

IN THE MATTER OF MARYLAND * **BEFORE THE**
NATURAL TREATMENT SOLUTIONS, LLC * **MARYLAND CANNABIS**
d.b.a. ZEN LEAF PASADENA * **ADMINISTRATION**
Respondent *
* **Case No. 23-00121**
License No. D-20-00005 *

* * * * *

CONSENT ORDER

The Maryland Cannabis Administration (the “Administration” or “MCA”) and Respondent **Maryland Natural Treatment Solutions, LLC**, dba Zen Leaf Pasadena (the “Respondent”), license number **D-20-00005**, 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.)¹ as well as Code of Maryland Code of Maryland Regulations (COMAR) 10.26, hereby enters into this Consent Order in order to resolve violations of the Act.

The pertinent provision of COMAR are as follows:

10.62.08.12 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.

¹ 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.

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.

10.62.08.08 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

1. Respondent is a medical cannabis dispensary located in Pasadena, Maryland and was originally awarded a license on February 20, 2020.
2. On or about February 20, 2020 Respondent informed the Maryland Medical Cannabis Commission (the “Commission”, now the Administration) that it was owned by Natural Treatment Solutions, LLC (“NTS”) (99.98%) and individually by Tangerline Loftin (.01%) and Dan Herlihy (.01). Natural Treatment Solutions, LLC, was owned by Maria Archos-Fragias (50%) and Stephen Dorf (50%).
3. On April 7, 2023, the Administration received an ownership transfer request from Respondent to transfer 100% of its ownership interest to Verano Maryland, LLC.
4. A review of Respondent’s April 7, 2023 transfer request (“Transfer Request”) revealed pre and post-transfer cap tables reflecting ownership interests that were inconsistent with ownership interests recorded on Respondent’s 2021 and 2022 Annual Ownership Disclosure Reports (“Annual Reports”) submitted to the Commission.
5. In fact, Respondent’s Transfer Request disclosed prior unauthorized transfers of NTS ownership from two individuals, Tangerline Loftin (0.01%) and Dan Herlihy (0.01%).

6. In addition, Respondent provided purchase agreements demonstrating that Herlihy sold his interest to NTS on March 8, 2021, and Loftin sold her interest to NTS on July 28, 2021.
7. Loftin's interest is reflected on Respondent's 2021 Annual Report, and both Loftin's and Herlihy's interests are reflected on Respondent's 2022 cap tables. These statements were each inaccurate in light of the unauthorized transfers set forth in Paragraph 6.
8. According to COMAR 10.62.08.08, a licensee must submit to the Commission (now the Administration) its intent to transfer any ownership interest in its license and obtain approval before any transfer occurs.
9. Thus, Respondent completed at least two unauthorized transfers of its ownership interest since the time of its initial licensure, and Respondent's 2021 and 2022 Annual Report submissions were inaccurate.

CONCLUSIONS OF LAW

Respondent violated COMAR 10.62.08.08 by failing to submit transfer requests prior to executing transfers of ownership interest from Loftin and Herlihy. Further, Respondent violated COMAR 10.62.08.12 by failing to submit accurate Annual Reports.

ORDER

Based on the foregoing 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 Administration's Compassionate Use Fund in the amount of \$4,000; and it is further

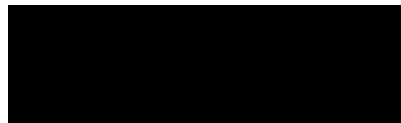
ORDERED within 10 days of this Order, Respondent shall submit a Request for Retroactive Approval of the unauthorized transfers set forth herein, including a transfer fee of \$14,000 pursuant to COMAR 10.62.35.01K; and it is further

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).

May 30, 2023

Date



William Tilburg, Director
Maryland Cannabis Administration

CONSENT

I, Stephen Dorf, am the Owner and Manager of Maryland Natural Treatment Solutions, LLC and have legal authority to enter into this agreement on behalf of Maryland Natural Treatment Solutions, LLC, d.b.a Zen Leaf Pasadena (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.

5/26/2023
Date

DocuSigned by:
Stephen Dorf
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Respondent

NOTARY

STATE OF Illinois

CITY/COUNTY OF: Cook

I HEREBY CERTIFY that on this 26th day of May 2023,
before me, a Notary Public of the State and County aforesaid, personally appeared
Stephen Dorf on behalf of
Maryland Natural Treatment Solutions, 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.

Gwen A. Sandstrom

Notary Public



My commission expires: 8/7/2023