

**STATE OF RHODE ISLAND  
DEPARTMENT OF BUSINESS REGULATION  
OFFICE OF CANNABIS REGULATION  
560 JEFFERSON BOULEVARD, SUITE 204  
WARWICK, RHODE ISLAND 02886**

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<b>IN THE MATTER OF</b>	:	
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	:	<b>DBR No.: 23OCR002</b>
<b>THE THOMAS C. SLATER</b>	:	
<b>COMPASSION CENTER, INC.,</b>	:	
<b>RESPONDENT.</b>	:	

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**CONSENT AGREEMENT**

Reference is made to the Edward O. Hawkins and Thomas C. Slater Medical Marijuana Act, Rhode Island General Laws § 21-28.6-1 *et seq.* (the “Medical Marijuana Act”) the Rhode Island Cannabis Act, Rhode Island General Laws § 21-28.11 *et seq.* (the “Cannabis Act), and the *Rules and Regulations Related to the Medical Marijuana Program Administered by the Office of Cannabis Regulation, 230-RICR-80-05-1 et seq.* (the “Regulations”). The Department of Business Regulation through its Office of Cannabis Regulation (the “Department” and “OCR” respectively) and The Thomas C. Slater Compassion Center, Inc., a Rhode Island Non-Profit Corporation (“Respondent”), hereby consent and agree that:

1. Respondent currently holds a Medical Marijuana Compassion Center License and a Hybrid Cannabis Retail License, and is one of seven compassion centers that is presently licensed, operational, and lawfully permitted to dispense medical and adult use cannabis products.
2. On April 13, 2023, OCR requested from all licensed compassion centers documentation of formal agreements pursuant to § 1.6.3 of the Regulations (“Formal Agreement Request”) and provided each compassion center with a template to be populated with all requested data regarding transfers of cannabis products received by the compassion center from licensed cultivators.
3. All compassion centers, including Respondent, were required to complete the template and provide all requested documents described in Paragraph 2 no later than April 27, 2023.
4. On April 27, 2023, in response to the Formal Agreement Request, Respondent provided the Department with records regarding transfers of cannabis products from licensed cultivators to Respondent.
5. The April 27, 2023, transfer records provided by Respondent to the Department reflected \$554,251.47 due and owing from Respondent to ten (10) licensed cultivators for transfer receipts for the period January 14, 2023 to March 12, 2023.

6. The April 27, 2023 transfer records provided by Respondent revealed that Respondent had executed formal agreements with three (3) out of twelve (12) licensed cultivators identified in the transfer records provided.
7. On May 11, 2023, the Department requested a meeting with Respondent to discuss the transfer records provided and requested that Respondent provide additional information and records including financial statements and an update of amounts due and owing to licensed cultivators.
8. On May 18, 2023, following a meeting between the Department and Respondent, the Department requested that Respondent provide additional information and records including certain payment records, bank records and financial projections.
9. The May 18, 2023 records provided by Respondent to the Department included a spreadsheet which reflected twenty-two (22) checks issued to five (5) cultivators totaling \$643,412.62 for transfer receipts for the period January 14, 2023 to March 12, 2023.<sup>1</sup>

#### **Applicable Law**

10. Pursuant to R.I. Gen. Laws § 21-28.6-9(e)(1), “[n]otwithstanding 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 a license 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.”
11. Pursuant to Section 1.6.3(B) of the Regulations, “a compassion center shall only purchase or otherwise receive marijuana from a Rhode Island licensed cultivator, with which it has a ‘formal agreement.’”
12. Pursuant to Section 1.6.3(C), “the requirements for a ‘formal agreement’ shall be as follows:

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<sup>1</sup> According to Respondent’s May 18<sup>th</sup> correspondence, the total amount owed to licensed cultivators exceeded the total amount owed as reported in Respondent’s original response to the Formal Agreement Request as described in Paragraph 5 of this Agreement.

1. A written executed contract or purchase order shall be required for all sales or services from a licensed cultivator to a compassion center and from a licensed cultivator to licensed cultivator and shall contain the following minimum terms:
  - a. Date of execution/placement of the contract/purchase order;
  - b. Description and amount of product to be sold and/or services to be provided;
  - c. The total price and per unit price of the product to be sold and/or services to be provided;
  - d. The specific date or date range no spanning more than thirty (30) calendar days for fulfillment of the order, performance of the services, and delivery or pickup;
  - e. The payment due date, as specifically agreed between the parties, but if no date is specifically agreed to, payment shall be made within thirty (30) calendar days of delivery or pickup; and
  - f. Contracts/purchase orders pursuant to this paragraph may not be modified but may be cancelled or voided by the creation of new replacement contract/purchase order.”

13. Pursuant to Section 1.13(A)(1)-(5) of the Regulations:

- “(1) Marijuana establishment licensees are subject to reasonable inspection by DBR.
- (2) DBR and its authorized representatives have authority to enter a marijuana establishment licensee’s premises at reasonable times to inspect in a reasonable manner the premises and all equipment, materials, containers, and other things therein, including without limitation all records, files, financials, sales, transport, pricing and employee data, research, papers, processes, controls and to inventory any stock of marijuana, labels, containers, packages, paraphernalia and other materials and products.
- (3) During any inspection, DBR and its authorized representatives may review the marijuana establishment licensee’s confidential records, including compassion center dispensing records, which track transactions according to identifying information for the patient, primary caregiver, and/or authorized purchaser. Dispensing records for patient cardholders shall be tracked in accordance with the Act.
- (4) DBR may review and audit the books and records of marijuana establishment licensees to ascertain compliance with the Act, the DBR regulations and/or the DOH Regulations, including continued satisfaction of the statutory criteria considered in granting a license. The marijuana establishment licensee must make such books and records immediately available for reviewing and copying by DBR. DBR may retain an independent auditor to act as its agent for purposes of this section, the cost of which shall be borne by the marijuana establishment licensee.
- (5) Nothing herein shall be interpreted to limit the real time access of DBR to information stored in the Medical Marijuana Program Tracking System consistent with the Act.”

14. Pursuant to Section 1.13(C)(1) of the Regulations, “DBR may, in accordance with and subject to the Administrative Procedures Act, R.I. Gen. Laws Chapter 42-35, take any combination of the following actions:

- a. Place on probation, revoke, suspend or refuse to issue any license registration, or card issued under the Act;
- b. Levy an administrative penalty;
- c. Order the violator to cease and desist such actions;
- d. Order testing of marijuana or marijuana products in accordance with §1.11 of this Part and the DOH Regulations;
- e. Require a licensee, registrant, cardholder, person or entity conducting any activities requiring licensure or registration under the Act to take such actions are necessary to comply or ensure compliance with Act and any regulations promulgated thereunder; and/or
- f. Take any other action authorized by the Act.”

15. Pursuant to Section 1.13(C)(2), “DBR may take any of the actions set forth above [in Paragraph 20] against a licensee or any person or entity conducting activity requiring a license or registration under the Act for any one or more of the following causes:

...

- b. Violating any applicable Rhode Island laws, including but not limited to the Act, the DBR Regulations or the DOH Regulations . . . .”

16. Pursuant to Section 1.13(D) of the Regulations, DBR may assess administrative penalties with respect to violations of the Act, the DBR Regulations or any other applicable laws pertaining to a license, registration and/or operations in connection therewith.

17. Based upon the foregoing, it is the Department’s position that Respondent violated the Acts and Regulations by purchasing and receiving marijuana and marijuana products from licensed cultivators with whom it did not have formal agreements and by failing to make payments to licensed cultivators within thirty (30) days of receipt of delivery or pick up of marijuana and marijuana products and/or services.

18. In an effort to effect a timely and amicable resolution of these issues raised in this Consent Agreement without an administrative hearing, the Department and 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) on account of the noncompliance described in Paragraphs 4-9 subject to satisfaction of the following terms and conditions as set forth in this Paragraph 18:

- a. Respondent acknowledges and agrees that if the Department presented its factual allegations as set forth in this Consent Agreement at a hearing on the matter without proof to the contrary, the Department would have demonstrated sufficient evidence to overcome its burden of proof to demonstrate a violation of Acts and/or Regulation governing the medical and adult use cannabis;
- b. Respondent represents to the Department that in response to the Department’s Formal Agreement Request, Respondent has satisfied all outstanding payments identified herein to licensed cultivators;

c. Respondent represents to the Department that as of the date of the execution of this Consent Agreement, any and all transfer receipts from licensed cultivators have been paid or will be paid in accordance with § 1.6.3 of the Regulations;

d. Respondent agrees that from and after the date of execution of this Consent Agreement, Respondent shall pay licensed cultivators in accordance with § 1.6.3 of the Regulations;

e. Upon execution of this Consent Agreement and continuing on the 15<sup>th</sup> day of each month for the next twelve (12) months, Respondent shall submit a certification executed by a third-party accounting service approved by the Department, attesting to and certifying Respondent's full compliance with Regulation § 1.6.3 to the Department via e-mail to OCR Chief Erica Ferrelli at [Erica.Ferrelli@dbr.ri.gov](mailto:Erica.Ferrelli@dbr.ri.gov) and OCR Chief of Inspections Peter Squatrito at [Peter.Squatrito@dbr.ri.gov](mailto:Peter.Squatrito@dbr.ri.gov).

f. 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; and

g. Pursuant to § 1.13(D) of the Regulations, Respondent shall remit an administrative penalty of \$10,000.00 made payable to the "General Treasurer, State of Rhode Island."

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

20. *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.*

21. *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.

22. *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 of any other governmental agency.

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**SIGNATURE PAGE**

For the Department:



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Signature

Date: 1/25/2024

Erica Ferrelli  
Chief, Office of Cannabis Regulation

Date: 1/25/2024

Respondent: The Thomas C. Slater  
Compassion Center, Inc.



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Signature

Name: Raymond S. White  
Title: Chief Operating Officer

Date: 01/24/2024

Ray White  
Chief Operating Officer