

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DEPARTMENT OF BUSINESS REGULATION
JOHN O. PASTORE CENTER, BLDGS. 68-69
1511 PONTIAC AVENUE
CRANSTON, RI 02920**

IN THE MATTER OF:	:	
	:	
MORRBUD, LLC,	:	DBR No. 19MM013
	:	DBR No. 20MM004
RESPONDENT.	:	
	:	

CONSENT AGREEMENT

The Department of Business Regulation, Office of Cannabis Regulation (“Department”) and MORRBUD, LLC, a Rhode Island limited liability company (“Respondent”), hereby consent and agree that:

1. On or about April 4, 2018, Respondent was issued Medical Marijuana Cultivator License No. MMP CV 0047 (the “Cultivator License”) by the Department. On April 10, 2019, Respondent submitted to the Department its Renewal Application for the Cultivator License (the “Renewal Application”), which was approved on April 11, 2019.
2. In April of 2019, Respondent, through its previous counsel (“Previous Counsel”), informed the Department that Respondent was pursuing a potential sale of its business whereby the Respondent’s owners, as represented in the executed Form 2 “Disclosure of Owners and Other Key Persons” dated April 9, 2019 (“Mssrs. Morris and Drown”), would convey their ownership interests to three individuals, Lydia Grande, Frank Gaglione and Ardalan Vaziri (the “Proposed Purchasers”). In May 2019, Respondent submitted a formal request for Department approval to transfer Respondent’s ownership (“First Ownership Transfer Request”).
3. Respondent, Previous Counsel and another attorney who Previous Counsel identified as his co-counsel (the “Co-Counsel”) provided certain information to, and had various communications with, the Department between May 2019 and September 2019, in connection with Respondent’s First Ownership Transfer Request. This information included Mr. Morris’ notification to the Department on August 29, 2019, by phone call following a meeting, that notwithstanding that the ownership transfer request was still pending, he had already received and accepted the sum of fifty thousand dollars (\$50,000) of purchase money on account of the transfer from an individual who was affiliated with the landlord of another licensed cultivator. Thereafter, Respondent withdrew its First Ownership Transfer Request on September 16, 2019.

4. On September 25, 2019, contemporaneously unknown to the Department, Attorney Vaziri paid one Proposed Purchaser the sum of fifty-thousand dollars (\$50,000.00).
5. On or about November 5, 2019, Respondent through its Previous Counsel submitted a new request (the "Second Ownership Transfer Request") to the Department, wherein the Respondent requested approval to transfer one-third of the ownership of Respondent from Mssrs. Morris and Drown to Attorney Emily Vaziri, who had previously been identified as the Co-Counsel for Respondent on the First Ownership Transfer Request. The Second Ownership Transfer Request, if approved, would split ownership of Respondent three ways among Mssrs. Morris and Drown and Attorney Vaziri.
6. On November 21, 2019, Attorney Vaziri's counsel submitted documents to the Department, including a proposed updated Form 2, in pursuit of the Second Ownership Transfer Request.
7. On January 8, 2020, the Department issued an Order to Show Cause ("First OSC") on account of the receipt and acceptance of the sum of fifty-thousand dollars (\$50,000.00) of purchase money prior to Department approval of the first proposed sale and transfer in violation of the *Rules and Regulations Related to the Medical Marijuana Program Administered by the Department of Business Regulation* ("MMP Rules"), § 1.5(G)(1)-(3).
8. On April 9, 2020, the Department issued a second Order to Show Cause ("Second OSC") to the Respondent on account of its March 19, 2020 sale of certain marijuana product and failure to use the Medical Marijuana Program Tracking System in violation of MMP Rules, § 1.6.1(A) and (B).
9. On or about April 10, 2020, the Respondent submitted its Medical Marijuana Cultivator Renewal Application 2020 ("Renewal"). The Department has not moved to approve or deny the Renewal.
10. It is the Department's position that the Respondent's receipt and acceptance of the fifty-thousand dollars (\$50,000.00) purchase money before any Departmental approval of either the First Proposed Ownership Transfer or the Second Proposed Ownership Transfer constitutes a violation of MMP Rules §§ 1.5(G)(1)-(3) and (5) and that the Respondent's sale of marijuana on March 19, 2020 and failure to use the Medical Marijuana Program Tracking System was in violation of MMP Rules § 1.6.1(A) and (B).¹
11. Respondent's position is that the Respondent complied with the spirit of the MMP Rules in its disclosure of its First Proposed Ownership Transfer, and that Respondent's withdrawal before the submission of the Second Proposed Ownership Transfer effectively nullified any violation occasioned by the receipt and acceptance of purchase money prior to Department approval.

¹ The First OSC and Second OSC referred specifically to the MMP Rules in effect from January 1, 2017 to March 25, 2020.

12. Based on the foregoing, the Department believes it has sufficient cause to pursue administrative action against the Respondent in accordance with R.I. Gen. Laws § 21-28.6-9, MMP Rules §§ 1.5(G)(1)-(3) and (5) and § 1.6.1(A)-(B), the *Rules of Procedure for Administrative Hearings*, 230-RICR-10-00-2, Section 2.4(B) and the Administrative Procedures Act § 42-35-1 *et seq.*
13. In an effort to affect a timely and amicable resolution of the issues raised in this Consent Agreement without an administrative hearing, the Department and the Respondent enter into this Consent Agreement solely for the purpose of avoiding the burdens and expenses of litigation. The Respondent and the Department agree to resolve the matter based upon the Respondent's representations set forth below in this Section 13 and satisfaction of the following terms and conditions:
- a) Respondent represents that no ownership percentages of, rights in or to, responsibilities in or for, or any control of Respondent were exchanged in connection with the Proposed Purchasers' First Ownership Transfer Request payment of fifty-thousand dollars (\$50,000).
 - b) Respondent represents that no ownership percentages of, rights in or to, responsibilities in or for, or any control of Respondent were exchanged in connection with Attorney Vaziri's September 25, 2019 payment to a Proposed Purchaser.
 - c) Concurrently with the execution of this Consent Agreement, Respondent will provide the following items relative to the incomplete Second Proposed Ownership Transfer and incomplete Renewal:
 - i. Attorney Vaziri will provide a *Cultivator Key Person Application*, criminal background check and card registration fee pursuant to MMP Rules § 1.4(A), (B) and (C)²;
 - ii. Mr. Curtis Drown will provide an updated background check pursuant to MMP Rules § 1.3(J)(2);
 - iii. Mr. Raymond Morris will provide an updated background check pursuant to MMP Rules § 1.3(J)(2); and
 - iv. The Compliance Officer, as described in paragraph 13(d), will provide a background check pursuant to MMP Rules § 1.3(J)(2).
 - d) Concurrently with the execution of this Consent Agreement, Respondent will pay an administrative penalty in the amount of five-thousand dollars (\$5,000.00) made payable to the "Rhode Island General Treasurer" for its non-use of the Medical Marijuana Program Tracking System.
 - e) Respondent affirmatively acknowledges and agrees that it must use the Medical Marijuana Program Tracking System for all of its medical marijuana activities in conformity with MMP Rules § 1.6.

² The MMP Rules referenced in paragraph 13 (a)-(f) are those currently in effect beginning March 25, 2020.

- f) Concurrently with the execution of this Consent Agreement, Respondent shall provide written confirmation to the Department that Respondent has employed a Compliance Officer, reasonably satisfactory to the Department, which officer shall be an individual in addition to Respondent's current officers or owners, and whose role shall include ensuring Respondent's compliance with the Regulations including but not limited to the ownership disclosure requirements, pre-approval requirements as to any future proposed changes of ownership under MMP Rules § 1.3(H) and the obligation and requirement that Respondent utilize the Medical Marijuana Program Tracking System under MMP Rules § 1.6.
 - g) The Compliance Officer shall be available at the premises during any Departmental inspections, including but not limited to any inspection related to the Renewal which Renewal inspection will occur prior to the execution of this Consent Agreement.
 - h) From the date hereof until ^{Sept 10} ~~June 30~~ 2021, Respondent's Compliance Officer shall, on a quarterly basis commencing ^{Sept 10} ~~June 30~~, 2020, certify to the Department in writing that Respondent is in compliance with the requirements and provisions of the Regulations including the requirements described in subsection (d).
 - i) To the extent Respondent hereafter determines to appoint a new Compliance Officer, Respondent shall notify and request prior approval of the Department in accordance with MMP Rules § 1.5(G).
 - j) Respondent will not alter Respondent's ownership or management without prior approval of the Department in accordance with MMP Rule §1.3(H).
 - k) Upon Respondent's execution of this Consent Agreement and its satisfaction of the requirements in subsections (a) through (e), the Department will approve the Second Proposed Ownership Transfer Request and grant the Renewal.
14. The parties agree that this Consent Agreement and its terms represent the final determination of this matter.
15. *Waiver of Hearing and Appeal.* By agreeing to resolve this matter through the execution of this Consent Agreement, Respondent knowingly and voluntarily waives any right to an administrative hearing and waives any right to pursue an appeal to the Superior Court under the Rhode Island Administrative Procedures Act, R.I. Gen. Laws § 42-35-1, *et seq.*
16. *Enforcement.* If the Respondent fails to comply with any term or condition of this Consent Agreement within any applicable time period set forth herein, the Respondent will be in violation hereunder and the Department shall be entitled to immediately take enforcement or other action in accordance with applicable law.
17. *Compliance; Laws.* Compliance with the terms of this Consent Agreement does not relieve the Respondent of any obligation to comply with other applicable laws or regulations administered by or through the Department or any other governmental agency.

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For the Department:

Erica Ferrelli

Signature

Erica Ferrelli

Senior Economic & Policy Analyst

Date: 10-08-2020

Respondent MORRBUD, LLC:

Raymond Morris

Signature

Name: *Raymond Morris*

Title: *OWNER*

Date: 9-10-2020

Robert Flaherty

Signature

Date: ~~1/10/20~~ 9/10/20

Robert Flaherty Esq
Counsel for the Respondent # 2313

(401) 781-7200



**STATE OF RHODE ISLAND
DEPARTMENT OF BUSINESS REGULATION
JOHN O. PASTORE CENTER, BLDGS. 68-69
1511 PONTIAC AVENUE
CRANSTON, RI 02920**

IN THE MATTER OF:	:	
	:	
MORRBUD, LLC,	:	DBR No. 19MM013
	:	DBR No. 20MM004
RESPONDENT.	:	
	:	

AMENDMENT TO CONSENT AGREEMENT

Reference is made to the Consent Agreement dated October 8, 2020, (the “Consent Agreement”) entered into by and between the Department of Business Regulation, Office of Cannabis Regulation (“Department”) and Morrbud, LLC, a Rhode Island limited liability company (“Respondent”). All capitalized terms used herein and not otherwise defined have the meanings ascribed to such terms in the Consent Agreement. The Department and Respondent hereby agree to amend the Consent Agreement as follows:

1. With respect to the deliverable required under ¶ 13(h), the Respondent has proposed to hire Mr. Michael Cavanagh as Respondent’s Compliance Officer, replacing Mr. Robert Flaherty, Esq., in accordance with the terms and conditions outlined in Respondent’s compliance plan proposal dated April 7, 2021, submitted to the Department.

2. The Department agrees to the proposed change of Compliance Officer subject to the terms and conditions outlined in the April 7, 2021 compliance plan. As a result of the parties understanding regarding the change of Compliance Officer represented in ¶ 1 herein, ¶ 13(h) of the Consent Agreement shall now read (underlined text represents a change from the original):

“From the date hereof until one (1) year from the date of execution of this Amendment to the Consent Agreement, Respondent’s Compliance Officer shall, on a monthly basis commencing with the Respondent’s 2021 Application Renewal and thereafter on the 30th day of each month, certify to the Department in writing that Respondent is in compliance with the requirements and provisions of the Regulations including but not limited to the requirements described in subsection (e). The monthly written certification shall be on such form and otherwise in form and substance satisfactory to the Department. The monthly certification form, duly executed by the Compliance Officer, will be sent to the Department no later than the 30th day of each calendar month by email to erica.ferrelli@dbr.ri.gov with a copy to peter.squatruto@dbr.ri.gov.”

3. The Respondent acknowledges, agrees and represents that the quarterly compliance certifications required pursuant to ¶13(h) of the Consent Agreement for quarters ending December 10, 2020 and March 10, 2021 were not provided to the Department, and as a result of that failure the Respondent shall pay an administrative penalty in the amount of five-hundred dollars (\$500.00) for each missed quarterly compliance report for a total of one-thousand dollars (\$1,000.00) made payable to the “Rhode Island General Treasurer” and to be delivered to the Department on or before May 7, 2021.

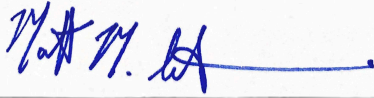
Except as amended hereby, all other terms of the Consent Agreement shall continue and remain in full force and effect.

14. The parties agree that the Consent Agreement, as amended by this Amendment, represents the final determination of this matter.
15. *Waiver of Hearing and Appeal.* By agreeing to resolve this matter through the execution of this Amendment to the Consent Agreement, Respondent knowingly and voluntarily waives any right to an administrative hearing and waives any right to pursue an appeal to the Superior Court under the Rhode Island Administrative Procedures Act, R.I. Gen. Laws § 42-35-1, et seq.
16. *Enforcement.* If the Respondent fails to comply with any term or condition of the Consent Agreement, as amended by this Amendment, within any applicable time period set forth herein, the Respondent will be in violation hereunder and the Department shall be entitled to immediately take enforcement or other action in accordance with applicable law.
17. *Compliance; Laws.* Compliance with the terms of the Consent Agreement, as amended by this Amendment, does not relieve the Respondent of any obligation to comply with other applicable laws or regulations administered by or through the Department or any other governmental agency.

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For the Department:

Respondent
Morrbud, LLC

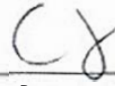


Signature

Name: Matthew Santacroce

Title: Chief

Date: 5-5-2021




Signature

Name: Emilia Valeri

Title: MEMBER

Date: 5/5/21



Signature

Date: 5-5-2021

Counsel for the Respondent