

IN THE MATTER OF * BEFORE THE NATALIE M. LAPRADE
CHARM CITY RELIEF PARTNERS, LLC * MARYLAND MEDICAL CANNABIS
* COMMISSION
License No.: D-19-00015 *
* Case No.: 22-00233

* * * * *

CONSENT ORDER

On or about December 1, 2022, the Maryland Medical Cannabis Commission (the "Commission" or "MMCC") filed administrative charges against Charm City Relief Partners, LLC (the "Respondent-Dispensary"), license number D-19-00015, pursuant to the Natalie 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 pertinent provisions of the Code of Maryland Regulations ("COMAR") are as follows:

10.62.25.11

A. Each licensee shall submit a table of organization, ownership, 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 licensee, including the:

- (1) Name of each owner or principal officer and any other individual or entity with the authority to control the licensee;
- (2) The office or position held, if any; and
- (3) The percentage of ownership interest, if any.

D. A licensee that is owned or controlled, in whole or in part, by another entity shall disclose to the Commission:

- (1) The relationship between the licensee and the parent or affiliate; and

- (2) Each owner, board member, or officer and any other individual with control or management authority over those entities owning or controlling the license.

10.62.25.12

A. Prior to any management agreement taking effect, a licensee shall submit to the Commission:

- (1) A copy of the management agreement;
- (2) Information detailing any compensation paid in exchange for the management services;
- (3) Criminal history record information and an audited financial statement of the third party providing the management services; and
- (4) Any other information relevant to the management agreement requested by the Commission.

B. A management agreement may not take effect unless the Commission has:

- (1) Received proper notice of the management agreement, as specified in §A of this regulation;
- (2) Received the required fee specified in COMAR 10.62.35; and
- (3) Approved the management agreement.

10.62.26.04

B. At all times at the premises of a licensee every registered dispensary agent shall visibly wear the identification card issued to the registered dispensary agent by the Commission.

C. The identification card shall be renewed every 2 years...

The parties met for a case resolution conference (CRC) on January 13, 2023 to see if the matter could be resolved without the need for a formal evidentiary hearing. Thereafter, the parties agreed upon this Consent Order.

FINDINGS OF FACT

The parties agree upon the following findings of fact:

1. Respondent-Dispensary is located at 5225 Baltimore National Pike, Baltimore, MD 21229.

2. The Commission awarded Respondent-Dispensary a dispensary license on December 16, 2019, based on information reported in its Stage 2 Application for a dispensary license.
3. The Stage 2 Application included the following information about Respondent-Dispensary's ownership and control structure:
 - a. Vincent DiBenedetto and Sheraz Warraich are the sole members;
 - b. Vincent DiBenedetto and Sheraz Warraich each hold a 50% ownership interest;
and
 - c. Respondent-Dispensary does not have any holding, intermediary, subsidiary, or affiliate business entity.
4. This case arises out of the Commission's investigation into the ownership structure of Respondent-Dispensary as it relates to Baltimore Cash & Carry Services LLC.
5. Baltimore Cash & Carry Services LLC is a Maryland limited liability company formed on April 15, 2020, and was identified in Respondent-Dispensary's timely 2020 Annual Organization, Ownership and Control Disclosure ("2020 Annual Disclosure") as its "Management Company." The 2020 Annual Disclosure also stated that Baltimore Cash & Carry Services LLC "Manages Day to Day activities for [Respondent-Dispensary] including Payroll, Staffing, Operations etc."
6. The 2020 Annual Disclosure reported Respondent-Dispensary's ownership structure as 50% owned by Sheraz Warraich and 50% owned by Vincent DiBenedetto. The organizational chart submitted as part of the 2020 Annual Disclosure identified Sheraz Warraich as CEO, Vince DiBenedetto as CFO, Sarah Warraich as COO, Amar Warraich as Store Manager, William Bowling as Assistant Manager, Eric Stinger as Shift Manager, and Saira Warraich as Inventory Manager.

7. Respondent-Dispensary's timely 2021 Annual Disclosure reported the same ownership structure as reported in the 2020 Annual Disclosure, and also identified Baltimore Cash & Carry Services LLC as the "Management Company" and stated that Baltimore Cash & Carry Services LLC "Manages Day to Day activities for [Respondent-Dispensary] including Payroll, Staffing, Operations etc." The organizational chart submitted as part of the 2021 Annual Disclosure identified Sheraz Warraich as Owner, Vince DiBenedetto as Owner, Amar Warraich as Operations Manager, William Bowling as Operations Manager, Hallie Caldwell as General Manager, and Tera Garland as Assistant Manager.
8. Respondent-Dispensary's 2022 Annual Disclosure was submitted on July 28, 2022; 27 days after the reporting deadline specified in COMAR 10.62.25.11. The ownership structure was reported in the 2022 Annual Disclosure was the same as in previous years, and the organizational chart submitted as part of the 2022 Annual Disclosure identified Sheraz Warraich as 50% Owner, Vince DiBenedetto as 50% Owner, Amar Warraich as Operations Manager, William Bowling as Operations Manager, and Hallie Caldwell as General Manager.
9. The Form SS-4 Letter issued to Baltimore Cash & Carry Services LLC by the IRS on April 17, 2020 describes the entity as a single-member LLC that is wholly owned by Sheraz Warraich. Respondent-Dispensary asserts that 100% of the Baltimore Cash & Carry Services LLC was attributed to Sheraz Warraich because he was principally responsible for the day-to-day operations of the dispensary.
10. On July 27, 2022, Respondent-Dispensary confirmed that Sheraz Warraich maintains a 100% ownership interest in Baltimore Cash & Carry Services LLC.

11. Because Baltimore Cash & Carry Services LLC is not under common ownership with Respondent-Dispensary, it is considered a "third party" within the meaning of COMAR 10.62.01.01(B)(28).
12. Baltimore Cash & Carry Services LLC's Articles of Organization indicates it "require[s] a business or industry license that is issued by the state or any other local agency" to operate in Maryland. To date, the Commission has not issued Baltimore Cash & Carry Services LLC a license nor approved a management agreement to which Baltimore Cash & Carry Services LLC is a party.
13. As of the date of this Consent Order, Respondent-Dispensary asserts that Baltimore Cash & Carry Services LLC is an administrative affiliate of Respondent-Dispensary and not to provide management services or to profit from Respondent-Dispensary.
14. Further, a query of Respondent-Dispensary's registered agents in the Salesforce database revealed that Amar Warraich's agent identification card expired on February 4, 2022. In turn, Amar Warraich did not have a valid agent identification card at the time Respondent-Dispensary submitted its 2022 Annual Disclosure identifying Warraich as an Operations Manager. To date, Amar Warraich does not have a valid agent identification card.
15. In a June 21, 2022 email responding to inquiries from Commission staff regarding the relationship between Respondent-Dispensary and Baltimore Cash & Carry LLC, Respondent-Dispensary asserted the following:
 - a. Respondent-Dispensary does not have any bank account;
 - b. Respondent-Dispensary's funds are maintained in Baltimore Cash & Carry Services LLC's bank account;

- c. All employees/agents of Respondent-Dispensary are paid by and through Baltimore Cash & Carry Services LLC;
- d. Baltimore Cash & Carry Services LLC does not have a general ledger because it is merely the bank account for Respondent-Dispensary; and
- e. Baltimore Cash & Carry Services LLC has not and is not required to file a tax return because it does not produce any operating revenue.

16. In a September 19, 2022 email, an accountant for the firm that prepared Respondent-Dispensary's 2020 and 2021 tax returns explained:

- a. Baltimore Cash & Carry Services, LLC (a disregarded entity that is wholly owned by Sheraz Warraich) acts as a conduit for the banking of Charm City Relief Partners, LLC; and
- b. All receipts, disbursements, income and expenses are reported on the income tax returns for Respondent-Dispensary (and not on Sheraz Warraich's personal return).

17. Respondent-Dispensary's 2020 tax return and 2021 tax return reported¹:

- a. Both Sheraz Warraich and Vincent DiBenedetto hold a 50% ownership interest in Respondent-Dispensary, yet
- b. 100% of Respondent-Dispensary's net income during 2020 and 2021 was allocated to Sheraz Warraich.

18. Commission staff made several attempts to understand why Sheraz Warraich was allocated 100% of the net income but without receiving a clear response from

¹ In an email dated September 20, 2022, an accountant for the firm that prepared Respondent-Dispensary's 2020 and 2021 tax return noted that the 2021 balance sheet has three items that are being reconciled, and that these items could potentially warrant an amendment to the 2021 tax return. However, the accountant further indicated that any potential forthcoming amendment would not alter the percentage allocation of net income for 2021.

Respondent-Dispensary, staff were left with questions about whether an unauthorized transfer had occurred between Respondent-Dispensary's owners and whether Baltimore Cash & Carry Services LLC was in fact a management company.

19. Since Commission staff initiated this investigation, Respondent-Dispensary has maintained that Baltimore Cash & Carry Services LLC is not a "management company."
20. Respondent-Dispensary has further maintained that it merely made an error when it reported that Baltimore Cash & Carry Services LLC is a "Management Company" that "Manages Day to Day activities for Respondent-Dispensary including Payroll, Staffing, Operations etc." in its 2020 and 2021 Annual Disclosures.

CONCLUSIONS OF LAW

21. Respondent-Dispensary violated COMAR 10.62.26.04 by failing to renew the agent identification card for its Operations Manager, Amar Warraich, prior to the date the card expired, and permitting Amar Warraich to continue acting as Operations Manager for several months without a valid agent identification card.
22. Respondent-Dispensary violated COMAR 10.62.25.11(A)(1) by failing to submit its 2022 Annual Disclosure by July 1, 2022.
23. Respondent-Dispensary violated COMAR 10.62.25.11(B) by erroneously stating in its 2020 and 2021 Annual Disclosures that Baltimore Cash & Carry Services LLC served as a "Management Company" that "Manages Day to Day activities" for Respondent-Dispensary, including payroll, staffing, and operations although it is in fact . "is merely the bank account for Respondent-Dispensary." The erroneous statements in two annual disclosures constitute two violations of COMAR 10.62.25.11(B).

ORDER

Based on the foregoing Findings of Fact and Conclusions of Law, by an affirmative vote of a quorum of the Commission, it is hereby

ORDERED that within six months, of this Order, Respondent-Dispensary shall pay a civil monetary penalty, in accordance with COMAR 10.62.34.09, to the Commission's Compassionate Use Fund in the amount of \$14,750.00; and it is further

ORDERED that Respondent-Dispensary's Maryland medical cannabis dispensary license, number D-19-00015, shall receive a **REPRIMAND**; and it is further

ORDERED that failure to comply with the terms and conditions set forth herein shall result in a violation of this Order, within further fees to be assessed 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. (2014).

4/10/2023

Date


C. Obi Onyewu, Chair

CONSENT

I, Sheraz Waraich, am the managing member of Charm City Relief Partners, LLC and have legal authority to enter into this agreement on behalf of Charm City Relief Partners, LLC (hereinafter "Respondent-Dispensary"). Respondent-Dispensary acknowledges that it has had the opportunity to seek advice of counsel in this matter. By this Consent, Respondent-Dispensary agrees and accepts to be bound by this Consent Order and its conditions and restrictions. Respondent-Dispensary waives any rights it may have had to contest the Findings of Fact and Conclusions of Law.

Respondent-Dispensary acknowledges the validity of this Consent Order as if entered into after the conclusion of a formal evidentiary hearing in which the Respondent-Dispensary 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-Dispensary acknowledges the legal authority and the jurisdiction of the Commission to initiate these proceedings and to issue and enforce this Consent Order. Respondent-Dispensary 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-Dispensary 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.

03-20-2023
Date


Representative for Respondent-Dispensary

NOTARY

STATE OF ARIZONA

CITY/COUNTY OF: MARICOPA

I HEREBY CERTIFY that on this 20th day of March 2023,
before me, a Notary Public of the State and County aforesaid, personally appeared
SHERAZ WARBAICH on behalf of
CHARM CITY RELIEF PARTNERS, 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: