

Testimony of Jean Robinson, Director of Government Affairs, Metrc Neither For Nor Against

LDs 104, 1488, 1567, 1620, 1672, 1820, 1840, 1847, 1897

Joint Standing Committee on Veterans and Legal Affairs Committee

May 8, 2025

Chair Hickman, Chair Supica, and members of the Veterans and Legal Affairs Committee, my name is Jean Robinson, and I am the Director of Government Affairs at Metrc, the most trusted and experienced provider of cannabis regulatory systems in the United States. Thank you for the opportunity to testify neither for nor against LDs 104, 1488, 1567, 1620. 1672, 1820, 1840, 1847, and 1897.

While Metrc doesn't typically comment on legislation or take policy positions, after listening to the testimony on Monday, May 5, I think it is important to clarify certain misinformation provided to the committee about our company.

First, we hear and acknowledge the concern voiced by small businesses about their ability to use Maine's Track-and-Trace system – both practically and cost wise. Many spoke about having their own inventory systems already, and this is exactly why Metrc integrates with other enterprise software systems. These businesses would not have to start from scratch if medical cannabis businesses are required to use a tracking system.

A few testifiers also brought up the cost of Metrc as a concern. The current fees charged to industry include a \$40/month fee for access to the system, .45 cents per plant tracked (whether batch or individual), and .25 per wholesale product tracked. The cost of plant tracking is directly proportional to the size of the business. The costs have been the same since the inception of the program. In fact, adjusted for inflation, Metrc costs have gone down year over year.

When comparing the cost of a plant tag to the revenue the plant generates, the cost is minimal. While we understand any new cost can be challenging, we believe this is a vital step in ensuring the safety of the Maine medical cannabis ecosystem and is well worth the public safety benefits.

Maine Tag-Revenue Comparison

Time Period	Industry Retail Sales Revenue	Tag Cost	Industry Revenue per Tag	Tag Cost % of Revenue
Since Inception	\$785 M	\$954,000	\$823	0.121%
Since Batch Tagging Began	\$421 M	\$433,000	\$972	0.103%
2025 YTD	\$79 M	\$75,000	\$1057	0.095%

Several testifiers claimed that Metrc has a monopoly in this industry and by default, doesn't care. Metrc values the strong relationship we share with our state partners, and we are currently

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engaged in <u>29 regulatory contracts</u>, including two tribal nation partners. Our competitors currently contract with ten. We do not have a monopoly in this industry, but we are the leader. That's a position we've earned by working diligently with all stakeholders to continuously grow and improve with a new industry. We are proud to be the only track-and-trace provider with a 100% renewal rate, which we believe shows the value our partners – and our competitors' partners – see in Metrc.

Metrc is proud of the role we play in the cannabis industry, and we are heavily invested in the success of it. The cannabis Track-and-Trace system is the only product we currently offer. For the last three years, we have worked closely with industry to solicit constructive feedback from surveys, site visits and an annual User Exchange Forum to improve our product and make it more user friendly. We have also increased our customer service support to both regulators and industry. We intend to continue this collaboration.

Second, several testifiers highlighted an ongoing lawsuit regarding a former employee of Metrc in an effort to shine a negative light on us. While I cannot comment fully on ongoing litigation, I would like to provide important context.

In April 2023, Metrc acquired the company Chroma Signet for its technology to support our vision of what ultimately became Metric Retail ID. As part of that acquisition, Marcus Estes, the Executive VP of Chroma Signet, was hired by Metrc. While he carried over his title from Chroma Signet, he was never part of the executive team or C-Suite at Metrc (as one testifier claimed on Monday).

Mr. Estes was employed by Metrc for just under of a year and was terminated for well-documented performance issues. In May 2024, Metrc sued Mr. Estes in for breach of contract and tortious interference with Metrc's business and relationships (filed in Florida and Delaware).

Mr. Estes initiated a retaliatory lawsuit against Metrc in April 2025 (filed in Oregon), claiming that he was wrongfully terminated after "whistleblowing" about state issues. It is important to note that Mr. Estes did not have access to the Metrc operating system and there was no part of his role that would have provided insight into the day-to-day operations with our state partners.

His role was always limited to Metrc's ongoing plans for developing what started as Chroma Signet into a viable Metrc product now known as Metrc Retail ID, a QR code on finished products that, when scanned, provides supplement product information for consumers, such as test results. This lawsuit is entirely without merit and is being driven by a disgruntled former employee seeking to damage the reputation of the company with baseless claims. We are confident that the facts will show that Metrc has always acted appropriately.

These three lawsuits by this former employee are related to his performance issues and have no effect on Metrc's past, current, or future ability to meet any and all contractual requirements. We continue to be a good partner to the Office of Cannabis Policy and our other state partners.

Several testifiers also brought up Mr. Este's accusation that Metrc conspires with state agencies, and even the illicit market, to ignore diversion. This charge demonstrates his lack of understanding of Metrc and its role as a track-and-trace system for regulators.

Metrc is a centralized inventory software system (commonly referred to as seed-to-sale, trackand-trace, traceability system, or cannabis monitoring system). The purpose is to provide a safe,

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secure, and transparent market by providing the regulator with a centralized real-time view of the entire supply chain. It also provides a level playing field for the industry where every licensee must report the same information to the regulating agency. This assures regulators and industry licensees that plants and products are transferred only to licensed businesses - whether for testing, manufacturing, or to a retail store for sale. All actions and test results are entered into the Metrc system. This is the cornerstone of the adult-use regulatory system. Metrc provides the system and related customer support to regulators and industry licensees. We are not the enforcers.

There are countless examples of regulators across the country using the Metrc platform effectively to regulate the industry and ensure safety, including:

- A Michigan <u>recall</u> on product containing a diluting agent that could be harmful to consumers.
- Missouri Division of Cannabis Regulation (DCR) <u>recalled</u> products because they were not "compliantly" tested, so it could not verify whether they meet state health and safety requirements.
- Oklahoma has used Metrc to crack down on <u>illegal activity</u> at licensed cannabis businesses.

Additionally, at least one testifier brought up the accusation that there is currently a class action lawsuit against Metrc. This is not only false, but we are unsure where such an idea even came from, as we are currently not facing a class action lawsuit.

Finally, several testifiers raised several unfounded criticisms of Metrc in their opposition to requiring track and trace and testing for medical cannabis.

The first is that John Hudak, Director of the Office of Cannabis Policy (OCP) has a preexisting relationship with a Metrc executive, Lewis Koski (Chief Strategy Officer) and that somehow has unfairly advantaged Metrc. There are no facts to support the notion that this gave Metrc an unfair advantage. In fact, Metrc was not awarded the Marijuana Seed-to-Sale Tracking System contract in April 2019 when the two worked together. Metrc was not awarded the contract until eight months later, in December 2019, after DAFS announced they were mutually terminating the contract with BioTrack THC and announced it would sign a new contract with the second-place finalist, Metrc. At this time, the Director of OCP was Erik Gundersen.

In April 2022, the 130th Legislature passed an "Act To Allow the State's Adult Use Marijuana Tracking System To Track Plants and Products by Group," which allowed tagging plants by batch rather than tagging every individual plant. During the legislative process it was made clear to OCP and the Legislature that this was not how Metrc (or other tracking systems in cannabis) worked and that significant development would need to take place in order to implement this legislation. At this time, Director Gundersen was still in his role.

While Director Hudak was involved in the negotiations for the contract changes needed to implement this after he started his role in December 2022, Lewis Koski was not involved.

Koski had transitioned to a new role in May 2022 as Metrc's Chief Strategy Officer and in this role, he was solely focused on international opportunities and spent much of his time abroad.

It is worth mentioning that just like any other up and coming industry, there is a small group of experts in legal cannabis and its oversight whose expertise is sought out by states as they legalize adult use of cannabis. We are aware that Rep. Boyer presented a letter to the

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Government Oversight Committee asking for an investigation into these \max . We look forward to the results of that investigation. Metrc always abides by professional ethics and has done so here.

Thank you for the opportunity to provide this information to the committee. Metrc values and appreciates our partnership with the State of Maine. I am always happy to answer any questions.

Jean Robinson, Director of Government Affairs