

SETTLEMENT AGREEMENT

Effective February 16, 2024 (the “Effective Date”), the State of Maine Department of Administrative and Financial Services (“DAFS” or “the Department”) and Licensee, Maine Cannabis Exchange LLC (AMS235), (collectively, “the Parties”) enter into this Settlement Agreement (the “Agreement”).

The Licensee, Maine Cannabis Exchange LLC (an adult use cannabis store) is a manager-managed LLC with four members.

On January 19, 2024, Elisa C. Ellis, Esq., Director of Licensing, Office of Cannabis Policy (“OCP”), DAFS, issued a Notice of Fines concerning the license AMS235 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”).

This action is 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.

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

1. By way of an LLC Membership Interest Transfer Agreement dated January 1, 2022, Maine Cannabis Exchange LLC changed its ownership by removing an owner, Johnathan Pagel. OCP was first notified on October 24, 2023, so there was no prior approval of the transfer of ownership interests. Maine Cannabis Exchange LLC agrees it will not make changes in ownership in the future without prior approval by DAFS.
2. The change 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 the fine to \$2,500.00. The settlement payment shall be paid to DAFS as follows: the full amount is due April 30, 2024. Failure to pay by the stated deadline may result in suspension and/or denial of renewal of this license.

3. This Agreement sets forth the entire agreement of the Parties in relation to the conduct described above and in the letter of January 19, 2024. Any amendment hereof shall be in writing. Representations that are not contained in the Agreement or subsequent written amendment shall have no effect.
4. 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.
5. This Agreement shall be governed by the laws of the State of Maine.
6. The Parties agree that this Agreement is binding upon, and inures to the benefit of, the Parties and their successors and assigns.
7. 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.
8. The signatory for the Licensee, Peter Ingram represents that he is duly authorized and empowered to execute this Agreement on behalf of Licensee and that his signature is enough to legally bind the Licensee to the terms of this Agreement.

IN WITNESS WHEREOF, the duly authorized representative of DAFS, and Peter Ingram, have signed this Agreement below:

MAINE CANNABIS EXCHANGE LLC

_____ Date: _____
By Member, Peter Ingram

DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES

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