

IN THE MATTER OF * BEFORE THE MARYLAND
 PINNACLE CT, Inc., * MEDICAL CANNABIS COMMISSION

Respondent * Case No. SS20-00052

Registration No.: L-18-00001 *

* * * * *

PRE-CHARGE CONSENT ORDER

Pursuant to its authority to register and regulate independent testing laboratories 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 this consent order in lieu of proceeding to formal charges and hearing. The Commission's administrative prosecutor presented the registered independent testing laboratory, Pinnacle CT, Inc., (the "Respondent"), registration number L-18-00001, with an investigator's report, which noted several omissions and probable violations of applicable regulations. After discussions with the administrative prosecutor, the Respondent agreed to enter into the following consent order, as ratified by the Commission.

The Act provides as follows:

§ 13-3311. Registered private independent testing laboratories

(a) The Commission shall register at least one private independent testing laboratory to test cannabis and products containing cannabis that are to be sold in the State.

(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.

(d) The Commission may inspect an independent testing laboratory registered under this section to ensure compliance with this subtitle.

The Respondent's registration is being disciplined according to the following provisions of the Code of Maryland Regulations (COMAR) (May 2020):

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:

...

D. Has established standard operating procedures that provide for adequate chain of custody controls for samples transferred to the independent testing laboratory for testing.

10.62.16.06 Transportation of Products Containing Medical Cannabis.

A. A registered independent testing laboratory may transport samples of medical cannabis and products containing medical cannabis from the premises of a licensed grower, processor, or dispensary to the independent testing laboratory.

B. A registered independent laboratory shall transport samples of medical cannabis and products containing medical cannabis:

- (1) With oversight by at least one independent testing laboratory employee registered with the Commission; and
- (2) Using a secure medical cannabis transport vehicle as defined in COMAR 10.62.01.

In lieu of proceeding with formal charges and an evidentiary hearing in this matter, the parties agreed to the following Findings of Fact, Conclusions of Law and Order as set forth herein.

FINDINGS OF FACT

1. Respondent is an independent testing laboratory registered with the Commission and based in Westminster, Maryland. As part of its regular business, it tests samples of industrial hemp from several states and medical cannabis for clients within the state of Maryland. Pursuant to COMAR 10.62.16.06, Respondent has at its disposal several medical cannabis transport vehicles for the secure transportation of medical cannabis samples "from the premises of a licensed grower, processor, or dispensary to the independent testing laboratory." At the time Respondent initially applied to register with the Commission, it made the following acknowledgment:

I am requesting that the Commission, through its employees, agents or vendors, obtain this [background] information about the Applicant to evaluate their eligibility for a registration. I acknowledge that this disclosure and authorization remain in effect during the time the application is pending and during the time [that] any Independent Laboratory Registration may be granted.

2. Sometime in May 2020, one of Respondent's agents met with an agent of a company based in the District of Columbia ("D.C. company") near Annapolis, Maryland, to collect samples for which the agent of the D.C. company sought lab testing and certificates of analysis.

3. Respondent tested the D.C. company's samples. Testing determined that the samples were medical cannabis and not hemp. Despite these test results, Respondent did not register the samples in the Marijuana Enforcement Tracking Regulation and Compliance system ("METRC") nor did Respondent contact the Commission to report this information. Furthermore, Commission investigators received information suggesting that the D.C. company's samples may not have been of Maryland origin. Respondent's agent stated that he believed the samples to have been hemp when he first received them.

4. Since receiving its initial registration to operate, Respondent has demonstrated its commitment to regulatory compliance. The Commission notes that Respondent has been cooperative in this matter and this Consent Order reflects Respondent's commitment to continued compliance.

CONCLUSIONS OF LAW

Based on the foregoing Findings of Fact, the Commission concludes as a matter of law that there are grounds for discipline of the Respondent's registration pursuant to COMAR 10.62.16.05 and 10.62.16.06.

For purposes of COMAR 10.62.16.05, "adequate chain of custody controls for samples transferred to the independent testing laboratory for testing" include consistently logging receipt of all medical cannabis samples in METRC, controls that ensure the receipt of samples that have been lawfully delivered or obtained, and reporting measures for any inadvertent receipt of materials that have not been lawfully delivered or obtained.

ORDER

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

ORDERED that within 30 days, Respondent shall begin keeping true and accurate logs of all medical cannabis transported in secured vehicles, pursuant to COMAR 10.62.16.06;

ORDERED that within 30 days, Respondent shall submit for approval to the Commission's Director of Scientific Support ("Director") or the Director's designee, revised Standard Operating Procedures ("SOPs"), which shall include protocols and procedures for:

- Requiring transportation of all medical cannabis received by Respondent exclusively in secured vehicles, pursuant to COMAR 10.62.16.06;
- Ensuring that medical cannabis received by Respondent's agents is exclusively of Maryland origin and received in accordance with applicable state laws, regulations, and Commission bulletins;
- Logging all medical cannabis received in METRC;
- Reporting to the Commission any inadvertent failure to adhere to these revised SOPs;

ORDERED that beginning on a date determined by the Director and continuing every three (3) months or ninety (90) days thereafter for a period of TWO YEARS from the first date determined by the Director, Respondent shall submit to the Director for review all chain of custody logs and complete monthly billable sample spreadsheets with corresponding invoice numbers for all customers that Respondent invoiced for any medical cannabis testing service in the preceding three (3) months;¹ and it is further

ORDERED that within six (6) months prior to the end of the reporting period described in the immediately preceding clause, Respondent may petition for termination of this reporting requirement and the Commission, or several commissioners meeting as a committee or Case Resolution Conference panel, may terminate or shorten the reporting period if the Respondent can demonstrate full and satisfactory compliance with this Order;

¹ The Commission acknowledges that such billing and invoicing information is considered proprietary and non-public information for purposes of the Maryland Public Information Act.

ORDERED that Respondent shall be required to produce for inspection any and all supplemental information required or requested by the Commission for auditing purposes;

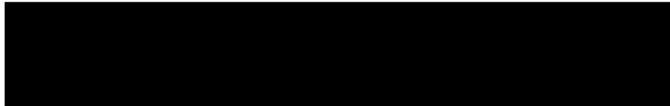
ORDERED that Respondent's registration shall be **SUSPENDED** for a period of **THREE (3) MONTHS** but that this suspension shall be **STAYED** unless Respondent fails to comply with this Order, in which event, the stay shall be lifted and the suspension fully imposed, subject to a show-cause hearing;

ORDERED that within **TWO YEARS** of the date of this Order, Respondent shall pay to the Commission a consolidated fine of \$10,000 in proportional, monthly increments;

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. § 4-401 *et seq.* (2014).

12/2/20
Date


Brian Lopez
Commission Chair

CONSENT

I, Timothy Schnypp, am the Laboratory Director of Pinnacle CT, Inc. (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.

11/30/2020
Date

T. Schnypp
[Signature]

Timothy Schnypp, Laboratory Director
[Print name/title]
Representative for Pinnacle CT, Inc.

NOTARY

STATE OF Maryland
CITY/COUNTY OF: Anne Arundel

I HEREBY CERTIFY that on this 30 day of November 2020,

before me, a Notary Public of the State and County aforesaid, personally appeared Timothy Schnupp, on behalf of Pinnacle, CT, Inc., and gave oath in due form of law that the foregoing Consent Order was her voluntary act and deed.

AS WITNESS, my hand and Notary Seal.


Notary Public

My commission expires:
8/10/2021

