

IN THE MATTER OF

Maryland Compassionate
Care and Wellness, LLC,

Respondent

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BEFORE the

MARYLAND MEDICAL

CANNABIS COMMISSION

Case no. 20-00322-03

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CONSENT ORDER

Pursuant to its authority to regulate medical cannabis dispensaries 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.

After the Commission’s Bureau of Enforcement and Compliance developed information indicating alleged violations of the Act and applicable provisions of the Code of Maryland Regulations (“COMAR”),¹ Maryland Compassionate Care and Wellness, LLC (“Respondent”), was invited to appear before a panel of Commission members for a Case Resolution Conference. Following the Case Resolution Conference, the Commission and Respondent agreed to resolve this matter as set forth herein.

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

COMAR 10.62.08.08 Change of Ownership of [Grower] License. (effective through May 17, 2020)

A. No ownership interest of 5 percent or more of a license issued pursuant to this chapter shall be assignable or transferable unless:

- (1) The Commission has received notice of the intent of the owner of the interest, or of the estate of the owner of the interest, to transfer or assign an ownership interest in a license to another party;

¹ Respondent assumes liability for all members discussed in the Findings of Fact below.

- (2) The transferee has had forwarded the criminal history record information and audited financial statement to the Commission of the transferee;
- (3) The Commission does not object to the transfer or assignment within 45 days of its receipt of notice;
- (4) The transferee has paid the required fee specified in COMAR 10.62.35; ...

...

COMAR 10.62.08.08 Transfer of Ownership Interest in a [Grower] License. (effective May 18, 2020)

A. No ownership interest shall be assignable or transferable unless:

- (1) The Commission has received notice of the intent of the owner of the interest, or of the estate of the owner of the interest, to transfer or assign an ownership interest in a license to another party;
- (2) The Commission approves the transfer or assignment;
- (3) The transferee has paid the required fee specified in COMAR 10.62.35; ...

...

C. A transfer or assignment of ownership interest shall be approved if:

- (1) The Commission receives notice of the intent of the owner of the interest, or of the estate of the owner of the interest, to transfer or assign an ownership interest in a license to another party, in a form prescribed by the Commission;
- (2) The proposed transfer does not violate Health-General Article, §§13-3301—13-3316, Annotated Code of Maryland; ...

...

COMAR 10.62.19.07 Change of Ownership of [Processor] License. (effective through May 17, 2020)

A. No ownership interest of 5 percent or more of a license issued pursuant to this chapter shall be assignable or transferable unless:

- (1) The Commission has received notice in a manner determined by the Commission of the intent of the owner of the interest, or of the estate of the owner of the interest, to transfer or assign an ownership interest in a license to another party;
- (2) The transferee has had forwarded the criminal history record information and audited financial statement to the Commission of the transferee;
- (3) The Commission does not object to the transfer or assignment within 45 days of its receipt of notice;
- (4) The transferee has paid the required fee specified in COMAR 10.62.35; ...

...

COMAR 10.62.19.07 Transfer of Ownership Interest in a [Processor] License. (effective May 18, 2020)

A. No ownership interest shall be assignable or transferable unless:

- (1) The Commission has received notice in a matter determined by the Commission of the intent of the owner of the interest, or of the estate of the owner of the interest, to transfer or assign an ownership interest in a license to another party;
- (2) The Commission approves the transfer or assignment;
- (3) The transferee has paid the required fee specified in COMAR 10.62.35; ...

...

C. A transfer or assignment of ownership interest shall be approved if:

- (1) The Commission receives notice of the intent of the owner of the interest, or of the estate of the owner of the interest, to transfer or assign an ownership interest in a license to another party, in a form prescribed by the Commission;
- (2) The proposed transfer does not violate Health-General Article, §§13-3301—13-3316, Annotated Code of Maryland;
- (3) The transferee has paid the required fee specified in COMAR 10.62.35; ...

...

COMAR 10.62.08.08 Change of Ownership of [Grower] License. (effective through May 17, 2020)

A. No ownership interest of 5 percent or more of a license issued pursuant to this chapter shall be assignable or transferable unless:

- (1) The Commission has received notice of the intent of the owner of the interest, or of the estate of the owner of the interest, to transfer or assign an ownership interest in a license to another party;
- (2) The transferee has had forwarded the criminal history record information and audited financial statement to the Commission of the transferee;
- (3) The Commission does not object to the transfer or assignment within 45 days of its receipt of notice;
- (4) The transferee has paid the required fee specified in COMAR 10.62.35; ...

...

COMAR 10.62.25.08 Transfer of Ownership Interest in a [Dispensary] License. (effective May 18, 2020)

A. No ownership interest shall be assignable or transferable unless:

- (1) The Commission has received notice of the intent of the owner of the interest, or of the estate of the owner of the interest, to transfer or assign an ownership interest in a license to another party;

- (2) The Commission approves the transfer or assignment;
 - (3) The transferee has paid the required fee specified in COMAR 10.62.35; ...
- B. If the licensee is a business entity with publicly traded stock, §A of this regulation only applies to a proposed transfer of an ownership interest of 5 percent or more.
- C. A transfer or assignment of ownership interest shall be approved if the:
- (1) Commission receives notice of the intent of the owner of the interest, or of the estate of the owner of the interest, to transfer or assign an ownership interest in a license to another party, in a form prescribed by the Commission;
 - (2) Proposed transfer does not violate Health-General Article, §§13-3301—13-3316, Annotated Code of Maryland;
 - (3) Transferee has paid the required fee specified in COMAR 10.62.35; ...

In lieu of proceeding with the issuance of charges and 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. Respondent is a Maryland limited liability company that holds three licenses issued by the Commission, a grower license (G-17-00002), a processor license (P-17-00004), and a dispensary license (D-17-00011). Several individuals own Respondent and its Commission-issued licenses through various percentages of interest in Respondent.

2. On March 25, 2019, one of Respondent's members, a trust, transferred approximately 8.081% equity interest in Respondent to another member but did not give the Commission notice of the owner's intent to transfer or assign an ownership interest in the licenses to another party and did not provide in advance any required documentation.

3. The current applicable provisions of COMAR, recited above, came into effect on May 18, 2020. These provisions succeeded earlier regulations that applied to assignments or

transfers for any interest in a license “of 5 percent or more.” The current regulations do not include a threshold requirement of 5% or more interest to be applicable.

4. The Commission did not approve any of these transfers of ownership interest, nor did the Commission receive notice of the intent to transfer or assign any of the above-noted ownership interests in a license to a different individual member.

CONCLUSIONS OF LAW

5. Neither the Respondent nor the relevant members, as owners in interest, gave the Commission notice of the intent to transfer or assign an ownership interest in a grower license, in violation of the applicable provisions of COMAR 10.62.08.08.

6. Neither the Respondent nor the relevant members, as owners in interest, gave the Commission notice of the intent to transfer or assign an ownership interest in a processor license, in violation of the applicable provisions of COMAR 10.62.19.07.

7. Neither the Respondent nor the relevant members, as owners in interest, gave notice of the intent to transfer or assign an ownership interest in a dispensary license, in violation of the applicable provisions of COMAR 10.62.25.08.

ORDER

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

ORDERED that within **SIX (6) MONTHS**, the Respondent shall pay a penalty in the consolidated amount of \$60,000.00 for its unapproved transfer of interest in Respondent’s licenses;

ORDERED that the Respondent shall pay the consolidated amount of \$60,000.00 in penalties directly to the Commission’s Compassionate Use Fund;

ORDERED that Respondent may pay this penalty in equally portioned monthly payments;

ORDERED that for the transfer at issue in this case to become valid, Respondent or the respective member shall retroactively pay each required fee and receive the Commission's approval for the transfer of interest;

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

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

4/22/21
Date


Briar Lopez
Commission Chair

CONSENT

I, Mitchell Kahn, am the Authorized Signatory of Maryland Compassionate Care and Wellness, LLC, and have legal authority to enter into this agreement on behalf of Maryland Compassionate Care and Wellness, LLC (hereinafter "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 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. 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 Respondents 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 Consent Order and understand its meaning and effect.

04/22/2021

Date



[Signature]

Mitchell Kahn, Authorized Signatory for Maryland Compassionate
Care and Wellness, LLC

[Print name, title]

Representative for Respondent

NOTARY

STATE OF Illinois

CITY/COUNTY OF: Cook

I HEREBY CERTIFY that on this 22nd day of April 2021, before me, a Notary Public of the State and County aforesaid, personally appeared Mitchell Kahn on behalf of Maryland Compassionate Care and Wellness, 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.

Kerry Stevens
Notary Public

My commission expires: 9/5/23

