

IN THE MATTER OF

SEVEN POINTS AGRO-THERAPEUTICS,  
LLC

*Respondent*

\* \* \* \* \*

\* BEFORE the  
\*  
\* MARYLAND MEDICAL  
\*  
\* CANNABIS COMMISSION  
\*  
\* Case no. 20-00316  
\*

**CONSENT ORDER**

Pursuant to its authority to issue and regulate medical cannabis grower licenses under the Natalie M. 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 Maryland Medical Cannabis Commission (“Commission”) issues the following consent order. On October 2, 2020, the Commission presented Seven Points Agro-Therapeutics, LLC (“Respondent”) with a notice informing Respondent that the Commission had voted to deny its Stage Two application for a medical cannabis grower license due to various alleged violations of Section 9(b) (uncodified) of House Bill 2 signed into law on May 15, 2018, the Act, and the Code of Maryland Regulations (“COMAR”). By letter dated October 21, 2020, the Respondent formally appealed the Commission’s determination, requesting an administrative hearing and a pre-hearing case resolution conference (“CRC”). On April 9, 2021, the CRC panel convened with the Commission’s administrative prosecutor, Respondent’s counsel and principal owners, and Commission staff and counsel present. Following the CRC, the Commission and Respondent agreed to resolve the matter by agreement.

The pertinent provisions of House Bill 2, the Act, and COMAR state as follows:

**House Bill 2, Section § 9(b) (2018 Regular Session):**

- (1) [The Commission shall] grant a person Stage One preapproval for licensure as a medical cannabis grower under § 13-3306 of the Health – General Article, as enacted by Section 1 of this Act, if the person:
  - (i) is licensed as a processor under § 13-3309 of the Health – General Article, as enacted by Section 1 of this Act; and
  - (ii) applied for a medical cannabis grower license and was initially among the top grower applicants by the Regional Economic Studies Institute in July 2016; and
  
- (2) grant a person Stage One preapproval for licensure as a processor under § 13-3309 of the Health – General Article, as enacted by Section 1 of this Act, if the person:
  - (i) is licensed as a medical cannabis grower under § 13-3306 of the Health – General Article, as enacted by Section 1 of this Act; and
  - (ii) applied for a processor license and was ranked among the top 30 processor applicants by the Commission in August 2016.

**Maryland Code, General Provisions Article § 1-114. Person**

“Person” includes an individual, receiver, trustee, guardian, personal representative, fiduciary, representative of any kind, corporation, partnership, business trust, statutory trust, limited liability company firm, association, or other nongovernmental entity.

**COMAR 10.62.08.05**

“The burden of proving an applicant’s qualifications rests on the applicant.”

**COMAR 10.62.08.05B**

“The Commission may deny an application that contains a misstatement, omission, misrepresentation, or untruth.”

**COMAR 10.62.08.05C**

“An applicant shall be complete in every material detail.”

**COMAR 10.62.08.06C(3)**

“The Commission may deny issuing a pre-approval of a license if any individual identified in the applicant . . . [f]raudulently or deceptively attempts to obtain a license.”

In lieu of proceeding with an evidentiary hearing in this matter, the parties agree to the following Findings of Fact, Conclusions of Law, and Order as set forth herein.

**I. FINDINGS OF FACT**

The Commission finds as follows:

**A. The Stage Two Application Submitted by Seven Points Agro-Therapeutics II, LLC.**

1. In 2015, Respondent submitted applications for both a medical cannabis grower license and a medical cannabis processor license.

2. In 2016, Respondent was awarded a Stage One pre-approval for a medical cannabis processor license. After being awarded the pre-approval, Respondent was awarded a medical cannabis processor license on or about April 10, 2018.

3. In 2016, Respondent was initially ranked among the top-30 grower applicants by the Regional Economic Studies Institute.

4. After House Bill 2 took effect, the Commission held an open meeting on May 24, 2018, at which time it voted to grant Respondent, a Stage One pre-approval for a medical cannabis grower license in accordance with Section 9(b) of House Bill 2.

5. Respondent, is a limited liability company owned in equal parts by Arrington Herry, Michele Dozier, and Reginald Alston (collectively, the “Principals”), through their holding company, Agro-Therapeutics Holdings, LLC, with each Principal holding one-third or 33.33% shares of the Respondent.

6. On September 24, 2018, the designated point of contact for Respondent requested permission to transfer the preapproval to another entity and represented that the proposed transferee was wholly-owned by the Principals.

7. The Commission did not approve this request.

8. On September 2018, Seven Points Agro-Therapeutics II, LLC, submitted a Stage Two application for a medical cannabis grower license listing Arrington Herry, Michele Dozier, and Reginald Alston as the principal owners, with each Principal holding one-third or 33.33% shares of the Respondent.

9. Seven Points Agro-Therapeutics II, LLC subsequently amended its Stage Two application to indicate that its theretofore 100% parent, Greenhouse Partners, LLC, had taken on new investment to fund its build-out, which altered the beneficial ownership structure of Seven Points Agro-Therapeutics II, LLC. Namely, Greenhouse Partners, LLC sold 19% of its equity interests to a new investor, Abell Agro, LLC, an unrelated entity that is owned in major part by Charlie Mattingly and Rick Mai. Charlie Mattingly and Rick Mai have no ownership stake in Respondent and, therefore, were not included on the Stage One preapproval application.

10. Seven Points Agro-Therapeutics II, LLC has no direct or indirect ownership interest in Respondent, which is the corporate person that holds the medical cannabis processor license and the Stage One pre-approval for the grower license.

11. Seven Points Agro-Therapeutics II, LLC is not itself “licensed as a processor under § 13-3309 of the Health General Article,” as required by House Bill 2.

12. Seven Points Agro-Therapeutics II, LLC does not hold a Stage One pre-approval for a medical cannabis grower license—a prerequisite for Stage Two approval.

13. The Respondent and Seven Points Agro-Therapeutics II, LLC are distinct and separate corporate entities and, therefore, are two different legal “person[s]” within the meaning of Section 9(b) of House Bill 2 and the Maryland Code.

14. By letter dated October 2, 2020, the Commission informed Respondent that it had voted to deny the Stage Two application for medical cannabis grower license for the above-recited reasons.

**B. Respondent’s Misstatements, Misrepresentations, Omissions, or Untruths in Connection with the Stage Two Application and the Commission’s Investigation Related Thereto.**

15. On August 28, 2019, the Commission was informed of the St. Mary’s County Sheriff’s seizure of approximately 760 suspected cannabis plants, invoices and cultivation equipment from a property that is owned by one of the Principals.

16. The Commission’s Bureau of Enforcement and Compliance conducted an investigation, which included witness interviews, to determine whether the Respondent had attempted to start growing cannabis plants before obtaining a license.

17. The Principals consistently stated that the seized plants were hemp and not medical cannabis.

18. In support of these statements, witnesses presented an invoice for Oregon Cherry hemp seeds from a vendor in Colorado. Witnesses stated that the seeds purchased through the transaction reflected on the invoice were hemp seeds that produced the hemp plants grown at and seized from the residential property of the applicant’s principal.

19. Further investigation confirmed that information to be a misrepresentation. The seed vendor who generated the invoice confirmed to Commission investigators that the sale

reflected on the invoice was cancelled at the customer's request. The vendor did not receive payment for the hemp seeds listed on the invoice and did not ship the hemp seeds on the invoice. The hemp seeds reflected on the Colorado invoice could not have yielded hemp plants at the residential property of the principal.

20. A representative of the Respondent thereafter provided the Commission with a different invoice along with verification of wire transfer showing that Respondent's parent company had purchased hemp seeds from a different licensed hemp seed provider on May 24, 2019. Respondent has since contended that the misrepresentation regarding the above-referenced Colorado invoice was inadvertent.

21. The Maryland Department of Agriculture (MDA), however, confirmed to the Commission that none of the Respondent, the applicant, the Principals, or the location in question had been issued a registration to grow industrial hemp. MDA also confirmed that neither the Respondent, nor any of the Principals had been licensed to grow industrial hemp through MDA's Hemp Research Pilot Program.

22. Without having applied to or been approved for participation in MDA's Hemp Research Pilot Program, any hemp plants grown at the residential property of the principal would have been grown without the necessary regulatory approvals.

23. Additionally, the application materials initially submitted to the Commission failed to provide complete criminal history information and civil litigation history information for each of the principals as required. Seven Points Agro-Therapeutics II, LLC thereafter provided to the Commission updated versions of its Stage Two Application that included information omitted from its initial application.

24. By letter dated, October 2, 2020, the Commission informed Respondent that it had concluded that Seven Points Agro-Therapeutics II, LLC had presented numerous misstatements, omissions, misrepresentations, or untruths in its application and during the Commission's investigation of the application. The Commission informed Respondent that it was authorized to deny the Stage Two application on this basis.

25. The Commission also informed Respondent that it had concluded that the misstatements, misrepresentations, omissions, or untruths offered regarding the acquisition of hemp seeds indicated that Respondent had "[f]raudulently or deceptively attempt[ed] to obtain a license." The Commission informed Respondent that it was authorized to deny the Stage Two application on this basis as well, pursuant to COMAR 10.62.08.06C(3).

## **II. CONCLUSIONS OF LAW**

Based on the foregoing Findings of Fact, the Commission concludes that:

26. Seven Points Agro-Therapeutics II, LLC is a distinct and separate legal "person" from the Respondent.

27. Seven Points Agro-Therapeutics II, LLC is not "licensed as a processor under § 13-3309 of the Health General Article, as enacted by Section 1" of House Bill 2 and is therefore not entitled by law to the Stage One pre-approval issued to the Respondent.

28. Seven Points Agro-Therapeutics II, LLC also does not hold a Stage One pre-approval for a medical cannabis grower license—a prerequisite for Stage Two approval.

29. Therefore, under Section 9(b) of House Bill 2, the Stage Two application cannot be granted to Seven Points Agro-Therapeutics II, LLC, but may only be granted to either the Respondent directly, or to a direct subsidiary of the Respondent.

### **III. ORDER**

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

**ORDERED** that the Stage Two application for medical cannabis grower license, if approved, may only be awarded to the Respondent, as the entity that holds the medical cannabis processor license under House Bill 2 and the Stage One pre-approval for the grower license or, alternatively, to a wholly owned, direct subsidiary of Respondent; and be it further

**ORDERED** that the Respondent's Maryland medical cannabis grower's license, if approved, will be placed on **PROBATION** for a period of **TWO (2) YEARS** beginning on the effective date of the approval of the license, subject to the following terms and conditions:

1. The Respondent's status as a medical cannabis grower be listed in the Commission's computer records and website as being on "**PROBATION;**"
2. For the pendency of Respondent's probation, Respondent shall be subject to **TWENTY-FOUR (24) MONTHS** of enhanced inspections by the Commission and/or its designee(s), to include monthly self-reporting compliance checklists to be completed as reasonably directed by the Commission's Bureau of Enforcement and Compliance; and be it further

**ORDERED** that Respondent may petition the Commission no fewer than **TWELVE (12) MONTHS** from the effective date of the license with documentation and evidence showing that Respondent has made significant measurable progress in improving its commitment to compliance with the Consent Order, for the Commission to consider lifting the probation, in the Commission's sole discretion, which shall not be subject to challenge or appeal; and be it further



**ORDERED** that within **NINETY (90) DAYS** of the effective date of this Consent Order, Respondent will designate a Chief Compliance Officer to oversee and direct all of Respondent's operations under the license. Respondent's Chief Compliance Officer will have a background in law enforcement or Maryland regulatory compliance matters and will be trained in the industry's best practices and procedures; and be it further


**ORDERED** that Respondent's Stage Two medical cannabis grower license, if approved, is contingent on there being no criminal convictions against Respondent or any of the Principals, provided that the Principals hold ownership or control of the Respondent at the time, by any law enforcement agency, federal or state, in connection with the 2019 seizure of suspected cannabis plants described herein above. In the event that any such criminal convictions are imposed after the date hereof, the Commission, in its discretion, after notice and an opportunity for an evidentiary hearing before the Commission, may impose any other disciplinary sanction(s) that the Commission is authorized to impose under Md. Code Ann., Health-Gen. § 13-3301 *et seq.*, including additional probation, suspension, revocation, and/or monetary fine, said violation being proven by a preponderance of the evidence; and be it further

**ORDERED** that if Respondent violates any of the terms and conditions of this Consent Order, the Commission, in its discretion, after notice and an opportunity for an evidentiary hearing before the Commission may impose any other disciplinary sanction that the Commission is authorized to impose under Md. Code Ann., Health-Gen. § 13-3301 *et seq.* including additional probation, suspension, revocation, and/or monetary fine, said violation being proven by a preponderance of the evidence; and be it further

**ORDERED** that the Respondent shall incur all costs associated with this Consent Order;  
and it is further

**ORDERED** that this Consent Order is a **PUBLIC DOCUMENT** pursuant to Md. Code  
Ann., Gen. Prov. Art., §§ 4-401 *et seq.* (2014).

5-6-2021  
Date



Brian Lopez  
Commission Chair

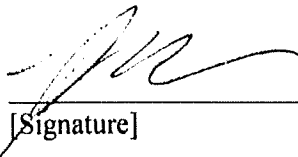
**CONSENT**

I, Reginald Alston am the Co-Chief Executive Officer 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 Respondents 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 Commission 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 Commission 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.

08/30/21  
Date

  
[Signature]

Co - Chief Executive Officer  
Reginald Alston, Co-CEO

**NOTARY**

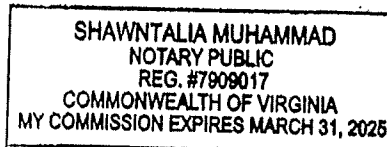
STATE OF Virginia

CITY/COUNTY OF: Alexandria

I HEREBY CERTIFY that on this 30<sup>th</sup> day of April, 2021, before me, a Notary Public of the State and County aforesaid, personally appeared Reginald Alston, the Co-Chief Executive Officer of Seven Points Agro-Therapeutics, LLC, upon behalf thereof, 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: