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First I'd like to say thank you to this committee for the years spent listening to the concerns of our businesses and working to understand these complex issues. My name is Asher Putterman, I'm a board member of the Maine Craft Cannabis Assoc. and owner of a commercial, organically produced cut flower farm as well as a medical caregiver business in Warren Maine. I support this bill to relieve administrative burdens by increasing license renewals to every 2 years and allow the option to double individual license size from 500sqft to 1000sqft. Currently my wife and I both must carry a caregiver license although we only primarily use my 1 license for production. Her license is primarily used to allow us to have some extra plants for the purposes of developing our genetics to keep up with an evolving market and build up our plants towards developing better disease and pest resistance connected to our regions unique environment. Having a farm where half our income comes from non cannabis crops, primarily cut flowers. My wife license has become an impediment to our ability to utilize federal grants commonly used to support small farms as well as any support from USDA, NRCS, or the University of Maine system, including technical assistance, as all these are tied to funding from the federal government. Allowing my license to double in size would allow us to drop her license and separate these businesses, which would then allow her to access these resources and receive support equal to other small farms in the state. 500-1000sqft is a relatively small change. For example a 30x72 greenhouse similar to what we cultivate in is 2160sqft. The average size for a microbusiness license in California is 10,000sqft. My wife is currently the president of the Camden Farmers Market, we have both completed MOFGAs journey person program and now act as mentors annually to the next up and coming generation of organic farmers. But we are still held back by our support of this one particular plant which we know personally to be a relatively safe and healing medicinal plant, we grow some cut flowers legally like digitalis with no extra licensing and 1 bite of a leaf will kill a person. This is also a medicinal plant that a very strong and potent heart medication is made from. I see that as a far greater danger to the public, but luckily that particular plant was spared the propaganda that was set against Cannabis and therefore has escaped the persecution. We just wish to be normal farmers and we wish for all plants to be free of persecution. This simple change will not change how we are currently producing cannabis for the market, the market is slow and there is no gain to overproducing. If the market gets better we'd be happy to produce more and a slightly larger license would then let our business grow as a normal business grows. The licenses in AU are far larger and they are not having issues with overproduction. What this will do is reduce the burden on small family farms having to maintain multiple sole member llc's often with one donating to the other as is allowed in statute but makes for a complicated explanation to Maine Dept of revenue, who does not understand why anyone would have a business that allows donations and does not collect tax revenue. We've all been warned by OCP that maine dept of revenue will be targeting our businesses if they appear to have no income as even donations should be taxed at minimum market value, which would mean for our business where we file taxes jointly we either have to carry to separate product lines or if selling through one name, must pay taxes twice. This interpretation seems like its meant to discourage small businesses from getting ahead and force us into Adult use, which is a program built by lobbyists to limit small businesses. Like Catherine mentioned in her testimony we also operated for many years with 2 licenses under a single llc and were later forced to create a 2nd llc around 2022.

As to streamlining license renewals, I can share a story of what my wife has been recently experiencing. First I'd say everyone at OCP licensing has been kind, but we receive little feedback and only occasionally a timely response, which can be nerve racking when your license is the only thing standing between a criminal and legal act that is this type of business. Heres a quick rundown of her renewal timeline.

On January 23rd she filled out a caregiver renewal application online for a license that was set to expire March 18th. Later that day on January 23rd, she was told a copy of her operating agreement was needed, an operating agreement doc had already been requested during her previous renewal a year ago, she had submitted it and it had been accepted. So on January 24th she submitted the same document.

On January 30th she received an email saying that it was more of a statement of ownership and that she should use an online template.

She responded with the following email along with a slightly amended document.

“ I added a couple statements for clarity to my initial doc. Hopefully this helps. After looking into this more, I have to disagree that what I sent you is more of a statement of ownership, versus an operating agreement.

A legal operating agreement, (while not required by state law in Maine for sole member LLCs), usually includes the following information: LLC name, Registered Agent(name and address), purpose of the business, duration of LLC(also covered in statement of purpose, but, i added a new line for it in the attached doc, for clarity), ownership percentage(sole member), management structure(manager is listed, again sole member), profit and loss distribution(again sole member, this is usually used to describe distribution between multiple members), and any provisions regarding dissolution or termination(I also added a statement for clarity in the attached doc).

Beyond that I see nothing more in templates or any law that requires any more statements to be added. Is there something else required by law to be in this document? I don't believe a template is required by law. I submitted this exact document last year and it was accepted, not sure what changed since? I wish to be compliant, but do not wish to use any unnecessary language in any of my legal documents, most templates, including the ones listed for sole members, discuss multiple members in the fine print and that did not seem appropriate. As far as I can see, my document meets all legal requirements of this type of document. Please tell me if there is something specific that is missing, that is required by OCP? Best,”

On February 3rd she received an email back that said
“Good morning,

Thank you for this information, I will move this application along to the licensing analyst to review.

Best,”

On February 4th she received an email that said the following,
“Your renewal application for CGR253** - MOLLY M. G*** has been reviewed for completeness. At this time, the Office of Cannabis Policy believes it has all required forms, supplemental information, criminal history record checks, and other licensing requirements.

Attached is the notice of annual fee. The bottom portion of this Notice must be submitted with your fee to the Office of Cannabis Policy. The Office of Cannabis Policy will accept annual fees by cashier's check or money order(s) made payable to the Treasurer, State of Maine, delivered in person to 19 Union Street, First Floor, Augusta, ME, or at our mailing address: Office of Cannabis Policy, 162 State House Station, Augusta, Maine 04333-0162. Once the fee has been received and processed by OCP, you will be issued your registration.”

Then after hearing nothing back for over a month with no license ever arriving, she reached back out again on March 11th to touch base and check on the status of her renewal.

On March 13th she received the following email from OCP.

“We are in the process of reviewing your application for renewal. We will need to see the Operating Agreement for Mothership Medicinals LLC or receive a new Maine

Revenue Sales Tax number in your name as opposed to a business name.”

To which she responded,

“Attached is another copy of my operating agreement. It was originally sent to the previous analyst through email on January 30th and I received an email back from her on February 3rd saying, thank you and that she was passing it along to the licensing analyst for review. I then received an email saying my application was complete and was asked to pay the license fee on February 4th. I then sent in the money order and I have heard zero communication from OCP since then. I sent the fee through certified mail and verified it was received by OCP more than a month ago. This timeline and lack of communication from OCP seems a bit strange. My license is set to expire next Tuesday. I'd appreciate a fast response on this.

Thank you,”

Then on March 19th, one day after her license expired she received the following email.

“Good morning,

The document attached is not an operating agreement, which may be part of the confusion. We are requiring operating agreements for licenses that submit Maine Revenue sales tax numbers under a business name.

We have received payment and will be able to process your renewal as soon as we receive an operating agreement for Mothership Medicinals LLC or a sales tax number in your name, which will not require an operating agreement.”

To which she responded on March 20th with the following,

“Thank you for getting back to me. I had explained myself in more detail in a previous email to the previous licensing analyst, that maybe you did not see. In reviewing online templates, which was the recommendation from the last analyst, I didn't see one that was entirely appropriate for my business. These documents are commonly used to describe distribution between multiple members and I am a sole member. I also could not find this language in the medical statute stating it was required, but in attempting to be compliant with the request and at the same time trying not to add unnecessary legal language to my business I used a online template as a basis to create my own document, that now contains what I believe to be the correct and necessary information for an operating agreement. Please tell me if there is something missing that is required by OCP and I would be happy to add it. I believe you are seeking this document to ensure that there are no other members involved in this LLC, which this document legally guarantees, and that the taxes and profit and loss are connected to myself only, which they are and is stated clearly in this document, using the same legal language from the template. Many of the online templates have a section for notarization, but as I looked into it, that is not a requirement for a legal Operating Agreement in the state of Maine, all that is required is a signature date and printed name. Included below for clarity, are the common requirements for such a legal document within the state of Maine and I believe the document I've attached to this email should satisfy all of those requirements. Thank you for your help on this, I'm truly not trying to be difficult, but I'm only exerting caution when asked to add unnecessary legal language to a legal document for my business. I've literally pulled all the language in this document from the provided legal documents that were recommended to me by the last licensing analyst, word for word. I reviewed many templates that were all very similar and the attached document contains the same language as the majority of those documents.

Thank you again for your help through this licensing hurdle,

Molly Gray

For a sole member LLC (Limited Liability Company), the operating agreement is a critical document that outlines how the business will be managed and sets forth the rights and responsibilities of the owner. While specific legal requirements for an operating agreement can vary by state, generally, the following information should be

included:

1. LLC Name and Address:
 - * The full legal name of the LLC.
 - * The principal business address of the LLC.
 2. Formation Details:
 - * The date of formation of the LLC.
 - * The state in which the LLC is formed.
 3. Ownership Information:
 - * A statement that the LLC is a single-member LLC.
 - * The name of the sole member (owner).
 - * A statement affirming that the sole member owns 100% of the LLC.
 4. Purpose of the LLC:
 - * A brief description of the LLC's business activities or purpose.
 5. Management Structure:
 - * Statement clarifying that the LLC is member-managed (as it typically is for a sole-member LLC).
 - * If the LLC is to be managed by a manager instead of the owner, that structure would need to be specified.
 6. Capital Contributions:
 - * The amount of initial capital (money or property) that the sole member has contributed to the LLC, and any future contributions that might be required (though for a sole member LLC, this is often a nominal amount).
 7. Profits and Losses:
 - * A statement regarding how profits and losses will be allocated (in a single-member LLC, this is typically 100% to the sole member).
 8. Distributions:
 - * How and when profits will be distributed to the sole member.
 9. Indemnification:
 - * The provisions for indemnifying the sole member (and any managers, if applicable) from liabilities incurred by the LLC.
 10. Tax Classification:
 - * The LLC's election for tax purposes (e.g., as a disregarded entity for federal tax purposes, or an S-corp if elected).
 11. Dissolution:
 - * A section detailing how the LLC may be dissolved, which could include events that trigger dissolution (like the death of the sole member) or steps to take for voluntary dissolution.
 12. Amendments:
 - * Provisions for how the operating agreement can be amended, though as the sole member, they may have complete discretion over changes.
- While these elements are common and generally required, it's important to note that a sole member LLC is not legally required in many states, including Maine, to have a formal operating agreement. The operating agreement is especially important for asset protection and clarifying your intent as the business owner."
- I then provided testimony to all of this in the hearing and on the 21st she received the following email.
- "Thank you. We have renewed your caregiver card, and I have attached a copy to this email."
- She appreciates them processing her license, but have no clue what changed, what was correct what was not, got no direction or answers to any questions or clarifications asked. If we weren't so involved legislatively and experienced in business I could see expenses from a lawyer having to be involved in this sort of situation. I'm unclear as to whether the person telling us to use templates and particular legal documents for our business actually has a law or business degree or even knew what this document was supposed to look like. Also not sure why it was suddenly accepted, when not previously. None of this is a huge deal but the saga is a continuous experience during the renewal process, and when it drags out to a

expiration of a license it puts participants in a unknown and unclear legal situation.