

IN THE MATTER OF * **BEFORE THE MARYLAND**
HOLISTIC INDUSTRIES INC. * **CANNABIS ADMINISTRATION**

License Nos.: *
DA-23-00056 *
DA-23-00058 *
DA-23-00059 *
GA-23-00019 *
PA-23-00023 *

Respondent * **Case No. 23-00346**

* * * * *

CONSENT ORDER

The Maryland Cannabis Administration (the “Administration” or “MCA”) and Respondent **Holistic Industries Inc.** (the “Respondent”), owner of license numbers DA-23-00056, DA-23-00058, DA-23-00059, GA-23-00019, and PA-23-00023, 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 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:

10.62.08.08 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.

10.62.19.07 Transfer of Ownership Interest in a License

¹ Although the Cannabis Reform Act, 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.

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.

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 is a Delaware corporation and is the parent company of Holistic Industries, LLC (which owns licenses DA-23-00058, PA-23-00023 and GA-23-00019); AltPharm, LLC (which owns DA-23-00059); and Medical Products and Services, Inc. (which owns DA-23-00056). Each of these subsidiary entities is wholly owned by Respondent.
2. As each licensee is wholly owned by Respondent, a change in ownership of Respondent constitutes a change in ownership of the licensees.
3. Holistic Industries, LLC was awarded a medical cannabis processor license, P-17-00002, on August 14, 2017.
4. Holistic Industries, LLC was awarded a medical cannabis grower license, G-17-00005 on August 14, 2017.
5. Holistic Industries, LLC was awarded a medical cannabis dispensary license, D-18-00002

on January 25, 2018.

6. On December 18, 2020, the Maryland Medical Cannabis Commission (MMCC) approved the transfer of Medical Products and Services, Inc. (license DA-23-00056) to Respondent.
7. On August 27, 2021, MMCC approved the transfer of AltPharm, LLC (license DA-23-00059) to Respondent.
8. Respondent has remained a privately held business entity throughout its existence.
9. On May 18, 2020, changes to the Code of Maryland Regulations (COMAR) required that all privately held businesses with ownership interests in cannabis licenses seek and receive approval from MMCC prior to transferring any amount of interest in a license. *See* MMCC Guidance: Ownership and Control Requirements.²
10. Respondent filed, through its subsidiaries, annual Organization, Ownership and Control disclosures for 2020, 2021, 2022 and 2023 (the “Disclosures”).
11. Each year from 2021 through 2023, the number of shareholders reported in Respondent’s Disclosures were higher than the year before. Respondent’s Disclosures also reflected several transfers of shares between individuals and trusts as well as divestitures of several shareholders.
12. In total, Respondent’s Disclosures reflect numerous instances of Respondent’s stock being transferred between July 1, 2020 and July 1, 2023.
13. Neither Respondent nor any of its subsidiaries filed a request with MMCC or MCA seeking prior authorization for the transfers described herein.
14. When the MCA requested an explanation for these unauthorized transfers, Respondent, based on the advice of outside legal counsel advising Respondent at the time, asserted its inaccurate belief that it was not required to report them or seek regulatory approval.

² https://mmcc.maryland.gov/Documents/2020_Policy_Regulations/Ownership_and_Control_Requirements_Updated_10.15.2020docx.pdf

CONCLUSIONS OF LAW

Respondents violated COMAR 10.62.25.08, 10.62.08.08 and 10.62.19.07 by failing to submit transfer requests prior to executing transfers of ownership interest as set forth herein.

ORDER

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

ORDERED that Respondent shall pay a fine of \$55,000 for the unauthorized transfers referenced herein to the Administration's Cannabis Business Assistance Fund within six months of the date of this Order; and it is further

ORDERED that Respondent shall:

- 1.) Comply with the terms of this Order;
- 2.) Ensure any ownership transfers, regardless of size, are submitted for and receive regulatory approval prior to initiation;
- 3.) Within 15 days of this Consent Order, submit to the MCA a Standard Operating Procedure regarding transfers of ownership which is consistent with the Maryland Cannabis Reform Act and MCA's regulations and adhere to the same; and
- 4.) Respondent shall, within 45 days of this Order, submit Requests for Retroactive Approval of Transfers for the unauthorized transfers referenced herein, together with the appropriate fees, or, if there is a good faith dispute regarding the same, apply for and receive an extension from MCA; and it is further

ORDERED that failure to comply with the terms of this Consent Order may be deemed a violation of the Maryland Cannabis Reform Act and may result in additional enforcement action, including suspension of Respondent's licenses; and be it 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. and 2021 Supp.).

02/13/2024

Date



William Tilburg, Acting Director
Maryland Cannabis Administration

CONSENT

I, Joshua Genderson, am the Chief Executive Officer of Holistic Industries Inc. and have legal authority to enter into this agreement on behalf of Holistic Industries 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.

February 6, 2024
Date



Representative for Holistic Industries Inc.

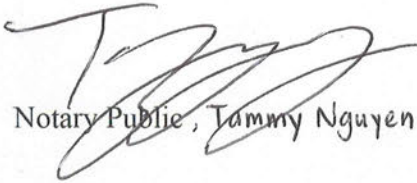
NOTARY

~~STATE OF~~ DISTRICT OF COLUMBIA

CITY/COUNTY OF: N/A

I HEREBY CERTIFY that on this sixth day of February 2024, before me, a Notary Public of the State and County aforesaid, personally appeared Joshua Genderson, on behalf of Holistic Industries 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, Tammy Nguyen

My commission expires: September 14, 2027

