

IN THE MATTER OF
CANNABUS, LLC
License No.: DA-23-00001
Respondent

* **BEFORE THE MARYLAND**
* **CANNABIS**
* **ADMINISTRATION**
* **Case No. 23-00269**
*

* * * * *

CONSENT ORDER

The Maryland Cannabis Administration (the “Administration” or “MCA”) and Respondent **Cannabus, LLC** (the “Respondent”), license number **DA-23-00001**¹, 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.)² as well as Code of Maryland Regulations (COMAR) 10.26 and 14.17, 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 the Act is:

Health Gen. § 13-3311.1 Sale or transfer of license; Rescission of preapproval:

(a)(1) The holder of a medical cannabis grower, processor, or dispensary license may sell or transfer ownership of the license if the licensee was physically and actively engaged in the cultivation, processing, or dispensing of medical cannabis for at least 3 years immediately preceding the sale or transfer of the ownership of the license.

¹The prior license number was D-17-00003.

² Although the Cannabis Reform Act, codified at Alcoholic Beverages and Cannabis Article, §36-501, et seq., 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.

The pertinent provisions of COMAR are as follows:

10.62.25.11 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.

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.

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

FINDINGS OF FACT

The parties agree to the following statement of facts:

1. Respondent was initially awarded a medical cannabis dispensary license, D-17-000031, on October 5, 2017.
2. On December 1, 2017, Respondent's license became operational in Metrc - the seed-to-sale software system employed by the Maryland Medical Cannabis Commission (MMCC, the predecessor agency to the Maryland Cannabis Administration or MCA).
3. At the time of issuance of its license, and at all times since, Respondent was a privately held Maryland Limited Liability Company.

4. At the time of issuance, the license was held by William Askinazi (48.5%), Robert Lintz (23.5 %), Ronald Ginsburg (23.5%) and Louise Fisher (5%).
5. At the time the license was granted, Respondent's corporate governing documents designated Askinazi as Respondent's manager with the authority to act on behalf of the company in all matters unless otherwise delegated to the other members.
6. Askinazi also had a 51% vote in all material business decisions, irrespective of his percentage ownership in Respondent prior to its unauthorized transfers.
7. On August 5, 2020, Respondent redeemed the interests held by members Lintz, Ginsberg and Fisher, which amounted to 51.5% of the issued membership interests in Respondent.
8. Respondent then transferred the redeemed interest to its sole remaining member, Askinazi.
9. Thus, at all times since August 5, 2020, Ashkenazi has held 100% of the membership interests in Respondent.
10. Respondent filed its annual ownership and control disclosure for 2020 on or before July 1, 2020 as described in paragraph 4 above.
11. Respondent filed its annual ownership and control disclosure for 2021 but listed no members of the LLC. The capitalization table submitted as part of the 2021 disclosure referenced a previously undisclosed entity called GN Capital 4, LLC (GNC) as the beneficiary of an untriggered warrant to purchase membership interests. The 2021 cap table listed GNC as a member of Cannabus with 0% equity.
12. At the time of the transfers set forth herein, transfers of interests in Maryland cannabis licenses were prohibited by statute until the licensee had been operational for three years. Md. Code Ann., Health Gen. § 13.3311.1.

13. Neither Respondent nor any of its past or present members filed a request with MMCC seeking approval of the four transfers referenced herein.
14. In addition, beginning in 2020, all cannabis licensees (growers, processors and dispensaries) were required to submit annual disclosures accurately reporting their ownership pursuant to COMAR 10.62.25.11.
15. Failure of licensees to accurately report their true ownership makes it difficult, if not impossible, for MCA to determine whether a particular licensee owns a prohibited number of licenses.
16. While it is possible that MMCC may have considered some of these unauthorized transfers to be permitted restructurings, Respondent nonetheless transferred a majority beneficial ownership interest in its license during the statutorily prohibited period and thus made it impossible for the MMCC to consider.

CONCLUSIONS OF LAW

Respondent has violated Health Gen. § 13-3311.1 by transferring ownership interest in its license in advance of when the law allowed it to do so. Respondent violated COMAR 10.62.25.08 by failing to submit transfer requests prior to executing transfers of ownership interests as set forth herein. Further, Respondent violated COMAR 10.62.08.11 by failing to submit accurate Annual Reports as described herein.

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 \$4,500 for its inaccurate reporting in

its 2021 Annual Report for what may have been considered its unauthorized restructuring during the statutorily prohibited period; and it is further

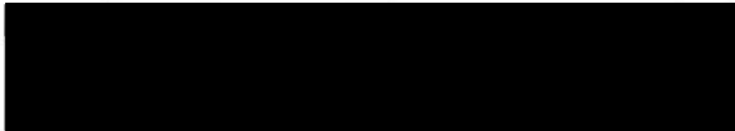
ORDERED within 60 days of this Order, Respondent shall submit for MCA consideration a Request for Retroactive Approval of a Transfer of the unauthorized transfers set forth herein, including applicable transfer fees, as set forth in 10.62.35.01M; and it is further

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. (2019 Repl. Vol., 2020 Supp.).

03/19/24

Date



William Tilburg, Director
Maryland Cannabis Administration

NOTARY

STATE OF Maryland

CITY/COUNTY OF: Montgomery

I HEREBY CERTIFY that on this 7 day of March 2024,

before me, a Notary Public of the State and County aforesaid, personally appeared

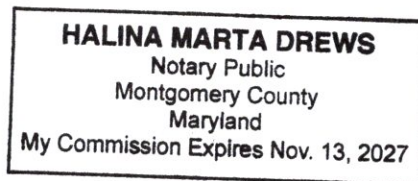
William Astinazi, on behalf of
Cannabus, LLC, and gave oath in due form of law

that the foregoing Consent Order was his voluntary act and deed.

AS WITNESS, my hand and Notary Seal.



Notary Public



My commission expires:

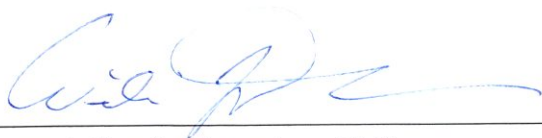
CONSENT

I, William Askinazi, am the Owner of Cannabus, LLC and have legal authority to enter into this agreement on behalf of Cannabus, 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.

March 7, 2024
Date



Representative for Cannabus, LLC