

**SEVEN POINTS AGRO
THERAPEUTICS LLC**

*

BEFORE THE MARYLAND

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CANNABIS ADMINISTRATION

Respondent

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License No. GA-23-00009

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Case No. 23-00347

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CONSENT ORDER

On September 28, 2023, the Maryland Cannabis Administration (“MCA”), pursuant to the Cannabis Reform Act (the “Act”), codified at Alcoholic Beverages and Cannabis Article, § 36-501, *et seq.* (2003), hereby issued **CHARGES UNDER THE CANNABIS REFORM ACT** to Seven Points Agro Therapeutics, LLC (“Respondent”) grower license, number GA-23-00009.

The pertinent provisions of the Act’s corresponding regulations are codified at Code of Maryland Regulations (“COMAR”) as follows:

10.62.11.03. Green Waste.

. . .

- I. A licensee shall weigh, document, and destroy all green waste in accordance with the standard operating procedures.

10.62.12.02. Inventory Control System.

(A) A licensee shall enter timely and accurate data into a perpetual inventory control system that identifies and tracks the licensee’s stock of medical cannabis from the time the medical cannabis is propagated from seed or cutting to the time it is delivered to a licensed dispensary, a licensed processor, or a qualifying patient or caregiver.

. . .

10.62.34.02 Pattern of Deviation from Standard Operating Procedure

A. A licensee or registrant may not substantially deviate or demonstrate a pattern of deviation from the standard operating procedures or the terms set forth in the license.

14.17.14 Complaints, Enforcement, Record Keeping, and Inspections of Cannabis Businesses

.04 Discipline and Enforcement.

A. Diversion.

(1) A licensee, registrant, agent, or employee may not:

(a) Divert cannabis or cannabis products for any unauthorized sale or distribution;

(b) Fail to maintain records in accordance with this subtitle, COMAR 10.62, and the standard operating procedures of the licensee

(c) Fail to accurately track, tag, or otherwise record inventory in the seed-to-sale tracking system

On December 13, 2023, the parties agreed to enter into this Consent Order in lieu of proceeding to an evidentiary hearing in this matter.

Findings of Fact

The parties agree to the following statement of facts:

1. Respondent was originally awarded a medical cannabis grower's license on April 27, 2021, which was converted to an adult use license on July 1, 2023.
2. Respondent's grow facility is located in St. Mary's County, Maryland.
3. On or about August 20, 2023, Respondent reported to the MCA and the local police department that it had video footage of one of Respondent's cannabis agents (hereinafter "Respondent's Agent" or "RA") taking approximately 7030 grams (15.6 pounds) of cannabis flower out of its facility without authorization.
4. According to Respondent, as of August 20, 2023, the cannabis flower taken was valued at approximately \$99,840.
5. The St. Mary's County Sheriff's Office thereafter arrested RA, based upon information provided by Respondent.
6. On August 21, 2023 and August 31, 2023, an MCA investigator conducted an investigation at

Respondent's grow facility and learned that RA had been hired to work at the facility as a janitor five days a week, which usually included Saturdays and Sundays.

7. RA had access to most areas of the facility, which do not include access to the secondary alarm system to access either the vault or the secure room.
8. During August 2023, no security personnel were assigned to work weekends at the facility, although two worked during the week (M - F).
9. The MCA investigator reviewed video surveillance of the cure room for August 12, 2023 and observed seven occasions where RA entered the cure room and stole cannabis flower throughout the day, as follows:
 - a. 7:20 a.m. – 7:23 a.m.: RA uses a flashlight to illuminate the cure room while he opens bins and removes cannabis flower, placing it in a trash bag.
 - b. 7:26 a.m. to 7:28 a.m.: RA returns to the cure room and steals additional cannabis flower.
 - c. 8:22 a.m.: RA is observed in the cure room removing cannabis flower from bins.
 - d. 8:24 a.m.: RA is observed in the cure room placing cannabis flower in a trash bag and leaving the room.
 - e. 11:13 a.m. – 11:15 a.m.: RA is shown in the cure room removing cannabis flower from a bucket, placing it in a trash bag, and leaving the room.
 - f. 11:19 a.m. – 11:21 a.m.: RA is seen removing cannabis flower from bins, placing the flower in a trash bag, and leaving the room.
 - g. 2:28 p.m. to 2:30 p.m.: RA is observed removing cannabis flower from a bin and placing the flower in a trash bag.
10. Additional review of the video revealed the following:
 - a. On August 19, 2023 at 6:47 a.m, RA is seen on video opening a bin of cannabis flower in the cure room and placing it in a trash bag;
 - b. On August 19, 2023 at 6:51 a.m., RA is seen attempting to leave the cure room with a bag of cannabis flower but quickly throws it on the ground after looking outside

- of the cure room door and then exits the room with a white trash bin;
- c. On August 19, 2023 at 7:10 a.m, RA is seen on video opening a bin of cannabis flower in the cure room and placing it in a trash bag;
 - d. On August 20th, at 7:39 a.m., RA is seen again in the cure room filling a large trash bag with cannabis flower;
 - e. On August 20th, at 9:54 a.m., RA is seen entering the main gate of the facility on a Gator Utility Vehicle with an unknown male riding in the passenger seat. RA is then seen riding around the facility with the unknown male for several minutes;
 - f. On August 20, 2023, at 11:52 a.m., RA is seen exiting the cure room with a bag of cannabis flower and is confronted by Respondent's Cultivation Supervisor;
 - g. On August 20, 2023, at approximately 12:00 p.m., RA is shown entering the cure room and departing with a bag of cannabis flower;
 - h. On August 20, 2023, at 12:02 p.m., RA is shown exiting the main door of the grow facility with a bag of cannabis flower;
 - i. On August 20, 2023, at 12:03 p.m., RA is seen placing the bag on a Gator Utility Vehicle with a bag of cannabis flower and driving away from the facility.
11. On August 20, 2023, St. Mary's County Sheriff's Office arrested RA and took him into custody at the St. Mary's County Detention Center.
 12. Respondent later informed the MCA's investigator that RA had been released on \$5,000 bail.
 13. Respondent has a standard operating procedure (SOP) that states its security personnel will "check all cameras routinely" and a "[s]ecurity associate will monitor all views from cameras on a rotating basis."
 14. Respondent's security staff was not able to provide the MCA investigator with a schedule or number of times the cameras were routinely monitored. Security staff indicated there are

approximately 90 cameras at the facility and that they check the cameras when they can.

15. The MCA investigator reviewed a door access run report for RA, which documents every door he accessed at Respondent's grow facility each day he worked. The run report reveals that over the course of only four days (August 5, 12, 19 and 20, 2023), RA accessed the cure room 21 times without Respondent's management having been alerted to his behavior.
16. Further, on August 31, 2023, the MCA investigator returned to Respondent's grow facility and requested documentation showing that a monthly physical inventory had been conducted to compare the physical inventory stock with Metrc, the State's inventory control system for January 2023 to July 2023.
17. Respondent agents provided the investigator with a Metrc printout which they advised had been used to verify the monthly physical inventory of harvested cannabis with the inventory listed in Metrc. The inventory sheets for January through March appeared to be complete.
18. However, the documentation was not easy to understand as numerous items were highlighted in different colors and some items contained a check mark (in pen) while other items contained a star (in pen). They advised these marks were made while counting the inventory and that the signature on the first sheet was verification that the count was accurate.
19. Respondent's agents further advised there was no harvest conducted during the months of April, May and June 2023 and that the sheet dated and signed on June 19, 2013 accounted for all inventory that was transferred from Respondent's old building to the new facility on that date.
20. The documentation for July 2023 was a single Metrc print out with no additional markings (other than 2 signatures at the top of the page). It was not readily apparent to MCA's investigator whether inventory had been conducted for July 2023, but Respondent asserts that it was.

21. Respondent's Post-Harvest Manager provided documentation for the month of August 2023, which was conducted as a result of the theft incident.
22. Prior to the diversion incident described herein, on June 12, 2023, the MCA's investigator had informed Respondent that he would be reviewing all aspects of Respondent's green waste practices at his next inspection. The MCA inspector encouraged Respondent's agents to maintain an organized and accurate green waste log and process all green waste according to its SOP.
23. While walking through the facility on August 21, 2023, the MCA inspector observed approximately eight trash bags of green waste on the floor in the green waste processing room of the facility. There was no one in the room. and the bags of green waste had not been rendered unusable as required by MCA's Bulletin 2022-001.
24. The MCA inspector reviewed the green waste log and noticed that the eight bags were not yet documented on the log.
25. Further review of the green waste log for the month of August 2023 (from August 1 - 21, 2023) revealed a total of 129 errors, including: failing to initial, date and make time entries for the green waste; failing to list METRC numbers in the log; failing to provide the total weight of a product's initial waste; failing to provide date & time of final disposal; failing to list the method of final disposal; and failing to list the agent and verifying agent who conducted the final disposal.
26. In addition, the MCA inspector reviewed Respondent's METRC package adjustment log from August 1 - 20, 2023 and compared it to the green waste log for the same period.
27. Based on Respondent's SOP and COMAR, the weight of green waste entered on the green waste log should match the weight of green waste documented on the METRC package adjustment log. However, there was a significant discrepancy between the green waste entered

into Metrc during that period and the amount listed as having been destroyed in the green waste log.

28. According to Respondent's agents, the discrepancy likely arises from Respondent's agents including the weight of root balls, soil and other products other than wasted flower itself.
29. On 08/31/2023, the MCA's investigator reviewed green waste logs from March 27 - July 28, 2023 and noted the following violations, to include:
 - a. Failure to include associated Metrc number and failure to document verifying agent on final disposal for April 4, 2023;
 - b. Failure to include associated Metrc number for April 19 - 20, 2023;
 - c. No Final Disposal documented for April 21, 26 or May 1, 2023, May 3, 2023, May 23, 2023; June 13, 2023; June 30, 2023; July 10, 2023;
 - d. No final disposal documented for green waste entries made on July 13, 17 or 20, 2023; and
 - e. No verifying agent documented for final disposal on July 23 or 26, 2023.

CONCLUSIONS OF LAW

Respondent has violated COMAR 14.17.14.04, COMAR 10.62.11.03, COMAR 10.62.12.02, and COMAR 10.62.34.02.

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 Compassionate Use Fund in the amount of **\$62,000**; and it is further

ORDERED that Respondent shall submit a Plan of Correction to the MCA within 10 days of this Order which addresses each violation herein; and it is further

ORDERED that for a period of **TWO YEARS** Respondent shall:

1. Respondent shall submit its green waste logs to the MCA on a quarterly basis for review;

2. Respondent shall submit evidence of its monthly inventory to the MCA on a quarterly basis for review; provided that, if Respondent fails to adhere to its reporting obligations as and when required under this Consent Order during such two-year period, Respondent's above-cited license shall automatically be subject to a two-year PROBATION period to be imposed by the MCA; 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. §§ 4-333 et seq. (2019 Repl. Vol., 2023 Supp.).

12-13-2023

Date

William Tilburg, Acting Director
Maryland Cannabis Administration

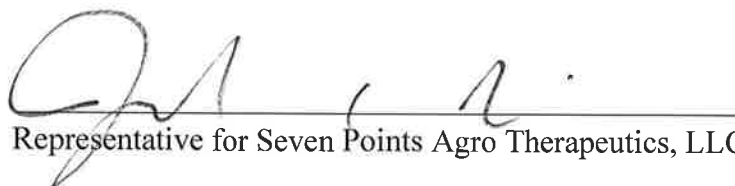
CONSENT

I, Joseph Sci, am the Manager of Seven Points Agro, Therapeutics, LLC and have legal authority to enter into this agreement on behalf of Seven Points Agro Therapeutics, 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.

12-14-23
Date


Representative for Seven Points Agro Therapeutics, LLC

NOTARY

STATE OF Arizona

CITY/COUNTY OF: Maricopa

I HEREBY CERTIFY that on this December 14, 2023 day of December 2023, before me, a Notary Public of the State and County aforesaid, personally appeared Joseph Sai, on behalf of Seven Points Agro Therapeutics, 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.

Diana Johnson Wacholz

Notary Public

My commission expires:

