

**STATE OF RHODE ISLAND
CANNABIS OFFICE
560 JEFFERSON BOULEVARD, SUITE 204
WARWICK, RHODE ISLAND**

IN THE MATTER OF:

**CANNA PHARM RI, LLC
Respondent.**

25-0022
DBR No.: 24OCR006

CONSENT AGREEMENT

1. On or about December 12, 2019, the Department of Business Regulation (the "Department")¹ issued to Respondent Medical Marijuana Cultivator License Number MMP CV 0083 (the "Medical Marijuana Cultivator License") for the cultivation and wholesale of medical marijuana at a licensed cultivation facility located in West Warwick, Rhode Island.
2. Thereafter, Respondent's Medical Marijuana Cultivator License was renewed annually in 2020, 2021, 2022, and most recently on December 12, 2023.
3. Respondent applied for and the Department issued a Hybrid Cannabis Cultivator License (the "Hybrid License") on November 1, 2022.
4. Beginning in September 2022, the Department issued guidance regarding the requirement that licensees need to be credentialed in and utilize Metrc, the Department's cannabis seed-to-sale track and trace system (the "System"),² in order to cultivate, maintain, and transfer cannabis and cannabis products and to make sales compliantly.
5. All licensees were notified by the Department and by Metrc, through a series of e-mailed bulletins, that they were required to be credentialed in and utilize the Metrc System for inventory by no later than December 1, 2022, in order to continue compliant cultivation,

¹ Effective May 1, 2025, all powers, duties and responsibilities with respect to the regulation, administration and enforcement of the Edward I. Hawkins and Thomas C. Slater Medical Marijuana Act, R.I. Gen. Laws § 21-28.6-1 *et seq.*, and the Rhode Island Cannabis Act, § 21-28.11-1 *et seq.*, transferred from the Department of Business Regulation and the Office of Cannabis Regulation ("OCR") to the Cannabis Control Commission ("CCC") and the Cannabis Office. R.I. Gen. Laws § 21-28.11-10.1(g) and (h).

² Licensed cultivators are required to utilize the state approved cannabis seed-to-sale track and trace system.

maintenance, transfer, and sale of cannabis and cannabis products.

6. All licensees were required to transfer all plant and product inventory information from their previously approved inventory tracking system into the Metrc System by no later than December 1, 2022.
7. Thereafter, the Department afforded an additional grace period for licensees to complete their Metrc System registration and implementation with a final December 15, 2022 deadline to enter all cannabis plant and product inventory into the Metrc System.
8. In their use of the System, licensees are required to utilize and maintain Metrc-issued RFID plant and product tags on *all* cannabis plants and products from and after December 15, 2022, in order to ensure tracking and accurate and compliant records of plant and product inventory.
9. The Department previously issued a post-inspection deficiency notice to Respondent on August 9, 2024 (the "Deficiency Notice"). The Deficiency Notice identified the following areas of noncompliant activity:
 - a. Respondent's failure to record cannabis plant clones in Metrc prior to the source mother plant's recorded destruction in Metrc; and
 - b. Respondent's failure to record destroyed packages in Metrc.
10. The August 9th post-inspection deficiency notice included the following Required Corrective Action:

The Office of Cannabis Regulation is requiring a Corrective Action plan to be submitted by the licensee. The Corrective Action plan shall state, with respect to each deficiency, the specific corrective steps to be taken by the licensee, a timetable for such steps, the date by which compliance will be achieved and the steps the licensee will take to ensure compliance moving forward.

The Cannabis Establishment Licensee shall submit to the Office of Cannabis Regulation via email to DBR.MMPCCompliance@dbri.gov the written corrective action plan for any deficiencies cited in this Post Inspection Notice, within ten (10) days of receipt.

The OCR shall review the corrective action plan for compliance with all applicable laws and regulations and shall notify the licensee of rejection or acceptance of such plan.

11. On August 16, 2024, Respondent submitted to the Department the following Corrective Action Plan:

Corrective action plan for 1st deficiency will be as follows:

Once released in [M]etrc I will input the clones in [M]etrc and assign tags as they should be from the mother plants they derived from and then destroy those moms as they should be after creating the clones. Moving forward I will not let time lapse in between the time cuttings are taken to when the information is updated in [M]etrc and will never make the mistake of destroying the mother prior to creating the clone. All [M]etrc data will be updated on the day that the plant action is taken from this point out.

Corrective action plan for 2nd deficiency is as follows:

No longer will employees be allowed to input their own work into the [M]etrc system. All [M]etrc will now be done by an owner of the business or at least double checked by an owner of the business. Also this employee is no longer employed by the company so his errors in inputting [sic] in [M]etrc the products that were destroyed by him is null and void. Also, all things shall now be input into [M]etrc the day that the action is made so there is no lapse in time for things to be forgotten.

12. On September 16, 2024, the OCR Inspections Team, Peter Squatrito, Chris Mahoney, Kevin Kretchman, Derek Ducharme and Jacob Crisafulli performed an inspection at Respondent's licensed premises.
13. On September 26, 2024, OCR Inspectors Squatrito, Mahoney, Kretchman, Ducharme, and Crisafulli returned to Respondent's premises with Senior Economic and Policy Analyst Cynthia Miller to resume the inspection that began September 16, 2024.
14. During the September 26th inspection, OCR Inspectors observed and calculated 16,897 grams/596 ounces (approximately 37.25 pounds) of improperly tagged cannabis product which had been labeled with three separate tags (Tag Nos. 229, 295, and 296) but that the tags were not active or recorded in Respondent's Metrc records.
15. During the September 26th inspection, OCR Inspectors and Analyst observed and calculated 18,694 grams/659 ounces (approximately 41.213 pounds) of untagged cannabis product.
16. During the September 26th inspection, OCR Inspectors observed that Respondent's video surveillance system only included seven (7) days of surveillance footage.

Applicable Law

17. Section 21-28.6-9(e) of the Medical Marijuana Act provides as follows:
 - (1) Notwithstanding any other provision of this chapter, if the director of the Department of Business Regulation, or his or her designee, has cause to believe that a violation of any provision of this chapter or the regulations promulgated thereunder has occurred by a licensee or registrant under the department's jurisdiction, or that any person or entity is conducting any activities requiring licensure or registration by the Department

of Business Regulation under this chapter or the regulations promulgated thereunder without such licensure or registration, or is otherwise violating any provisions of this chapter, the director, or his or her designee, may, in accordance with the requirements of the Administrative Procedures Act, Chapter 35, of Title 42:

- (i) With the exception of patient and authorized purchaser registrations, revoke or suspend any license or registration issued under Chapter 26, of Title 2 or this chapter.
 - (ii) Levy an administrative penalty in an amount established pursuant to regulations promulgated by the Department of Business Regulation;
 - (iii) Order the violator to cease and desist such actions;
 - (iv) Require a licensee or registrant or person or entity conducting any activities requiring licensure or registration under this chapter to take those actions as are necessary to comply with this chapter and the regulations promulgated thereunder; or
 - (v) Any combination of the above penalties.
18. Pursuant to Section 21-28.6-16(d) of the Medical Marijuana Act, “[t]he department of business regulation shall promulgate regulations that govern how many marijuana plants, mature and immature; how much wet marijuana; and how much usable marijuana a licensed medical marijuana cultivator may possess. Every marijuana plant possessed by a licensed medical marijuana cultivator must be accompanied by a valid medical marijuana tag issued by the department of business regulation pursuant to § 21-28.6-15 or catalogued in a seed-to-sale inventory tracking system in accordance with regulations promulgated by the department of business regulation.”
19. Pursuant to Section 21-28.6-16(l) of the Medical Marijuana Act, “[i]f a licensed medical marijuana cultivator cardholder violates any provision of this chapter or regulations promulgated thereunder, as determined by the department of business regulation, his or her card and the issued license may be suspended or revoked.”
20. Pursuant to § 21-28.11-7(b) of the Rhode Island Cannabis Act, § 21-28.11-1 *et seq.* (the “Cannabis Act”):

On August 1, 2022 and thereafter, any medical marijuana cultivator licensed or approved pursuant to the provisions of §21-28.6-16, upon payment of an additional license fee, shall be permitted to cultivate, manufacture and process cannabis as a hybrid cannabis cultivator for both adult use and medical use. The amount of the additional license fee shall be determined by the Office of Cannabis Regulation during the transitional period established by §21-28.11-10 and shall be subject to review by the commission pursuant to the final rules and regulations. The fee shall be deposited in the social equity fund established in §21-28.11-31. Sale of the cultivated cannabis shall be made directly to a licensee pursuant to the provisions of this chapter and chapter 28.6 of this title, subject to the following conditions:

- (1) The cultivator must be in good standing and maintain the cultivator license pursuant to the provisions of chapter 28.6 of this title; and

- (2) The cultivator must make good faith efforts to ensure the adult use cannabis production portion of the cultivation operation has no significant adverse effect on the medical marijuana program and patient needs.
21. Pursuant to § 21-28.11-7(h) of the Cannabis Act, “[e]very individual cannabis plant possessed by a licensed cannabis cultivator shall be catalogued in a seed-to-sale inventory tracking system. The commission shall review the current seed-to-sale tracking system utilized pursuant to chapter 28.6 of this title and promulgate new or additional regulations, as it deems appropriate.”
22. Pursuant to § 21-28.11-10.1(e) of the Cannabis Act, “[n]otwithstanding the foregoing provisions of this section, all prospective and approved applicants for hybrid cannabis retailer and cultivator licenses under this chapter shall maintain compliance with the existing provisions of chapter 28.6 of this title of the general laws and the regulations promulgated thereunder until final issuance of the commission’s rules and regulations ...”
23. Pursuant to Section 1.6.1(A) of the 230 Regulations³ “[u]pon direction by the DBR and in accordance with R.I. Gen. Laws §§ 21-28.6-12(g)(3) and 21-28.6-16(d), each compassion center and licensed cultivator shall be required to utilize the state approved Medical Marijuana Program Tracking System to document and monitor compliance with the Act and all regulations promulgated thereunder. Applicable licensees may be required to pay costs associated with use of the Medical Marijuana Program Tracking System which may be assessed on an annual, monthly, per use, or per volume basis and payable to the state of to its approved vendor.”
24. Pursuant to Section 1.6.1(B) of the 230 Regulations, “[a]ll information related to the acquisition, propagation, cultivation, transfer, manufacturing, processing, testing, storage, destruction, wholesale and/or retail sale of all marijuana and medical marijuana products possessed by licensees and/or distributed to registered cardholders is in accordance with the Act must be kept completely up-to-date in the Medical Marijuana Program Tracking System, including but not limited to:
1. Planting and propagation of plants;
 2. Transition of immature to mature plants;
 3. Harvest dates with yield documentation;
 4. Destruction of immature plants, mature plants and medical marijuana products;
 5. Transportation of immature plants, mature plants, and medical marijuana products;
 6. Theft of immature plants, mature plants, and medical marijuana products;
 7. Adjustment of product quantities and/or weights;
 8. Conversion of product types including waste documentation;
 9. Required test results as reported by a cannabis testing laboratory;

³ The CCC’s *Cannabis Establishment Applications, Licensing and Renewals Regulations*, 560-RICR-10-10-1, became effective May 1, 2025. As such, the DBR Regulations, 230-RICR-80-05-1, which have been in effect during all relevant times described herein, are applicable.

10. Retail and wholesale transaction data;
 11. Product compliance data;
 12. A complete inventory including, but not limited to:
 - a. Batches or lots of useable marijuana;
 - b. Batches or lots of concentrates;
 - c. Batches or lots of extracts;
 - d. Batches or lots of marijuana infused products;
 - e. Immature plants;
 - f. Mature plants;
 - g. Marijuana waste; and
 13. Any other information or technical functions DBR deems appropriate.”
25. Pursuant to Section 1.6.4(c) of the 230 Regulations, “[u]pon direction by DBR, each compassion center and licensed cultivator shall utilize the state approved Medical Marijuana Program Tracking System for all inventory tracking from seed to sale as defined in §1.6.1 of this Part.”
26. Pursuant to Section 1.6.5(H)(1)(e) of the 230 Regulations, “[a]ll surveillance recordings must be kept for a minimum of sixty (60) calendar days. Video recordings shall not be destroyed if the compassion center or licensed cultivator knows or should have known of a pending criminal, civil or administrative investigation or any other proceeding for which the recording may contain relevant information.”
27. Pursuant to Section 1.6.5(H)(1)(f) of the 230 Regulations, “[a]ll records applicable to the surveillance system shall be maintained on the compassion center or licensed cultivator premises. However, a backup record may be stored and maintained offsite. At a minimum, licensees shall maintain a map of the camera locations, direction of coverage, camera numbers, surveillance equipment maintenance activity log, user authorization list and operating instructions for the surveillance equipment. This information shall be limited to key personnel only.”
28. In an effort to affect a timely and amicable resolution of the issues raised in this Consent Order 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. Based upon Respondent’s representations and agreements set forth herein, the Department agrees to abstain from pursuing further enforcement action(s) surrounding Respondent’s track and trace issues as set forth in Paragraphs 12 through 16 and subject to satisfaction of the following terms and conditions set forth in this Paragraph 28:
- a. From July 1, 2025 up to and including August 31, 2025, Respondent shall suspend all sales and transfers of cannabis, cannabis products, and cannabis materials from its licensed premises. During said suspension period, Respondent may continue to operate its facility, including cultivating, maintenance, harvesting, and processing cannabis plants, products and materials in accordance with applicable laws and regulations;

- b. Respondent shall remit to the Cannabis Office an administrative penalty in the amount of \$50,000 (Fifty thousand) dollars payable in four (4) payments made payable to the "General Treasurer, State of Rhode Island";
- c. The first payment of the administrative penalty in the amount of \$12,500 (Twelve thousand five hundred) dollars shall be due upon execution of this Agreement, with three (3) subsequent payments due at the time of each of the Licensee's three subsequent annual license renewals.
- d. No later than June 30, 2025, Respondent shall destroy, under the Cannabis Office's supervision, all untagged and improperly tagged cannabis plants, products, and materials located at its licensed premises;
- e. Concurrently with the execution of this Consent Agreement, Respondent shall submit a report to the Cannabis Office certifying that Respondent is maintaining video surveillance records for at least 60 days;
- f. No later than June 30, 2025, Respondent shall submit to the Cannabis Office an updated Corrective Action Plan addressing the issues identified in Paragraphs 9-16 herein.
- g. No later than August 31, 2025, Respondent shall provide documentation confirming its appointment of a Compliance Officer responsible for managing all track-and-trace activities and for ensuring that Respondent's Metrc System records and data are accurate, timely, completely maintained and updated in accordance with Rhode Island cannabis industry standards.
- h. Respondent agrees and acknowledges that it expressly selected resolution of this matter by Consent Agreement, rather than proceeding through the administrative hearing process beginning with the issuance of an Order to Show Cause.

29. *Final Determination.* The parties agree that this Consent Agreement and its terms represent the final determination of this matter.

30. *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.*

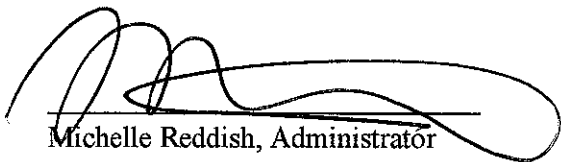
31. *Enforcement.* If Respondent fails to comply with any term or condition of this Consent Agreement within any applicable time period set forth herein, the Respondent will be in violation hereunder and the Department shall be entitled to immediately take enforcement or other action in accordance with applicable law.

32. *Compliance; Laws.* Compliance with the terms of this Consent Agreement does not

relieve Respondent of any obligation to comply with other applicable laws or regulations administered by or through the Department or any other governmental agency.

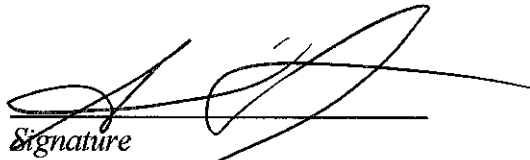
SIGNATURE PAGE

For the Cannabis Office:


Michelle Reddish, Administrator

Date: 7-10-2025

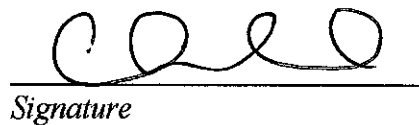
Respondent CANNA PHARM RI, LLC.


Signature

Printed Name: Scott Scofield

Title: President

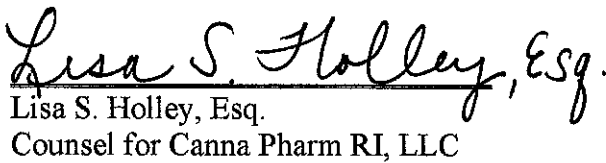
Date: 6-26-2025


Signature

Printed Name: Chris Celani

Title: Vice President

Date: 6-26-25


Lisa S. Holley, Esq.
Counsel for Canna Pharm RI, LLC

Date: 6-26-25