

<b>IN THE MATTER OF</b>	*	<b>BEFORE THE</b>
<b>SEVEN POINTS AGRO THERAPEUTICS, LLC*</b>		<b>MARYLAND MEDICAL</b>
<b>Respondent</b>	*	<b>CANNABIS COMMISSION</b>
	*	
<b>License No. P-18-00001</b>	*	
	*	<b>Case No. 21-00301</b>
* * *	*	* * *

**PRE-CHARGE 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 Seven Points Agro Therapeutics, LLC (“Respondent”), license number **P-18-00001** (the “License”), following a Case Resolution Conference held on February 23, 2022, enter into this Pre-Charge Consent Order in order lieu of proceeding to formal charges and an evidentiary hearing in this matter.

The pertinent provisions of the Act are as follows:

**Health- Gen. § 13-3310 Requirements for processing agents**

- (c)(1) Within 1 business day after a processor agent ceases to be associated with a processor, the processor shall:
  - (i) Notify the Commission; and
  - (ii) Return the processor agent's registration card to the Commission.

The pertinent provisions of the Code of Maryland Regulations (“COMAR”) which are as follows:

**10.62.20.05 Termination.**

- A. As soon as possible upon termination of a registered processor agent’s association with a licensee, the licensee shall:

- (1) Take custody of the terminated registered processor agent's identification card;
  - (2) Obtain any keys or other entry devices from the terminated registered processor agent; and
  - (3) Ensure the terminated registered processor agent can no longer gain access to the premises of the licensee.
- B. Within 1 business day of the termination of a registered processor agent's association with a licensee, the licensee shall:
- (1) Notify the commission in a manner to be determined by the Commission:
    - (a) Of the termination and the circumstances of a termination; and
    - (b) Whether the terminated registered processor agent has returned the agent's identification card; and
  - (2) Initiate delivery of the terminated registered processor agent's identification card to the Commission.
- C. The Commission shall revoke a registration of a processor agent upon receiving notification that a processor agent is no longer associated with a licensee.
- D. If a registered processor agent did not return the agent's identification card within 30 days, the Commission shall notify the Maryland State Police and place a notice in the register of that fact.

#### **10.62.21.02 Premises Generally.**

C. A processor license shall be displayed at each location where the licensee is authorized to operate.

#### **10.62.21.03 Security of Premises.**

The premises of a licensee shall be constructed to prevent unauthorized entry.

#### **10.62.21.05 Security Alarm Systems.**

A. A licensee shall maintain a security alarm system that covers all perimeter entry points and windows at all premises.

B. The security alarm system shall be:

- (1) Continuously monitored;
- (2) Capable of detecting smoke and fire;
- (3) Capable of detecting power loss.

D. A second, independent alarm system shall be used to protect:

- (1) The location where records are stored on-site;
- (2) The location where records are stored off-site; and
- (3) Any room that holds medical cannabis.

E. The security alarm system shall remain operational until the premises of the licensee no longer have any medical cannabis on the premises.

F. All security alarm systems shall be equipped with auxiliary power sufficient to maintain operation for at least 48 hours.

**10.62.21.06 Video Surveillance Requirements.**

A. A licensee shall maintain a motion activated video surveillance recording system at all premises that:

- (1) Records all activity in images of high quality and high resolution capable of clearly revealing facial detail;
- (2) Operates 24-hours a day, 365 days a year without interruption; and
- (3) Provides a date and time stamp for every recorded frame.

B. A licensee shall post appropriate notices advising visitors of the video surveillance.

C. A surveillance camera shall be located and operated to capture activity at each exit from the premises.

D. A surveillance camera shall capture activity at each:

- (1) Entrance to an area where medical cannabis is processed, tested, packaged, and stored; and
- (2) Area where medical cannabis is processed, packaged, and stored.

E. Recordings of security video surveillance shall be:

- (1) Access-limited;
- (2) Secured by a security alarm system that is independent of the main premises security alarm system;
- (3) In a format that can be easily accessed for investigational purposes; and
- (4) Retained for a minimum of 90 calendar days.

**10.62.22.02 Standard Operating Procedures.**

A. A licensee shall:

- (1) Establish standard operating procedures for all aspects of the receipt, processing, storage, packaging, labeling, handling, tracking and shipping of products containing cannabis and green waste;
- (2) Create and enter timely and accurate data into 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; and
- (3) Train each registered processor agent in the standard operating procedure and retain attendance records.

B. A copy of the standard operating procedure shall be readily available on site for inspection by the Commission.

**10.62.22.04 Sanitary Storage of Medical Cannabis.**

A. A licensee's standard operating procedure shall provide for maintaining the cleanliness of any building or equipment used to store or display medical cannabis.

B. A licensee shall have a standard operating procedure to:

- (1) Maintain the medical cannabis free from contamination; and
- (2) Require a processor agent to report any personal health condition that might compromise the cleanliness or quality of the medical cannabis the processor agent might handle.

C. A licensee's standard operating procedure shall provide for disposal and segregated storage of any medical cannabis:

- (1) That is outdated, damaged, deteriorated, misbranded, or adulterated; or
- (2) Whose containers or packages have been improperly or accidentally opened.

**10.62.23.05 Licensed Processor Determination That a Lot May be Released.**

D. A licensee shall retain every certificate of analysis.

**10.62.23.06 Stability Testing and Retention Sampling**

B. Retention samples retained from each released lot shall:

- (1) Be tested by a registered independent testing laboratory other than the original certifying laboratory following an adverse event reported to the Commission;
- (2) Be properly stored by the licensed processor; and
- (3) Be properly discarded 6 months after the expiration date of the lot.

**10.62.32.02 Licensee Records.**

A. A licensee shall maintain, independent of the inventory control, a searchable, secure, tamper-evident record of each distribution that contains:

- (1) The name and address of the recipient;
- (2) The quantity delivered; and
- (3) The name, strength, batch number and lot number of the product.

C. A licensee shall retain the records of production and distribution of each batch and lot and of daily checklists to maintain uniformity from batch to batch, and lot to lot.

D. A licensee shall maintain a record of test methods and test results for each batch and lot, including graphs, charts, or spectra from laboratory instrumentation.

**10.62.34.02 Pattern of Deviation from Standard Operating Procedure.**

A. A licensee or registrant may not substantially deviate or demonstrate a pattern of deviation from the standard operating procedures or the terms set forth in the license.

B. A licensee, registrant, agent, or employee who violates §A of this regulation is subject to a fine of up to \$5,000 per violation....

**10.62.34.03 Violation of Requirements.**

A. A licensee, registrant, agent, or employee may not violate a requirement of this subtitle or Health-General Article, §§13-3301—13-3316, Annotated Code of Maryland.

B. A licensee, registrant, agent, or employee who violates §A of this regulation is subject to a fine of up to \$5,000 per violation....

**FINDINGS OF FACT**

The parties agree to the following:

1. At all times relevant hereto, Respondent was licensed to operate a medical cannabis processor by the Commission under license number P-18-00001.
2. Respondent's facility was licensed to operate at 7221 Montevideo Road Jessup, Maryland 20794.<sup>1</sup>
3. The License was initially issued on April 10, 2018.
4. On October 27, 2021, Respondent, Reginald Alston, submitted a request to transfer a 100% ownership interest to Story of Maryland, LLC. That request was rescinded, and a separate request to transfer a 49% ownership interest to Story of Maryland, LLC was submitted via Respondent's counsel on December 21, 2021 (along with a request to transfer control).
5. In March 2021, the Commission performed an inspection of Respondent's facility and learned that Respondent sought to relocate its facility.

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<sup>1</sup> MMCC has approved three independent operational licensees to operate at this location (G-17-00006, P-18-00001, and D-17-00019).

6. Thereafter, the Commission requested Respondent provide certain documents related to its intention to move its processor location.
7. Respondent responded, through counsel, that it had on hand 4,987 grams of bulk distillate oil and 60,000 grams of crude oil that “it intends to turn into product or waste in accordance with MMCC regulations prior to vacating the licensed premises.” Respondent also advised it would notify the MMCC of its forwarding address **prior to** vacating the premises.
8. Failed to inform the Commission of the date it intended to vacate the premises or provide a forwarding address at that time.
9. Respondent notified the Commission of its forwarding address when it submitted a relocation request to the Commission on January 8, 2022
10. On August 17, 2021 two Commission investigators arrived at Respondent’s facility to conduct an unannounced inspection. They were greeted by an unidentified agent.
11. A short time later, Adam Millstein, an agent for Freestate Wellness (holder of processor license no. G-17-00006) and a former employee of Respondent, came to the security area and began to describe some of the changes within the facility, including the circumstances surrounding Respondent’s departure.
12. A review of OneStop/Salesforce indicates that Millstein still currently has an active badge (#P000394) linked with Respondent in a managerial role.
13. Millstein escorted investigators to the space previously occupied by Respondent to confirm that Respondent was no longer processing products in that facility.
14. Investigators noticed a door with an electronic card reader often used for limited access entry. One of the investigators recognized this door as the previous entrance to

Respondent's facility. Investigators noted there were no surveillance cameras at the entrance belonging to the Respondent.

15. Investigators also noted there was a small, locked room labeled "Seven Points Agro-Therapeutics LLC."
16. Millstein informed investigators the room contained Respondent's raw materials and products that had been left behind when Respondent vacated the building.
17. At the investigators' request, Millstein unlocked the door to the room and investigators noted a pungent odor emanating from its contents. Millstein advised that the contents of the room were the only remaining items in the building that belonged to Respondent.
18. Inside the room, there was trash on the floor, unlabeled test tubes with unknown residue, and various glass jars, many of which were open, unsealed and contained unidentifiable contents. There was visible dust, particulate matter, and even layers of mold growing inside of some of the open containers. Dust was clearly visible on many surfaces/products.
19. Investigators also noted there were no inventory records, certificates of analysis, receipts, manifests, or SOP's (standard operating procedures) in the room. Trash was intertwined with labeled products, and METRC tags were not being utilized as required in COMAR. The lack of organization hindered investigators' ability to differentiate and/or identify the items.
20. Millstein provided the investigators with his key, which he asserted was his only copy, and was instructed to lock the room until investigators could return the next day with a team and supplies to document and seize its contents. Investigators sealed the room with tamper proof evidence tape until they could return the following day.

21. Millstein advised investigators that the security lighting, security alarm system, video camera surveillance and electronic key logging equipment were not owned or operated by Respondent.
22. On August 18, 2021, four MMCC investigators returned to Respondent's facility and seized the contents of the room, which were then taken directly to MMCC to conduct an inventory of them. There were no employee files, certificates of analysis, receipts or manifests in the room, and Millstein did not indicate these documents were maintained elsewhere.
23. In total, the MMCC confiscated 16 boxes of items, which were cataloged upon return to the MMCC offices.
24. The manual inventory performed by investigators was then compared with Respondent's inventory in METRC. Investigators noted the following observations during this comparative review:
  - a. METRC Point in Time indicates 1569 items while the METRC Facility Metrics indicates that 1575 items with four in transit; however, investigators recorded a total of 1281 items found in the rooms
  - b. 25 items recovered from the room with no name;
  - c. 15 unlabeled vape cartridges were found in the room; and
  - d. 8,888.02 grams of THC infused, unlabeled and untagged products had been seized from the premises.
25. A Letter of Confiscation was sent to Respondent and posted to the MMCC website on or about September 15, 2021.



26. On December 21, 2021, Respondent submitted a Request to Transfer ownership of 49% of its ownership interest in Respondent to Story of Maryland, LLC.
27. On January 8, 2022, Respondent submitted a request to relocate its processing facility to Abell, Maryland and provided all required documentation in support of this request.
28. On January 21, 2022, Respondent submitted a response to the Commission's Letter of Confiscation, via counsel. Respondent asserts it previously leased its facility from Freestate Wellness until Freestate acquired its own processor license and provided notice to Respondent that it was terminating its lease at the processor location.
29. Respondent states it was difficult to locate a suitable alternate location, and thus Respondent negotiated "an arrangement with Freestate whereby Freestate would permit [Respondent] to reduce its footprint" to the small, locked room for storage of its products until they could be moved or wasted. Further, Respondent asserts that only MMCC-badged individuals who had been agents of Respondent had access to the room.
30. Respondent further states that it "was not conducting sales and had no intention of ever selling those products," and it "would have wasted any expired product as required by law prior to relocating it."

### **CONCLUSIONS OF LAW**

31. Respondent's maintenance of its premises did not comply with its own SOPs, in violation of COMAR 10.62.34.02.
32. Respondent's lack of adherence to security requirements, including the lack of video surveillance, constitutes a violation of 10.62.21.05, and 10.62.21.06.
33. Respondent's failure to properly display its license at its premises constitutes a violation of COMAR 10.62.21.02.

34. Respondent's failure to maintain an accurate inventory of the products maintained at its facility and its failure to maintain its SOPs on its premises are a violation of COMAR 10.62.22.02.
35. Respondent's failure to maintain its certificates of analysis, stability testing and retention sampling constitute violations of COMAR 10.62.23.05 and 10.62.23.06.
21. Respondent's failure to officially terminate its association with Millstein as its registered processor agent and notify the Commission of same, and its failure to take custody of his badge and keys, constitute violations of Health Gen. § 13-3310 and COMAR 10.62.20.05.
22. Respondent's failure to maintain records of batch production and distribution and batch test methods and results constitute violations of COMAR 10.62.32.02.

### **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 the Respondent's license shall be **SUSPENDED** until such time as Respondent fulfills the terms and conditions as expressly set forth herein and the Commission approves its request to transfer its license to a new MMCC-approved location; and it is further

ORDERED that Respondent shall return to the Commission all copies of its license, agent registrations, and badges within ten days of the date of this Order; and it is further

ORDERED that Respondent shall pay a penalty in the amount of **\$50,000** directly to the Commission's Compassionate Use Fund within 10 days of the date of this Consent Order; and it is further

ORDERED that Respondent shall reimburse the Commission for the proper removal and destruction of all items seized from its facility, in an amount not to exceed \$2,500, within ten days of receiving an invoice for the same from the Commission;

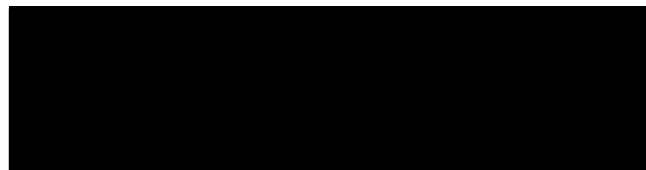
ORDERED that upon approval by the Commission of the relocation of Respondent's processor facility to Abell, Maryland, the License shall automatically be reinstated and remain on **PROBATION** for one year, during which time Respondent shall:

- a. Submit to an opening inspection of its new processor facility by Commission staff prior to commencing operations;
- b. Submit to quarterly inspections of its processor facility by the Commission;
- c. Provide proof of completion that processing facility staff have successfully completed training in green waste and inventory control within 30 days of hiring; 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, 2018 Supp.).

July 28, 2022



Date  
Tiffany Randolph, Interim Commission  
Chair


**CONSENT**

I, Ronald Alston, am the Chief Executive Officer of Seven Points Agro Therapeutics, LLC, and have legal authority to enter into this agreement on behalf of Seven Points Agro Therapeutics, 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 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.

06/21/22  
Date

  
Representative for Respondent

**NOTARY**

STATE OF Virginia

CITY/COUNTY OF: Alexandria

I HEREBY CERTIFY that on this 21 day of January, 2022,  
before me, a Notary Public of the State and County aforesaid, personally appeared  
Reginald Alston, on behalf of Seven Points Agro Therapeutics, 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.



Notary Public

My commission expires: 04/30/2025  
#7951260

