

**STATE OF RHODE ISLAND
DEPARTMENT OF BUSINESS REGULATION
1511 PONTIAC AVENUE, BLDG. 69-2
CRANSTON, RHODE ISLAND 02920**

In the Matter of:	:	
	:	
	:	
JRAH, LLC d/b/a Seaweed Pharms,	:	DBR No.: 24OCR002
	:	
Respondent.	:	
	:	

DECISION

I. INTRODUCTION

This matter arose pursuant to an Order to Show Cause Why Medical Marijuana Cultivator License Renewal Application Should not be Denied, Notice of Pre-Hearing Conference and Appointment of Hearing Officer (“Order to Show Cause”) issued by the Department of Business Regulation (“Department”) to JRAH, LLC d/b/a Seaweed Pharms (“Respondent”) on January 22, 2024. Pursuant to R.I. Gen. Laws § 21-28.6-1 *et seq.* and the *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 (“Regulation”), the Respondent holds a medical marijuana cultivator license (“License”) for which it filed a renewal application. This matter was heard on December 5, 2024 with the Department being represented by counsel. By order dated May 1, 2024, the Respondent was ordered to obtain counsel pursuant to § 2.7 of 230-RICR-10-00-2 *Rules of Procedure for Administrative Hearings* (“Hearing Regulation”) in order to be represented at hearing. The Respondent failed to obtain counsel so while a principal of the Respondent appeared at hearing, it was not represented. The Department rested on the record.

II. JURISDICTION

The administrative process was held pursuant to R.I. Gen. Laws § 42-14-1 *et seq.*, R.I. Gen. Laws § 21-28.6-1 *et seq.*, R.I. Gen. Laws § 42-35-1 *et seq.*, the Regulation, and 230-RICR-100-00-2, *Rules of Procedure for Administrative Hearing* (“Hearing Regulation”).

III. ISSUE

Whether the Respondent’s License application should be denied.

IV. MATERIAL FACTS

Based on the pleadings and undisputed evidence,¹ the facts are as follows:

On or about November 17, 2020, the Department issued the License. The Respondent twice renewed its License in 2021 and 2022. On November 17, 2023, the Respondent submitted its application to renew its License ("Renewal Application") which was set to expire on November 17, 2023.

The Respondent has not applied for or been issued a Hybrid Cannabis Cultivator License which is required for the cultivation and sale of adult use cannabis and cannabis products.

On November 8, 2023, the Office of Cannabis Regulation (“OCR”) inspectors conducted a license renewal inspection of Respondent's licensed premises ("Renewal Inspection"). During the Renewal Inspection, OCR Inspectors observed numerous instances of noncompliance with and in violation of R.I. Gen. Laws § 21-28.6-1 *et seq.* and the Regulation as follows:

Entryway

- a. The entryway of Respondent's licensed premises contained three (3) trays of untagged cannabis flower totaling 1,007 grams of cannabis which was both untagged and not recorded in the Metrc seed-to-sale track and trace system ("System" or "Metrc").
- b. The entryway of Respondent's licensed premises contained two (2) bags of untagged and untracked cannabis products inside a freezer which contained a total of 3,028 grams which were both untagged and not recorded in Metrc.
- c. The entryway area lacked adequate security camera coverage as the camera was angled in a way in which it could not capture the entirety of the room.

¹ Without an attorney, the Respondent was unable to participate in the hearing and provide any evidence to contest the Department’s evidence.

Vegetation Room

- d. The Respondent's vegetation room contained 83 vegetative cannabis plants that were recorded in Metrc but could not be physically located at the licensed premises.
- e. The Respondent's vegetation room contained nine (9) cannabis plants at or above eight (8") inches in height that were physically located on the licensed premises but were not recorded in Metrc.
- f. The Respondent's vegetation room contained nine (9) immature cannabis plants below eight (8") inches in height that were physically located on the premises but were not recorded in Metrc. Upon inquiry, Respondent's representative, Alex Hager, informed OCR Inspectors that he had brought these plants into Respondent's facility from an impermissible source outside of the regulated Rhode Island cannabis industry.

Flower Room

- g. The Respondent's flower room contained 79 cannabis plants which were both untagged and not recorded in Metrc.
- h. The Respondent's flower room contained 71 vegetative plants recorded in Metrc that corresponded to Metrc plant tags and cannabis plants which were not located physically on the licensed premises.
- i. The Respondent had 52 flowering plants recorded in Metrc but the corresponding cannabis plants could not be located on the licensed premises.

Packaging Room

- j. Two (2) drying racks located in a tent in Respondent's packaging room contained untagged cannabis flower.
- k. The Respondent's packaging room had three (3) packages with physical combined weights of the product onsite that were 1,329 grams more than the weights recorded in Metrc.
- l. The Respondent's packaging room had two (2) packages with combined physical weights of the product onsite that were 1,005 grams less than the weights recorded in Metrc.
- m. The Respondent's packaging room had six (6) packages of bulk cannabis flower totaling 4,591 grams that were physically on the licensed premises but not recorded in Metrc.
- n. As of the date of the Renewal Inspection, the Respondent's self-recorded Metrc data included seven (7) packages of cannabis flower material totaling 5,089 grams that were not physically located on the licensed premises.
- o. The Respondent's packaging room contained four (4) empty packages labeled as containing a total of 5,254 grams of cannabis product, which were discontinued in the Metrc system. The Respondent had no records reflecting the disposition of the products, i.e. confirming that the cannabis products were compliantly destroyed or moved to new packages.
- p. The Respondent's package room contained seven (7) packages with tags in the polar and with other indicia that is prescribed for adult use cannabis instead of package tags in the color and with the indicia required for medical marijuana. The Respondent does not hold a Hybrid Cultivator License and, therefore, cannot cultivate cannabis for adult use

purposes.

- q. The Respondent's packaging room contained insufficient security camera coverage as the camera placed on the wall of the room was angled in such a way that it did not capture the entirety of the room. The camera's view of more than half of the room was blocked by the tent used to dry and store flower and there were no cameras present in the tent.

Office

- r. The Respondent's office lacked security camera coverage as there was no security monitor to view the camera footage onsite as the Respondent had disconnected the monitor from the system in order to watch television on it in the entryway.

See Department's Exhibits A (Order to Show Cause); B (investigative report for the Renewal Inspection); C (Metric print out); D (Metric print out); E (Metric print out); and F (November 17, 2023 memorandum regarding the Renewal Inspection with list of packaging discrepancies).

V. DISCUSSION

A. Legislative Intent

The Rhode Island Supreme Court has consistently held that it effectuates legislative intent by examining a statute in its entirety and giving words their plain and ordinary meaning. *In re Falstaff Brewing Corp.*, 637 A.2d 1047 (R.I. 1994). If a statute is clear and unambiguous, "the Court must interpret the statute literally and must give the words of the statute their plain and ordinary meanings." *Oliveira v. Lombardi*, 794 A.2d 453, 457 (R.I. 2002) (citation omitted). The Supreme Court has also established that it will not interpret legislative enactments in a manner that renders them nugatory or that would produce an unreasonable result. See *Defenders of Animals v. DEM*, 553 A.2d 541 (R.I. 1989) (citation omitted). In cases where a statute may contain ambiguous language, the Rhode Island Supreme Court has consistently held that the legislative intent must be considered. *Providence Journal Co. v. Rodgers*, 711 A.2d 1131, 1134 (R.I. 1998). The statutory provisions must be examined in their entirety and the meaning most consistent with the policies and purposes of the legislature must be effectuated. *Id.*

B. Standard of Review for an Administrative Hearing

It is well settled that in formal or informal adjudications modeled on the Federal Administrative Procedures Act, the initial burdens of production and persuasion rest with the moving party. 2 Richard J. Pierce, *Administrative Law Treatise* § 10.7 (2002). Unless otherwise specified, a preponderance of the evidence is generally required in order to prevail. *Id.* See *Lyons v. Rhode Island Pub. Employees Council 94*, 559 A.2d 130, 134 (R.I. 1989) (preponderance standard is the “normal” standard in civil cases). This means that for each element to be proven, the fact-finder must believe that the facts asserted by the proponent are more probably true than false. *Id.* When there is no direct evidence on a particular issue, a fair preponderance of the evidence may be supported by circumstantial evidence. *Narragansett Electric Co. v. Carbone*, 898 A.2d 87 (R.I. 2006).

C. Relevant Statute and Regulation

R.I. Gen. Laws § 21-28.6-16 and § 1.3 of Regulation set forth the requirements to maintain and renew a cultivator license.

R.I. Gen. Laws § 21-28.6-9 provides in part as follows:

Enforcement. ***

(e) (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 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 . . . :

(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.

R.I. Gen. Laws § 21-28.6-16 provides in part as follows:

Licensed medical marijuana cultivators. ***

(b) Licensing of medical marijuana cultivators — Department of business regulation authority. The department of business regulation shall promulgate regulations governing the manner in which it shall consider applications for the licensing of medical marijuana cultivators, including regulations governing:

(1) The form and content of licensing and renewal applications;

(5) Procedures for suspending, revoking, or terminating the license of cultivators who or that violate the provisions of this section or the regulations promulgated pursuant to this subsection.

(c) A licensed medical marijuana cultivator license issued by the department of business regulation shall expire one year after it was issued and the licensed medical marijuana cultivator may apply for renewal with the department in accordance with its regulations pertaining to licensed medical marijuana cultivators.

(d) The 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.

(j) Inspection. Medical marijuana cultivators shall be subject to reasonable inspection by the department of business regulation or the department of health for the purposes of enforcing regulations promulgated pursuant to this chapter and all applicable Rhode Island general laws.

(l) Persons issued medical marijuana cultivator licenses shall be subject to the following:

(5) If a licensed medical marijuana cultivator or cultivator cardholder violates any provision of this chapter or regulations promulgated hereunder as determined by the department of business regulation, his or her card and the issued license may be suspended and/or revoked.

Section 1.3(J) of the Regulation provides in part as follows:

J. Annual Renewal

1. Cultivator licenses shall be issued for one-year terms.
2. Annual renewals shall be submitted on such forms and include such information as prescribed by DBR.
3. An annual inspection shall be part of the annual renewal process.

Section 1.6 of the Regulation provides in part as follows:

Operational Requirements for Marijuana Establishment Licensees

R.I. Gen. Laws §§ 21-28.6-12(b)(1)(ii)-(iv) and 21-28.6-16(b)(2)-(4) authorize DBR to promulgate regulations regarding minimum oversight requirements, minimum record-keeping requirements and minimum security requirements for compassion centers and licensed cultivators.

1.6.1 Medical Marijuana Program Tracking System

A. Upon 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. ***

B. All 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 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. Destructions 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;
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.

1.6.3 Permitted and Prohibited Sources of Marijuana; Contract Requirements; Sales and Transfers

A. Licensed cultivators shall only sell to and receive medical marijuana and marijuana products from Rhode Island licensed compassion centers and Rhode Island licensed cultivators, as authorized by R.I. Gen. Laws § 21-28.6-16(a).

Section 1.6.4 Inventory Limit, Sources and Control

C. Inventory Control

1. Upon 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.

1.6.5 Minimum Security Requirements

(B) General Security Requirements shall include

(1) Each 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.

(E) Placement of Cameras and Required Camera Coverage

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.

R.I. Gen. Laws § 21-28.11-7(b) and R.I. Gen. Laws § 21-28.11-10.1(b) provides that a licensed medical marijuana cultivator must make application to the OCR, pay the applicable license fee and be issued a hybrid cultivation license in order to cultivate, manufacture and process cannabis for both adult use in addition to medical use.

Pursuant to guidance issued by OCR beginning in September 2022, all licensees were required to utilize the Metrc Track and Trace System for all inventory no later than December 1, 2022, in order to continue compliant cultivation, maintenance, transfer, and sales of cannabis and cannabis products and licensees were thereafter required to utilize and maintain Metrc-issued RFID plant and product tags on all cannabis plants and products in order to ensure tracking and accurate and compliant records of plant and product inventory.

D. Whether Respondent's License Renewal Application Should be Denied

The Department conducted a renewal inspection as provided for in § 1.3(J) of the Regulation. During this inspection, it was undisputed the Respondent had over 1,000 grams of untagged and untracked cannabis flowers. It was undisputed the Respondent had over 3,000 grams of untagged and untracked cannabis products. It was undisputed the Respondent had 83 cannabis plants recorded in the Metrc but that were not on the premises. It was undisputed the Respondent had nine (9) cannabis plants above eight (8) inches that were on the premises but were not recorded in Metrc. It was undisputed the Respondent brought in nine (9) immature cannabis plants from an impermissible source outside of the regulated Rhode Island cannabis industry.

It was undisputed the Respondent had 79 cannabis plants which were untagged and untracked in the Metrc. It was undisputed the Respondent had 71 vegetative cannabis plants that were tagged and tracked in the Metrc but were not on the premises. It was undisputed that the Respondent had 52 flowering plants recorded in the Metrc but corresponding plants were not on the premises.

It was undisputed the Respondent had two (2) drying racks of untagged cannabis flower. It was undisputed the Respondent had three (3) packages that weighed 1,300 grams more than the weight recorded in the Metrc, and two (2) packages that weighed over a 1,000 grams less than the weight recorded in the Metrc. It was undisputed the Respondent had more than 4,500 grams of cannabis flower on the premises that were not recorded in the Metrc. It was undisputed the Respondent had more than 5,000 grams of cannabis flower recorded in the Metrc but that were not on the premises. The Respondent had more than 5,000 grams of cannabis product that was discontinued in the Metrc system but no disposition was indicated in the system. It was undisputed the Respondent had seven (7) packages for adult use cannabis. It was undisputed the Respondent's office, entryway, and packaging room had inadequate security cameras.

Based on the foregoing, the Respondent committed numerous violations of R.I. Gen. Laws § 21-28.6-16(d) and § 1.6.1 and § 1.6.4(C) of the Regulation by failing to comply with the inventory tracking and tracing requirement within the Metrc system by failing to tag cannabis plants and cannabis flowers, failing to track cannabis plants and cannabis flowers in Metrc, failing to accurately track cannabis flower by weight, failing to have tracked cannabis plants and vegetative plants on the premises, and failing to document waste of cannabis product. The Respondent also violated § 1.6.5(E) of the Regulation by failing to have security camera coverage in the office, entryway, and packaging room. The Respondent also violated § 1.6.3 of the Regulation by having cannabis plants on the premises from an impermissible source. The Respondent also had in its possession adult cannabis products for which it was not licensed which is a violation of R.I. Gen. Laws § 21-28.11-1 *et seq.*

The Respondent's numerous and variety of violations demonstrate an ongoing inability to comply with the requirements for the tracking and tracking inventory in the Metrc system. The violations also demonstrate an inability to comply with the licensing requirements for the License.

Pursuant to R.I. Gen. Laws § 21-28.6-16, a cultivator license renewal application may be denied, and the license may be revoked for violations of the statute and Regulation. The Respondent's numerous and substantive violations and inability to comply with the basic and fundamental conditions of licensing justifies the denial of the Renewal Application for the License.

VI. FINDINGS OF FACT

1. On January 22, 2024, the Order to Show Cause was issued to the Respondent by the Department.
2. A hearing was held on December 5, 2024. The Department was represented by counsel and rested on the record. The Respondent was not represented by counsel.
3. The facts contained in Section IV and V are incorporated by reference herein.

VII. CONCLUSIONS OF LAW


Based on the facts presented:

1. The Department has jurisdiction over this matter pursuant to R.I. Gen. Laws § 42-14-1 *et seq.*, R.I. Gen. Laws § 21-28.6-1 *et seq.*, R.I. Gen. Laws § 42-35-1 *et seq.*, the Regulation, and the Hearing Regulation.
2. The Respondent committed numerous violations of R.I. Gen. Laws § 21-28.6-16(d) and § 1.6.1 and § 1.6.4(C) of the Regulation by failing to comply with the inventory tracking and tracing requirement within the Metrc system by failing to tag cannabis plants and cannabis flowers, failing to track cannabis plants and cannabis flowers in Metrc, failing to accurately track cannabis flower by weight, failing to have tracked cannabis plants and vegetative plants on the premises, and failing to document waste of cannabis product.
3. The Respondent violated § 1.6.5(E) of the Regulation by failing to have security camera coverage in the office, entryway, and packaging room.
4. The Respondent violated § 1.6.3 of the Regulation by having cannabis plants on the premises from an impermissible source.
5. The Respondent had in its possession adult cannabis products for which it was not licensed which is a violation of R.I. Gen. Laws § 21-28.11-1 *et seq.*

VIII. RECOMMENDATION

Pursuant to R.I. Gen. Laws § 21-28.6-1 *et seq.* and the Regulation, the Respondent's License Renewal Application is denied.

Dated: December 19, 2024


Catherine R. Warren, Esquire
Hearing Officer

ORDER

I have read the Hearing Officer's Decision and Recommendation in this matter, and I hereby take the following action with regard to the Decision and Recommendation:

ADOPT
 REJECT
 MODIFY

Dated: December 20, 2025



Elizabeth Kelleher Dwyer, Esquire
Director

NOTICE OF APPELLATE RIGHTS

THIS ORDER CONSTITUTES A FINAL ORDER OF THE DEPARTMENT OF BUSINESS REGULATION PURSUANT TO R.I. GEN. LAWS § 42-35-12. PURSUANT TO R.I. GEN. LAWS § 42-35-15, THIS ORDER MAY BE APPEALED TO THE SUPERIOR COURT SITTING IN AND FOR THE COUNTY OF PROVIDENCE WITHIN THIRTY (30) DAYS OF THE MAILING DATE OF THIS DECISION. SUCH APPEAL, IF TAKEN, MUST BE COMPLETED BY FILING A PETITION FOR REVIEW IN SUPERIOR COURT. THE FILING OF THE COMPLAINT DOES NOT ITSELF STAY ENFORCEMENT OF THIS ORDER. THE AGENCY MAY GRANT, OR THE REVIEWING COURT MAY ORDER, A STAY UPON THE APPROPRIATE TERMS.

CERTIFICATION

I hereby certify that on this 20th day of December, 2024, that a copy of the within decision and Notice of Appellate Rights was sent by first class mail, postage prepaid and certified mail, return receipt requested and by electronic delivery to JRAH, LLC, 111 Pennsylvania Avenue, Warwick, R.I. 02888 Attn: Alex Hager and by electronic delivery to Hannah Pfeiffer, Esquire, and Sara Tindall-Woodman, Esquire, Department of Business Regulation, 560 Jefferson Blvd., Suite 204, Warwick, R.I. 02886

