

IN THE MATTER OF
Green Leaf Medical, LLC
Respondent

* BEFORE the
*
* MARYLAND MEDICAL
*
* CANNABIS COMMISSION
*
* Case no. 21-00146
*

* * * * *

CONSENT ORDER

Pursuant to its authority to regulate medical cannabis dispensaries 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.

After the Commission’s Bureau of Enforcement and Compliance developed information indicating alleged violations of the Act and applicable provisions of the Code of Maryland Regulations (“COMAR”),¹ Green Leaf Medical, LLC (“Respondent”), was invited to appear before a panel of Commission members for a Case Resolution Conference. Following the Case Resolution Conference, the Commission and Respondent agreed to resolve this matter as set forth herein.

The pertinent provisions of the Act and COMAR state as follows:

COMAR 10.62.08.08 Transfer of Ownership Interest in a [Grower] License. (effective May 18, 2020)

- 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; ...

¹ Respondent assumes liability for all investors discussed in the Findings of Fact below.

...

C. A transfer or assignment of ownership interest shall be approved if:

- (1) The 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) The proposed transfer does not violate Health-General Article, §§13-3301—13-3316, Annotated Code of Maryland; ...

...

**COMAR 10.62.19.07 Transfer of Ownership Interest in a [Processor] License.
(effective May 18, 2020)**

A. No ownership interest shall be assignable or transferable unless:

- (1) The Commission has received notice in a matter determined by the Commission 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; ...

...

C. A transfer or assignment of ownership interest shall be approved if:

- (1) The 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) The proposed transfer does not violate Health-General Article, §§13-3301—13-3316, Annotated Code of Maryland;
- (3) The transferee has paid the required fee specified in COMAR 10.62.35; ...

...

**COMAR 10.62.25.08 Transfer of Ownership Interest in a [Dispensary] License.
(effective May 18, 2020)**

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; ...

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; ...

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

FINDINGS OF FACT

The Commission finds as follows:

1. Respondent is a Maryland limited liability company that holds three licenses issued by the Commission, a grower license (G-17-00008), a processor license (P-17-00001), and a dispensary license (D-20-00007). Respondent has issued ownership interests in the corporate entity and its Commission-issued licenses through a series of subscription agreements through which individuals or entities can acquire or hold ownership interest in Respondent. At the time of the underlying events, Respondent was not a business entity with publicly traded stock.
2. On June 7, 2020, one of Respondent's investors, F.W. , invested and acquired an initial ownership interest through a subscription agreement.
3. On or about December 29, 2020, Respondent transferred 1668.5 ownership units from C.B. to A.B. at the request of the investors. C.B. and A.B. were already investors in Respondent, and the change was requested to correct a mistake made in the initial allocation of membership units between the two individuals. Respondent did not give the Commission notice

of Respondent's intent to transfer or assign any additional ownership interest in the licenses to A.B. and did not provide any required documentation.

4. On or about December 16, 2020, Respondent transferred 45,993 ownership units of various classes from D.R. Sr. to R. Family Co. LLP. Respondent did not give the Commission notice of Respondent's intent to transfer or assign any ownership interest in the licenses to R. Family Co. LLP, and did not provide any required documentation.

5. On or about January 11, 2021, Respondent transferred 21,552 ownership units from E.B. to T.N. his daughter who was already an investor in Respondent. On that same date, Respondent transferred 10,846 ownership units held by E.B. and T.N. jointly to T.N. individually. This transaction was accomplished through an instrument titled "Confirmation of Transfer of Units." Respondent did not give the Commission notice of Respondent's intent to transfer or assign any additional ownership interest in the licenses to T.N. and did not provide any required documentation.

6. The current applicable provisions of COMAR, recited above, came into effect on May 18, 2020. These provisions succeeded earlier regulations that applied to assignments or transfers for any interest in a license "of 5 percent or more." The current regulations do not include a threshold requirement of 5% or more interest to be applicable.

7. The Commission did not approve any of the transfers of ownership interest set out above, nor did the Commission receive notice of the intent to transfer or assign any of the above-noted ownership interests in a license to a different individual member.

MITIGATING FACTORS

8. The Respondent has established a history of operating its licenses in compliance with the regulations and has no prior orders citing violations of the Commission's regulations.

9. The Respondent and its officers cooperated with the Commission's investigation of the relevant facts.

10. The Respondent's conduct with regard to the relevant facts did not create any risk to the health or safety of any medical cannabis patient or registered agent.

11. The Respondent's conduct with regard to the relevant facts did not create a risk of diversion of medical cannabis.

12. The transfers at issue, in total, involved approximately 1% of the total equity in the Respondent.

13. Respondent contends that the violations were not intentionally committed.

14. The relevant change in the regulations took legal effect on May 18, 2020, which was in the midst of the COVID-19 crisis. Respondent was not aware of the change in regulations and contends that at all relevant times Respondent relied on MMCC Bulletin 2018-012 issued on December 11, 2018, prior to the change in the regulations, which stated that "Any transfer of 5 % or more of a license must be approved by the Commission." Since the transfers at issue were all under 1% of the total equity in Respondent (both individually and as totaled), Respondent mistakenly assumed that notification to MMCC, approval by MMCC, and payment of fees was not required for the transfers referenced herein.

CONCLUSIONS OF LAW

15. Neither the Respondent nor the relevant members, as owners in interest, gave the Commission notice of the intent to transfer or assign an ownership interest in a grower license, in violation of the applicable provisions of COMAR 10.62.08.08.

16. Neither the Respondent nor the relevant members, as owners in interest, gave the Commission notice of the intent to transfer or assign an ownership interest in a processor license, in violation of the applicable provisions of COMAR 10.62.19.07.

17. Neither the Respondent nor the relevant members, as owners in interest, gave notice of the intent to transfer or assign an ownership interest in a dispensary license, in violation of the applicable provisions of COMAR 10.62.25.08.

ORDER

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

ORDERED that within **TEN (10) DAYS** of the effective date of this Order, the Respondent shall pay a penalty in the consolidated amount of \$12,000.00 for its unapproved transfers of interest in Respondent's licenses directly to the Commission's Compassionate Use Fund;


ORDERED that Respondent may pay this penalty in equally portioned monthly payments;

ORDERED that within **TEN (10) DAYS** of the effective date of this Order, the Respondent shall retroactively pay each required fee and receive the Commission's approval for each of the transfers of interest stated above;

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).

5/27/21
Date



Brian Lopez
Commission Chair

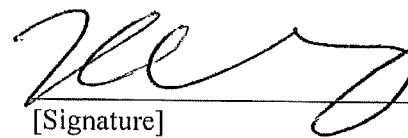
CONSENT

I, Kevin Goldberg, am the President and General Counsel of Green Leaf Medical, LLC, and have legal authority to enter into this agreement on behalf of Green Leaf Medical, 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 Respondents 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.

5/24/21
Date


[Signature]

Kevin Goldberg, President and General Counsel
[Print name, title]
Representative for Respondent

NOTARY

STATE OF Maryland

CITY/COUNTY OF: Montgomery

I HEREBY CERTIFY that on this 24th day of May 2021, before me, a Notary Public of the State and County aforesaid, personally appeared Kevin Goldberg on behalf of Green Leaf Medical, 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.

Jasmin Lebrock
Notary Public
Jasmin Lebrock

My commission expires: 05/30/2023

