

UNITED STATES OF AMERICA
BEFORE THE
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 96116 / October 20,2022

Admin. Proc. File No. 3-21137

In the Matter of

GROWN ROGUE INTERNATIONAL INC.
(fka NOVICIUS CORPORATION)

RESPONDENT GROWN ROGUE INTERNATIONAL INC.'S
RESPONSE TO ORDER TO SHOW CAUSE

Respondent Grown Rogue International Inc. (“Respondent”) files this Response to the Order to Show Cause issued by the Securities and Exchange Commission (the “Commission”) on October 20, 2022.

I.
RESPONSE AND REQUESTED RELIEF

The Commission applies a multifactor test to determine an appropriate sanction under Section 12(j) of the Securities Exchange Act of 1934, including:

[T]he seriousness of the issuer’s violations, the isolated or recurrent nature of the violations, the degree of culpability involved, the extent of the issuer’s efforts to remedy its past violations and ensure future compliance, and the credibility of its assurances, if any, against further violations.

Gateway Int’l Holdings, Inc., Exchange Act Release No. 53907, 2006 WL 1506286, at *4 (May 31, 2006).

Because Respondent has shown evidence of its efforts to remedy its past violations and ensure imminent and future compliance, provided credible assurances against future violations, and low degree of culpability, it is neither necessary nor appropriate for the protection of investors

to suspend or revoke the registration of its securities. Respondent has strong defenses to the Commission's allegations.

**Respondent's Extensive Efforts to Remedy its Past Violations
and Ensure Future Compliance.**

Respondent has made significant efforts to remedy its delinquent filings and to ensure future compliance. *See, e.g.*, Declaration of Obie Stickler, attached hereto as Exhibit A, dated November 3, 2022). As stated in its Answer, after going public through a reverse takeover (RTO) in November 2018, Respondent mistakenly did not file Form 15-F which resulted in ongoing disclosure requirements. After various attempts to remedy this in 2020 (the first year required to file the 2019 Form 20-F) it was determined that Respondent would need to re-audit the 2017 and 2018 audits since the original audits were completed under Canadian Auditing Standards (CAS) and not the standards under the Public Company Accounting Oversight Board (PCAOB). Respondent worked diligently to complete this work starting in 2021 which required engaging new auditors for the period. Since completion of the audits, Respondent has worked to timely file the delinquent Forms 20-F which have included coordination with four separate auditors (including auditors prior to the going public event that were engaged by the predecessor company) and several legal firms. The 2018 Form 20-F was completed and filed in June 2022. The 2019 and 2020 Forms 20-F were provided to the auditor who completed the 2019 and 2020 audits in June 2022. This auditor has been extremely slow to respond and was non-communicative for months regarding completing their review of the Forms 20-F. Recent communications suggest that the auditor should complete their review within the next two weeks, at which point the Respondent will file all necessary documents to remove the delinquency.

Grown Rogue's Credible Assurances to the Commission Against Future Violations.

Grown Rogue’s intention to become current and remain current in its filings is supported by the Declaration of its founder and CEO, Obie Strickler, attached hereto as Exhibit A. Mr. Strickler maintains that Grown Rogue will be compliant within the next two weeks and will strive to stay compliant moving forward. *See, e.g.* Exhibit A.

Respondent’s Conduct Evidenced a Low Degree of Culpability

Respondent’s conduct with respect to its reporting obligations evidenced a low degree of culpability. As explained above, Respondent has been working diligently to file its delinquent Forms 20-F and will do so in the very near future. Respondent has accepted responsibility for its failure to meet its reporting obligations, which is reflected in its significant efforts to ensure compliance.

Respondent’s Delayed Response to the Order Instituting Proceedings was the Result of, Mistake, Inadvertence, and Excusable Neglect.

Respondent has always intended to defend itself in this proceeding, and it filed its Answer on October 31, 2022. Respondent was working to get its filings current (pending only consent from the auditor of 2019 and 2020 financial statements, which Respondent understands will be provided the week of October 31, 2022) before filing the answer and it mistakenly relied, in good faith, on the twenty (20) days afforded by Rule 220 rather than the ten (10) days cited in the Order Instituting Proceedings (“OIP”). Thus, Respondent simply miscalculated the answer deadline. Its failure to timely file an answer was entirely the product of mistake, inadvertence, and excusable neglect.

Furthermore, when the Order to Show Cause (“OSC”) was issued on October 20, 2022, Respondent was not in default of its filing deadline. The Secretary issued the OSC on the eighth day after serving the OIP on October 12, 2022, according to the OSC itself. Therefore, at the time of the OSC was issued, Respondent was not in default. Although Respondent did ultimately

default, it was only for a short period. Respondent filed its Answer on October 31, 2022. Thus, the length of the delay in filing the Answer was only nine (9) days and the potential impact of the delay on this proceeding is minimal, if any. There has been no motion for entry of default, no entry of clerk's default, and no order or judgment of default. There is no indication that the Division of Enforcement has been prejudiced by the nine-day delay.

Additionally, pursuant to Commission Rule 201.155, the Commission may set aside a default for good cause shown. Rule 180(b) further provides that the Commission may direct a party to cure any deficiencies and to resubmit the filing within a fixed period of time. Courts have also found that inadvertent calendaring mistakes, which they may be negligent, constitute "good cause" under Federal Rules 6(b) and 60(b) to entitle relief for late filings. *Pincay v. Andrews*, 389 F.3d 853, 854-855 (9th Cir. 2004). Good cause has been shown here.

Accordingly, there is no reason to penalize Respondent for its untimely filing of its Answer. *See Newgen, LLC v. Safe Cig. LLC*, 840 F.3d 606, 616 (9th Cir. 2016) (observing that it is "the general rule that default judgments are ordinarily disfavored"); *Pincay*, 389 F.3d at 854-855 (9th Cir. 2004) (finding it was legal error to conclude that "a calendaring mistake is the type of 'inadvertent mistake' that is not entitled to relief pursuant to Rule 60(b)(1)"); *Bateman v. Postal Service*, 231 F.3d 1220, 1225 (9th Cir. 2000) (holding that a late filing was excusable neglect, when an attorney "showed a lack of regard for his client's interests and the court's docket. But there is no evidence that he acted with anything less than good faith").

II. **CONCLUSION**

Respondent respectfully requests that it not be deemed in default, but instead that it be permitted to defend itself in these proceedings. Respondent has strong defenses to the allegations in the OIP. The factors analyzed above do not favor revocation. And in fact, Respondent has made

a compelling showing to justify no sanctions in this matter. Given the immediately impending filings, it is not necessary nor appropriate for the protection of investors to revoke the registration of all classes of Respondent's registered securities.

Respectfully submitted,

By: /s/ Toby M. Galloway

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**ATTORNEYS FOR GROWN ROGUE
INTERNATIONAL INC.**

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing instrument was served on all counsel of record via email on November 3, 2022 as follows:

Sandhya C. Harris

United States Securities and Exchange Commission

101 F Street, N.E.

Washington, D.C. 20549-6011

harrissan@sec.gov

/s/ Toby M. Galloway

Toby M. Galloway

EXHIBIT A

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GROWN ROGUE INTERNATIONAL INC.
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DECLARATION OF J. OBIE STRICKLER

1. “My name is Jesse “Obie” Strickler and I am the Chairman and Chief Executive Officer of Grown Rogue International Inc. (“Grown Rogue”). I am over twenty-one (21) years of age, and I am competent to make this Declaration. The statements made by me in this Declaration are based upon my personal knowledge and are all true and correct.

2. Grown Rogue has been working diligently to get its filings current and expects to have them in the very near future. These efforts include, but are not limited to:

a. Filing 16 Forms 6-K since March 16, 2020. Grown Rogue’s most recent filing was on June 9, 2022.

b. Engaging a new auditor to re-audit its 2017 and 2018 financial audits under the Public Company Accounting and Oversight Board (PCAOB) rather than the Canadian Auditing Standards (CAS). Grown Rogue filed its 2018 Form 20-F on June 9, 2022.

c. Providing its previous auditor who completed the 2019 and 2020 audits in June 2022 the 2019 and 2020 Forms 20-F for approval. This auditor has been non-responsive for several months, adding to the delay in filing the delinquent 2019 and 2020 Forms 20-F. However, my understanding is that the auditor should complete its review in the next two weeks.

3. Grown Rogue is diligently working to become compliant. It intends to file all delinquent Forms 20-F in the near future and likely within the next two weeks.

4. Grown Rogue will work diligently to avoid any future violations relating to its filing obligations.

5. Grown Rogue mistakenly relied on the twenty (20) days afforded by Rule 220 of the Commission's Rules of Practice rather than the ten (10) days provided in the Order Instituting Proceedings.

6. I declare under penalty of perjury under the laws of the United States of America pursuant to 28 U.S.C. § 1746 that the foregoing is true and correct.”

Executed in Bay City, Michigan on the 3rd day of November, 2022.



J. Obie Strickler