

IN THE MATTER OF

Curaleaf Holdings, Inc.,  
Curaleaf, Inc.,

Respondents

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BEFORE the  
  
MARYLAND MEDICAL  
  
CANNABIS COMMISSION

Case no. 19-00358

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**POST-CHARGE CONSENT ORDER**

Pursuant to its authority to enforce under the Natalie M. LaPrade Medical Cannabis Commission Act (the “Act”) codified at Md. Code Ann., Health-Gen. § 13-3301 *et seq.* (2015 Repl. Vol. and 2018 Supp.), the Maryland Medical Cannabis Commission (“Commission”) issues the following consent order. On May 1, 2020, the Commission charged Curaleaf Holdings, Inc., and Curaleaf, Inc. (collectively, “Respondents”) with violation of the Act and an applicable provision of the Code of Maryland Regulations (“COMAR”). On June 11, 2020, the Commission issued an amended charging document.

The pertinent provisions of the Act and COMAR state as follows:

**§ 13-3309(d). Limit on ownership or control of multiple processors.**

A person may not have an ownership interest in or control of, including the power to manage and operate, more than one processor.

**COMAR 10.62.19.07.E. Medical Cannabis Processor License.**

A person or entity may not have an ownership interest in or control of, including the power to manage or operate, more than one licensed processor.

After the Commission issued charges in this case, the Respondents and the Administrative Prosecutor agreed to resolve this matter as set forth herein in lieu of proceeding with a hearing on

these charges. The Commission then ratified this agreement. In lieu of proceeding with an evidentiary hearing in this matter, the parties agree to the following Findings of Fact, Conclusions of Law, and Order as set forth herein.

### **FINDINGS OF FACT**

The Commission finds as follows:

1. Curaleaf Holdings, Inc. (“Curaleaf-Parent Company”), is a publicly-traded Canadian company. At all relevant times, Curaleaf-Parent Company entirely owned Curaleaf, Inc. (“Curaleaf-U.S. Subsidiary”), a Delaware-based company.
2. Curaleaf-Parent Company is currently the majority owner and shareholder in Curaleaf Maryland, Inc. (license no. P-17-00008), a distinct corporate entity that operates under a medical cannabis processor license issued by the Commission.
3. Curaleaf-U.S. Subsidiary is currently the sole owner of CLF MD Processing, LLC, a different, distinct corporate entity. Effective January 3, 2019, CLF MD Processing, LLC, entered into a management agreement with a Maryland limited liability company (“Licensee”) holding a processor license (license no. P-18-00003) issued by the Commission. The management agreement was submitted to the Commission for its review and approval. Under the terms of the management agreement, CLF MD Processing, LLC provides oversight of processing operations and management of the Licensee’s employees, finances, policies and procedures, on the Licensee’s established premises.
4. On July 1, 2019, Health-Gen. § 13-3309(d), prohibiting ownership interest in or control of more than one processor, as cited above, came into force.

5. On May 18, 2020, COMAR 10.62.19.07.E, implementing Health-Gen § 13-3309(d), as cited above, came into effect.

6. By and through its ownership of Curaleaf-U.S. Subsidiary, Curaleaf-Parent Company has ownership interest or control of, including the power to manage or operate, both Curaleaf Maryland, Inc. and the Licensee managed by CLF MD Processing, LLC.

7. On May 14, 2020, after the Commission issued its charging document, Respondents participated in a Case Resolution Conference with the Commission. After this Case Resolution Conference, the Respondents took prompt action to divest itself of license no. P-18-00003 in accordance with the Commission's requirements and submitted to the Commission a request to effectuate the divestiture on July 2, 2020.

#### **CONCLUSIONS OF LAW**

8. Based on the foregoing Findings of Fact, the Commission concludes that the Respondents are in violation of Health-Gen. § 13-3309(d), and COMAR 10.62.19.07.E.

9. The violations referenced herein occurred by operation of law through the enactment of Health-Gen § 13-3309(d) and, later, COMAR 10.62.19.07.E. These provisions, as applied by the Commission, do not permit any person or entity to continue ownership interest or control of any processor license whether or not the person or entity held ownership interest or control before the provisions came into effect.

#### **ORDER**

Based on the foregoing Findings of Fact and Conclusions of Law by the Commission, it is hereby

**ORDERED** that the Respondents shall take all measures required by this Post-Charge Consent Order to seek divestiture of ownership or control of one medical cannabis processor license **no later than October 12, 2020**, provided that the Commission may grant the Respondents an extension of up to six (6) months upon demonstration that the Respondents have made continuous, good faith efforts to comply with the terms of this Post-Charge Consent Order;

**ORDERED** that at the time of sale, the Respondents shall pay to the Commission a penalty of **\$150,000.00**;

**ORDERED** that the Commission may impose an increased penalty, up to a total penalty of \$400,000.00, should the Commission determine that the Respondents have not proceeded in good faith or have not made commercially reasonable efforts to divest themselves of one medical cannabis processor license;

**ORDERED** that the Respondent shall incur all costs associated with this Consent Order; and it is further

**ORDERED** that this Consent Order is a **PUBLIC DOCUMENT** pursuant to Md. Code Ann., Gen. Prov. Art., §§ 4-401 *et seq.* (2014).

8/27/2020  
Date



Brian Lopez  
Commission Chair

**CONSENT**

I, Peter Clateman am the general counsel of Curaleaf, Inc., and have legal authority to enter into this agreement on behalf of Curaleaf Holdings, Inc. and Curaleaf, Inc. (hereinafter "Respondents"). Respondents acknowledge that they have had the opportunity to seek advice of counsel in this matter. By this Consent, Respondents agree and accept to be bound by this Post-Charge Consent Order and its conditions and restrictions. Respondents waive any rights they may have had to contest the Findings of Fact and Conclusions of Law.

Respondents acknowledge the validity of this Post-Charge Consent Order as if entered into after the conclusion of a formal evidentiary hearing in which the Respondents would have had the right to counsel, to confront witnesses, to give testimony, to call witnesses on its own behalf, and to all other substantive and procedural protections as provided by law. Respondents acknowledge the legal authority and the jurisdiction of the Commission to initiate these proceedings and to issue and enforce this Post-Charge Consent Order. Respondents also affirm that they are waiving their right to appeal any adverse ruling of the Commission that might have followed any such hearing.

I sign this Post-Charge Consent Order with authority on behalf of Respondents after having had the opportunity to consult counsel, without reservation, and I fully understand and comprehend the language, meaning and terms of this Post-Charge Consent Order. I voluntarily sign this Post-Charge Consent Order and understand its meaning and effect.

8/25/2020  
Date

  
[Signature]

Peter Clateman, General Counsel  
[Print name, title]  
Representative for Respondents

NOTARY

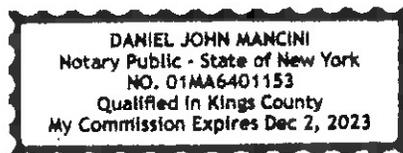
STATE OF New York

CITY/COUNTY OF: New York

I HEREBY CERTIFY that on this 25 day of August 2020, before me, a Notary Public of the State and County aforesaid, personally appeared Peter Clakeman, on behalf of Curaleaf, Inc., and gave oath in due form of law that the foregoing Post-Charge Consent Order was his voluntary act and deed.

AS WITNESS, my hand and Notary Seal.

Daniel Mancini  
Notary Public



My commission expires: