



12/04/2019

The Honorable Senator Brian J. Feldman, District 15
James Senate Office Building, Room 104
11 Bladen Street
Annapolis, MD 21401

RE: Considerations For Natalie M. LaPrade Maryland Medical Cannabis Commission

Dear Senator Brian J. Feldman,

I am writing you this letter as a business owner, community sponsor, and stakeholder of Montgomery County, Maryland. Specifically, I am one of the owners and operators of Maryleaf, LLC d/b/a Bloom Medicinals (“Bloom”), a medical cannabis dispensary located in Germantown, MD.

As you may be aware, a previous consultant’s study found that minority-owned firms were disadvantaged in the state’s medical cannabis industry. To address this disparity, additional licenses were mandated by a 2018 state law with the goal of bringing more racial and gender diversity to the industry. To that end, the commission had intended to award a total of 4 growing and 10 processing licenses by the end of September 2019. More than 200 applications were submitted for the 14 licenses.

However, soon after surfaced a number of complaints by the Legislative Black Caucus of Maryland, Marylanders For A Diverse and Equitable Cannabis Sector (MDECS), and other groups concerning the implementation of House Bill #2. More specifically, there are a number of concerns that the process implemented by Morgan State University lacked fairness and created an undue burden on minority-owned applicants. As a result, On September 26, the Natalie M. LaPrade Maryland Medical Cannabis Commission (the “Commission”) announced it would delay the award of pre-approvals for new grower and processor licenses, partially initiated by a judge-issued temporary restraining order sought by a company that was not considered for a license. Since then, as per the Commission’s acting executive director, William Tillburg, it has hired independent firms to investigate (1) whether the licensing review process was conducted fairly, and (2) the veracity of information included in high-ranking applications.

Through its affiliated entity 127 MD, LLC, Bloom was one of the companies that applied for both a cannabis growing license and cannabis processing license in this last round RFP. Bloom has gone to great lengths to gather information on and create a plan to address many of the problems that plague this community. It has built relationships within the community, focused and committed resources to those areas that are most economically disadvantaged, and aggressively recruited minority-owned small businesses for its contracting relationships. Bloom has played by the rules in order to meet all of the requirements of the RFP and it has behaved in a way that honors the intent and spirit of the Commission. Yet after all this effort, it is regrettable that Bloom along with other minority-owned applicants, the many Minority Business Enterprise (MBE) vendors and other minority potential employees throughout Montgomery County that are in the pre-contract stage with Bloom may be denied the opportunity due to a flawed and perhaps

ineffective process. In order to prevent such an injustice, after long deliberation and careful thought, I am presenting here a list of four recommendations that will make the process fairer for all stakeholders involved while meeting all the stated goals of the Commission:

1. **Expand The Number of Licenses Awarded:** First, by only awarding 4 growing licenses and 10 processing licenses with the knowledge that there are over 200+ applicants for the same, it creates an “all or none”, winner-takes-all, high-stakes competitive environment that may invite corruption on the one hand, while practically ensuring the continued shortage in supply that keeps prices sky-high for patients. This goes in direct opposition to the original intent of the Commission; namely, the compassionate provision of cannabis to those who need it the most. To correct this shortsightedness, it is recommended that the Commission expands the number of growing licenses it intends to award to 16 and the number of processing licenses it intends to award to 30.
2. **Re-Score All Applications That Were Submitted on Time.** Secondly, because of the myriad questions and concerns surrounding the integrity of the process of rating the applications, we recommend that the applications that were submitted on-time are re-scored by an outside auditing firm that is not involved within the State’s web of politics. Even if Morgan State University’s process was pristine and above-board, there will always be a group that complains, and points fingers given the University’s deep political ties within the State of Maryland.
3. **Place Equal Weight on Minority Vendor Participation as Minority Ownership.** Thirdly, while primary ownership has been encouraged by the process, very little weight has been placed on ensuring that vendors and contractors, many of whom are minority-owned small businesses that hold state-specific Minority-Owned Business Enterprise (MBE) designations, are getting a seat at the proverbial table. The truth of the matter is that cannabis growing is a big-money business that requires resources that many of the disadvantaged groups simply do not have. However, by placing equal value on the minority status of the sub-contractors that a firm is contracted to hire, it ensures that these disadvantaged groups are able to share in the benefits of the cannabis market. In addition to minority ownership, the process should place equal weight on the demonstrated minority status of their subcontractors.
4. **Verify Minority Status.** Finally, both the minority status of the ownership and every other claim in the application should be verified and negative points should be issued for each claim found in an application that cannot be demonstrated or documented within a predetermined time frame. Another way to verify is to give priority to companies that have already obtained state-specific or nationally recognized WBE and/or MBE designation and can produce relevant certification.

Senator, it is for all these reasons that I am asking you to draw upon your legislative influence to intercede in this obviously broken and failing process. By exerting your authority in this area, you would be sending a clear message to all the people of the State of Maryland, that politics, corruption, and bureaucracy cannot and will not impede the care of the many patients who urgently need this medicine. You would be making a bold statement for the people of Maryland, for the minority and women-owned small businesses, and the patients who need this medicine the most.

Sincerely,

Nicole Van Rensburg

-Chief Executive Officer

127 MD, LLC d/b/a Bloom Medicinals