

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

**IN THE MATTER OF:**

**KELSY GREEN, LLC d/b/a GROWTH  
INDUSTRIES OF RHODE ISLAND,**

**DBR No.: 23OCR008**

**Respondent.**

**CONSENT AGREEMENT**

Reference is made to the Edward I. Hawkins and Thomas C. Slater Medical Marijuana Act, Rhode Island General Laws §21-28.6 *et seq.* (the "Medical Marijuana Act") and the Rhode Island Cannabis Act, Rhode Island General Laws § 21-28.11 *et seq.* (the "Cannabis Act") (together, the "Acts"), and Rules and Regulations Related to the Medical Marijuana Program Administered by the Office of Cannabis Regulation at the Department of Business Regulation, 230-RICR-80-05-1 *et seq.* (the "Regulations"). The Department of Business Regulation, Office of Cannabis Regulation ("Department") and Kelsy Green, LLC d/b/a Growth Industries of Rhode Island, a Rhode Island limited liability company ("Respondent"), hereby consent and agree that:

1. On or about July 7, 2017, Respondent's Medical Marijuana Cultivator Application, Application Number MMP CV 0044 ("Application") was approved by the Department for a cultivation facility located in Warwick, Rhode Island.
2. To date, Respondent has timely renewed its Medical Marijuana Cultivator License and Respondent applied for and was approved as a Hybrid Cannabis Cultivator on October 11, 2022.
3. Beginning in September 2022, the Department issued guidance regarding the requirement that licensees need to be credentialed in and utilize Metrc, the Department's new cannabis seed-to-sale track and trace system (the "System"), in order to cultivate, maintain, and transfer cannabis and cannabis products and to make sales compliantly.
4. 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 no later than December 1, 2022, in order to continue compliant cultivation, maintenance, transfer, and sales of cannabis and cannabis products.
5. All licensees were required to transfer all plant and product inventory information from their previously approved inventory tracking system into the Metrc System no later than December 1, 2022.

6. 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.

7. 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.

8. On September 14, 2023, OCR Chief of Inspections and Inspectors conducted an inspection of Respondent's licensed premises and the following inventory packages located onsite failed to correspond with inventory information recorded in Metrc:

a. 1A42A03000000CD000000246- Tuna Belly Infused Pre-Roll 1g

- i. Quantity in Metrc: 290 ea
- ii. Quantity onsite: 470 ea

b. 1A42A03000000CD000000247- Smorez Infused Pre-Roll 1 g

- i. Quantity in Metrc: 2890 ea
- ii. Quantity onsite: 711 ea

c. Untagged- Ice Cakez pre rolls

- i. Quantity in Metrc: Not tracked in Metrc at the time of inspection
- ii. Quantity onsite: 207

9. On September 20, 2023, OCR Chief of Inspections and Inspectors conducted an inspection of Respondent's licensed premises and the following inventory packages located onsite failed to correspond with inventory information recorded in Metrc:

a. 1A42A03000000CD000000159- Smorez Bud/Flower

- i. Quantity in Metrc: 3318.47 g
- ii. Quantity onsite: 2895 g

b. 1A42A03000000CD000000161- Ice Cake

- i. Quantity in Metrc: 1382.78 g
- ii. Quantity onsite: 955.8 g

10. During the September 14<sup>th</sup> and September 20<sup>th</sup> inspections, two areas within Respondent's licensed premises were not covered by security cameras: Respondent's vault and Respondent's clone/tissue culture area.

11. On or about November 16, 2023, Respondent provided OCR with security camera footage. Based upon OCR's inspection of Respondent's security camera footage, OCR Inspectors

determined that Respondent's licensed facility contains insufficient security camera coverage including, but not limited to, Respondent's flower room.

**Applicable Law**

12. Pursuant to Section 21-28.6-2 of the Medical Marijuana Act, "[i]t is in the state's interests of public safety, public welfare, and the integrity of the medical marijuana program to ensure that the possession and cultivation of marijuana for the sole purpose of medical use for alleviating symptoms caused by debilitating medical conditions is adequately regulated," and "[t]he goal of the medical marijuana program is to create a system that is transparent, safe, and responsive to the needs of patients. Consequently, the medical marijuana program requires regulation and a comprehensive regulatory structure that allows for oversight over all suppliers of medical marijuana while ensuring both safety and patient access."

13. 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.

14. Pursuant to Section 21-28.6-16(1) of the Medical Marijuana Act, "[i]f a licensed medical marijuana cultivator or 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."

15. Pursuant to § 21-28.11-7(b) of 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.

16. Pursuant to § 21-28.11-10.1(c) 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 ....”

17. Pursuant to Section 1.6.1(A) of the Regulations “[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 or to its approved vendor.”

18. Pursuant to Section 1.6.1(B) of the 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; Transition of immature to mature plants;
2. Harvest dates with yield documentation;
3. Destruction of immature plants, mature plants and medical marijuana products;
4. Transportation of immature plants, mature plants, and medical marijuana products;
5. Theft of immature plants, mature plants, and medical marijuana products;

6. Adjustment of product quantities and/or weights;
7. Conversion of product types including waste documentation;
8. Required test results as reported by a cannabis testing laboratory;
9. Retail and wholesale transaction data;
10. Product compliance data;
11. 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

12. Any other information or technical functions DBR deems appropriate.”

19. Pursuant to Section 1.6.4(c) of the 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.”

20. Pursuant to Section 1.6.5(B)(1), “[e]ach compassion center or licensed cultivator shall implement appropriate security and safety measures to deter and prevent the unauthorized entrance into areas containing medical marijuana and the theft of marijuana.”

21. Pursuant to Section 1.6.5(E)(1), licensed cultivators must comply with the following camera cover requirements:

1. Camera coverage is required for all areas where marijuana and marijuana products are grown, cultivated, stored, weighed, packaged, processed, manufactured or sold, including all areas of ingress and egress thereto, point-of-sale areas, security rooms (as defined below), all points of ingress and egress to the exterior of the compassion center or licensed cultivator, and any computer or other digital access points.
2. Camera views of required coverage areas shall be continuously recorded twenty (24) hours a day, (7) seven days per week.
3. Camera placement shall be capable of identifying activity occurring within twenty (20) feet of all points of ingress or egress and shall allow for the clear and certain identification of any individual and activities on the licensed premise.
4. All entrances and exits to the facility shall be recorded from both indoor and outdoor vantage points.
5. The system shall be capable of recording all pre-determined surveillance areas in any lighting conditions.”

22. Based upon the foregoing, it is the Department's position that Respondent violated the Acts and Regulations by failing to comply with the inventory track and trace requirements and by failing to comply with the security and camera coverage requirements under the Regulations.

23. In an effort to effect 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. Based upon Respondent's representations and agreements set forth herein, the Department agrees to abstain from pursuing further enforcement action(s) surrounding the noncompliance with track and trace requirements identified in Paragraphs 8 through 11 and subject to satisfaction of the following terms and conditions set forth in this Paragraph 23:

- a. Respondent neither admits nor denies the Department's factual allegations set forth in this Consent Agreement.
- b. 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 the Acts and/or Regulations governing medical and adult use cannabis;
- c. Respondent represents to the Department that in response to the Department's allegations, it developed and implemented a corrective action plan;
- d. Respondent agrees that from and after the date hereof, all cannabis plants, plant materials, and products cultivated and located at and/or sold or transferred from Respondent's licensed premises will comply with the Acts and Regulations, including § 1.6.1(B) of the Regulations which sets forth the track and trace requirements and that Respondent's licensed premises complies with the camera requirements under § 1.6.5(E). Respondent shall satisfy the following conditions by the dates listed below, including, but not limited to, the delivery to the Department of the following items as part of a corrective action plan to ensure all cannabis plants, plant materials, and products are compliantly tracked through the Metrc System and that Respondent's licensed premises contain compliant camera coverage:
  - i. Concurrently with the execution of this Consent Agreement, Respondent shall provide satisfactory documentation confirming its appointment of a Compliance Officer to manage all track and trace activities and ensure that Respondent's Metrc System records and data are accurate, timely, and completely maintained and updated;
  - ii. No later than March 29, 2024, Respondent shall:
    - Destroy, under OCR supervision, the following packages:
      - 1A42A03000000CD000000246- Tuna Belly Infused Pre-Roll 1g
      - 1A42A03000000CD000000247- Smorez Infused Pre-Roll 1g

- o Untagged- Ice Cakez pre rolls
- Install compliant cameras in Respondent's vault and Respondent's clone/tissue culture area; and
- Obtain a satisfactory final inspection report by OCR of all plants, inventory, and all security cameras.

d. 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

e. Pursuant to § 1.13(D)(1) of the Regulations, Respondent shall remit an administrative penalty of \$30,082.50 made payable to the "General Treasurer, State of Rhode Island."

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


25. *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.*

26. *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.

27. *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 of any other governmental agency.

### SIGNATURES

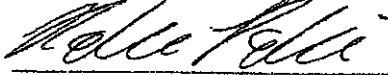
For the Department:

  
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 Signature  
 Erica Ferrulli  
 Chief, Office of Cannabis Regulation

Date: 4-17-2024

Respondent Kelsy Green, LLC d/b/a

Growth Industries of Rhode Island

  
 \_\_\_\_\_  
 Signature  
 By: Raul Palacios  
 Title: General Manager

Date: 3/27/24