

**IN THE MATTER OF COLUMBIA
CARE MD LLC et al.**

**BEFORE THE NATALIE M.
LAPRADE MEDICAL CANNABIS
COMMISSION**

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**License Nos. D-19-00012, G-17-00008,
P-17-00001, D-17-00001**

Case No.

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CONSENT ORDER

Pursuant to the Natalie LaPrade Medical Cannabis Commission Act (the "Act"), codified at Md. Code Ann., Health-Gen. §§ 13-3301 - 13-3316 (2015 Repl. Vol. and 2018 Supp.), the Maryland Medical Cannabis Commission (the "Commission" or "MMCC") and Columbia Care MD, LLC (license number D-19-00012), Green Leaf Medical, LLC (license no. G-17-00008), Green Leaf Extracts, LLC (license no. P-17-00001) and Wellness Institute of Maryland, LLC (license no. D-17-00001) (collectively "Respondent"), enter into this Pre-Charge Consent Order in order to resolve this matter in lieu of proceeding to formal charges and an evidentiary hearing.

The pertinent provisions of the Code of Maryland Regulations ("COMAR") are as follows:

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.

FINDINGS OF FACT

The parties agree upon the following findings of fact:

1. Respondent holds two Maryland medical cannabis dispensary licenses (D-19-00012 and D-17-00001), a medical cannabis grower license (G-17-00008) and a medical cannabis processor license (P-17-00001).

2. Respondent is owned by Columbia Care, LLC, a Delaware company, which in turn is wholly owned by Columbia Care Inc. ("Parent"), a publicly traded Canadian corporation, organized under the laws of British Columbia.
3. Respondent is required to submit annually an ownership report that includes the information as set forth in COMAR 10.62.25.11.
4. In its 2021 annual ownership disclosure (submitted to the MMCC in June 2021), Respondent reported that Michael Abbott ("Abbott") held shares of greater than 5% in Parent. Given that Parent wholly owns Respondent, Abbott was reported as holding greater than 5% in Respondent.
5. Abbott is the Co-Founder and Executive Chairman of Parent.
6. In its 2022 annual ownership disclosure (submitted to the MMCC in July 2022), Respondent no longer reported that Abbott was a greater than 5% holder of the Parent. Respondent reported that Sigma Sagittarii Limited ("Sigma") held shares that constituted greater than 5% ownership of Parent and, in turn, of Respondent.
7. Sigma is an incorporated entity in the Isle of Man. Sigma is controlled by five directors, one of whom is Abbott. The MMCC has confirmed that none of the other four directors of Sigma holds any MMCC-issued licenses.
8. Representatives of Respondent reached out to MMCC staff prior to filing the 2022 annual ownership disclosure and representatives of Respondent met with MMCC staff on July 5, 2022. During this meeting, the representatives of Respondent described the reasons for the change in reporting regarding Parent shares held by Sigma. Representatives of Respondent followed with a letter to MMCC Executive Director William Tilburg dated August 11, 2022.

9. According to Respondent, prior to 2022, Parent's securities filings and those of its officers and directors were primarily subject to Canadian requirements. Parent understood that, pursuant to Canadian securities reporting requirements, Abbott owned a certain number of shares in Parent because Abbott had reported that he was the controlling beneficial owner of shares that he owned directly, in his own name, and indirectly, through certain third parties, including Sigma.
10. In 2022, Parent completed a process with the U.S. Securities and Exchange Commission (the "SEC") to become a U.S. reporting issuer for securities law purposes.
11. According to Respondent, in conjunction with Parent's transition to a U.S. reporting issuer, Abbott re-assessed the appropriate classification of his holdings in Parent for securities law purposes.
12. Respondent's reporting of Abbott's ownership status to the MMCC prior to 2022 was consistent with how Parent reported ownership to Canadian securities¹ regulators, e.g. that Abbott owned over 5% of Parent, because Abbott had reported that he was the controlling beneficial owner of shares that he owned directly, in his own name, and indirectly, through certain third parties including Sigma.
13. As a result of the re-assessment of Abbott's holdings in Parent based on U.S. securities reporting requirements, Abbott determined that he should not be deemed the controlling beneficial owner of the shares held by Sigma based on how that entity is organized and structured since Abbott is just one of five directors of Sigma and therefore does not

¹ Separately, since 2021 Abbott has disposed of some of the shares of Parent that he directly holds, i.e., not the shares of Parent held by Sigma. Because the number of shares that Abbott directly holds is less than 5% of the outstanding shares in Parent, and because Parent is a publicly traded company, Abbott's disposition of the shares he directly holds does not constitute a transfer that requires MMCC approval.

control Sigma. The directors control Sigma's investment decisions, including purchase and sale of equities.

14. Thus, in its recent securities filings with the SEC (which are also cross-filed with Canadian regulators), Parent reported that Abbott, in his own name, owns less than 1% of Parent. This ownership amount reflects that Abbott is no longer designated as a controlling beneficial owner of the Parent shares owned by Sigma.
15. Respondent asserts that although its July 2022 annual reporting disclosure states different ownership interests than reported in 2021, no Parent shares were transferred in connection with this changed ownership reporting; rather, Respondent asserts, the Parent shares at issue have always been held by Sigma but were considered to be beneficially owned by Abbott prior to 2022.
16. In view of the Commission, Respondent failed to update the Commission within 10 business days regarding the change in Abbott's status between Respondent's 2021 and 2022 annual ownership disclosures.
17. Respondent cooperated with the Commission at all times.

CONCLUSIONS OF LAW

Respondent has violated COMAR 10.62.25.11 by failing to update the Commission within 10 business days regarding the change in Abbott's status between Respondents' 2021 and 2022 annual ownership disclosures.

ORDER

Based on the foregoing Findings of Fact and Conclusions of Law, by an affirmative vote of a quorum of the Commission, it is hereby

ORDERED that within 10 days, of this Order, Respondents shall pay a fine to the Commission's Compassionate Use Fund in the amount of \$500; 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).

4/10/2023

Date


C. Obi Onyewu, Chair

CONSENT

I, David Sirolly, am the Chief Legal Officer and General Counsel of Columbia Care Inc., which is the parent company of Columbia Care, LLC and have legal authority to enter into this agreement on behalf of Columbia Care MD, LLC, Green Leaf Medical, LLC, Green Leaf Extracts, LLC and Wellness Institute of Maryland, LLC (collectively, "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 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.

4/3/23

Date



Representative for Respondent

NOTARY

STATE OF Massachusetts

CITY/COUNTY OF: Middlesex

I HEREBY CERTIFY that on this 3 day of April 2023,
before me, a Notary Public of the State and County aforesaid, personally appeared
David Sirolly, on behalf of
Columbia Care MD 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.

Emily Burrill
Notary Public



My commission expires: 6/15/2029