



Advisory for Maryland Cannabis License Applicants: Beware of Predatory Practices

Dear Maryland cannabis license applicants,

As you embark on your journey to secure a cannabis license, it is crucial to be aware of potential risks and scams that could compromise your efforts.

Be mindful that at this point in the application process you should not have any partnership agreements. Upon receiving a license, partnership agreements will need to be approved and when that time comes, in order to be eligible as a qualifying partnership, the agreement will have to be approved by the Office of Social Equity .

To safeguard your interests, please consider the following:

Verify All Communications:

- Be cautious of unsolicited communications, especially those that promise guaranteed licensing success or demand upfront fees. Always verify the legitimacy of the sender or organization.
- Ensure that any official communication is sent from recognized government entities or authorized representatives. Maryland's official cannabis licensing body is the Maryland Cannabis Administration.

Background & Reference Checks:

- Before engaging in any partnerships, associations, or investments, perform comprehensive background checks on all parties involved. Ensure that they have a clean and transparent track record.
- Ask all potential partners for 2-3 references from businesses that have partnered or worked with the organization in the past. Contact these references to verify any and all information regarding their business practices and acumen.

Avoid Upfront Fees:

- Do not pay any upfront fees or charges to individuals or organizations that promise to fast-track your license application. The Maryland Cannabis Administration does not offer fast-track license application review. For

information about the application process and the fees, please review the [website](#) as the definitive source for such information.

Consult Legal Professionals:

- Seek advice from legal experts with experience in the cannabis industry. They can help you navigate the complex regulatory landscape and protect your interests.

Review Contracts Carefully:

- Never sign any contract without a thorough review. Consult legal counsel to scrutinize the terms and conditions to ensure they are in your best interest.
- Issues to consider in partnership agreements:
 - Contributions
 - Management
 - Decision making
 - Authority of each partner
 - Division of profits
 - Admission of new partners
 - Partner leaves or dies
 - Role of spouse
 - Issues specific to business or industry
 - Disputes

Report Suspected Fraud:

- If you encounter suspicious activities or believe you are the target of fraudulent practices, report them immediately to the Maryland Cannabis Administration or Office of Social Equity and appropriate law enforcement agencies.

Stay Informed:

- Stay updated on the latest developments in Maryland's cannabis regulations and licensing processes. The Maryland Cannabis Administration [website](#) and official sources are valuable resources for accurate and timely information.

Network with Industry Professionals:

- Join reputable industry associations and organizations to connect with experienced professionals and learn from their experiences.

Protect Your Personal Information:

- Be cautious about sharing sensitive personal or financial information. Legitimate entities will have secure processes for handling such data.

Trust Your Instincts:

- If something seems too good to be true, it probably is. Trust your instincts and exercise due diligence at every step of the licensing process.

Remember that the cannabis industry is highly regulated, and it's essential to follow the laws and regulations set by the Maryland Cannabis Administration. Be mindful that Maryland Cannabis Administration may investigate to verify all ownership and control of a business before making any awards, and deny any applicant that was untruthful or misrepresented ownership or control on the application, including any ownership or control held by a non-social equity applicant.

We encourage you to reach out to the Maryland Cannabis Administration, Office of Social Equity, or legal professionals if you have any questions or concerns. By staying informed and vigilant, you can protect your interests and contribute to a fair and transparent cannabis licensing process in Maryland.

Best regards,

Office of Social Equity