

**IN THE MATTER OF  
PHARMACANN, INC.**

**\* BEFORE THE MARYLAND  
\* CANNABIS  
\* ADMINISTRATION**

**License Nos.:**

D-18-00035  
DA-23-00098  
DA-23-00053  
DA-23-00043  
GA-23-00023  
PA-23-00018

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**Respondent**

**\* Case No. 23-00294**

\* \* \* \* \*

**CONSENT ORDER**

The Maryland Cannabis Administration (the “Administration” or “MCA”) and Respondent **PharmaCann, Inc.** (the “Respondent”), license numbers D-18-00035<sup>1</sup>, DA-23-00098, DA-23-00053, DA-23-00043, GA-23-00023, PA-23-00018, 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.)<sup>2</sup> as well as Code of Maryland Regulations (COMAR) 14.17 and 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

<sup>1</sup> Respondent filed a Request to Transfer this license prior to July 1, 2023. Because of the pending transfer, the license was not converted into a dual license and was not assigned a new license number as Respondent’s other licenses were.

<sup>2</sup> 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.

- 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**

- 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:

BACKGROUND

1. Respondent is a Delaware corporation and is the parent company of PharmaCann of MD, LLC, Euphoria Wellness of Maryland, LLC, Town Center Wellness, LLC, DLD Enterprises, Inc., PC Cultivator, LLC and ForwardExtracts, LLC. Each of these subsidiary entities is wholly owned by Respondent, and each subsidiary owns a Maryland cannabis license, as set forth herein.

2. As each licensee is wholly owned by Respondent, a change in ownership of Respondent is a change in ownership of the licensees.
3. Respondent has remained a privately held business entity throughout its existence.
4. 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 the license.
5. On March 22, 2022 and April 12, 2022, MMCC staff informed Respondent of the requirement to request approval for transfers of *any* amount prior to the transfers taking place.
6. On June 28, 2023, Respondent submitted a transfer request for D-18-00035 to Fluffy's World, LLC.
7. Upon review of the materials submitted in support of the transfer request, MCA staff discovered discrepancies in the capitalization tables demonstrating ownership of the licensees' parent company and ultimate beneficial owner, PharmaCann, Inc.

#### TRANSFERS TO RESPONDENT'S EMPLOYEES

8. Respondent offers some of its employees Restricted Share Units as part of its employee incentive program.
9. Through this program, as of the date of this Order, Respondent transferred shares of its stock to many individuals on numerous occasions after May 18, 2020, including the transfer of shares to individuals previously approved by the MCA (formally MMCC), as well as employees, as part of its employee incentive program.

## ESTATE PLANNING TRANSFERS

10. On five separate occasions, Respondent engaged in the following unauthorized “estate planning” transfers of its shares:

- a. Jill Mirkovic transferred 791 shares to EMK3 Investments, LLC;
- b. Henry Preston Ingram transferred 9,459 shares to Ingram Holdings II, LLC;
- c. Robert F. Scheuer transferred 749 shares into the Sandra A. Scheuer Trust;
- d. Ankur Shah transferred 375 shares to Amit Shah;
- e. Fred Bartelstein transferred 375 shares to the Amended and Restated Fred; and Bartelstein Revocable Trust u/a/d 4/11/23.

11. Neither Respondent nor any of its subsidiaries filed a request with MMCC or MCA seeking approval of the transfers described above.

### **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 subject to the terms below, Respondents shall pay a fine to the Administration’s Compassionate Use Fund in the amount of \$30,000 representing the following penalties:

1. \$20,000 for its unauthorized transfers through its employee incentive program; and
2. \$10,000 for its unauthorized estate planning transfers; and it is further

ORDERED within 10 days of this Order, Respondent shall submit a Request for Retroactive Approval of a Transfer for all transfers as of the date of this Order, via email to the MCA, of the unauthorized transfers set forth herein, including all corresponding transfer fees; and it is further

ORDERED that Respondent's licenses are hereby placed on **PROBATION** for a period of TWO YEARS subject to the following terms:

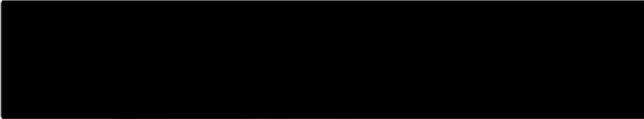
1. Respondent shall comply fully with the terms of this ORDER; and
2. Respondent shall not transfer or permit transfers of its stock or any other ownership interest in the licensees or licenses held by them without requesting and receiving written approval from MCA, where such written approval will be requested by Respondent via email to the MCA, unless the law/regulations as written or as applied to the Respondent no longer require Respondent to obtain such approval, and in the event such requirement no longer applies, the parties shall work in good faith to re-evaluate the probationary status of Respondent; and
3. The probationary period does not apply to License No. D-18-00035;
4. Respondent shall cooperate with all requests from MCA for information concerning its ownership transfer(s);
5. Respondent shall submit its newly written standard operating procedure regarding the transfers of ownership interests and adhere to the same;
6. Respondent shall pay \$15,000 of the fine, exclusive of the fees, within ten (10) days of the date of this ORDER; and
7. The remainder of the fine, exclusive of the fees, may be waived by MCA upon satisfactory completion of Respondent's probation; 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., 2023 Suup.).

12-13-23

\_\_\_\_\_  
Date



William Tilburg, Acting Director  
Maryland Cannabis Administration

## CONSENT

I, Robert McQueen, am the Chief Legal Officer of PharmaCann, Inc. and have legal authority to enter into this agreement on behalf of PharmaCann, 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.

November 28, 2023  
Date

  
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Representative for PharmaCann, Inc.

NOTARY

STATE OF ILLINOIS

CITY/COUNTY OF: COOK

I HEREBY CERTIFY that on this 28th day of November 2023, before me, a Notary Public of the State and County aforesaid, personally appeared Robert McQueen, on behalf of PharmaCann 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

A handwritten signature in cursive script, appearing to read "J. Shrode".

JACLYN SHRODE 11/28/2023

My commission expires:

AUGUST 10, 2027