

IN THE MATTER OF	*	BEFORE THE MARYLAND
G & J PHARMACEUTICS, LLC	*	CANNABIS ADMINISTRATION
DBA GREENWAVE		*
License No.: DA-23-00099	*	
Respondent	*	Case No. 23-00324
	*	

* * * * *

CONSENT ORDER

The Maryland Cannabis Administration (the “Administration” or “MCA”) and Respondent **G & J Pharmaceuticals, LLC, dba Greenwave** (the “Respondent”), license number **DA-23-00099**¹, pursuant to the Cannabis Reform Act, found at Md. Code Ann. Alcoholic Beverages & Cannabis § 36-503, and the Natalie LaPrade Medical Cannabis Commission Act (the “Act”), formerly codified at Md. Code Ann., Health-Gen. (“Health Gen.”) § 13-3301 et seq. (2019 Repl. Vol. and 2021 Supp.)² as well as Code of Maryland Code of Maryland Regulations (COMAR) 10.26, hereby enter into this Consent Order in order to resolve violations of the Act without the need for formal proceedings, to include an evidentiary hearing.

The pertinent provision of the Act is:

Health Gen. § 13-3311.1 Sale or transfer of license; Rescission of preapproval:

(a)(1) The holder of a medical cannabis grower, processor, or dispensary license may sell or transfer ownership of the license if the licensee was physically and actively engaged in the cultivation, processing, or dispensing of medical cannabis for at least 3 years immediately preceding the sale or transfer of the ownership of the license.

¹ The prior license number was D-18-00007 which was converted into a dual medical/adult use license effective July 1, 2023.

² Although the Cannabis Reform Act, codified at Alcoholic Beverages and Cannabis Article, §36-501, Annotated Code of Maryland and effective May 3, 2023, established the Maryland Cannabis Administration, this document references the Natalie LaPrade Medical Cannabis Commission Act as it was the governing statute at the time of the allegations set forth herein.

The pertinent provision of COMAR is as follows:

10.62.25.08 Transfer of Ownership Interest in a License

- 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; and
 - (3) The transferee has paid the required fee specified in COMAR 10.62.35.

FINDINGS OF FACT

The parties agree to the following statement of facts:

1. Respondent was initially awarded a medical cannabis dispensary license, D-18-00007, license on January 25, 2018.
2. On March 9, 2018, Respondent's license became operational in Metrc - the seed to sale software employed by the Maryland Medical Cannabis Commission (MMCC, the predecessor agency to the Maryland Cannabis Administration or MCA).
3. At the time of issuance of its license, and at all times since, Respondent was a privately held Maryland Limited Liability Company.
4. At the time of issuance, the ownership of Respondent was as follows³:
 - a. Member A: 45%
 - b. Member B: 45%
 - c. Member C: 10%

³ At Respondent's request, the names of its LLC's members are being referenced herein simply as Members A, B and C, although Respondent acknowledges that the same is publicly available information.

5. Respondent's members executed Respondent's Operating Agreement on February 22, 2017. The Operating Agreement governs Respondent's management and the distribution of its profits and losses to its members.
6. Section 5 of Respondent's Operating Agreement governs the "Allocation of Profits and Losses and Distributions." The Operating Agreement states that "...all items of income, revenues, deductions, gain and loss shall be allocated pro-rata in accordance with a Member's LLC interest." It also states "Distributions shall be made among the Members in proportion to the Member's LLC interest."
7. Effective January 1, 2019, Respondent began distributing its profits, losses and allocation of its capital in the following manner:
 - a. To Member A: 40%
 - b. To Member B: 40%
 - c. To Member C: 20%
8. The revised distribution described in paragraph 7, above, represents a transfer of 5% each from Members A and B to Member C.
9. Respondent's members executed an Amendment to the Operating Agreement on February 24, 2022 that memorialized the change in ownership of Respondent. The Amendment reflects the equity distribution described in paragraph 7, above.
10. The Amendment was not executed until February 24, 2022, because Respondent's members either lost the original or failed to sign the document.
11. Transfers of interests in Maryland cannabis licenses were prohibited by statute until the license had been operational for three years. Md. Code Ann., Health Gen. § 13.3311.1.

12. Neither Respondent nor any of its members filed a request with MMCC seeking approval of the transfers.
13. Failure of licensees to accurately report their true ownership makes it difficult, if not impossible, for MCA to determine whether a particular licensee owns or controls a prohibited number of licenses.

CONCLUSIONS OF LAW

Respondent has violated Health Gen. § 13-3311.1 by transferring ownership interest in its license in advance of when the law allowed it to do so. Respondents violated COMAR 10.62.25.08 by failing to submit transfer requests prior to executing transfers of ownership interest as set forth herein. Further, Respondents violated COMAR 10.62.08.11 by failing to submit accurate Annual Reports as described herein.

ORDER

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

ORDERED that within 10 days of this Order, Respondents shall pay a fine to the Administration's Cannabis Business Assistance Fund in the amount of \$50,000 for its unauthorized transfers of ownership during the statutorily prohibited period; and it is further

ORDERED within 10 days of this Order, Respondent shall submit a Request for Retroactive Approval of a Transfer of the unauthorized transfers set forth herein, including transfer fees in the amount of \$1,000; and it is further

ORDERED that Respondent shall be responsible for the costs associated with complying with this 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. (2019 Repl. Vol & 2021 Supp.).

11/14/2023

Date



William Tilburg, Acting Director
Maryland Cannabis Administration

CONSENT

I, Lauren Simpson, am the Director of G & J Pharmaceuticals, LLC and have legal authority to enter into this agreement on behalf of G & J Pharmaceuticals, 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 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 Administration 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 Administration 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 Consent Order and understand its meaning and effect.

11/00/03
Date


Representative for G & J Pharmaceuticals, LLC

NOTARY

STATE OF Maryland

CITY/COUNTY OF: Calvert

I HEREBY CERTIFY that on this 20th day of Nov 2023,

before me, a Notary Public of the State and County aforesaid, personally appeared

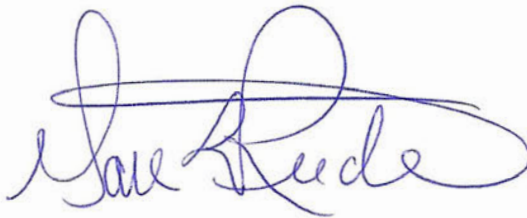
Lauren A Simpson on behalf of

G & J. Pharmaceuticals, 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: 11/21/27

