

## SETTLEMENT AGREEMENT

Effective November 14, 2023 (the “Effective Date”), the State of Maine Department of Administrative and Financial Services (“DAFS” or “the Department”) and Licensees, The Healing Community LABCo, LLC (AMF821) and MEDGro, LLC (AMS1244), (collectively, “the Parties”) enter into this Settlement Agreement (the “Agreement”).

The Licensees, The Healing Community LABCo, LLC (an adult use cannabis products manufacturing facility) and MEDGro, LLC (an adult use cannabis store) are both member-managed LLCs with the same five members. Each member owns the same percentage interest in both LLCs.

On September 12, 2023, Elisa C. Ellis, Esq., Director of Licensing, Office of Cannabis Policy (“OCP”), DAFS, issued a Notice of Fines concerning the licenses AMF821, and on October 10, 2023, Ms. Ellis issued a Notice of Fines for AMS1244 pursuant to the Cannabis Legalization Act, 28-B M.R.S. §§ 101-1102 (the “CLA”), and Maine Adult Use Cannabis Program Rules, 18-691 C.M.R. Ch. 1 (the “AUCPR”).

These actions are subject to an administrative hearing pursuant to 28-B M.R.S. §801 and in accordance with the Maine Administrative Procedure Act, 5 M.R.S. §§ 9051-9064, and then potentially to judicial review pursuant to 5 M.R.S. §§ 11001-11002 and M.R. Civ. P. 80C, and the Licensees timely requested administrative hearings.

NOW THEREFORE, as the Parties wish to settle this matter in consideration of the mutual promises set forth herein, rather than continue the hearing and appeals process, the Parties agree as follows:

1. By way of an amendment to an operating agreement back-dated January 1, 2023, The Healing Community LABCo, LLC changed its ownership by adding a new owner and principal, Jacob E. McMahan. OCP was first notified on July 11, 2023 so there was no prior approval of the transfer of ownership interests and change in principals. The Healing Community LABCo, LLC agrees it will not make changes in ownership or principals in the future without prior approval by DAFS.
2. By way of an amendment to an operating agreement back-dated January 1, 2023, MedGro, LLC changed its ownership by removing an owner/principal and redistributing ownership amongst the remaining members. OCP was first notified

on September 14, 2023 so there was no prior approval of the transfer of ownership interests and change in principals. MedGro, LLC agrees it will not make changes in ownership or principals in the future without prior approval by DAFS.

3. The changes at issue did not result in any unvetted principals being added, nor the addition of owners who could not be approved. Therefore, OCP agrees to reduce each fine by \$1,000.00. The combined settlement payment to be paid by the Licensees is \$13,000.00. The settlement payment shall be paid to DAFS as follows: the full amount is due March 14, 2024. Failure to pay by the stated deadlines may result in suspension and/or denial of renewal of these licenses.
4. This Agreement sets forth the entire agreement of the Parties in relation to the conduct described above and in the letters of September 12, 2023, and October 10, 2023. Any amendment hereof shall be in writing. Representations that are not contained in the Agreement or subsequent written amendment shall have no effect.
5. The Parties agree that once this agreement is signed administrative hearings on the Notices of Administrative Action are no longer necessary.
6. The Parties acknowledge that this Agreement and its reduction to final written form is the result of good faith negotiations between the Parties. The Parties and their respective counsel (if applicable) have carefully reviewed and examined this Agreement before execution by said Parties. Any statute or rule of construction that requires ambiguities to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.
7. This Agreement shall be governed by the laws of the State of Maine.
8. The Parties agree that this Agreement is binding upon, and inures to the benefit of, the Parties and their successors and assigns.
9. The signatory for DAFS, Elisa C. Ellis, represents that she is duly authorized and empowered to execute this Agreement on behalf of DAFS, and that her signature is enough to legally bind DAFS to the terms of this Agreement.
10. The signatory for the Licensees represents that he is duly authorized and empowered to execute this Agreement on behalf of Licensees and that his signature is enough to legally bind Licensee to the terms of this Agreement.

IN WITNESS WHEREOF, the duly authorized representative of DAFS, and Alexander C. McMahan, have signed this Agreement below:

THE HEALING COMMUNITY LABCO, LLC AND MEDGRO, LLC



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Date: 11/13/2023

By Member, Alexander C. McMahan

DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES



Date: 11/16/2023

By Elisa C. Ellis, Director of Licensing,  
Office of Cannabis Policy

## eSignature Details

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<b>Signer ID:</b>	<b>59UHxUe3Rug3q6SNFGxBVP1p</b>
Signed by:	Alex McMahan
Sent to email:	[REDACTED]
IP Address:	64.222.155.144
Signed at:	Nov 13 2023, 4:31 pm EST