

<p>IN THE MATTER OF</p> <p>BLUE RIDGE WELLNESS, LLC</p> <p style="padding-left: 40px;">Respondent</p> <p>License No. D-19-00004</p>	<p>*</p> <p>*</p> <p>*</p> <p>*</p> <p>*</p> <p>*</p> <p>*</p>	<p>BEFORE THE</p> <p>MARYLAND CANNABIS</p> <p>ADMINISTRATION</p> <p>Case No. 23-00220</p>
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CONSENT ORDER

The Maryland Cannabis Administration (the “Administration” or “MCA”) and Respondent **Blue Ridge Wellness, LLC**, (the “Respondent”), license number **D-19-00004**, pursuant to the Cannabis Reform Act found at Md. Code Ann. Alcoholic Beverages and Cannabis, §36-503, formerly codified at Md. Code Ann., Health-Gen. (“Health Gen.”) § 13-3301 et seq. (2019 Repl. Vol. and 2021 Supp.)¹ and Annotated Code of Maryland Code of Maryland Regulations (COMAR) 14.17 and 10.26, hereby enters into this Consent Order in order to resolve violations of the Act.

The pertinent provisions of the Code of Maryland Regulations (“COMAR”) are as follows:

10.62.25.08 Transfer of Ownership Interest in a License

- (A) No ownership interest [in a medical cannabis dispensary license] 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;

¹ Although the Cannabis Reform Act, codified at Md. Code Ann. Alcoholic Beverages and Cannabis, §36-501, effective May 3, 2023, established the Maryland Cannabis Administration, this document references the Natalie M. LaPrade Medical Cannabis Commission Act as it was the governing statute at the time of the allegations set forth herein.

- (3) The transferee has paid the required fee specified in COMAR 10.62.35; and
- (4) [If] the ownership interest is 5 percent or more, and the transferee has provided the criminal history record information and an audited financial statement to the Commission of the transferee.

10.62.25.11 Disclosure of Ownership and Control

(A) Each licensee shall submit a table of organization, and control with the Commission:

- (1) On or before July 1 of each year;
- (2) Within 10 business days of any change in ownership interest or control; and
- (3) Upon request by the Commission.

B. The table of organization, ownership, and control shall identify the management structure, ownership, and control of the license, including

...

- (3) The percentage of ownership, if any.

FINDINGS OF FACT

The parties agree upon the following findings of fact:

1. Blue Ridge Wellness, LLC (Blue Ridge) is a licensed Maryland medical cannabis dispensary, license number D-19-00004. Blue Ridge is a wholly owned subsidiary of Hempaid, LLC (Hempaid).
2. Prior to February 2021, Hempaid was owned 72.65% percent by Chad P. Scott and 4.95% by Pluto 2009, LLC (Pluto)².
3. On or about February 12, 2021, Chad Scott sold a 3% equity interest in Hempaid to Sonnybella, LLC. Blue Ridge did not seek or receive approval from MMCC for the

² Other individuals and entities had ownership interests in Hempaid but they are not relevant to this matter.

- transfer as required. This transfer was not submitted for review and approval by the Maryland Medical Cannabis Commission (MMCC), the predecessor agency to the MCA.
4. During the month of November 2022³, Pluto sold all of its 4.95% equity in Hempaid to Maxwell Bumberg. This transfer was not submitted for review and approval by the MMCC either.
 5. Each of the above-referenced transfers of ownership in the parent company, Hempaid, also constitutes a transfer of ownership in any of its wholly owned subsidiaries, and specifically constitutes a transfer of ownership in Blue Ridge.
 6. At all times relevant to this matter, Blue Ridge was wholly owned by Hempaid.
 7. Blue Ridge submitted capitalization tables as part of the annual disclosures required by COMAR 10.62.25.11 for 2020, 2021 and 2022.
 8. The capitalization tables submitted by Blue Ridge as part of the required annual disclosures for 2021 and 2022 failed to identify Hempaid as an owner of the licensee.
 9. On June 1, 2023, Blue Ridge submitted a request for approval of transfer of ownership in its entirety. The proposed transferee in that application is TER Holding MD, Inc., a wholly owned subsidiary of TerrAscend Corp.
 10. In connection with the transfer application, a capitalization table for Blue Ridge was submitted. Upon review of this document, MCA staff identified a number of inconsistencies between the table submitted in support of the transfer and the capitalization tables previously submitted as part of Blue Ridge's annual disclosure requirements.
 11. The transfers set forth in Paragraphs 3 and 4 above required MMCC approval.

³ The Assignment of Membership interests related to this transfer does not have a date certain. The parties agree the assignment occurred at some point in the month of November 2022.

12. On June 15, 2023, Respondent submitted Requests to Transfer Ownership for retroactive approval, along with the corresponding fees, for the transfers described herein to Mr. Bumberg and to Sonnybella, LLC, respectively.
13. Pursuant to COMAR 10.62.35.01.M, the total amount of fees to be submitted with each transfer request where the transferee is an entity is \$7,000, and the fee for each transfer request when the transferee is an individual is \$500.

CONCLUSIONS OF LAW

Respondent Blue Ridge Wellness, LLC, has violated COMAR 10.62.25.08 on two separate occasions by transferring an ownership interest in license number D-19-00004 without Commission approval. Further Blue Ridge Wellness, LLC violated COMAR 10.62.25.11 on at least two separate occasions by failing to accurately report its ownership interests in its annual reports.

ORDER

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

ORDERED that within 10 days of this Order, Respondent shall pay a fine to the Commission's Compassionate Use Fund in the amount of \$3,000 which includes a fine of \$1,000 for each of the two transactions that constituted an unauthorized transfer in the license held by Respondent and \$1,000 for Respondent's failure to accurately report its ownership interests on its Annual Reports for 2021 and 2022; 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. (2021).

06/29/2023

Date



William Tillburg, Acting Director

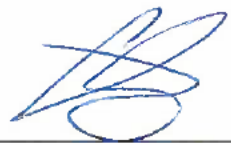
CONSENT

I, Chad Scott, am the Managing Member of Blue Ridge Wellness, LLC and have legal authority to enter into this agreement on behalf of Blue Ridge Wellness, LLC ("Respondent"). Respondent acknowledges that they have 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 they 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 their 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 rights 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.

6/20/23
Date



Representative for Respondent
Chad Scott

NOTARY

STATE OF Maryland

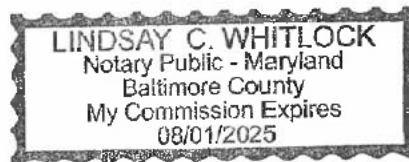
CITY/COUNTY OF: Baltimore

I HEREBY CERTIFY that on this 20 day of June 2023,

before me, a Notary Public of the State and County aforesaid, personally appeared Chad Scott, on behalf of Blue Ridge Wellness, 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.

Lindsay C. Whitlock
Notary Public
Lindsay C. Whitlock



My commission expires: 08/01/2025