "As this venture began, I previously stated that my position as CEO would be for a limited period of time and that more seasoned executives would have to take this company to the next level. Things are moving very fast at the company and it's now the perfect time for me to step down. The company has surrounded itself with very professional and competent people that will drive Zoned Properties to achieve its goals and create maximum shareholder value. I applaud this move as it's within the best interest of the company."

Interim CEO Bryan McLaren commented: "I would like to thank Mr. Brannigan for the work he has done as the founder of this organization. I wish him the best of luck as he pursues other ventures and am very excited to move into the next phase of our development."

Zoned Properties, Inc. expects to name new board members shortly who will assist Mr. McLaren in the pursuit to find the company's permanent CEO.

About Zoned Properties, Inc. (OTCPink: ZDPY):

Zoned Properties, Inc. is a strategic real estate investment firm whose primary focus is acquiring commercial properties that face unique zoning challenges. Zoned Properties, Inc. will acquire commercial properties zoned within a variety of usage types such as industrial, agricultural, as well as mixed use. Zoned Properties, Inc. also targets commercial properties that can be acquired and potentially re-zoned for specific purposes.

For more information please visit http://www.zonedproperties.com (http://www.zonedproperties.com/)

FORWARD-LOOKING STATEMENT AND DISCLOSURE: This press release contains forward-looking statements, including expected industry patterns and other financial and business results that involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from results expressed or implied by this press release. Such risk factors include, among others: the continuation of recent growth rates in the industry; the positioning of Zoned Properties, Inc. in the market; ability to integrate acquired properties and technology; ability to retain key employees; ability to successfully combine product offerings and customer acceptance of combined products; general market conditions, fluctuations in currency exchange rates, changes to operating systems and product strategy by vendors of operating systems; and whether Zoned Properties, Inc. can successfully execute their business plan. Actual results may differ materially from those contained in the forward-looking statements in this press release.

Investor Contact Information:
Investor Relations
Zoned Properties, Inc.
Phone: +1-877-360-8839
Email: investors@zonedproperties.com (mailto:investors@zonedproperties.com)

SOURCE Zoned Properties, Inc.

RELATED LINKS
http://www.zonedproperties.com (http://www.zonedproperties.com)

EXHIBIT

2

FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2011030840501

TO: Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: Christopher A. Carra, Respondent
General Securities Representative
CRD No. 2214509

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Christopher A. Carra, submit this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

A. I hereby accept and consent, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

Carra acquired a Series 63 license in March 1992 and a Series 7 license in April 1992. At various times from February 1992 through December 2011, Carra was associated with several FINRA members. Most recently, he was associated with Newbridge Securities Corporation. On August 15, 2005, Newbridge filed a Form U4 for Carra, commencing his association with it as of that day. On December 21, 2011, Newbridge filed a Form U5 for Carra, terminating his association with it as of the prior day. Carra currently is not associated with a member.

RELEVANT DISCIPLINARY HISTORY

Carra does not have a relevant disciplinary history.

FACTS AND VIOLATIVE CONDUCT

In 2011, Carra was attempting to procure investment banking and consulting business from BioDrain Medical, Inc. ("BIOR"), a publicly traded company. During four days in November 2011, Carra posted 13 comments on the Yahoo! message board for BIOR under six different author names or handles. Several statements in the postings were unwarranted and misleading. In the postings, some of which involved conversations between his different handles, Carra embellished the prospects for BIOR and provided the allusion of consensus regarding the same. For example, Carra's postings contained the following statements:

- "This one looks like a gem. Recent installs will pave [the] way for an eventual buyout in my opinion."
- "Still digging into this one but looks like the real deal."
- "This stock is a tough sucker to buy because none of you are selling! I wonder why..."

To make the postings, Carra used multiple outside or non-firm-provided e-mail addresses, in violation of Newbridge's written supervisory procedures ("WSPs"). By engaging in the foregoing misconduct, Carra violated NASD Conduct Rule 2210(d)(1)(B) and FINRA Rule 2010.

In 2011, Carra also used two outside e-mail addresses to communicate with representatives of BIOR about business-related matters, in violation of Newbridge's WSPs. Further, one of the outside e-mail addresses may have given the impression that it was a Newbridge-provided e-mail address, when it was not one. By engaging in the foregoing misconduct, Carra violated NASD Conduct Rule 2210(d)(1)(B) and FINRA Rule 2010.

B. I also consent to the imposition of the following sanctions:

A $20,000 fine and a one-year suspension from association with any FINRA member in all capacities.

The fine shall be due and payable either immediately upon reassociation with a member firm following the one-year suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

I understand that if I am barred or suspended from associating with any FINRA member, I become subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, I may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension (see FINRA Rules 8310 and 8311).

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

A. To have a Complaint issued specifying the allegations against me;

B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;

C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and

D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, I specifically and voluntarily waive any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

I further specifically and voluntarily waive any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

I understand that:

A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;

B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; and

C. If accepted:

1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;

2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about my disciplinary record;

3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and

4. I may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. I may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects my right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

6/25/12
Date (mm/dd/yyyy)

Christopher A. Carra

Accepted by FINRA:

6/29/12
Date

Signed on behalf of the
Director of ODA, by delegated authority

Michael A. Gross, Esq.
Senior Regional Counsel
Authorized House Counsel
Member of Ohio Bar Only
FINRA – Department of Enforcement
2500 N. Military Trail, Suite 302
Boca Raton, FL 33431-6324
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