

**MEMORANDUM OF UNDERSTANDING BETWEEN
THE ALCOHOL, TOBACCO, AND CANNABIS COMMISSION,
THE EXECUTIVE DIRECTOR OF THE ALCOHOL, TOBACCO, AND CANNABIS COMMISSION,
AND THE MARYLAND CANNABIS ADMINISTRATION**

I. Purpose and Scope

The Maryland Alcohol, Tobacco, and Cannabis Commission (“ATCC”), among other things, educates the public on certain topics relating to cannabis, conducts studies of other state or federal laws that relate to the operation of a regulated cannabis program, and develops best practices for regulating the cannabis industry and implementing public health measures relating to cannabis. ATCC also holds statutory authority to reduce canopy that exceeds the limits set forth in statute and as determined by the Maryland Cannabis Administration, and to seize, destroy, confiscate, or place in administrative hold plants exceeding canopy limit.

The Executive Director, by and through the Field Enforcement Division (“FED”), which operates in the Office of the Executive Director (“OED”), under the Alcoholic Beverages and Cannabis Article, Tax General Article, and Business Regulations Article enforces laws prohibiting the 1) unlawful importation of cannabis into the State; 2) unlawful manufacture of cannabis in the State; 3) transportation and distribution of illegally manufactured cannabis or cannabis products for which State taxes are due and unpaid; and 4) manufacture, sale, barter, transportation or distribution of cannabis by any person not licensed or authorized.

The Maryland Cannabis Administration (“MCA”), among other responsibilities, issues and administers business licenses and registrations as well as agent, patient, and caregiver registrations and promulgates and enforces regulations governing the medical and adult-use cannabis industries in Maryland. (In this MOU, the ATCC, the OED, and the MCA collectively are referred to as the “Agencies”.)

The Maryland General Assembly, pursuant to 2023 Md. Laws, Ch. 556 § 17, has directed the ATCC and the MCA to enter into a memorandum of understanding (“MOU”) and to collaborate on the enforcement of the cannabis laws of Maryland with respect to unlicensed cannabis operations. Section 1-321(b)(2) of the Alcoholic Beverages and Cannabis Article authorizes “[t]he Executive Director ... [to] enter into memoranda of understanding and other cooperative arrangements with federal, State, and local governmental units to address operational matters and efficiencies in carrying out this article and other alcohol and tobacco laws of the State.” In addition, MCA may delegate or refer enforcement matters under Title 36 of the Alcoholic Beverages and Cannabis Article to FED and OED, including enforcement matters related to canopy and on-site consumption facilities.

The Agencies enter into this MOU to comply with the mandate of the General Assembly, advance their common interests, and promote interagency collaboration to the fullest extent desired by the Agencies and permitted by law.

II. Project Managers

The OED and MCA shall designate project managers to serve as a point of contact for all actions and who shall have the authority to make management decisions relating to the

obligations of the Agencies under this MOU. The Agencies may change their project managers by providing written notice to each other.

For MCA:

Anthony Grover
849 International Drive
Linthicum, MD 21090
443-890-6152
Anthony.grover@maryland.gov

The OED project manager shall serve as the ATCC's project manager.

For OED:

Jeffrey Hann
1215 East Fort Avenue, Suite 300
Baltimore, Maryland 21230
667-260-7133
jhann@mdatc.gov

III. Cooperative Arrangement

The MCA agrees to work and cooperate with OED to promptly convey any necessary information to OED relating to an entity's licensing or registration status with the MCA or an individual's registration status with the MCA. Within 90 days of the execution of this MOU, MCA and OED will develop a standard operating procedure governing investigatory notice and information sharing between the parties.

IV. Facilities Rental

The OED and MCA agree to evaluate and determine whether a portion of the premises OED has subleased at 1215 East Fort Avenue, Baltimore, Maryland 21230 may be used as office space for employees of the MCA and employees of the Office of the Attorney General who support the MCA.

V. Payment

The MCA will reimburse the OED for costs the OED incurs to carry out its responsibilities under this MOU. For the term of this MOU, the OED has provided the MCA with a budget ("Budget"), incorporated herein and made a part of this MOU as Attachment A. The OED shall make best efforts to adhere to the Budget and not spend more than the total set forth, unless the MCA consents in writing to modify the Budget. Despite this spending restriction, the OED may spend up to 10 percent or \$25,000, whichever is less, above a stated line item on the Budget without the prior written approval of the MCA; although, the OED may not exceed the total amount of the Budget or change the statement of work. Should the OED exercise its right to spend more than a stated line item, the OED will notify the MCA as soon as practicable.

The OED shall submit to the MCA itemized invoices on a monthly basis in substantial conformance with the sample invoice attached hereto and incorporated herein as Attachment B ("Invoice"). The MCA may request additional documentation or other information as

necessary, prior to approval, to substantiate the Invoice. Documentation to substantiate invoices (“Documentation”) shall include the information set forth on Attachment C, attached hereto and incorporated herein. The MCA shall pay each invoice within 30 days of receipt of the Invoice or the Documentation, whichever is later. The MCA may not unreasonably withhold payment of the Invoice.

VI. Term and Termination

This MOU shall become effective on the date on which the last signatory signs the MOU and shall continue in force through, and including, June 30, 2024, unless terminated earlier as specified below. Unless otherwise terminated, the MOU shall automatically renew for successive one-year terms.

If adequate funds are not appropriated by the General Assembly to sustain this MOU, then the Agencies may terminate the MOU by giving notice to the other party in writing at least 30 days in advance, or otherwise as promptly as possible before termination. The MCA shall notify the ATCC and OED as soon as it has knowledge that funds may not be available for the continuation of this MOU for each succeeding fiscal period beyond the first.

If a party to the MOU fails to satisfy the MOU requirements, and that failure impairs the performance of Agencies or interferes with the Agencies’ ability to carry out their respective lawful obligations, such failure constitutes a material breach. In the event of a material breach, the non-breaching party shall give written notice of the breach to the breaching party. If within 15 days of receipt of the written notice, the breaching party does not begin to correct the breach or, if within 30 days of receipt of notice, the material breach has not been substantially corrected, the non-breaching party may terminate this MOU without further notice. For purposes of this agreement, “substantially corrected” means that amount of correction that would makes the breach no longer “material.”

VII. Confidentiality

When one of the Agencies provides Non-Public Information pursuant to this MOU to the other Agency (the Agency providing Non-Public Information shall be designated a “Providing Agency” and the Agency receiving the information shall be designated a “Receiving Agency”), the Receiving Agency will maintain the confidentiality of such information in accordance with the terms of this MOU, unless and until the Providing Agency designates otherwise in writing.

The Agencies recognize that Maryland’s Public Information Act reflects a commitment to open government and, at § 4-104 of the General Provisions Article, requires records custodians to “adopt a policy of proactive disclosure of public records.” For purposes of this MOU, “Non-Public Information” means any information shared pursuant to this MOU that has been conspicuously designated and/or labeled as Non-Public Information or otherwise prohibited from disclosure by law. Non-Public Information includes the information itself, in any form (including written, oral, or electronic), and any document to the extent it contains such information.

VIII. Protecting the Confidentiality of Non-Public Information

All Non-Public Information transferred from the Providing Agency to the Receiving Agency remains the records of the Providing Agency. The Receiving Agency shall maintain the confidentiality of the Non-Public Information and, except as specifically provided in this Section VIII, or with the written approval of the Providing Agency, will not disclose or otherwise make public any Non-Public Information to a third party.

Unless otherwise authorized in writing by the Providing Agency, Non-Public Information may be shared only with officials and employees of the Receiving Agency, as well as counsel for the Receiving Agency bound by confidentiality and Attorney-Client Privilege, who have a need to know the information in the performance of their official work duties consistent with applicable law. The Receiving Agency will establish and maintain such safeguards as are necessary and appropriate, including appropriate administrative, technical, and physical safeguards, to protect the confidentiality, data security, and integrity of any Non-Public Information obtained from the Providing Agency. All officials and employees of a Receiving Agency with whom Non-Public Information is shared must comply with the terms of this MOU. The Receiving Agency will promptly notify the Providing Agency in the event of an unauthorized disclosure of the Providing Agency's Non-Public Information, including identifying, where possible, any recipient of information outside of the Receiving Agency or Providing Agency.

If a Receiving Agency receives a legally enforceable request or demand from a third party for Non-Public Information of a Providing Agency, the Receiving Agency will:

1. unless prohibited by law, promptly notify the Providing Agency in writing of such request or demand for any Non-Public Information of the Providing Agency and furnish to the Providing Agency copies of any such demand or request as well as any related documents;
2. afford the Providing Agency a reasonable opportunity to take whatever action it deems appropriate to preserve, protect, or maintain the confidentiality of the Non-Public Information or any privileges associated;
3. consistent with law, notify the requestor seeking the Non-Public Information that requests for such information should be made directly to the Providing Agency in accordance with applicable law;
4. cooperate fully with the Providing Agency to preserve, protect, and maintain the confidentiality of the Non-Public Information and any privileges associated therewith, including asserting any legal exemptions or privileges on the Providing Agency's behalf that may reasonably be requested to be asserted, including withholding Non-Public Information from disclosure and not disclosing except as provided in this Section VIII;
5. consent to an application by the Providing Agency to intervene in any related action solely for the purposes of asserting and preserving any of its privileges or claims of confidentiality with respect to Non-Public Information shared pursuant to this MOU.

Nothing in this Agreement shall prevent a Receiving Agency from complying with a legally valid and enforceable order of a court of competent jurisdiction if, in the case of a legally valid enforceable subpoena or order by a court of competent jurisdiction, the Receiving Agency 1) reasonably determines that efforts to quash, appeal or resist compliance with the subpoena or order would be unsuccessful; 2) attempts, to the extent practicable, to secure a protective order to preserve, protect and maintain the confidentiality of the Non-Public Information and any

privileges associated therewith; or 3) immediately notifies the Providing Agency of its intent to comply with the subpoena or order and of any actions taken in compliance with the subpoena or order.

The Agencies intend that sharing of information that is subject to this MOU will not constitute public disclosure, nor will it constitute a waiver of the work-product doctrine, confidentiality or any privilege or disclosure exemption applicable to such information including, but not limited to, deliberative and consultative materials.

IX. Other Matters

Whenever one of the Agencies is required to give notice (including to transmit invoices) to other Agencies, the notice shall be deemed given when sent by electronic mail (e-mail), delivered by hand or by overnight courier, or on the third business day after being mailed by first-class mail addressed as follows:

For the ATCC:

Alan Silverstein, Chairperson
Alcohol, Tobacco, and Cannabis Commission
1215 East Fort Avenue, Suite 300
Baltimore, Maryland 21230
asilverstein@mdatc.gov

For the Executive Director:

Jeffrey A. Kelly
Executive Director, ATCC
1215 East Fort Avenue, Suite 300
Baltimore, Maryland 21230
jakelly@mdatc.gov

With a copy to:

Murray Singerman
P.O. Box 590
Annapolis, MD 21404-0590
410-260-7808
msingerman@oag.state.md.us

For the MCA:

Maryland Cannabis Administration
Anthony Grover, Chief, Office of Compliance and Regulation
849 International Drive
Linthicum, MD 21090
Anthony.grover@maryland.gov

With a copy to:

Heather B. Nelson
Assistant Attorney General
849 International Drive
Linthicum, MD, 21090

Heather.nelson1@maryland.gov

When giving notice by electronic mail, a party will, on the same day as it sends the e-mail, deliver the notice by hand or post it through first-class mail. The Agencies may change their address or designated recipient by giving the other Agencies written notice of the new address or recipient and the date that the change will be effective.

Nothing in this MOU will be interpreted as limiting, superseding, or otherwise affecting each Agencies' normal operations or decisions in carrying out their statutory or regulatory duties. This MOU also does not limit or restrict the Agencies from participating in activities or arrangements with other entities, provided that any activities or arrangements that pertain to the responsibilities of the Agencies set forth in this MOU, and for which ATCC or OED seeks reimbursement from MCA, shall be agreed upon in writing by the Agencies.

If, and only to the extent that, any provision of this MOU is declared or found to be illegal, unenforceable, or void, then the ATCC, the Executive Director, or the MCA shall be relieved of all obligations arising under such provision, it being the intent and agreement of the Agencies that this MOU shall be deemed amended by modifying such provision to the least extent necessary to make it legal and enforceable while preserving its intent. If that is not possible, another provision that is legal and enforceable and achieves the same objective shall be substituted. If the remainder of this MOU is not affected by such declaration or finding and is capable of substantial performance, then the remainder shall be enforced to the extent permitted by law.

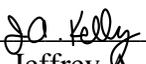
This MOU, in conjunction with any schedules and any terms and conditions from other documents, legislation, laws, or regulations referred to herein or attached hereto, each of which is hereby incorporated, constitute the entire and exclusive statement of this agreement between the ATCC, the Executive Director, and the MCA. There are no oral or written representations, understandings, or agreements relating to this MOU that are not fully expressed herein. The Parties agree that any other terms or conditions included in any quotes, acknowledgments, bills of lading, applications, internal or external memorandum, reports, letters, notices, bulletins, or other forms utilized or exchanged by the Agencies shall not be incorporated herein or be binding unless expressly agreed upon in writing by authorized representatives. No modification, change, or amendment shall be valid unless it is in writing and signed by the authorized representative of the party against which such modification, change, or amendment is sought to be enforced.

AGREED TO BY:

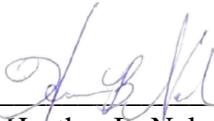
Maryland Cannabis Administration

By: 
Name: William C. Tilburg
Title: Acting Director
Date: 06/29/2023

Executive Director, Alcohol, Tobacco, and Cannabis Commission

By: 
Name: Jeffrey A. Kelly
Title: Executive Director
Date: 06/29/2023

**Assistant Attorney General on behalf of
the Maryland Cannabis Administration**

By:  _____
Name: Heather B. Nelson, Esq.
Title: Assistant Attorney General
Date: June 29, 2023

**Assistant Attorney General on behalf of
the Alcohol, Tobacco, and Cannabis
Commission**

By:  _____
Name: Murray Singerman, Esq.
Title: Assistant Attorney General
Date: June 30, 2023

**Alcohol, Tobacco, and Cannabis
Commission**

By:  _____
Name: Alan Silverstein
Title: Chairperson
Date: 6/29/2023