

April 15, 2024

Holistic Industries Inc.
96 Palmer Road
Monson, MA 01057

Case No. ENF-2022-0000001340

FINAL ORDER AND STIPULATED AGREEMENT

This Final Order and Stipulated Agreement (herein, “Order”) between the Commonwealth of Massachusetts Cannabis Control Commission (the “Commission”) and Holistic Industries (herein, “Holistic” or “Respondent”) (collectively, the “Parties”) is offered for the purposes of settlement and in lieu of further administrative action. The Commission finds that resolution of this matter serves the purposes of G.L. c. 94G, and G.L. c. 94I, due to Respondent’s cooperation with the Commission’s investigation and agreement to take affirmative action to advance patient and consumer safety.

Accordingly, the Commission and Respondent stipulate to the following facts of record, applicable law and remedies as provided below. The Respondent has voluntarily agreed to the Stipulated Remedy and, subject to ratification by majority vote of the Commission, this Order is binding on both the Commission and Respondent for the purpose of bringing this matter to a final resolution.

Legislative, Statutory, and Regulatory Authority

1. The Commission has jurisdiction over the conduct and operations of licensed Marijuana Establishments and licensed Medical Marijuana Treatment Centers (MTCs) and the subject matter herein pursuant to the provisions of the Commonwealth’s marijuana laws, G.L. c. 94I, G.L. c. 94G, 935 CMR 500.000 *et seq.* and 935 CMR 501.000 *et seq.*;
2. The Commission possesses all powers necessary or convenient to carrying out and effectuating its purposes including conducting investigations of compliance with Commission laws, imposing fines, or otherwise restricting a license for violations of G.L. c. 94I, G.L. c. 94G, or any regulation promulgated by the Commission;
3. In accordance with its statutory mandate, the Commission has adopted regulations for the administration, clarification, and enforcement of laws regulating Marijuana Establishments and MTCs, which include:
 - a. Requirements that buildings be maintained in a safe and sanitary manner. 935 CMR 500.105(3)(b), 935 CMR 501.105(3)(b);



- b. Requirements that licensees maintain Standard Operating Procedures (SOPs) relative to the safe operation of the premises. 935 CMR 500.105(1), 935 CMR 501.105(1);
 - c. Requirements that licensees refrain from conduct that would endanger the health, safety, or welfare of the people of the Commonwealth. 935 CMR 500.450(15); 935 CMR 501.450(15);
 - d. Requirements that licensees conduct representative testing, inclusive of sample collection and methodology, in a form or manner as determined by the Commission. G.L. c. 94G, § 15(a)(2); 935 CMR 500.160; 935 CMR 501.160.
4. Pursuant to its authority under G.L. c. 94I and G.L. c. 94G, §§ 4(a), 4(a½), the Commission may issue an Order to Show Cause as to why a fine or other financial penalty against a Licensee should not be imposed for any acts or omissions determined to be in violation of the state Marijuana laws. *See* 935 CMR 501.360;
 5. Respondent was subject to an investigation by Commission investigators. Based on that investigation, the Commission alleges violations of Commission regulations, 935 CMR 501.000 and 935 CMR 500.00, relative to Respondent’s production operations at its MTC/ME in Monson, Massachusetts;
 6. The Commission finds said investigation has established facts sufficient to sustain a finding of regulatory violations on the part of Respondent as detailed below in *Commission Findings and Applicable Law*. Holistic neither admits nor denies there were regulatory violations;
 7. For the purposes of this agreement and Order, the following are the Facts of Record:

Facts of Record

8. Holistic is a vertically integrated multi-state operator (“MSO”) that operates two Marijuana Establishments (“ME”), one Marijuana Product Manufacturer (“MPM”), one Marijuana Cultivator (“MC”), and two Medical Marijuana Treatment Centers (“MTC”) in Massachusetts. Under licenses no. MC282056 and RMD685 Respondent operates a Marijuana Cultivation facility in Monson Massachusetts that produces Marijuana for medical and recreational use. Holistic received a final license for its Medical license on November 9, 2016, and a license for its Adult Use cultivation at the Monson facility on April 22, 2020;
9. Between September and November of 2021, the Commission received complaints regarding potential mold contamination at Holistic’s Monson facility, including complaints from employees that potentially contaminated product was “pushed through anyway”. The Commission further received a letter from the Monson Board of Health requesting an inspection of the facility due to mold complaints;



10. The Commission issued a Notice of Deficiency dated October 8, 2021 and received a mold remediation plan as part of a Plan of Correction from Holistic, which was verified on May 3, 2022 to have been implemented in full;
11. In the course of investigation, Holistic cooperated with investigators and produced records. The Commission alleges the following facts, which Holistic neither admits nor denies:
 - a. That a mold issue of some kind was known to exist at the facility since at least November 2020, which was verified to be remediated entirely on May 3, 2022;
 - b. That mold was present on certain tables used to process marijuana;
 - c. That mold was present in certain growing rooms of the facility;
 - d. That mold was present in other locations throughout the Monson facility, including office spaces, drains, HVAC systems, and structural elements;
 - e. A former Holistic employee determined after reviewing Holistic's testing experience that polymerase chain reaction (PCR) testing would likely result in Marijuana passing testing, whereas Plate Assay testing would likely result in Marijuana failing testing;
 - f. That Holistic knowingly requested PCR testing in multiple instances to help ensure product would get to market;
 - g. That the request of PCR testing was used to ensure the maximum volume of product would reach the market given the circumstances present at the Holistic facility;
 - h. That Holistic knew that at least some of the product from its facility that was sold to the public smelled and tasted like mold, despite having passed PCR testing;
 - i. That numerous consumer and patient complaints were levied to Holistic in this period complaining that the product smelled and tasted like mold;
 - j. That Holistic provided samples of Marijuana that had passed testing to employees for their consumption and to test for, at least in part, moldy flavor;
 - k. That Holistic remediated some batches of Marijuana after some employees tested the same for moldy flavor;
 - l. That Holistic began remediation efforts in or around April of 2021;



- m. That Holistic completed remediation at a significant cost to Holistic; and
- n. That Holistic did not cease production while it remediated the facility.

Commission Findings and Applicable Law

12. The Commission, through its acting Executive Director, and supported by facts and evidence, has determined that the following violations are substantially supported by the Facts of Record:
- a. Respondent violated regulations requiring that all Marijuana Establishments and MTCs shall “Process the leaves and flowers...which shall be...Free of contamination by mold, rot other fungus, pests...” 935 CMR 500.105(3)(b), 935 CMR 501.105(3)(b);
 - b. Respondent violated regulations requiring that every Marijuana Establishment or MTC “Follows a set of detailed written operating procedures” inclusive of those “...for Quality Control, including product testing for contaminants in compliance with 935 CMR 500.160” 935 CMR 500.105(1)(g), 935 CMR 501.105(1)(g);
 - c. Respondent’s conduct implicated “...the welfare of the public...” 935 CMR 500.450(15); 935 CMR 501.450(15).
 - d. Respondent failed to ensure representative testing of Marijuana was conducted in a form or Manner Determined by the Commission. G.L. c. 94G, § 15(a)(2); 935 CMR 500.160; 935 CMR 501.160.

Stipulated Remedy

13. In lieu of proceeding with an administrative hearing and subsequent proceedings, Respondent agrees to the stipulated remedies and terms set forth in Paragraphs 13 – 30, inclusive of all subparagraphs;
14. Respondent shall pay a monetary fine in the amount of two-hundred thousand dollars (\$200,000.00) made payable by check or money order, payable to the order of the Cannabis Control Commission Marijuana Regulation Fund;
15. Payment shall be postmarked thirty (30) calendar days from the date this Order is ratified by Commission vote and be mailed to the following address:
- a. Via USPS:
 - Cannabis Control Commission
 - PO Box 412144
 - Boston, MA 02241-2144
 - b. Via Courier/Overnight:
 - Bank of America Lockbox Services
 - Cannabis Control Commission 412144



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2 Morrissey Boulevard
Dorchester, MA 02125

16. Further, Respondent shall, for a period of six months from the date of this Order:
 - a. Engage a third-party Independent Testing Laboratory (ITL) acceptable to both the Commission and the Respondent, to perform all required microbial testing for Marijuana flower. Respondent shall continue to have the authority to choose ITLs for all other testing;
 - b. Representative samples of Marijuana flower for testing purposes shall be collected by the ITL;
 - c. Said testing shall be conducted using PCR methods followed by confirmatory plate assay testing for all flower samples.
 - d. Holistic shall make a Registered Agent available to identify batches that are ready to be sampled and assist the ITL. The ITL shall then identify and collect representative samples from the identified harvest batches for testing;
 - e. Both the Commission and Respondent, after being provided with ample opportunity to conduct vetting, have agreed to utilize ATOZ Laboratories, Inc. (ATOZ) as the designated ITL under this Agreement. ATOZ has assured the Parties to their satisfaction of its capacity to undertake its responsibilities described in this Agreement on terms mutually agreed upon by Holistic and ATOZ;
 - f. Should ATOZ become unable or unwilling to execute the responsibilities described in this Agreement under the terms mutually agreed upon by Holistic and ATOZ, Respondent shall use an ITL of its own choosing and the time period of this provision shall be tolled until such time as a new ITL with similar capacity can be selected by the Parties.
17. This Order may be admissible as evidence in any future hearing before the Commission or used in connection with any future licensure or administrative actions by the Commission although the Commission agrees that the Order by itself shall not be a reason to deny Holistic a license or to renew its licenses;
18. Any issues relating to the underlying complaint and investigation that formed the basis for this Order against Respondent (and any defenses that Respondent may have to such complaint or investigation) shall not be at issue in a proceeding against Respondent for failing to comply with the terms of this Order;
19. Respondent acknowledges advisement of hearing rights and process of the proceedings and wishes to resolve all issues which were the subject of the investigation or in any way related to the investigation by entering into this Order;
20. If approved by the Commission and upon execution of all parties, this Order shall have the same force and effect as an order entered after formal hearing pursuant to 935 CMR



501.500(12) or 935 CMR 500.500(12), except that it may not be appealed. Failure to comply with the terms of this Order, including but not limited to failure to make a timely payment in accordance with Paragraph 15, may constitute the basis for further administrative action against Respondent;

21. Respondent acknowledges that the Commission advised Respondent of its opportunity to consult with an attorney of its choosing and Respondent represents that it has had an opportunity to do so prior to signing this Order. Respondent acknowledges that it has been given a reasonable period of time in which to consider the terms of this Order before signing it. Respondent acknowledges and confirms that it has entered into this Order voluntarily and of its own free will, without duress or coercion, and that it is competent to enter into this Order. Respondent acknowledges that it has carefully read and fully understands the meaning and intent of this Order;
22. Respondent further understands and knowingly and voluntarily waives the following rights:
 - a. The right to proceed with the adjudicatory proceeding;
 - b. The right to cross-examine witnesses, subpoena witnesses, present evidence and testify on Respondent's own behalf at that hearing;
 - c. The right to appeal this Order.
23. Respondent consents to the terms and conditions described herein and agrees to waive its right to judicial review of this Order pursuant to G.L. c. 30A, § 14;
24. Upon execution by the Parties, this Order shall represent the entire and final agreement of the Parties. In the event that any provision of this Order is deemed unenforceable by a court of competent jurisdiction, such provision shall be severed, and the remainder of this Order shall be given full force and effect;
25. This Order shall be binding upon Respondent and shall inure to the benefit of the Parties and their respective successors and assignees and shall be construed in accordance with and governed by the laws of the Commonwealth of Massachusetts;
26. Upon ratification of this Order by the Commission, this Order shall become a permanent part of Respondent's record and shall be open to public inspection and disclosure pursuant to the Commission's standard policies and procedures or applicable law;
27. The Commission may reject the terms of this Order or otherwise deny ratification and entry of this Order. In such event, the terms of this Order shall be null and void, including but not limited to Respondent's admissions;
28. This Order may be executed by e-mail and any signature delivered by either email or first-class mail shall be deemed to be as valid as an original signature;

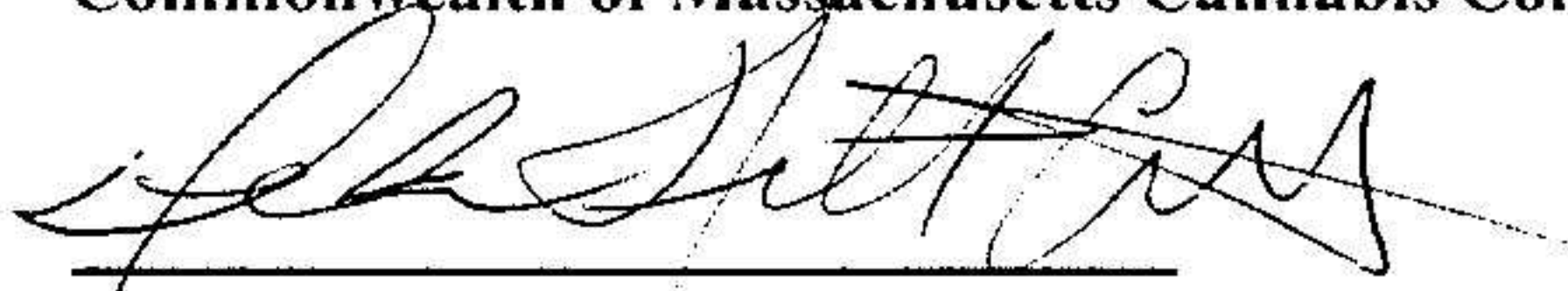


29. All costs and expenses incurred by Respondent to comply with this Order shall be the sole responsibility of Respondent and shall not in any way be the obligation of the Commission; and

30. For purposes of addressing any future violations of this Order, the Commission regulations, 935 CMR 500.000, *et seq.*, and 935 CMR 501.000 *et seq.* shall include all later adopted regulations that are in effect at the time of the subsequent violation.

This Order is subject to ratification by the Commission. Upon ratification, this Order becomes binding on the Parties. Failure to comply with the above conditions may result in administrative action against Respondent up to and including suspension and/or revocation of licensure or registration.

Commonwealth of Massachusetts Cannabis Control Commission



Debra Hilton-Creech,
Acting Executive Director and Chief People Officer

5/9/2024

Date Signed

Ratified by Commission vote (yes, ___ no, ___ abstain) on May 9, 2024.

Respondent Holistic Industries Inc.



Joshua Genderson
Chief Executive Officer

April 15, 2024

Date Signed