IN THE MATTER OF

Green Analytics MD, LLC
d/b/a Steep Hill Maryland,
Respondent

Registration No.: L-17-00002

BEFORE the NATALIE M. LAPRADE

MEDICAL CANNABIS COMMISSION

Case No.: 19-00394

CONSENT ORDER

Pursuant to its authority to register independent testing laboratories under the Natalie M. Laprade Medical Cannabis Commission Act (the “Act”) codified at Md. Code Ann., Health-Gen. Art. §§ 13-3301 et seq. (2015 Repl. Vol. and 2018 Supp.), the Maryland Medical Cannabis Commission (“Commission”) issues this consent order. The Commission’s investigators raised concerns as to whether Green Analytics MD, LLC d/b/a Steep Hill Maryland (the “Respondent”), an independent testing laboratory, registration number L-17-00002, was “independent” within the meaning of that term as applied by the Commission. After further discussion with the Commission, the Respondent agreed to enter into the following consent order.

The pertinent provision of the Act provides as follows:

§ 13-3311. Registered private independent testing laboratories

... (b) To be registered as an independent testing laboratory, a laboratory shall:

(1) Meet the application requirements established by the Commission;

(2) Pay any applicable fee required by the Commission; and

(3) Meet the standards and requirements for accreditation, inspection, and testing established by the Commission.

(c) The Commission shall adopt regulations that establish:
(1) The standards and requirements to be met by an independent laboratory to obtain a registration;

(2) The standards of care to be followed by an independent testing laboratory;

(3) The initial and renewal terms for an independent laboratory registration and the renewal procedure; and

(4) The bases and processes for denial, revocation, and suspension of a registration of an independent testing laboratory. ...

The pertinent regulations as set forth in the Code of Maryland Regulations ("COMAR") (2019) state as follows:

10.62.16.04 Definitions.

... 

(3) “Independent testing laboratory” means any facility, entity, or site in Maryland that offers or performs tests of medical cannabis or products containing medical cannabis and is independent of any entity that grows, processes, or dispenses cannabis. ...

10.62.16.05 Independent Testing Laboratory Responsibilities.

No independent testing laboratory may handle, test, or analyze cannabis or cannabis products unless the independent testing laboratory:

A. Has been registered by the Commission;

B. Is independent from all other persons and entities involved in the medical cannabis industry.

In lieu of proceeding with an evidentiary hearing in this matter, which would entail considerable expense, especially in light of the unique business uncertainties posed by the COVID-19 pandemic and current State of Emergency, the parties agree to enter into the following Consent Order.
FINDINGS OF FACT

The Commission finds as follows:

1. The Respondent is registered as an independent medical cannabis testing laboratory, pursuant to COMAR 10.62.16.02, and located in Columbia, Maryland. Since its initial registration on October 3, 2017, Respondent has had the same chief executive officer ("Respondent's CEO").

2. The Respondent entered into a licensing agreement with Steep Hill, Inc., a Delaware corporation headquartered in Berkeley, California, effective as of May 2, 2016. The licensing agreement, among other things, gave the Respondent the right to do business under the name "Steep Hill Maryland." The companies are separate business entities. This licensing agreement remained in force during all times relevant to this case.

3. In August 2018, Steep Hill, Inc.'s Board of Directors appointed Respondent's CEO to be Interim CEO of Steep Hill, Inc. Respondent's CEO resigned his Interim CEO position at Steep Hill, Inc. in June 2019.

4. At all times when Respondent's CEO served as interim CEO of Steep Hill, Inc., he concurrently served as Respondent's CEO. Consistent with Delaware corporate laws, as Interim CEO of Steep Hill, Inc., Respondent's CEO was subordinate and responsive to the Board of Directors of Steep Hill, Inc. while serving as Interim CEO of Steep Hill, Inc.

5. After Respondent's CEO became Interim CEO at Steep Hill, Inc., Steep Hill, Inc.'s Board of Directors invited a personal investor in a medical cannabis company operating in Maryland under a Commission license ("the Maryland Licensee") to join the Steep Hill, Inc., Board of Directors. This person is considered a minority investor and is not an officer, director,
or principal of the Maryland Licensee. This person accepted the position as a director for Steep Hill, Inc. Respondent provided testing services for the Maryland Licensee during the time when Respondent's CEO served as CEO to the Respondent and Interim CEO to Steep Hill, Inc.

6. As a result of Respondent's CEO's subordinate status to Steep Hill, Inc.'s Board of Directors as its Interim CEO, the Respondent was subject to possible control, influence, restriction, or modification of its work or decisions by another person or entity involved in the medical cannabis industry. There is no allegation that there was any effect on quality or accuracy of testing or patient care.

7. Since receiving its initial registration to operate, Respondent has demonstrated its commitment to regulatory compliance. The MMCC notes Respondent has demonstrated cooperation in this matter and the resolution reached reflects Respondent's commitment to maintaining its independence as a testing laboratory.

CONCLUSIONS OF LAW

8. Based on the foregoing Findings of Fact, the Commission concludes that, during the time Respondent's CEO served as Interim CEO of Steep Hill, Inc., the Respondent was not "independent" within the meaning of COMAR 10.62.16.05.

8. The term "independent" as applied in COMAR 10.62.16.05 requires, among other things, that a registered laboratory is "not subject to control, restriction, modification, or limitation from a given outside source." Black's Law Dictionary, ABR. 6th Ed. (1991).

ORDER

Based on the foregoing Findings of Fact and Conclusions of Law by the Commission, it is hereby
ORDERED that within 30 days of this Order, the Respondent shall terminate its licensing agreement with Steep Hill, Inc., and shall not renew this licensing agreement, whether in its current form or any revised form:

ORDERED that the Respondent shall entirely cease doing business as "Steep Hill Maryland," as permitted by the aforementioned licensing agreement, no later than December 31, 2021:

ORDERED that the Respondent shall incur all costs associated with this Consent Order:

and it is further


6/11/2020
Date
CONSENT

1. Andrew Russew, am the CEO of Green Analytics MD, LLC (hereinafter "Respondent"), and have legal authority to enter into this agreement on behalf of the Respondent. Respondent acknowledges that it has had the opportunity to seek advice of counsel in this matter. By this Consent, Respondent agrees and accepts to be bound by this Consent Order and its conditions and restrictions. Respondent waives any rights it may have had to contest the Findings of Fact and Conclusions of Law.

Respondent acknowledges the validity of this Consent Order as if entered into after the conclusion of a formal evidentiary hearing in which the Respondent 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. Respondent acknowledges the legal authority and the jurisdiction of the Commission to initiate these proceedings and to issue and enforce this Consent Order. Respondent also affirms that it is waiving its right to appeal any adverse ruling of the Commission that might have followed any such hearing.

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

[Signature]

[Print name, title] Andrew Russew, MD - CEO
Representative for Green Analytics

6/7/20 Date
NOTARY

STATE OF MARYLAND

CITY/COUNTY OF: BALTIMORE

I HEREBY CERTIFY that on this _____ day of JUNE 2020, before me, a Notary Public of the State and County aforesaid, personally appeared Anna Gershkin, on behalf of Green Analytics MD, LLC, and gave oath in due form of law that the foregoing Consent Order was his voluntary act and deed.

AS WITNESS, my hand and Notary Seal.

Notary Public

My commission expires: 11/14/2023