

IN THE MATTER OF CHA * BEFORE THE MARYLAND
 ENTERPRISES, INC. * CANNABIS ADMINISTRATION
 dba MARY & MAIN *
 Respondent *
 LICENSE NO. DA-23-00081 * CASE NO. 23-00507

* * * * *

CONSENT ORDER

The Maryland Cannabis Administration (the “Administration” or “MCA”) and Respondent **CHA ENTERPRISES, INC. dba MARY & MAIN license number DA-23-00081**, 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 enter into this Consent Order in order to resolve violations of the Act without the need for formal proceedings, to include an evidentiary hearing.

The pertinent provisions of COMAR are as follows:

10.62.25.08 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;
 - (3) The transferee has paid the required fee specified in COMAR 10.62.35; and

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 unauthorized transfers described herein.

- (4) 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.
- B. If the licensee is a business entity with publicly traded stock, §A of this regulation only applies to a proposed transfer of an ownership interest of 5 percent or more.
- C. A transfer or assignment of ownership interest shall be approved if the:
- (1) Commission receives 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, in a form prescribed by the Commission;
 - (2) Proposed transfer does not violate Health-General Article, §§13-3301—13-3316, Annotated Code of Maryland;
 - (3) Transferee has paid the required fee specified in COMAR 10.62.35; and
 - (4) Ownership interest is 5 percent or more and the:
 - (a) Criminal history record information does not violate COMAR 10.62.26.03; and
 - (b) Payment of taxes due in any jurisdiction is not in arrears.
- D. The Commission shall deny transfer of an interest for any proposed transferee:
- (1) If the transferee is convicted of or pleads nolo contendere to a crime involving moral turpitude, whether or not any appeal or other proceeding is pending to have the conviction or plea set aside; or
 - (2) If the payment of taxes due in any jurisdiction is in arrears.
- E. The Commission may deny transfer of a controlling interest in a license or in an ownership interest of 5 percent or more if the Commission finds a substantial reason to deny the proposed transfer.
- F. A person or entity may not have an ownership interest in or control of, including the power to manage or operate, more than four licensed dispensaries.

10.62.25.11 Disclosure of Ownership and Control

- 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.
- C. If the licensee is a business entity with publicly traded stock, the identification of ownership shall include:

(1) The name and percentage of ownership interest of each individual or business entity with ownership of more than 5 percent of the voting shares of the entity, to the extent such information is known or contained in 13D or 13G Securities and Exchange Commission filings; and

(2) To the extent known, the names and percentage of interest of ownership of persons who are relatives of one another and who together exercise control over or own more than 10 percent of the voting shares of the entity.

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.

14.17.14.04 Discipline and Enforcement

* * *

D. The Administration may fine, suspend, restrict, revoke, or otherwise sanction any cannabis licensee or registrant for:

(1) Any violation of the Alcoholic Beverages and Cannabis Article, Title 36, Annotated Code of Maryland;

(2) Any violation of this regulation;

(3) Any violation of this chapter;

(4) Any other violation of this subtitle and COMAR 10.62;

(5) Restricting, limiting, or otherwise impeding an inspection or investigation by the Administration; or

(6) Any other violation of State, federal, or local:

(a) Law;

(b) Regulation; or

(c) Ordinances.

Allegations of Fact²

The Administration bases its charges on the following facts that it has reason to believe are true:

² The allegations set forth in these charges are intended to provide the Respondent with notice of Administration action. They are not intended as, and do not necessarily represent, a complete description of the evidence, either documentary or testimonial, to be offered against Respondent in connection with these charges. Further, the Administration reserves the right to amend these charges should additional information become available after their issuance.

1. Respondent CHA Enterprises, Inc. holds a dispensary license for its dispensary located in Capitol Heights, Maryland which was originally issued on July 26, 2018.
2. Respondent is licensed to sell both to both medical patients and adult use consumers after converting the license for use in the dual medical and adult use market effective July 1, 2023.
3. The Cannabis Reform Act (CRA) (and the Natalie LaPrade Medical Cannabis Commission Act before it) requires each cannabis licensee in Maryland to submit a table of ownership and control by July 1 each year that discloses the identities of the owners of the license and the parties that control the license (“Annual Disclosure”).
4. The shareholders of CHA Enterprises, Inc. disclosed in 2018 were mostly business entities (LLCs).
5. At some point in 2018/2019, the owners decided to pursue a medical cannabis grower license, and in January 2019 authorized the shareholders of CHA Enterprises, Inc. to exchange their shares for membership in CHA Holdings LLC, which in turn meant that CHA Holdings LLC became the sole shareholder of the licensee.
6. These transfers occurred without MMCC approval and occurred within the 3-year prohibition on transfers of ownership interest in a license. (The MCA acknowledges that because the controlling interests in the license remained the same, the MMCC may have considered such transfers as a permitted restructuring, had pre-approval been sought.)
7. Subsequently, the licensee’s Annual Disclosures for 2020 - 2023 failed to disclose that the entity was owned 100% by the holding company, CHA Holdings, LLC.
8. In 2023, the MCA noticed from abnormalities in its late-filed Disclosure that the unauthorized transfers described above had occurred.

9. Further, Respondent failed to promptly respond to various requests by the MCA for information and documents to clarify what had occurred. The MCA's requests began in December 2023, but Respondent did not fully provide all documents requested until May 2024.
10. Failure of licensees to accurately report their true ownership makes it difficult, if not impossible, for the MCA to determine whether a particular owner of the licensee owns a prohibited number of licenses.
11. In each Annual Disclosure filed since 2019, Respondent should have reported it was owned entirely by CHA Holdings LLC but did not.

CONCLUSIONS OF LAW

Respondent violated COMAR 10.62.08.08 by failing to submit transfer requests prior to executing transfers of ownership interest as set forth herein. Further, Respondent violated COMAR 10.62.08.12 by failing to submit accurate Annual Reports as described herein. Lastly, Respondent violated COMAR 14.17.14.04 by failing to timely provide documentation required by the MCA during its investigation into this matter.

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 \$3,000 (for its late and inaccurate reporting in its Annual Disclosures) and \$10,000 for its unauthorized transfers; and it is further

ORDERED within 10 days of this Order, Respondent shall submit Requests for Retroactive Approval of a Transfer of the unauthorized transfers set forth herein, including appropriate transfer fees; 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).

06-19-2024

Date



William Tilburg, Director
Maryland Cannabis Administration


CONSENT

I, Hope Wiseman, am the President of CHA Enterprises, Inc. and have legal authority to enter into this agreement on behalf of CHA Enterprises, Inc. (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.

June 12, 2024
Date


CHA Enterprises, Inc.

NOTARY

STATE OF Maryland

CITY/COUNTY OF: Bowie/Prince George's

I HEREBY CERTIFY that on this 12th day of June 2024,

before me, a Notary Public of the State and County aforesaid, personally appeared Hope Wigman, on behalf of CHA Enterprises, Inc., 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 Rosa L. Beatty
My commission expires: December 02, 2025

