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|-----------------------------|---|------------------------------|
| IN THE MATTER OF            | * | BEFORE THE MARYLAND          |
| GREENMART OF MARYLAND d/b/a | * | MEDICAL CANNABIS COMMISSION  |
| Health for Life Baltimore,  |   |                              |
| Respondent                  | * |                              |
| License No.: D-18-00039     | * | Case Nos. 19-00029; 19-00311 |

\* \* \* \* \*

**PRE-CHARGE 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 this consent order in lieu of proceeding to formal charges and hearing. The Commission’s administrative prosecutor presented the licensee, Greenmart of Maryland d/b/a Health for Life Baltimore (the “Respondent”), license number D-18-00039, with two separate reports from the Commission’s investigators, which noted several omissions and probable violations of applicable regulations. After discussions with the administrative prosecutor, the Respondent agreed to enter into the following consent order, as ratified by the Commission.

The Act provides as follows:

**§ 13-3307. Dispensary License Requirements**

- ...
- (f) The Commission shall establish requirements for security and product handling procedures that a dispensary must meet to obtain a license under this section, including a requirement for a product-tracking system.
  - (g) The Commission may inspect a dispensary licensed under this section to ensure compliance with this subtitle.
  - (h) The Commission may impose penalties or rescind the license of a dispensary that does not meet the standards for licensure set by the Commission.
- ...

**§ 13-3308. Reporting requirements**

(c)(1) Within 1 business day after a dispensary agent ceases to be associated with a dispensary, the dispensary shall:

- (i) Notify the Commission; and
- (ii) Return the dispensary agent's registration card to the Commission.

(2) On receipt of a notice described in paragraph (1) of this subsection, the Commission shall:

- (i) Immediately revoke the registration card of the dispensary agent; and
- (ii) If the registration card was not returned to the Commission, notify the Department of State Police.

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**§ 13-3316. Regulations**

The Commission shall adopt regulations to implement the provisions of this subtitle.

The Respondent's license is being disciplined according to the following provisions of the Code of Maryland Regulations (COMAR) (2019):

**10.62.26.05 Termination.**

...

B. Within 1 business day of the termination of a registered dispensary agent's association with a licensee, the licensee shall:

(1) Notify the Commission:

- (a) Of the termination and the circumstances of a termination; and
- (b) Whether the terminated registered dispensary agent has returned the agent's identification card; and

(2) Initiate delivery of the terminated registered dispensary agent's identification card to the Commission.

**10.62.28.02 Standard Operating Procedure.**

A. A licensee shall:

(1) Establish a standard operating procedure for all aspects of the receipt, storage, packaging, labeling, handling, tracking and dispensing of products containing medical cannabis and medical cannabis waste;

(2) Create and use a perpetual inventory control system that identifies and tracks the licensee's stock of medical cannabis from the time it is delivered or produced to the time it is delivered to another licensee, a licensed grower, or a qualifying patient or caregiver;

...

**10.62.28.05 Equipment Sanitation, Accuracy and Maintenance Logs.**

A. The licensee shall maintain the sanitation of equipment that comes in contact with medical cannabis to prevent contamination in accordance with the approved standard operating procedure.

B. Pursuant to the approved standard operating procedure, the licensee shall require that:

(1) Automatic, mechanical, or electronic equipment is routinely calibrated and checked at least once each month to ensure proper performance; and

(2) Any scale, balance, or other measurement device is routinely calibrated and checked at least once each month to ensure accuracy.

C. Pursuant to the approved standard operating procedure, the licensee shall maintain an accurate log recording the:

(1) Cleaning of equipment;

(2) The maintenance of equipment; and

(3) The calibration of equipment.

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

## FINDINGS OF FACT

The Commission finds that the Respondent violated COMAR 10.62.28.02 as it pertains to the “use a perpetual inventory control system that identifies and tracks the licensee’s stock of medical cannabis” at all times. Specifically, the Commission finds as follows:

### Recordkeeping Issues

1. The Respondent was initially licensed to dispense medical cannabis on July 26, 2018, license number D-18-00039, and operates a dispensary in Baltimore, Maryland.

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2. On November 11, 2018, Commission investigators contacted the Respondent’s district manager to address several inventory concerns. Commission investigators noted that the Respondent’s inventory at the time, as recorded in the Respondent’s point-of-sale (“POS”) software system did not conform to its inventory as detailed in the Marijuana Enforcement Tracking Regulation and Compliance system (“METRC”).

3. For example, in one instance, the Respondent received a shipment of fifty (50) pre-rolls, each including 1 gram of medical cannabis. One of Respondent’s dispensary agents deleted the entry for this shipment despite the fact that all contents of this shipment remained in inventory.

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In another instance, the Respondent received a shipment of fifty (50) grams of particular strain of cannabis flower. At the time of the Respondent’s internal investigation, the Respondent had sold thirty-seven (37) grams of flower and had thirteen (13) grams remaining in inventory. However, METRC recorded the Respondent’s present inventory of this shipment as “-37” grams of flower.

4. The Respondent’s management team was not able to explain to the Commission’s investigator the exact reasons for the discrepancies between METRC and the Respondent’s POS system. After the Commission investigator’s discussion with the district manager, the district

manager began an internal investigation and determined that one single dispensary agent had regularly misused the POS system's function for "adjustment error" to unsuccessfully attempt to reconcile inventory records. The Respondent's district manager and manager contacted the POS system company and METRC to begin his inquiry into these discrepancies and soon thereafter successfully reconciled the Respondent's inventory records.

5. The district manager concluded that a single dispensary agent, who had responsibility to update and maintain the Respondent's inventory records, was responsible for all noted discrepancies. Based on its investigation, the Commission does not find that the Respondent or any of its agents diverted medical cannabis during the events described above.

6. Additionally, the Commission's investigator noted that the Respondent kept inconsistent or incomplete records on equipment maintenance, calibration, and sanitation, inconsistent with the requirements of applicable regulations.

#### Failure to Return Agent Identification Badges

7. Upon inquiry, the Respondent's agents returned to the Commission's investigator three (3) Commission-issued agent identification badges that the Respondent failed to promptly return upon termination of the agents' employment with Respondent.

### **MITIGATING CIRCUMSTANCES**

8. The Respondent's district manager, on his own initiative, began an internal investigation promptly after the Commission investigators contacted him about the inventory discrepancies.

9. After concluding that the Respondent's inventory records were due to the actions of a single dispensary agent, the Respondent's management team took swift and appropriate disciplinary action. Additionally, since these events took place, the Respondent has consistently maintained its inventory records according to the required standard.

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### **CONCLUSIONS OF LAW**

Based on the foregoing Findings of Fact, the Commission concludes as a matter of law that there are grounds for discipline of the Respondent's medical cannabis dispensary license pursuant to COMAR 10.62.26.05, 10.62.28.02, and 10.62.28.05.

### **ORDER**

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

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**ORDERED** that within 30 days, the Respondent shall engage the services of a third-party industry compliance agency to advise the Respondent in equipment maintenance, calibration, and sanitation, recordkeeping practices, and other necessary methods to ensure full compliance with applicable COMAR provisions and shall promptly notify the Commission's Bureau of Enforcement and Compliance once the Respondent has engaged such services; it is further

**ORDERED** that within 60 days and every 30 days thereafter, the Respondent shall deliver to the Commission's Bureau of Enforcement and Compliance true and correct copies of all

equipment sanitation, accuracy, and maintenance logs for the preceding month and shall do so until it has submitted a total of 8 such reports;

**ORDERED** that within 30 days of this Order, the Respondent shall submit to the Commission's Bureau of Enforcement and Compliance for review and approval,

- Revised standard operating procedures ("SOP") on keeping maintenance, calibration, and sanitation logs,
- Up-to-date logs maintained in accordance with the Respondent's revised SOP;

**ORDERED** that within 90 days of this Order, the Respondent shall pay a fine of \$5,000.00 as a consolidated fine for failure to maintain an accurate inventory at all times;

**ORDERED** that within 90 days of this Order, the Respondent shall pay a fine of \$1,500.00, a total representing \$500.00 for each former employee for which the Respondent failed to provide notice or return a dispensary agent identification card;

**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. § 4-401 *et seq.* (2014).

9/3/20  
Date

  
Brian Lopez  
Commission Chair

**CONSENT**

I, Elizabeth Stavola, am the Member of Greenmart of Maryland (hereinafter "Respondent"), and have legal authority to enter into this agreement on behalf of the 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 Order and understand its meaning and effect.

Aug 28, 2020  
Date

  
[Signature]

Elizabeth Stavola, Member  
[Print name, title]  
Representative for Greenmart of Maryland

**NOTARY**

STATE OF New Jersey  
CITY/COUNTY OF: Essex

I HEREBY CERTIFY that on this 28 day of August 2020, before me, a Notary Public of the State and County aforesaid, personally appeared Elizabeth Stavola, on behalf of Greenmart of Maryland, and gave oath in due form of law that the foregoing Consent Order was her voluntary act and deed.

AS WITNESS, my hand and Notary Seal.

Linda M Churko  
Notary Public

My commission expires:



