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COMMONWEALTH OF MASSACHUSETTS

Norfolk, ss.

Superior Court of the Trial Court
C.A. No. 2682CV00898

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Donald Hubbard,
Plaintiff

v.

Cannabis Control Commission, Kajal Chattopadhyay, Michael Baker, Debra Hilton-Creek, Andrew Carter, Five Currently Unknown Commission John Does and Five Currently Unknown Commission Jane Does,
Defendants

COMPLAINT

1. The Plaintiff Donald Hubbard is an Associate General Counsel ("AGC") at the Cannabis Control Commission and resides at 46 Stratford Street, Boston, Suffolk County, Commonwealth of Massachusetts, 02132.

2. The Cannabis Control Commission ("CCC") is a state commission with its headquarters at 2 Washington Square, Worcester County, Commonwealth of Massachusetts, 01604.

3. Kajal Chattopadhyay ("Chattopadhyay") is the General Counsel ("GC") at the CCC and resides at 7 Juniper Lane, Dover, Norfolk County, Commonwealth of Massachusetts 02030.

4. Michael Baker ("Baker") is the Deputy General Counsel ("DGC") at the CCC and resides in Natick, Middlesex County, Commonwealth of Massachusetts 01760.

5. Debra Hilton-Creek, aka Debbie Hilton-Creek ("Hilton-Creek") is the Chief People Officer ("CPO") at the CCC and resides at 14 Lynwood Drive, Rutland, Worcester County, Commonwealth of Massachusetts, 01543.

6. Andrew Carter ("Carter") is the Chief of Staff ("COS") at the CCC and resides at 46 Dartmouth Street, Unit 2, Boston, Suffolk County, Commonwealth of Massachusetts 02116.

7. Five Currently Unknown Commission John Does are or were employees at the CCC which is headquartered at 2 Washington Square, Worcester County, Commonwealth of Massachusetts, 02132.

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9. On September 11, 2023, I began working at the CCC as an AGC, with Hilton-Creek having commenced working there as the CPO, only a month earlier.

10. Hilton-Creek previously served as the CPO at the Town of Hopkinton, under the aegis of then-City Manager Norm Khumalo, the father of then Deputy Chief of the Commission's Investigations and Enforcement Department ("I & E"), Nom Jones, then known as Nom Khumalo ("Jones").

11. Although my own hiring letter had been signed by then-Executive Director ("ED") Shawn Collins, Collins had largely disengaged himself from the CCC by the time I began my employment.

12. To address this vacuum in the leadership at the CCC, Hilton-Creek was installed as the Acting Executive Director ("AED") on October 16, 2023, with her candidacy promoted by then-Acting GC Carter. Rather than relinquishing her role as CPO, Hilton-Creek retained it while simultaneously serving as the AED.

13. Carter was unqualified to be Acting GC because he did not possess the minimal requirements for serving in this office, with said requirements attached hereto and incorporated herein as Exhibit A, specifically:

a. under Education and Experience on page 3, he did not have a "[m]inimum eight (8) years of practicing law…." When Carter first served as Acting GC, he did not meet that requirement, having been admitted to the Massachusetts Bar on December 22, 2017.

b. He did not possess "[e]xcellent legal research, analytical, and problem-solving skills." *Id.*

c. While "[f]ederal practice experience" was "preferred," he possessed no such experience. *Id.*

d. He had no "[e]xperience in civil or criminal litigation." *Id.*

e. He had no "[e]xperience in managing large caseloads." *Id.*

f. He had no "[e]xperience in administrative…litigation." *Id.*

g. He had little "[a]bility to work independently and collaboratively and to manage multiple tasks and deadlines." *Id.*

14. Carter's experience was tailored more to what he possessed when he was first hired at the CCC as a Legal Assistant, and then later as the Records Access Officer ("RAO"); he had briefly left the CCC at one point, later returning to the Enforcement Department of I & E, serving under Jones and then-Department Chief Yaw Gyebi.

15. Similarly, Hilton-Creek was unqualified to be the CCC's AED, and yet she served in both the AED and CPO roles until March 2025, earning approximately $200,000.00 at one point.

16. While lobbying for Hilton-Creek's installation while he was serving as the Acting GC, Carter received a subpoena *duces tecum* served by the United States Attorney's Office on or about October 13, 2023, and he did nothing thereafter; in fact, the existence of the subpoena only came to light on or about February 1, 2024, when the *Boston Globe* ran an article about it.

17. Carter had previously assigned subpoena responses to AGCs, but did not do so in this instance, and his failure to do so here was either deliberate, or much more likely the result of gross negligence. His lack of qualifications to be Acting GC was immediately proven in this instance (i.e., while "[f]ederal practice experience" was "preferred," he possessed no such experience).

18. Simply put, Carter and Hilton-Creek were way over their heads and their most prominent qualification for senior leadership at the CCC rested in their connections to other managers at the CCC; this overlapping group of persons, Croney Island, existed before 2023, and Carter and Hilton-Creek benefitted greatly as fixtures therein.

19. On or about November 6, 2023, Attorney Kristina Gasson commenced her employment as the permanent GC, and Carter again became an AGC, although this did not last for long.

20. Carter subsequently applied for the position of DGC, which he obtained, then applied for and obtained the newly created position of Chief of Staff. As COS, Carter, along with Hilton-Creek, effectively ran the operations of the CCC thereafter.

21. Once Carter and Hilton-Creek assumed control over CCC operations, there was an exodus of qualified personnel, with at least eight complaints filed against Hilton-Creek alone, by September 2024. Upon information and belief, I am the sole complainant still employed at the CCC, and I am currently on leave due to the hostile work environment there.

22. The Chief at I & E, Yaw Gyebi, left the CCC and his position was taken over by Jones, first as an Acting-Chief of I & E, then as the permanent Chief; she served as Chief until she abruptly resigned from this position earlier this year. GC Kristina Gasson gave her notice effective on or about June 21, 2024, and began work as a GC at another state agency, largely due to Hilton-Creek and Carter.

23. The *Worcester Business Journal* published an article on or about October 29, 2024, attached hereto and incorporated herein as Exhibit B, titled "Failed Oversight: Beset by Infighting, a Toxic Culture, and an Investigation into its Leadership, the Cannabis Control Commission isn't Effectively Performing Its Functions."

24. The CCC lost its GC, its Enforcement Counsel, its Director of Licensing, its Director of Testing and other key personnel, along with the institutional knowledge and experience of these departing managers and other employees, during Carter and Hilton-Creek's era of mismanagement.

25. An investigation of Hilton-Creek was turned over to the CCC's then-outside counsel, but the money was wasted because whatever Edward Mitnick (the investigator retained by then-outside counsel) found, the report was buried. This hewed to an established tradition of figuratively sweeping things under the rug at the CCC, a practice which persists to the present.

26. Former Business Operations Manager Meghan Dube did release an email from Edward Mitnick, in which he allegedly wrote, "I am up to my eyeballs with various complaints from an increasing number of present and former employees making allegations pertaining to Debbie Hilton-Creek."

27. In the State Auditor's audit of the CCC dated August 14, 2025, attached hereto and incorporated herein as Exhibit C, the State Auditor found many deficiencies at the CCC, specifically as it related to Carter and Hilton-Creek, in that:

a. "CCC experienced a breakdown in its management and personnel structure during the audit period, particularly among key administrative and legal personnel." *Id.* at page 47 finding no. 5. The citations to this report are not bate-stamped, but rather follow the actual printed page numbers and romanettes therein.

b. "As a result, CCC increasingly relied on external legal counsel to fill critical gaps, while remaining staff members have assumed multiple high-level roles without appropriate support or succession planning. These conditions have contributed to limited resources, increased legal costs, and elevated operational risk." *Id.*

c. "The acting executive director retained their roles as chief people officer and the acting general counsel retained their responsibilities as chief of staff. These dual-role assignments raise concerns about the capacity, objectivity, and effectiveness of internal leadership, as well as oversight of critical functions and segregation of duties." *Id.* at pages 47-48.

28. During one meeting with the Auditor's team, there were two occasions where Carter was far from candid: (1) letting me twist in the wind trying to explain why they had not received detailed invoices for approximately a year from the then-outside counsel, when Carter knew the answer the whole time, and (2) when he inaccurately stated that Kristina Gasson left her GC position because she had gone to her "dream job" elsewhere.

29. I invoked my protection under the appropriate state and/or federal whistleblower statutes and contacted the State Auditor's team and stated that during this one year period, the Acting GC (Carter) and/or the GC, and in default instances the CPO, had received detailed invoices from then-outside counsel, with the Chief Financial Officer (CFAO) only receiving a 1-2 page "invoice' which basically listed the total due that month. These detailed invoices from then-outside counsel were thereafter accessed and turned over to the Auditor's Office, as they should have been all along.

30. I memorialized this lapse to three other AGCs in an email dated October 3, 2024, attached hereto and incorporated herein as Exhibit D.

31. Carter also inaccurately stated that Kristina Gasson resigned because she had obtained an offer for her "dream job," a curious thing to say since Carter was one of the chief reasons she sought a new job. She did not leave to go to her dream job, and indeed initially was about to accept an offer for less money than she was earning at the CCC; she then did obtain another offer for more money, but she left the CCC because her job there had become a nightmare.

32. These *faux pas* by Carter were not minor ones nor did they constitute spin, because the State Auditor was probing the wasteful spending of the CCC on outside counsel, and in fact ultimately concluded that "CCC increasingly relied on external legal counsel to fill critical gaps, while remaining staff members have assumed multiple high-level roles without appropriate support or succession planning. These conditions have contributed to limited resources, increased legal costs, and elevat3ed operational risk." Exhibit C. at page 47 finding no. 5.

33. Misstating the reasons why Kristina Gasson left the CCC was also critical because the State Auditor was investigating why there were so many departures from the CCC, concluding that "Prolonged strain could lead to burnout, disengagement, and/or additional resignations, further compounding staffing issues…A lack of continuity in key roles could also impair long-term planning and disrupt the consistent execution of strategic initiatives…The loss of experienced leadership , particularly when internal policies and procedures are undocumented, could result in the erosion of institutional knowledge and increased reliance on informal or inconsistent practices." *Id.* at page 49, first three bullet-points.

34. Positing that GC Gasson left the CCC for bigger and better things followed the same false narrative that Hilton-Creek trotted out, that the attrition rate at the CCC was in line with other agencies, when it more appropriately approximated attrition rates in fast food services.

35. The CCC had already addressed many of the deficiencies noted in the State Auditor's report but it failed to remediate the mismanagement of Hilton-Creek, Carter and Jones, opting to sweep under the rug their significant contributions to the horrible employment conditions at the CCC.

History of Discrimination at the Commission

36. Although the CCC is less than ten years old, it has a regrettably rich tradition of discrimination, and in fact the State Auditor found that "[t]he allegations associated with [a past] settlement were for claims of alleged sexual and racial discrimination, subjection to a hostile work environment based upon sex and race, and failure to provide equal pay in violation of state and federal statutes." *Id.* at page 45, 1st asterisked footnote under the Employee Agreement table.

37. Indeed, Kristina Gasson, the GC before Chattopadhyay, filed a discrimination complaint against Hilton-Creek with human rsources. So, while there have been only three (non-acting) GCs at the CCC, at least one of them believed that the Commission is not dedicated to the principle of employment opportunity, and the current one, Chattopadhyay, has complaints for discrimination lodged against him.

38. And the discrimination has never ended, as evidenced by the CCC settling with two former employees in 2025 for a total of $345,000.00. As reported by the *Worcester Business Journal* on September 3, 2025, "the former chief communications officer at the state cannabis agency, had filed claims against the CCC alleging 'discrimination on the basis of race, sex and association with disabled persons, and unlawful retaliation,' with the Massachusetts Commission Against Discrimination, according to the [$300,000.00] settlement."

39. Similarly, on August 28, 2025, the *Worcester Business Journal* reported that "The state's Cannabis Control Commission has reached a settlement agreement worth $42,500 with a former employee and whistleblower who brought attention to widespread dysfunction at the

agency, outlined in an October investigation by WBJ. The settlement sees former CCC Business Operations Manager Meghan Dube drop her complaint with the Massachusetts Commission Against Discrimination and the Equal Employment Opportunity Commission in exchange for the settlement and payment."

40. Factually, in the case of Shannon O'Brien v. Deborah Goldberg, Suffolk Superior C.A. No. 2484CV03009, Judge Gordon took judicial notice of "the organizational dysfunction of which the [CCC] is widely reputed." Memorandum of Decision and Order on the Parties' Cross-Motions for Judgment on the Pleadings (Docket entry no. 85) dated September 2, 2025 at page 41, 1st paragraph and footnote 43. Parenthetically, while Chattopadhyay and Baker seethe and purportedly crusade against employees who allegedly "talk over them," as Judge Gordon observed in his Order, "[a] certain level of friction and discord among its constituent members - and between commissioners and staff- is not merely inherent, but an *intended* feature of such a statutory scheme.... While intra-commission conflicts will ideally not devolve into petty sniping, political discourse is not beanbag." *Id.* at page 32, 2nd paragraph.

41. My first experience with a hostile work environment and disparate treatment occurred in early 2024 when I was preparing a staff member from I & E for a very brief deposition later that week, having first mentioned this the previous week to Jones, who had no objection to this. I conducted the preparation with the staff member and an Enforcement attorney, explaining that all the subpoenaing attorney wanted to do was to ascertain what letters or acronyms denoted on some official CCC documents meant.

42. Toward the end, Jones hopped onto the meeting and berated me, incorrectly stating that the employee did not have the knowledge to testify (she did), and demanding that the deponent be chosen from another department at the CCC.

43. I stated on more than one occasion during this meeting that we could do so, and another AGC (who kept contemporaneous notes) and a Paralegal from Legal corroborated this fact. After the meeting ended, Jones promptly reported me to her crony, Hilton-Creek, then lied the next day at another meeting, falsely stating that I had not offered to contact another department so that their employee could testify instead.

44. Despite having a clear conflict of interest, Hilton-Creek ultimately wrote me on the first page of a letter dated June 20, 2024 that there was "the appearance of [my alleged] insubordinate and disrespectful behavior towards a member of the Commission's senior leadership team. In addition, calling a member of the leadership team a 'bully' in a meeting...was highly inappropriate and demonstrated poor judgment on your part." This constituted a complete inversion of the facts.

Discriminatory Hiring Practices at the Commission

45. Kristina Gasson resigned as GC at the Commission, effective on or about June 21, 2024, again, due in large part to the hostile work environment created and perpetuated by Hilton-Creek and Carter. Thereafter, Baker and AGC Steve Laduzinski ("Laduzinski") joined me in meeting held with Hilton-Creek in which we emphasized that we wanted the remaining lawyers in Legal to stay together, that we wanted vacant offices for GC and DGC to be filled within the pool of the existing four AGCs, and that we did not want Carter to return to Legal in any capacity.

46. After the meeting concluded, Laduzinski was appointed Acting GC with the DGC position left vacant. Laduzinski briefly served as Acting GC before resigning. Rather than appoint me as Acting GC in his stead as the sole remaining attorney in Legal with at least the minimum amount of experience, she appointed Carter as Acting GC (despite the fact that he still did not have eight years of practice under his belt, and in his last stint as Acting GC he was at best an incompetent).

47. Hilton-Creek then appointed Baker as Acting DGC, despite his lack of experience and the fact that Hilton-Creek did not appoint anyone as Acting DGC at the same time that Laduzinski was appointed Acting GC. Baker was much younger than me, not in a protected class, and had been hired at the CCC only ten (10) months before I started working there.

48. Baker was unqualified to be Acting DGC, because he did not possess the minimal requirements for serving in this office, which are attached hereto and incorporated herein as Exhibit E, specifically:

a. Under the heading Education and Experience, Baker did not have "[s]ix year's experience practicing law…" *Id.* at page 3

b. He had no "[e]xperience supervising and directing legal work." *Id.*

c. He had no experience in litigation, and therefore could not "[c]oordinate with the Office of the Attorney General on litigation matters pending before federal and state courts." *Id.* at final bullet point on page 1.

d. He could not advise on "[p]rocurement and contract processes" and in fact was repeatedly vocal in his intention to never be involved in this area. *Id.* at page 2, first bullet point.

e. Under the heading **Other Duties and Responsibilities,** He had no experience in labor and employment issues, and therefore he could not provide competent advice to anyone on these subjects.

f. Since he became Acting DGC and permanent DGC, Baker has shown weaknesses in other areas required of the office.

The Sham GC Hiring Process

49. Hilton-Creek and Carter conducted a sham process for retaining a new GC, starting with their appointing Carter as Acting GC, when he already was overloaded with his attention, or lack thereof, to operating the CCC with Hilton-Creek; he was appointed for the sole reason of blocking me from being appointed Acting GC, a discriminatory act on the part of Hilton-Creek and Carter, as I was in a protected class and Carter did not possess the minimal tenure requirement as a licensed attorney and had already proven his incompetence in his first stint as Acting GC.

50. Carter was one of the panelists who conducted my interview for the GC position and with him leading my interview, my candidacy was figuratively dead on arrival. In fact, when I obliquely mentioned my work with the State Auditor's audit of the CCC in response to a direct question, Carter jumped at the opportunity to inappropriately scold me, and I have at least one witness who recalls hearing Carter's improper interjection.

51. One panelist informed me that he gave me a perfect score, while he and another panelist had been sharp reservations concerning Chattopadhyay.

52. Parenthetically, Attorney Gasson related to me that Carter always seemed to be on interviewing panels, and certainly this was the case in my experience when I sought the GC management position that Carter (and Hilton-Creek) weighed in on.

53. Upon information and belief, on or after this time frame, Carter was actively pursuing Chattopadhyay for the role of AGC, a clear conflict of interest on Carter's part. According to the CCC, I came in fourth in the hiring process, which ensured that I would not be one of the two finalists for the GC role; in fact, one of the finalists had been turned down for the DGC role, so it was illogical that was she a finalist for the GC role.

54. This was inexplicable, and in a public meeting in 2026, when then-Chair O'Brien questioned Hilton-Creek about Chattopadhyay cancelling his GC interview at the last minute and withdrawing his candidacy at one point, Hilton-Creek had no sufficient answer.

55. On its website, the CCC has stressed Chattopadhyay's experience on a cross-secretariat team "to address and respond to unprecedented demand for emergency family shelter and the lack of supply of affordable housing," but it omits his performance in that role.

56. Yet when the State Auditor audited the Executive Office of Housing and Livable Communities - Emergency Shelter, she made the following findings: 1. "EOHLC failed to adequately assess and act upon the increased demand for service, resulting in improper and unlawful emergency procurements for food and transportation services." 2. "The procurement files required by 810 CMR 21.50(3) did not contain sufficient evidence and documentation to support EOHLC's decision to contract with Spinelli, and it did not consider an opportunity to accept a flat rate on an emergency no-bid contract with Spinelli for food delivery services," followed by a series of documented violations.

57. Chattopadhyay had only been employed at his previous agency briefly, and before then, as the Commission's own website states that "he served as Senior Legal and Policy Advisor at the Massachusetts Office for Refugees and Immigrants. He previously served as the Chief of Staff of the Department of Transitional Assistance, and briefly worked as Deputy Chief of Front Door Operations on the Healey administration's cross-secretariat team to address and respond to unprecedented demand for emergency family shelter and the lack of supply of affordable housing,

58. Again, if the CCC is going to favorably stress Chattopadhyay's work on the Massachusetts Incident Command for Emergency Assistance, the Massachusetts Department of

Transitional Assistance, and the Massachusetts Office for Refugees and Immigrants, it should have considered his performance(s) before hiring him.

59. Ostensibly the CCC stressed demonstrated managerial/supervisory experience, and I possessed this experience since I operated a branch office in Worcester County for a Boston law firm, eleven (11) years before Chattopadhyay was sworn in as an attorney; and much longer assuming that he did not immediately supervise or manage an office. And I was a competent supervisor.

60. The GC position required communication skills and Chattopadhyay did not possess adequate communication skills before being hired, an inadequacy which glared after he started to work at the CCC. In contrast, I had communicated well with other members of Legal for over ten months by that time.

61. While Chattopadhyay had served as a prosecutor and worked in mid-level management, he had no relevant experience in employment law; I stressed my qualifications in this area dating back to the 1980s during my interviews, because I felt that the CCC had incurred too many employment complaints and that the GC should be able to ensure that small problems did not become large problems. But the CCC always sweeps its major problems under the rug.

62. That said, Hilton-Creek in a public meeting, stated that an offer had been made for the GC position, and that it had to be accepted by end of business that Friday. That following Monday, I met with Hilton-Creek and was misled to believe by her that the offer had not been accepted and that the GC position was still unfilled.

63. Hilton-Creek deemed my request to be considered for GC, falsely claiming that it was improper, but in fact when a subsequent investigation of Hilton-Creek occurred, Investigator

Edward Mitnick told me that Chattopadhyay had accepted employment by end of business the previous Friday, again, despite Hilton-Creek indicating otherwise.

64. She also falsely accused me of trying to exact a quid pro quo from the Commission and that this constituted a violation that should go to the Ethics Commission, while Carter stayed silent, even after I disclosed this defamation to others in the CCC.

65. Nevertheless, Chattopadhyay received the GC offer of employment, upon which I questioned this immediately.

66. The ED has stated under oath that while another attorney (Laduzinski) questioned Chattopadhyay's appointment, that this other lawyer backed off.

67. This is wholly false, because to this day Laduzinski never backed off questioning the timing or the impropriety of the offer to Chattopadhyay, and in fact to the present has cited what he terms "irregularities" in the interview process.

Discrimination in Hiring Baker as Acting DGC and as DGC

68. At the threshold, Baker was appointed Acting DGC because Hilton-Creek discriminated against me when she appointed the thoroughly inexperienced Carter for the Acting GC position and Baker as Acting DGC...even though Hilton-Creek had not appointed any Acting DGC when she appointed Laduzinski to serve as Acting GC.

69. Baker had worked well with the Legal team, including Laduzinski and me, well before Chattopadhyay joined the Commission. Baker assumes the persona of the GC, so when Kristina Gasson was GC, his work was exemplary, but when Chattopadhyay became GC, Baker assumed that persona to the considerable detriment of the Legal Department. And the CCC.

Baker Did Not Possess Even the Threshold Experience for the DGC Position

70. That said the DGC position, as set forth in the CCC's job description for Education and Experience (attached hereto and incorporated herein as Exhibit E) required a minimum of "Six year's experience practicing law," and since Baker was admitted to the Massachusetts Bar on June 11, 2019, he had only been sworn in barely five (5) years, so he never should have even been considered for the position and certainly never should have been appointed DGC.

71. Even a cursory review of the job requirements for a DGC indicate he had no contracts or litigation experience, little or no supervisory experience, no grounding in contracts and procurement, and to the detriment of senior AGCs had no experience whatsoever with employment law issues.

72. Baker did serve as counsel to a legislative cannabis policy committee, but he had only worked at the Commission 10 more months than me.

73. For an attorney forty years old or older, the CCC is a very difficult place to work in the best of times, or as a former employee Meghan Dube more succinctly described the AGC position this way, recently, "[a]pply here if you don't value your professional integrity or mental and physical health."

74. When I was applying for the GC and the DGC positions, the CCC has since claimed that I "lacked meaningful experience in cannabis policy… ." That was certainly untrue a year later, though this does describe Chattopadhyay's background in 2024, and again, I refer to the State Auditor's conclusion concerning his prior "regulatory oversight and agency practice…" at one of his former jobs. Also, Hilton-Creek never possessed any meaningful experience in cannabis policy before joining the CCC.

75. I have been doing this supervising and directing for several decades, commencing in 1986 when I ran a branch office in Worcester County for a Boston firm, where I supervised five legal assistants in total through 1987 and I did mentor younger attorneys in the Boston office. Also, I successfully managed a law firm from 1995 through September 10, 2023. In contrast, what managerial experience that Baker possessed, if any, amounted to many decades fewer than me. And experience does matter, as proven by how Baker has mismanaged as DGC under the aegis of Chattopadhyay.

76. I practiced extensively before the Industrial Accident Board beginning in 1985, and I have appeared before numerous other boards and commissions in addition to the IAB, something I do not believe Baker ever did extensively, if at all.

77. The DGC job description required demonstrated verbal and written communication skills, and I am unaware of any briefs that Baker has ever filed in court, and if he had, there were few. In contrast, I have written over a thousand legal briefs and motions and have advocated for a party in over a hundred trials, so I will stand behind my verbal skills. In my free time I have written six published books, one a bestseller, another profiled on Regis and Kelly and a third was nominated for a Ritter Award. Additionally, I had 42 short stories published within a five-year period pre-covid.

78. The DGC job description demanded demonstrated analytical skills and ability to exercise good judgment, and since September 2, 2025 when Shannon O'Brien was reinstalled as Chair of the CCC, Baker was largely responsible for the Legal Department becoming a hotbed of retaliation and imposition of a hostile work environment against me and Laduzinski, the other senior counsel in Legal. So Baker did not and does not possess good judgment.

79. Of course no one predicted that Baker would lose his appreciation for senior counsel once he became the DGC. However, at the threshold he did not have six year's experience practicing law or supervisory experience, so in retrospect the outcome was unsurprising, because he never should have been allowed to apply for the position in the first place.

80. Finally, Laduzinski recommended me for the then-Acting GC role in June, 2024 and Baker at that time stated he would work under me if I was the GC Departing GC Kristina Gasson and then AGC Mike Bergquist recommended me for the GC and/or DGC roles at this time

PRE-SEPTEMBER 2, 2025 DISCRIMINATION IN LEGAL

81. So, Hilton-Creek and Carter engineered the appointment of Chattopadhyay as GC, and his discomfort in communicating with senior attorneys was immediately apparent. While the Legal staff largely works remotely, when I have been in the Boston or Worcester office, not once has Chattopadhyay knocked on my door to talk business. Unless he is calling me back, I am uncertain if he ever initiated a telephone conversation with me, until September 30, 2025.

82. Concretely, Chattopadhyay had nowhere near the experience that I possessed in my traditional area of expertise, civil litigation. I could have handled all civil litigation matters and reported to him directly as the Commission's Special Attorney General, but instead he brought in two other AGCs in Legal (under the age of 40) to form some litigation subcommittee in our department.

83. This did not go well. One or the under-40 attorneys seriously argued that we should start a legal brief by setting forth LAW first, followed thereafter by the FACTS in the matter. Unbelievable.

84. Additionally, Chattopadhyay checked all of the documents that I was prepared to send out to subpoenaing attorneys in response to their subpoena *duces tecum* to the CCC. A

former Records Access Officer and AGC informs me that Chattopadhyay generally did not check the documents he sent out to public record requestors and the former associate counsel (who advocated starting a brief with LAW before FACTS) was similarly left to respond without micromanagement from Chattopadhyay, upon information and belief.

85. This disparate treatment of me by Chattopadhyay is particularly objectionable because public records requestors are very often not lawyers, therefore they are unbound by any ethical rules, and once the documents have been sent to them by the CCC, they can be immediately published.

86. Additionally, while former GC Kristina Gasson brought me into an Executive Session of the CCC and had asked me to serve on a hiring/interview committee, Chattopadhyay never asked me to serve on an interviewing committee, nor has he asked me to appear at an Executive Session or present at a public meeting. In contrast, attorneys under 40 years of age present at public meetings quite frequently.

87. Fortunately, Chattopadhyay's favoritism was finally addressed. In the Commission's January 27, 2026 public meeting (at the time-stamped interim of 39:58 through 44:25) the Chair brought to the public's attention that public record requests were not being addressed in a timely manner and she requested a report by January 30, 2026 about how the time of senior and/or older attorney in Legal was being apportioned. Upon information and belief this report was never prepared, and if so, it is because the CCC sweeps critical matters under the rug.

POST SEPTEMBER 2, 2025 DISCRIMINATION
AND ACCELERATION OF A HOSTILE WORK ENVIRONMENT

88. Once Shannon O'Brien was re-installed as Chair of the CCC, per Judge Gordon's court order dated September 2, 2025, Chattopadhyay engaged in extraordinarily discriminatory

conduct and simultaneously indulged in classic "Bad Boss" bullying tactics to humiliate me and to create an unbearably hostile environment for me.

89. Although the GC's job description job description specifically mandated that they represent the "ED and the Commission," (Exhibit A on page 1, par. 8) and the DGC's job description required that they provide legal counsel not only to the GC but to the "Executive Director, the Commission and the Commissioners, and other Commission staff" (Exhibit E on page 1, par. 2), they promptly favored the ED against the Commission and particularly the then-Chair and then-Commissioner Kim Roy. They ceased being legal counsel to the CCC as a whole.

90. On or about August 18, 2025, my wife Lori was diagnosed with colon cancer which had metastasized to her liver and to her spleen, with an initial life expectancy of 6-9 months, a fact which I made known to Chattopadhyay promptly.

91. Even though Chattopadhyay and Baker knew about my wife's situation and my need to serve as her caregiver, they immediately began a campaign of harassment against me. In that vein, on or about September 30, 2025, Chattopadhyay scheduled a meeting with Baker and me, without informing me what the topic was beforehand, even though.I did ask why. This is one indicia of gaslighting as outlined in *Gaslighting at work - Spotting the signs of subtle workplace bullying*, "The Bullying Hotline" (https://www.nationalbullyinghelpline.co.uk/gaslighting.html, which is attached hereto and incorporated herein as Exhibit F, at the 6th bullet point on page 2: "Springing surprises i.e.: calling last-minute meetings but failing to share data or advise in advance what the purpose of the meeting is and what the likely outcomes may be."

92. At that time, Chattopadhyay as a cruel pretext expressed his alleged displeasure with my response to an individual from another agency who had been informed that he had circumvented

a point of contact ("POC") with me twice, when Chattopadhyay was in fact retaliating against me for suggesting that his course of action since September 2, 2026 was extremely unwarranted.

93. During this meeting I reminded Chattopadhyay that he had been copied an earlier email where I first requested that the individual from another agency adhere to the POC, and Chattopadhyay did not immediately know what I was talking about. I inferred that Chattopadhyay either did not read this email or had forgotten that he had read it, which is is consistent with a pattern of sloppiness on Chattopadhyay's part, a shoot from the hip impulse which has guided him during his tenure as GC

94. Of course by then Chattopadhyay had already lashed out against senior attorneys, but pretext aside, he had completely overreacted to the situation and had not heard my side of the story, and did not appreciate the gravity of someone outside the CCC repeatedly circumventing a POC in a very sensitive matter. Had I not been gaslit by Chattopadhyay and Baker, I would have had time to prepare my defense, which would have included a Quincy District Court action which discredited the individual from the other agency as a reliable complainant.

95. During this meeting Chattopadhyay had the unfathomable gall to reference my wife's medical condition and that he had tried to make allowances for my own situation, which he absolutely did not do at all. Except of course, deliberately making the lives of my wife and I considerably worse.

96. Chattopadhyay's mean-spiritedness constituted simply the latest manifestation of his marginalizing my work at the CCC and treating me in a disparate manner. At first, Baker largely sat silent when Chattopadhyay harassed Laduzinski and me, though as time progressed, Baker's acts and omissions mirrored those of Chattopadhyay's.

97. At the end of this meeting, Attorney Chattopadhyay reiterated that he was going to take

no formal action concerning me.

98. Between September 30, 2025 and October 10, 2025, I had filed a complaint against Chattopadhyay with human resources and contacted the MCAD. More importantly, on October 6, 2025 I met with Chattopadhyay and Baker after a Legal meeting, and Chattopadhyay repeatedly browbeat me, demanding to know if I had spoken to Laduzinski, who had just been appointed to conduct an internal investigation. I refused to answer the questions and also refused to answer when Chattopadhyay tried a new approach, asking why I would not tell him if I did or did not speak with Laduzinski.

99. I was improperly grilled by Chattopadhyay about an active investigation, while Baker sat there and let the abuse happen. At the end of the meeting I did agree with Chattopadhyay that I wanted to work together with him, but that I was going to continue to pursue my remedies at the MCAD. And I did meet with MCAD staff thereafter that day (October 6), to set up a date and time for my interview.

100. On October 9, 2025 I informed Baker that I was starting work early the next day, as I was attending a celebration of life for a classmate of mine from Georgetown. Since the following day was the Friday before a holiday, the CCC announced to its employees that it would close at 3:00 p.m. that day.

101. I attended the celebration of life and returned to work at 1:50 p.m. that Friday, understandably quite upset. When I returned, of course I also had to address the needs of my wife, whom Chattopadhyay and Baker knew was suffering from stage 4 colon cancer which had metastasized to her liver and spleen.

102. Upon my return I responded to an email from Chattopadhyay for information about current legal cases which our department was monitoring, and in my response I noted that I had

just returned from the celebration of life. Despite knowing that (1) I had just returned from a celebration of life and (2) returned to my wife, whom Chattopadhyay and Baker both knew was suffering from advanced terminal cancer and (3) the CCC was closing at 3:00 p.m. that day, Chattopadhyay set up a meeting at 2:30 that afternoon with Baker and an HR rep, without telling me in advance what the meeting was about, which constituted classic gaslighting. See Exhibit F at the 6th bullet point on page 2:

103. At this meeting, Chattopadhyay said that he was formally writing me up due to my response to the individual from the other agency and due to my defending myself during that meeting several days ago with him and Attorney Baker...despite telling me at the end of that meeting on September 30 that he was not taking any formal action against me. The deliberate actions of Chattopadhyay and Baker constituted an improper abuse of the CCC's human resources processes, which Hilton-Creek could have prevented, but did not. See Exhibit F at the 3rd and 5th bullet point on page 2:

104. I was sent that very same day a "Personal Improvement Plan" ("PIP"). The terms constituted overkill, and discriminatory overkill at that, including but not limited to my 1. being restricted from any and all communications with anyone outside of the CCC, 2. being ordered to take numerous trainings, and 3. having to report each week with an activity log of my work that week.

105. What Chattopadhyay and Baker did that day was beyond simple discrimination and perpetuation of a hostile work environment. It was inhuman.

106. But that risks burying the lede, because the CCC later stated that "[w]hile GC Chattopadhyay and DGC Baker had originally planned to issue a verbal warning to [me] for [my alleged] unacceptable emails to [the individual from another agency], they subsequently issued a

Written Warning based on these emails and [my alleged] unprofessional conduct toward his managers when they tried to discuss the matter with [me]."

107. What actually occurred is that Chattopadhyay had assured me on September 30, 2025 at every stage of this meeting (yet again, including at the end of this meeting) that he and Baker were solely communicating a verbal warning to me), that he was only issuing a verbal warning. This is simply another pretextual example of Chattopadhyay and Baker concocting stories to fit their perceived professional protection needs. *Id.*

108. Chattopadhyay was in fact retaliating against me for my contacting the CCC's human resources department to file a complaint against him and for my initiating contact with the MCAD, so that I could file a formal complaint there.

109. Like my later human resources complaint against Baker, the Hilton-Creek slow-walked/no-walked my grievances, another example of the CCC's disparate treatment and gaslighting: "Refusal to follow policies unless it suits the business. For example, reluctance to acknowledge a verbal employee complaint or investigate a formal grievance but at the same time applying a forceful approach to performance management and disciplinary policies." See Exhibit F, at the3rdt bullet point on page 2; also, "Failure to carry out fair and thorough grievance or disciplinary investigations and deciding in advance of an investigation that an employee's complaint will not be upheld (ie: pre-determined outcomes). Warning signs include a refusal to appoint an independent, impartial, workplace investigator in grievance and disciplinary cases." *Id.* at page 3, first bullet point.

110. I subsequently requested mediation twice with Attorney Chattopadhyay, but he never responded to my invitations.

111. I met with my physician on October 14, 2025 due to the extreme stress that Chattopadhyay and Baker deliberately caused me, and thereafter I applied for and was placed on medical leave, through November 9, 2025.

The CCC Steps Up its Cruelty and Hostile Work Environment in November 2025

112. When I returned from my unpaid suspension, Chatopadhyay assigned me the role of Records Access Officer since an AGC (who had handled the RAO duties) was leaving the CCC. In December 4, 2025, Chattopadhyay in writing confirmed this assignment; thereafter, I never received any public records requests to review.

113. While I was on leave, rather than wait for my return, Chattopadhyay assigned to this now-former AGC (who left the CCC in December 2025 seven months after he joined Legal), the response to a subpoena *duces tecum* that had been served on the CCC.

114. The former AGC, a lawyer much younger than me, was hired as an AGC by Chattopadhyay, as a lateral from the Commission's Enforcement Counsel's team. This despite the fact that while he was in the Enforcement Counsel's department, he almost completely shredded a brief which was sent to Enforcement by Legal.

115. Once this now-former AGC was assigned in my absence, to respond to the subpoenaing attorney's subpoena, his performance was unsatisfactory. In my absence, this now-former AGC told the subpoenaing attorney that once he (the subpoenaing attorney) sent the CCC a "waiver" (sic), the requested documents would be sent out. Had this now-former AGC conducted even a cursory review, he would have known that the CCC did not possess any of the documents requested!

116. Parenthetically, this is the same lawyer who advocated that the Commission file a brief that led with the Law, to be followed by the recitation of FACTS, which I had never seen in the over a

thousand legal briefs I had prepared or reviewed from other counsel. This now-former AGC did not possess much grounding in civil litigation, and certainly did not have the length and breadth of my experience in this area.

117. When I returned, at the first Legal meeting, I stated that I would contact the subpoenaing attorney and take over the subpoena response, which I did, and neither Chattopadhyay nor Baker at that meeting objected at all or state that this communication would be violative of my PIP.

118. I did call the subpoenaing attorney's office on or about November, 17, 2025 and by the next day I had ascertained that the CCC did not have any requested records.

119. On November 18, 2025 at 1:14 p.m. I emailed the subpoenaing attorney, and cleared up that the CCC simply did not house his requested documents, and that was the end of that, regarding his subpoena to the CCC.

120. It was not the end of the matter in Legal however, because Chattopadhyay and Baker continued to harass me; Baker, who likely has never responded to or drafted a subpoena, stated on November 19, 2025 in an email to me, "Hi Don, please refrain from any further correspondence with this attorney until we get a chance to speak.

Thank you, Michael Baker."

121. As is his custom, Baker impulsively and sloppily falsely accused me of creating confusion, embarrassing the CCC and causing unnecessary work to be conducted, even though I had promptly straightened the matter out upon my return.

122. Baker and/or Chattopadhyay were reckless in jumping to a false conclusion(s) and then sloppy in imparting this misinformation to the CCC's ED, who later proceeded to affirm this false information under oath; they never retracted this false allegation once they were made aware of it.

123. Concurrently, Baker falsely accused me of violating the PIP after I contacted a colleague of mine in Maine's Office of Cannabis Policy, Gabi Pierce. Historically, I had been in communication with Attorney Pierce since 2023, and in terms of picking her brain on the subject of cannabis tincture limits, I had already been told by Baker that I could speak with her on this topic even before the unlawful imposition of the PIP.

124. With this prior approval, I spoke with Attorney Pierce on November 14, whereupon Baker sent me a self-serving email, sloppily repeating the inaccuracy that I had embarrassed the Commission by straightening out the subpoena that the former AGC had botched, and also hammering me for this cordial pre-approved communication I had with Attorney Pierce.

125. The attack on me by Baker for contacting Attorney Pierce in Maine does show how desperately he and Chattopadhyay attempted to find a solution for which there was no problem, and of course, it constituted gaslighting, because they cast doubt on what Baker had actually agreed was appropriate. See *Gaslighting: Signs, Examples, and How to Protect Yourself,* by Romain Gouraud on Mar 25, 2025 in "Mood and Feelings," incorporated herein as Exhibit G, at page 1, final three bullet points.

126. On November 19, 2025 at 9:51 a.m., I did email Baker and cleared up that both my communications with the subpoenaing attorney and Attorney Pierce in Maine had been cleared beforehand. See Exhibit F, at the 3rd and 5th bullet points on page 2.

127. I now know that on or after November 19, 2025, Hilton-Creek, Chattopadhyay and Baker met with the ED and as a result of this meeting "management determined that a Final Written Warning with a Performance Improvement Plan ("PIP") was warranted." This constituted both an objectionable refusal to follow policies equally with all employees and an unwarranted moving of the goal posts. See Exhibit F, at the 3rd bullet point on page 2:

128. During my "regular weekly [meeting] time on Friday, November 21, 2025," with Baker, I was gaslit when ED Ahern appeared out of nowhere, a development I was not made aware of beforehand, simply another example of gaslighting by the CCC. See Exhibit F at page 2, 6th bullet point; "Springing surprises ie: calling last-minute meetings but failing to share data or advise in advance what the purpose of the meeting is and what the likely outcomes may be…"

129. I expressed my apprehension with meeting at that time with the ED because I had no idea how or why he had jumped onto the meeting. The ED did email me and I suggested that there be a time to speak next week, after matters had cooled off.

130. I was subsequently suspended pending an investigation (See Exhibit F, at the 7th bullet point on page 2 concerning "knee-jerk suspensions over minor issues where a discussion or an informal meeting will have resolved any misunderstanding."), and soon thereafter I was suspended without pay on a cooked-up charge by Hilton-Creek that I had disobeyed orders, which I clearly had never done. *Id.* at Exhibit F, at the 7th and 8th bullet point on page 2 ("instant dismissals without following due process").

131. I later had a discussion with the ED and as a result I resumed working full time at the CCC; upon my return from an unpaid suspension, on December 4, 2025, at 10:31 a.m., Chattopadhyay sent me a sloppy and inaccurate email in which he misstated the facts by asserting that "[o]f course, pursuant to the final written warning, you must seek approval before reaching out to any external parties. A lot of work has been done on these subpoena responses while you've been away and any contact with external parties will likely confuse or undercut the work that has been done on these matters." See Exhibit G, at page 1, third bullet point from the bottom of the page re: "insist you said or did things you know you didn't do").

132. A lot of incompetent work was done on subpoenas in my absence, but Chattopadhyay's comments on December 4 merely repeated false information to attempt to provide it with undeserved credence. *Id.*

133. Not having reviewed the factual evidence at his disposal and/or deliberately libeling me, Chattopadhyay continued to accelerate his hostile work environment for me; true to his *modus*, he excused the younger AGC (who was no longer at the CCC) who did not know what he was doing, and once again accused me of confusing a matter that I had straightened out. *Id.*

<u>Harassment After Unjustified Suspension was Lifted</u>

134. After I returned from my unjustified suspension, Hilton-Creek, Chattopadhyay and Baker continued to harass me and discriminate again st me, utilizing the Bad Boss option of making an employee's life so miserable, that they will quit (i.e., constructive termination).

135. They kept my PIP in place for over 8 months, all the time requiring me to submit weekly activity logs when Chattopadhyay and Baker knew exactly what work I had conducted, because I was discriminatorily not being assigned adequate work in the first place.

136. My assignments largely dried up or were assumed by other AGCs or were shared with other AGCs, with far less experience.

137. Meanwhile, I received no public records requests/RAO assignments and the then-Chair, as mentioned earlier, in at least one public meeting mentioned that public records requests responses were languishing. Chattopadhyay was the *de facto* Records Access Officer.

138. In a more alarming vein, although I have the most experience in civil litigation, I was not informed that the CCC had intervened in an action, until it was brought up at a Legal Meeting, and I subsequently was not tasked with working on this matter.

139. Another alarming tactic employed by Chattopadhyay was to assign me work, and once I sent something to him, he falsely asserted that I did not follow his instructions; for example, on May 5, 2026 Chattopadhyay (in a Chat in which Baker was also a participant) asked for a status update on a potency memo, and I replied that I handed the work to him "a week or two ago." Chattopadhyay then queried "[w]as this the version revised to reflect my comments?" Well no, because Chattopadhyay had never sent me that version or the comments before, and when he finally did so, I did complete the task that day. See Exhibit F, at the 4th bullet point on page 2 and Exhibit G at page 1, second and third bullet points from the bottom of the page.

140. This practice of falsely claiming that I did not understand the assignment happened again, when Baker in another matter questioned me repeatedly about an email that I sent to him the previous day, implying that I never did so or that my laptop had issues with sending emails out, where thankfully I had a hard copy of same. *Id.*

141. By way of just another example, after Laduzinski was terminated, Chattopadhyay decided that Steve's contact and procurement work would be dispersed in "committee" fashion, and that I would handle some of the work that Steve once performed; this never happened.

142. After the then-Chair of the Commission and then-Commissioner Roy cited that older attorneys in the Legal Department were not assigned sufficient work, Chattopadhyay continued to choke off work to older and more experienced counsel.

143. Chattopadhyay failed to present a report to the Commissioners concerning disparate treatment of senior attorneys.

144. Chattopadhyay chastised me in a chat on February 24, 2026, after I informed him that I could not attend the weekly Legal meeting in person, when my wife had only 23 days left to live. He insisted that there was a policy in place that I was somehow violating by not being excused

by him beforehand ("As you know permission is required to attend remotely"); this policy was never enforced if it existed, which I proved to him by pointing out that one member of the Legal team almost never attended meetings in person, and that on November 3, 2025, two younger AGCs stated they would not be attending the weekly meeting in-person. See Exhibit F at page 2, 3rd and 5th bullet points and Exhibit G at page 2, 2nd bullet point from the top,

145. On the relatively rare occasions that Chattopadhyay assigned me work, there was almost always an incredibly narrow deadline during which I could complete my work.

146. For instance, on December 17, 2025, knowing that I would begin a vacation at the end of business on Friday, December 19, 2025, Chattopadhyay assigned me a task that he insisted had to be completed the next day; I would have been justified in mentioning the attenuated nature of this deadline, but instead I submitted my response that day. My late wife Lori urged me to document Chattopadhyay's harassment of me, and frankly of her, which I have done and will continue to do.

147. And this occurred again on December 19, 2025 at 4:09 p.m., three months to the day that Lori eventually died, when I submitted a response to Chattopadhyay to an assignment he tasked me with that day, again knowing that I would commence my vacation at the end of business that day; again, I would have been justified in mentioning the attenuated nature of this deadline, but instead I submitted my response that day. Again, Lori urged me to document Chattopadhyay's cruelty to me and to her.

148. On May 11, 2026 Chattopadhyay "reminded" the Legal team of a policy which I had never heard of before, to wit, that if we had been contacted or had been in contact with a former CCC employee, that we had to inform Chattopadhyay of same, citing a "hypothetical" of meeting up with a former employee at a Red Sox game, something I had done with Laduzinski, who had been abruptly terminated four days earlier.

149. This alleged policy violated my right to assemble and speak freely, and also was meant to create a chilling effect since in my earlier MCAD matter, I needed to communicate with several employees whom I intended to call as witnesses.

150. Rather than attempt to remediate Chattopadhyay's vengeful mistreatment of me, the CCC and its most recent outside counsel attacked me. As always, when pressed, the CCC will sweep critical matters under the rug.

151. The campaign of harassment by Chattopadhyay, Baker and Hilton-Creek constituted a form of employment discrimination that deprived me of my rights and basic well-being in the workplace, as prohibited under M.G.L. c. 151B.

152. Rather than moderate his misbehavior, Chattopadhyay repeatedly extended to me options for attending counseling, a typical gaslighting technique. See Exhibit G at page 1, last bullet point on the page.. Ultimately gaslighting permitted and enabled Chattopadhyay to fracture an inherited cohesive Legal team; while under his supervision, Legal lost three AGCs, two hearing officers and its sole legal assistant.

153. Additionally, he stated on May 13, 2026 that he would cut back on my already virtually non-existent assignments, when if he truly cared and had simply picked up the phone and spoken to me, would have known that I wanted more work, which is therapeutic.

154. Baker often enthusiastically participated in this cruelty, and Hilton-Creek provided Chattopadhyay and Baker the freedom to harass and discriminate. In fact, Baker forced me to meet with him and one of Hilton-Creek's staff after I was on my second leave (due to hostile workplace environment) so that Baker could produce a horrible evaluation which he ham-fistedly told me to sign, and also stated that while my PIP from eight (8) months ago had ended, I was

under a new PIP for three (3) months; in total, I was to be under eleven (11) consecutive months on an unjustified PIP, all due to Chattopadhyay, Baker and Hilton-Creek.

155. As part of this report, Chattopadhyay stated that I had sent him a memo on Sunday June 7, 2026, instead of the time that I actually sent it (on Friday June 5, 2026 at 1:57 p.m.), in which I said, "Here is the draft letter re: the [name of case withheld] subpoena...Even though there is a Monday deadline for sending this letter, it would be great if we could send it off today [i.e., Friday June 5]. Thanks!" This email tracked my comments at the June 1, 2026 Legal meeting when I stated that while Legal had until Monday, June 8, 2026 to send the objection letter out, I preferred to see that it be sent on Friday, June 5, 2026.

156. On Sunday evening, June 7, 2026 at 9:14 p.m., Chattopadhyay emailed me "I see no advantage in filing (sic) this on a Sunday, as you suggest. Please provide any additional context in case I'm missing something." Parenthetically, the email which I sent to Chattopadhyay on Friday June 5, 2026 at 1:57 p.m. now was at some point altered to read "Sunday, June 7, 2026 12:40 PM."

157. I was shocked on Monday morning June 8, 2026, to read Chattopadhyay's email from the evening before, so I sent him an email in which I stated, "If you recall from last week's Legal meeting, I specifically mentioned that while I preferred that the objection letter be sent on Friday (see also my email to you on Friday (Fri 6/5/2026 1:57 PM) in which I made no mention of Sunday, but instead, and this is a direct quote, 'it would be great if we could send it off today,' which of course was Friday), that because the 10th day for objecting fell on the weekend, that we could file the objection letter on Monday, i.e., today."

158. Chattopadhyay also mistakenly stated that "I've added [Baker] to this chain as it appears that you recently had a similar email issue (where you said you sent an email but it was never

received) with him." At the June 8, 2026 Legal meeting I personally handed to Chattopadhyay and Baker the email that I sent to Baker on Thursday, June 5, 2026, which they claim I did not send. Parenthetically, it is quite possible that some emails were altered by the CCC.

159. The wrongful acts of Hilton-Creek, Carter, Chattopadhyay and Baker and to any and all unnamed John Does and Jane Does are imputed to the CCC, their ostensible client.

COUNT I – DISCRIMINATION v. CCC, HILTON-CREEK, CARTER, CHATTOPADHYAY AND BAKER

160. Plaintiff repeats and realleges allegations in paragraphs 1-159.

161. I first experienced discrimination at the CCC when I was 65 years old, and as such I was already a member of a protected class due to my age.

162. I performed my job competently, as evidenced by my first two performance reviews by both then-GC Kristina Gasson and by Chattopadhyay.

163. At various times, Carter and/or Chattopadhyay and/or Baker, with the full connivance of Hilton-Creek, subjected me to adverse employment actions in violation of M.G.L. c. 151B, including but not limited to (1) being passed over for the Acting GC position and then later the permanent GC position, (2) being passed over for the Acting DGC and later the permanent DGC position by Baker (who was not even eligible to be considered), 3. loss of income I should have earned had I not been discriminated against in promotions and loss of income while I was on leave, (4) work-related stress which caused me to be on leave twice, (4) being suspended with pay, (5) being suspended without pay, (6) being placed on a PIP that will ultimately run to eleven (11) months, and (6) being cruelly harassed by Chattopadhyay and Baker.

164. When I informed Chattopadhyay and Baker about my wife's terminal condition and my need to take care of her, they promised me that my changed circumstance would be accommodated, but instead in violation of M.G.L. c. 151B(4)(i) they took "adverse action against an employee

who requests or uses a reasonable accommodation in terms, conditions or privileges of employment..."

165. In fact, along with Hilton-Creek, they deliberately made my life miserable, as evidenced in one instance when Baker verbally pummeled me when I had to leave a Legal meeting early to take my wife to her chemotherapy appointment at Dana Farber. I covered my topics at the beginning of the meeting, explaining that I had to depart early, and not only did Baker apply the third degree after I returned from Dana Farber, he then polled other staff at Legal to support his version of events. See Exhibit G at page 2, final eight (8) bullet points and at page 3, first bullet point.

166. Parenthetically, polling was an objectionable practice first employed by Chattopadhyay against Laduzinki on or about October 1, 2025, when Chattopadhyay claimed that he told our department that if a commissioner reached out to anyone at Legal, they had to direct the commissioner to Chattopadhyay...and tell Chattopadhyay about this communication; Chattopadhyay claimed that he had polled other employees in Legal and they had all heard him set forth both requirements, though Chattopadhyay had never polled me. See Exhibit G, at page 2, final eight (8) bullet points and at page 3, first bullet point.

167. Polling and/or spying on other employees in Legal is offensive and constitutes harassment, because it pits employees against each other and essentially constitutes Chattopadhyay and Baker disparately accusing their victims of being liars. *Id.*

168. The wrongful acts of Hilton-Creek, Carter, Chattopadhyay and Baker (and any and all unnamed John Does/Jane Does) are imputed to the CCC, their ostensible client, and the Defendants have caused me severe damages.

COUNT II – HOSTILE WORK ENVIRONEMNT v. CCC, HILTON-CREEK, CARTER, CHATTOPADHYAY AND BAKER

169. Plaintiff repeats and realleges allegations in paragraphs 1-168.

170. I filed a complaint with the MCAD on or about November 3, 2026 and have removed it to file this matter in Superior Court, with the ninety (90) days period having elapsed.

171. Hilton-Creek harassed me and created a hostile work environment for me commencing when she wrongfully sided with her crony Jones, and she continued to do so due to my age, when I was applying for promotions at the CCC.

172. Rather than following the law and providing me with reasonable accommodation due to my age and my serving as caretaker for my wife, Chattopadhyay, Baker and Hilton-Creek did the opposite.

173. The wrongful acts of Hilton-Creek, Chattopadhyay and Baker (and any and all unnamed John Does/Jane Does) are imputed to the CCC, their ostensible client.

COUNT III – RETALIATION v. CCC, HILTON-CREEK, CHATTOPADHYAY AND BAKER

174. Plaintiff repeats and realleges allegations in paragraphs 1-173.

175. Hilton-Creek, Chattopadhyay and Baker retaliated against me for grieving against them due to their work-place abuse.

176. In September 2024 I filed a complaint against Hilton-Creek, along at least seven (7) other employees who had filed their own complaints against her earlier, and she retaliated against me for doing so; in fact, upon information and belief, I am the sole complainant against her who is still employed at the CCC.

177. The wrongful acts of Hilton-Creek, Chattopadhyay and Baker (and any and all unnamed John Does/Jane Does) are imputed to the CCC, their ostensible client.

COUNT IV – VIOLATION OF WHISTLEBLOWER STATUTES v. CCC, HILTON-CREEK, CARTER, CHATTOPADHYAY AND BAKER

178. Plaintiff repeats and realleges allegations in paragraphs 1-177.

179. I first asserted my whistleblower status pursuant to M.G.L. c. 149 § 185 on or before October 3, 2024 when I informed the State Auditor's team that Carter had not been candid and allowed me to try to explain why their office had not received detailed invoices from outside counsel for nearly a year's time as requested (when Carter knew that they existed) and when he misled them concerning why Kristina Gasson left her post as the GC at the CCC (see par. 28 of the Complaint, *infra*).

180. Later, I repeatedly tried to persuade Chattopadhyay and Baker that I believed that serious corruption at the CCC was being covered up, and they knew at some point that I was cooperating with an internal investigation of said potential corruption.

181. Rather than allowing the internal investigation to proceed, they fought it vigorously, and in contravention of c. 185(b) took "retaliatory action against [me] because [I]:

(1) Disclose[d], or threaten[ed] to disclose to a supervisor or to a public body an activity, policy or practice of the [CCC] that [I] reasonably believe[d] is in violation of a law, or a rule or regulation promulgated pursuant to law, or which [I] reasonably believe[d] poses a risk to public health, safety or the environment;

(2) Provide[d] information to, or testifie[d] before, any public body conducting an investigation, hearing or inquiry into any violation of law, or a rule or regulation promulgated pursuant to law, or activity, policy or practice which [I] reasonably believe[d] poses a risk to public health, safety or the environment by the [CCC]...; or

(3) Object[ed] to, or refuse[d] to participate in any activity, policy or practice which [I] reasonably believe[d] is in violation of a law, or a rule or regulation promulgated pursuant to law, or which the [I] reasonably believe[d] poses a risk to public health, safety or the environment.

182. I believed that as a commission regulating cannabis, the CCC was creating a risk to public safety and frankly, to my health and the public health of employees past and present at the CCC, due to their gaslighting and abuse of its employees.

183. The wrongful acts of Hilton-Creek, Chattopadhyay and Baker (and any and all unnamed John Does/Jane Does) are imputed to the CCC, their ostensible client.

184. Due to the CCC's violations of the whistleblower statute, I have been harmed and the Defendants are liable to me for the damages they deliberately caused me.

COUNT V – VIOLATIONS OF PROTECTIONS ACCORDED TO AN EMPLOYEE TO REBUT PERSONNEL FILE INFORMATION v. CCC, HILTON-CREEK, CHATTOPADHYAY AND BAKER

185. Plaintiff repeats and realleges allegations in paragraphs 1-184.

186. in Meehan v. Medical Information Technology, Inc., SJC 13117 (2021), the Supreme Judicial Court held that "[a]s explained above, the express purpose of the rebuttal provision is to give employees an opportunity to respond to information in their personnel files that 'has been used or may be used to negatively affect' them. G. L. c. 149, § 52C. The rebuttal provision itself only applies when there is 'disagreement' on the content of the file that the parties cannot mutually resolve. Id. As such, the rebuttal may be expected to involve disputed, contentious subjects and vehement disagreement. In this context, where emotions inevitably run high, the exercise and expression of the right of rebuttal should not be grounds for termination when it is directed at 'explaining the employee's position' regarding the "disagreement with information contained in

[the] personnel record,' G. L. c. 149, § 52C, no matter how intemperate and contentious the expression in the rebuttal."

187. On or about June 5, 2026 I sent to Hilton-Creek, Chattopadhyay and Baker a letter as delineated in the Meehan case, rebutting the original biased and incorrect conclusions Hilton-Creek made in her defense of Jones in 2024 (see Complaint at par.. 44 *infra*) and to the unwarranted PIP imposed on me on October 10, 2025 by Chattopadhyay, Baker and Hilton-Creek which then was almost eight months in duration.

188. Chattopadhyay and Baker immediately lashed out at me, as is their custom, so on June 8, 2026, I sent them an addendum to this Meehan letter, documenting their abuse and retaliation just in the past few days, including:

a. Baker harassing me about not receiving a memo which he clearly had received, and I proved this because I showed him the email when I sent it to him, and
b. Chattopadhyay condescendingly telling me that he had never heard of any lawyer having to send out a response (in this case to an objection letter to a subpoena) on a Sunday…when the email which I sent to him on June 5 itself said nothing of the sort, and in fact stated that while I would like to get the objection letter out on June 5, we had until June 8 to send the letter to the subpoenaing attorney, and
c. On the morning of June 8, Chattopadhyay and Baker then concocted this story that they were having problems receiving emails from me, which was knowing nonsense on their parts.

189. Continuing to retaliate against me for serving them with the Meehan letter, I was then set up with human resources with a meeting with Baker, during my second medical leave, so that he could deliver to me my evaluation that Baker and Chattopadhyay (and perhaps other currently

unknown parties); and also to instruct me that while the October 10, 2024 PIP had been removed, a new PIP was being established for me going ahead, with periodic reviews in increments of 30, 60, and 90 days!

190. This meant that I would then be under a PIP for 11 months!

191. The new PIP was simple retaliation, in part requiring me to take a legal writing course, and the basis of the PIP itself was nonsensical, citing an alleged incident harking back to December 8, 2025; I had no idea what Baker was referring to, so when I asked him what occurred on that date, he gaslit me and failed to provide me with any information concerning this trumped up charge. This constituted a constructive termination of me by Hilton-Creek, Chattopadhyay and Baker, and was another example of the retaliation they foisted on me as a matter of routine.

192. Hilton-Creek as CPO oversaw this new PIP and with Chattopadhyay and Baker, all three (and any and all unnamed John Does/Jane Does) are liable for the damages caused me, during the time I was on my second medical leave for the hostile work environment engendered toward at the CCC.

193. The wrongful acts of Hilton-Creek, Chattopadhyay and Baker (and any and all unnamed John Does/Jane Does) are imputed to the CCC, their ostensible client.

COUNT VI – INTERFERENCE WITH ADVANTAGEOUS BUSINEES RELATIONSHIP v. CCC, HILTON-CREEK, CARTER, CHATTOPADHYAY AND BAKER

194. Plaintiff repeats and realleges allegations in paragraphs 1-193.

195. Hilton-Creek, Chattopadhyay, Baker and Carter individually conspired in a campaign of sustained harassment to first suspend me with pay from the CCC, then to suspend me without pay at the CCC, and finally recently to attempt to constructively terminate my employment at the CCC.

EXHIBIT A

PURPOSE OF THE JOB

To provide day-to-day legal advice, representation, and support to the Cannabis Control Commission and its staff on complex legal, business, operations, and regulatory issues. The General Counsel will supervise and manage the Commission's Legal Department and any outside counsel on matters including, but not limited to, labor and employment-related matters; contracts and procurement; litigation and claims; public records; open meeting law; and ethics. The General Counsel is also expected to play a key role in drafting, promulgating, and enforcing regulations.

ESSENTIAL FUNCTIONS AND RESPONSIBILITIES

- Provide legal counsel and guidance to the Cannabis Control Commission on various legal issues, including regulatory compliance, licensing, enforcement, and administrative law.

- Review and interpret laws, regulations, policies, and other legal documents to ensure compliance with state and federal laws governing the cannabis industry.

- Collaborate with external legal counsel, government agencies, and other stakeholders on legal matters as needed.

- Fostering the principles of the Commission's Mission Statement among the staff and all stakeholders.

- Managing the activities of the Legal Department, including supervision of any

- professional, paralegal, and support personnel.

- Providing legal advice and counsel to the Executive Director and Commission to support daily operations and strategic initiatives.

- Supervising and handling claims, suits, and potential legal actions by and against the Commission, assuring timely and effective handling of each matter.

- Assisting in the review, drafting, and promulgation of regulations.

- Serving as counsel to Commissioners and staff during the administrative hearing process.

- Oversee and supervise public records retention, release, access, and, when appropriate, destruction, consistent with the Public Records Law.

- Overseeing procurement processes with the Executive Director, Chief Operating Officer, and Chief Financial and Accounting Officer.

- Managing budget and outside counsel engagements.
- Drafting, interpreting, and negotiating various employment, business, and interagency agreements and reviewing contracts and other instruments for execution.
- Attending and representing the Commission at public meetings, hearings, and

other appearances. Assist the Executive Director and Chief People Officer in establishing employment and administrative policies and procedures.

- Stay updated with changes in laws, regulations, and industry trends affecting the cannabis industry, and provide recommendations on necessary updates to Commission policies and procedures.
- Provide legal training and guidance to staff members to ensure understanding and compliance with legal requirements, including, but not limited to, the Open Meeting Law and ethics laws, including any necessary disclosures.
- Performing related duties as assigned.

Qualifications - External

KNOWLEDGE AND SKILLS

- Excellent written and oral communication skills.
- Proven problem-solving skills and sound judgment.
- Knowledge of the cannabis regulatory environment.
- Ability to conduct comprehensive legal research, including analyzing legal precedent and applying it to factual circumstances.
- Ability to manage and prioritize a high-volume workload.
- Ability to manage and mentor legal and support personnel.
- Ability to present clear, concise, and correct legal arguments.
- Ability to exercise discretion when handling confidential information.
- Strong interpersonal and organizational skills.
- Ability to work independently, productively, and creatively in an evolving environment.
- Ability to meet expectations and is accountable for their work.

- Commitment to building constructive working relationships.
- Ability to resolve disputes with external stakeholders promptly.
- Must demonstrate proficiency with computers and MS Office Suite (Outlook, Word, Excel, PowerPoint).
- Willingness to learn state and Commission-specific electronic systems, including MS Dynamics, MassCIP, and MMJOS.
- Ability to work out of the Worcester headquarters and willingness to travel throughout the Commonwealth when necessary.

EDUCATION AND EXPERIENCE

- Juris Doctorate from an ABA-accredited law school and a member in good standing with the Massachusetts Bar.
- Minimum eight (8) years of experience practicing law or compliance experience, preferably in the public sector. Verifiable management experience, including at least five (5) years of supervisory experience.
- Knowledge of the Commission's mission, standards, and goals.
- Excellent legal research, analytical, and problem-solving skills.
- Federal practice experience preferred.
- Experience or familiarity with state agencies, especially state commissions.
- Experience in civil or criminal litigation.
- Experience in managing large caseloads.
- Experience in administrative law and litigation.
- Knowledge and understanding of the administrative adjudicatory hearing process, MGL Ch. 30A in particular; and
- Experience in a regulatory agency.
- Ability to work independently and collaboratively and to manage multiple tasks and deadlines.

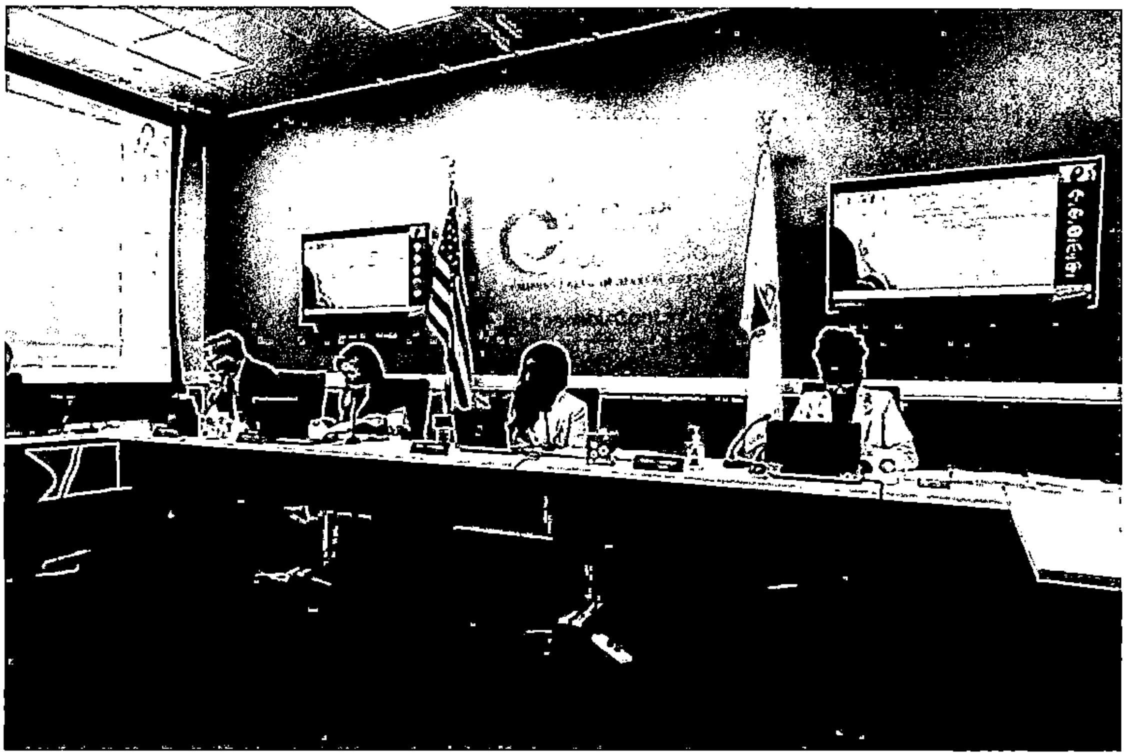
Salary Range: $140,000 - $155,00

EXHIBIT B

WBJ WORCESTER BUSINESS JOURNAL

ECONOMY | GOVERNMENT & POLITICS | HOSPITALITY | MANUFACTURING | PROFESSIONAL SERVICES | RETAIL | SMALL BUSINESS | STARTUPS

Failed oversight: Beset by infighting, a toxic culture, and an investigation into its leadership, the Cannabis Control Commission isn't effectively performing its functions



Leaders at the Cannabis Control Commission are struggling with a number of issues, including previously unreported accusations against its acting executive director, research employees not being able to access data, and allegations of suppressing whistleblowers. Pictured (from left) are the four CCC commissioners Bruce Stebbins, Kimberly Roy, Nurys Camargo, and Ava Callender Concepcion. PHOTO COURTESY OF CANNABIS CONTROL COMMISSION

BY ERIC CASEY AND DAN ADAMS
OCTOBER 29, 2024

In June, Massachusetts Inspector General Jeffrey Shapiro issued a scathing assessment of the state's Cannabis Control Commission, saying legislators should place the agency in receivership because longstanding disagreements over who held power at the agency had caused turmoil and rendered it rudderless.

In response, CCC leaders rushed to assure lawmakers oversight of the state's $1.7-billion marijuana industry was continuing normally, even amid a stream of scandals and the firing of the agency's top official: well-known politico Shannon O'Brien. They argued a new governance

CHAOS & TOXICITY
The failing of the Cannabis Control Commission
An investigative series

"As the Legislature intended, we are operating effectively and regulating the industry of cannabis, the number one cash crop in the commonwealth," then-chair Ava Callender Concepcion wrote in a public letter to legislators. "The commission is on the precipice of writing a new chapter."

But the commission is hardly ready to turn the page.

Interviews with current and former CCC staffers, along with over a hundred emails and documents provided to WBJ by these staffers and the Massachusetts Office of the Comptroller paint a picture of a dysfunctional agency hollowed out by turnover, bogged down by infighting, plagued by a fuzzy leadership structure, and unable to respond adequately to mounting personnel complaints. CCC leaders are more concerned about appearances and suppressing leaks than addressing systemic issues, all to the detriment of struggling businesses and concerns over consumer protections.

The "inaugural commissioners were policymakers, which is very, very different from some of the commissioners we have now," said Chief of Research Julie Johnson. "They want to be on the front page [of the newspaper] with a glowing article about how wonderful they are, but they don't really understand what staff are doing. It seems to only be about optics and not about the reality the staff and industry are experiencing."

In August, CCC began an investigation into a growing number of staff complaints against Debbie Hilton-Creek, who was hired as the head of human resources as chief people officer and has been serving as acting executive director for more than a year.

three of the commissioners did not respond. Callender Concepcion is on leave and could not be reached.

The problems at CCC have been exacerbated in the past year as Hilton-Creek has served as acting executive director, but CCC employees say the issues will persist once the role is filled as the problems are far more structural. On Monday, the commissioners voted 3-0 to offer David Lakeman the role of executive director, with a salary up to $187,000. Lakeman, who still has to accept the offer, is a former CCC director of government affairs from 2018 to 2020 and most recently the cannabis division manager for the Illinois Department of Agriculture.

Meghan Dube, CCC business operations manager, doesn't believe replacing or removing Hilton-Creek will lead to any meaningful improvement, given the commissioners above Hilton-Creek failed to respond adequately to the complaints against her.

"They knew the reporting structure was causing problems. None of the commissioners had the integrity to stand up to her at any point. If she's fired tomorrow, okay, good. But the agency is still in the exact same spot," Dube said.

These revelations come on the eve of a critical legislative oversight hearing Wednesday, with Beacon Hill lawmakers set to hear testimony on the commission's governance in the wake of a drama-filled summer culminating in Treasurer Deborah Goldberg firing former commission chair O'Brien for alleged misconduct. O'Brien has denied Goldberg's claims and fired back with a lawsuit.

Even more drama is playing out behind the scenes, according to current and former staffers, some of whom spoke to WBJ under the condition of anonymity because they fear retribution against their careers and livelihoods for speaking out. (Read about WBJ's anonymous sourcing policy here.)

They and other employees at the state agency headquartered in Worcester's Union Station state are party to intense internal conflicts, which involve dueling accusations of workplace misconduct hinging on each employee's characterization of the interactions in question, complicating their resolution.

unaddressed for nearly a year. Others were provided shifting explanations for delays, and even for suspensions.

That inconsistency has fueled the division of the agency's 140 or so employees into bitter factions, contributing to a toxic culture in which employees say chaos and missed deadlines have become the norm. The division has prompted employees to quit the agency in frustration or urgently seek leave to protect themselves from retaliation after filing complaints.

In response to a WBJ request for comment, CCC Press Secretary Neal McNamara said the agency's policy is to not comment on specific personnel matters.

CCC "seeks to maintain a fair, equitable workplace, and takes complaints and allegations raised by employees seriously," McNamara said. The agency "has a duty to ... take the necessary time to investigate complaints in fairness to all parties involved."

He added "public discussions of internal personnel matters may be harmful to the internal investigatory process."

 Shannon O'Brien*				a 2002 candidate for governor, O'Brien was suspended by Goldberg in September 2023 after being accused of being racially-insensitive comments and mistreating then executive director Shawn Collins. O'Brien denied the allegations but was fired in September 2024.
 Bruce Stebbins	$147,413	December 2020 to present	Then governor Charlie Baker, Treasurer Deborah Goldberg, and attorney general Maura Healey	A former commissioner of the Massachusetts Gaming Commission, Stebbins was named acting chair of the CCC by Goldberg on Sept. 12.
 Nurys Camargo	$147,413	December 2020 to present	Then governor Charlie Baker, Treasurer Deborah Goldberg, and attorney general Maura Healey	Former regional director of external affairs for New England at AT&T
 Ava Callender Concepcion	$147,413	January 2021 to present	Then attorney general Maura Healey	Former director of government affairs and external partnerships at the Suffolk County District Attorney's Office
 Kimberly Roy	$147,413	July 2021 to present	Then governor Charlie Baker	Former communications director and director of external affairs for the Worcester County Sheriff's Office

* Fired on Sept. 9, payrate based off total 2024 pay, including leave buy back pay received by O'Brien following her termination
Source: Massachusetts Office of the Comptroller statewide spending database, other state websites

Cannabis Control Commission commissioners

Reign of terror

CCC's outside law firm in August hired an additional outside investigator solely to probe complaints by current and former employees against Hilton-Creek, according to emails provided to WBJ by the employees.

Debbie Hilton-Creek PHOTO COURTESY OF CANNABIS CONTROL COMMISSION

Hilton-Creek, a U.S. Army veteran, is accused of fostering a hostile and retaliatory work environment, according to four people familiar with the complaints and documents obtained by WBJ.

When Hilton-Creek was appointed in October 2023 as acting executive director a mere two months after being hired as chief people officer, it marked the start of a reign of terror that exchanges with their new boss, describing an environment in which innocuous clarifying questions were treated as insubordination.

The four CCC commissioners who lead the marijuana agency were aware of complaints about Hilton-Creek, some of them as early as November 2023, but failed to take concrete steps to address them until August, according to CCC emails.

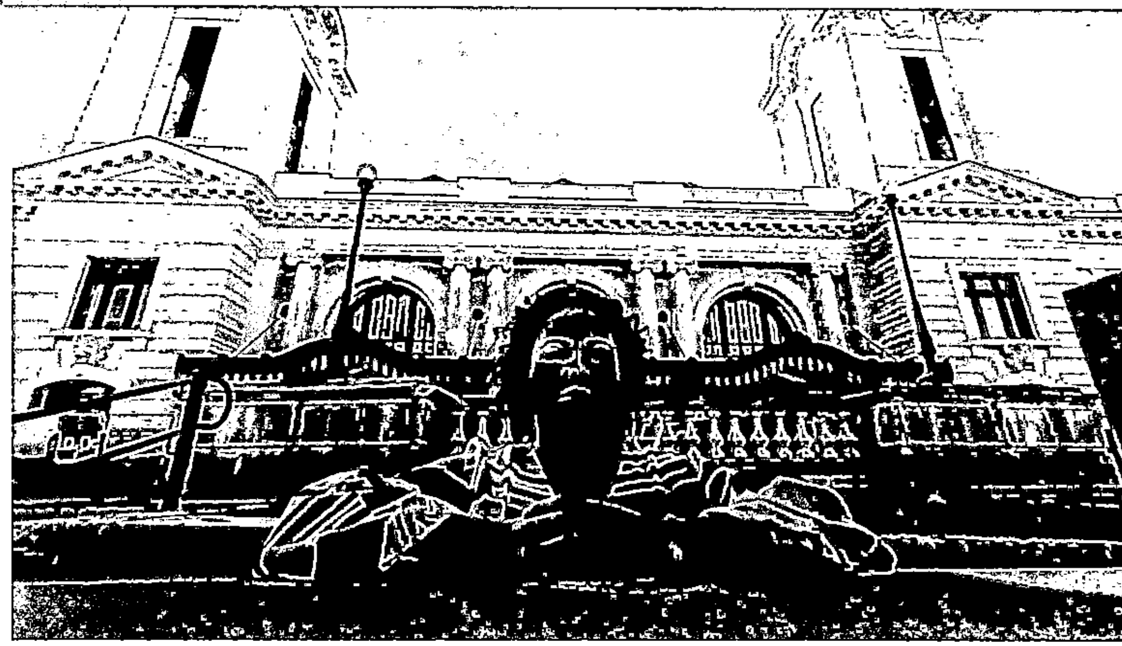
Employees say their attempts to report Hilton-Creek's behavior were complicated by her dual role as the agency's acting executive and its top HR official, a status that bumped her salary to $195,000, putting her on track to earn the most of any agency employee in 2024. The employees faulted the commission's lack of clear procedures for handling such cases.

When the investigator, Springfield-based employment and labor attorney Ed Mitnick, began contacting accusers in September, he quickly found himself inundated with claims.

"I am up to my eyeballs with various complaints from an increasing number of present and former employees making allegations pertaining to Debbie Hilton-Creek," Mitnick wrote in an email to Dube, the CCC business operations manager, who provided the email to WBJ.

Mitnick, who previously adjudicated workplace disputes as a hearing officer for the Massachusetts Commission Against Discrimination, added he had an ever-growing file of documentation submitted by Hilton-Creek's accusers.

Dube, a CCC manager who started at the agency in 2020 when it had 40 employees, said she is making her complaints public despite the risk to her career because she believes the agency is incapable of resolving them without public pressure. She was told by Mitnick his work would take at least three to four months because of the large number of people involved.



Meghan Dube, business operations manager at the Cannabis Control Commission, stands in front of Worcester's Union Station, where CCC is headquartered. PHOTO EDD COTE

Before September, employees who inquired about the status of their allegations against Hilton-Creek said they were given varying explanations for the inaction as months passed.

One former worker was told their report against Hilton-Creek would be investigated only if a sufficient number of other workers also complained about them in exit interviews.

In June, Dube received an email from the human resources department saying there was no timeline for resolving her six-month-old complaint against Hilton-Creek because the agency's other outside investigator at the time was busy with another, more urgent task: identifying the source of leaks to the press.

"The investigator will be handling multiple issues for the agency, which have all been categorized and assigned a priority," the email said to Dube, who provided it to WBJ. "Currently, the investigator's priority is the leaks within the agency ... I will reach out to you when your complaints are next in line."

Ava Callender Concepcion PHOTO COURTESY OF ATTORNEY GENERAL MAURA HEALEY'S OFFICE

During a tense June meeting, commissioners voted 3-1 to strip Hilton-Creek of her power over other departments. Then-chair Callender Concepcion said publicly the move would ease Hilton-Creek's workload so she could prioritize the HR matters she said required some much needed attention, including filling 20 open positions.

The decision alarmed Shapiro, the inspector general, who cited it in his June letter to lawmakers.

"The decentralization of management for the daily operations for an agency that has lacked clear lines of authority does not seem to be in the best interest of the agency's constituency or the people of the commonwealth," he wrote.

It is unclear whether the stripping of Hilton-Creek's authority over other departments was related to the complaints against her. Emails obtained by WBJ suggest conflict-of-interest concerns prompted Callender Concepcion and the agency's then-general counsel to assume responsibility in January for all complaints regarding Hilton-Creek.

Even so, Dube and others who had complaints against Hilton-Creek have little confidence in the agency's leaders to make any improvements. Once Mitnick's investigation into the complaints against her is complete, the agency has no mechanism to implement any suggested changes, Dube said.

have filed at least a half dozen complaints with MCAD, the Massachusetts State Ethics Commission, the inspector general, and legislators.

Dube was granted leave in October, after she said she could no longer continue reporting to Hilton-Creek.

Because of the multi-sided nature of internal CCC disputes, Johnson said she suspects the charges against Hilton-Creek are exaggerated and calculated to sabotage her attempts at imposing accountability.

Johnson, is currently on medical leave related to the impacts of what she says was mistreatment by other staff. She said the web of accusations and counterclaims among CCC employees was already extensive by the time Hilton-Creek took charge last October, leaving her with an impossible task.

"I do think Debbie came in as very strong with a ton of potential, but she's just been undermined at every corner," Johnson said.

Hilton-Creek's hiring as chief people officer in August 2023 indeed came at a time of disarray and transition for CCC. The agency was facing public concerns over industry safety following the death of a cannabis worker in January 2022. Meanwhile, longtime executive director Shawn Collins was on his way out the door, and incoming chair Shannon O'Brien would soon find herself mired in a controversy over her ownership in a marijuana company.

O'Brien would later be suspended and eventually fired by Goldberg, the state treasurer, who appoints the commission's chair, for allegedly making racially insensitive remarks and other misconduct, including allegedly mishandling a request for parental leave by Collins.

Documents released by O'Brien's lawyers related to her ongoing legal challenge against Goldberg suggest disagreements over Hilton-Creek's hiring figured into her clash with Collins, who according to the documents accused O'Brien of meddling in the process of selecting the agency's next chief people officer. An investigator ultimately dismissed that claim.

Almost immediately after Hilton-Creek was elevated to acting executive director in October, six staff members raised concerns about someone so new to the agency being tapped to lead it. The same day Collins officially announced on Nov. 16 he planned to resign in December, concerned employees requested a meeting with then-acting chair Callender Concepcion, outlining why they felt Hilton-Creek was unprepared for the role.

Hilton-Creek herself has noted deficiencies in the agency's human resources apparatus, saying at a public meeting in March staff in the department were inexperienced. She urged commissioners to approve the hiring of a new manager to oversee them.

going to come in and jump in alongside me and the rest of the staff to get the work done."

Commissioners ultimately approved the request, but Hilton-Creek reversed course in September, saying at a meeting of the commissioners she had paused hiring for the role to prioritize the search for a new permanent executive director and in order "to make sure that this is exactly the role ... that the team is aspiring to bring on."

Concerns over software contract

Dube's conflict with commission leadership escalated this summer, after she raised alarms about what she said was discussion by commission managers at a meeting in March to predetermine the outcome of a competitive bid for the agency's licensing application software.

In a partial recording of the meeting provided to WBJ by Dube, commission Chief Technology and Innovation Officer Paul Clark repeatedly makes clear his intention to select the current contractor, Salem-based JD Software, when the current contract expires next spring.

"How narrowly can we scope the [request for quote] that makes it legal to get us to where we really want to be, which is a continuation of the existing contract?" Clark asked other employees at one point in the meeting.

Clark said he and other CCC employees were not entirely satisfied with the JD Software product, which allows marijuana companies to submit materials to the commission for review and track the status of their applications. Eventually, Clark said the commission intends to replace the software with an all-in-one solution integrated with other agency systems, such as the one used to register medical marijuana patients. But he said the agency was too behind on other work to contemplate effectuating such a change in the near future.

There is no indication that JD Software was aware of the internal discussion about its contract. Clark did not respond to a WBJ request for comment.

Dube alerted a commissioner and other high-ranking officials about the possible violation of rules governing state bids, which generally require a competitive process to ensure taxpayers get the most for their money.

Dube said she was later reprimanded by her supervisor, Chief Financial and Accounting Officer Lisa Schlegel, for sending the email expressing her concerns, saying she should have spoken directly to Clark about the matter instead. Schlegel did not respond to a request for comment.

The CCC legal department acknowledged Dube's concern about the software contract and advised Dube of her right to contact the state ethics commission. Dube said she notified the Massachusetts Office of the Inspector General, which assigned an investigator to interview her about the allegation.

From the CCC's standpoint, McNamara said the agency was aware of Dube's concerns over the software contract and the situation had been reviewed. CCC has yet to formally issue a request for bids for when JD Software's contract expires.

Dube said she is worried further delays will ensure the commission has no option but to select JD Software when the current contract expires in March, essentially rendering the bid noncompetitive anyway.

Rising turnover, rising costs

The chaos inside the commission appears to have sparked an unprecedented wave of turnover.

Since the beginning of 2023, more than 35 employees have left the agency due to termination or resignation, including two chief-level positions and four director-level positions.

Mounting costs of CCC dysfunction

With issues at the Cannabis Control Commission on the rise, an increasing amount of public funds are being spent on employment-related legal fees, mediation, and other expenses related to human resources. Combined with the $872,587 in legal fees spent by the office of Treasurer Deborah Goldberg (not included in figures below) as part of fighting now-fired Chair Shannon O'Brien's legal appeals, the Commonwealth of Massachusetts has spent more than $1.64 million on CCC-related employment- and mediation-related costs in fiscals 2024 and 2025.

Expense	Details	July 2019 - June 2023	Since July 2023	Total since July 2019
Morgan Brown & Joy, LLP, Boston	A management-side employment law firm, Morgan Brown & Joy has hired multiple additional outside investigators to look into agency leaks, human resource problems, and other issues.	$209,499	$333,731	$543,230
Susan Podziba, founder of Brookline-based Podziba Policy Mediation	Podziba led efforts between commissioners and staff to produce a governance charter for the agency, resulting in more than 20 executive session meetings between 2022 and 2024. The governance charter has not yet been implemented.	$156,348	$18,606	$174,954
Employment-related settlement/judgment and known suspended employee salaries*	The commission made a payout in early 2024 for an employment-related settlement or judgement, which includes awards of back pay for improper termination, lump sum awards, discrimination claims, emotional distress, attorneys fees and costs. Salary expenses for suspended employees include Chief Communications Officer Cedric Sinclair (suspended since December 2023) and now-fired chair Shannon O'Brien (suspended 362 days).	-	$418,240	$418,240
Other related expenses	Includes payments to Washienko Law, a Boston-based boutique law firm specializing in resolving workplace-related issues, and Crisis Management Group, a Framingham-based human resources consulting firm providing a wide variety of employee assistance, managment consultation, counseling, and other employment-related services.	$33,634	$5,315	$38,949
TOTAL		$399,481	$775,892	$1,175,373

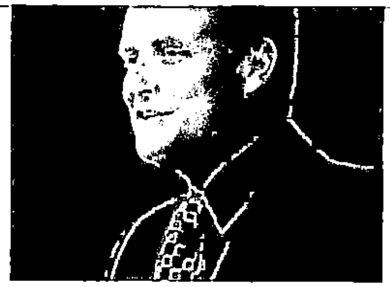
* Suspended employee salary costs based off annual salary rates in 2023 and 2024.
Source: Massachusetts Office of the Comptroller statewide spending database

Cannabis Control Commission legal expenditures

The agency's legal team in particular has seen nine exits in that time, including two general counsels, with former top attorney Kristina Gasson leaving in June after just eight months on the job.

While a handful of positions including the general counsel's job have been filled by external hires, others remain empty or have been backfilled by promoting current staff without a public, competitive hiring process.

At the same time, the agency has spent significant amounts of time and money trying to resolve seemingly intractable disagreements about how much authority commissioners have over the executive director and staff.



State Sen. Michael Moore (D-Worcester)

"The fact that we actually have an agency that is disputing the oversight of its commissioners ... I think it's a joke," said state Sen. Michael Moore (D-Millbury), who has emerged as a prominent critic of the commission. "It's pretty common sense that the commissioners are put in as the overseers of the agency. They appointment the executive director. That shows to me that that's the chain of command ... it's been a waste of taxpayers' dollars."

The commission voted in April 2022 to begin the process of drafting a governance charter to clarify those questions, and in June of that year hired Brookline-based mediator Susan Podziba to guide the closed-door discussions.

In July 2022, Podziba set December 2022 as the deadline for the mediation to conclude, according to meeting minutes. But the process ended up dragging into November 2023, costing around $175,000.

While portions of the minutes released this summer seem intentionally vague — referring, for example, to topics that were discussed without specifying who raised them — they nonetheless offer a glimpse at some of the issues dividing CCC leaders.

One focal point appears to have been the increasingly negative staff culture, something participants mentioned at least 25 times throughout the sessions, according to the minutes.

In June, then-acting chair Callender Concepcion said the charter was mostly done. A draft of the charter was released in July and discussed at length during a September commission meeting, but the three commissions present ultimately decided the document needed additional work. A timeline for its implementation has yet to be released.

The long and still-ongoing process raises questions about whether the charter, even if it is implemented, will help resolve CCC's underlying leadership issues The draft calls on the chair and executive director to work together cooperatively without directly addressing what the next steps should be if cooperation fails to materialize.

There's also question of if the draft reflects the viewpoints of current officials: Seven of the 11 officials who were participating in the mediation as of December 2022 are no longer at CCC or have been suspended.

data. More than $775,000 of that total has been spent since July 2023, according to the Massachusetts Office of the Comptroller's statewide spending database.

The sum includes the salaries of suspended employees and a $87,969 payment made in January the comptroller's office classified as an employment-related settlement or judgment.

A large portion of the funds, $543,230, has gone to Morgan Brown & Joy, a Boston-based employment law firm. Morgan Brown & Joy in turn has hired additional outside firms to conduct investigations into specific matters; they include Mitnick, the investigator assigned to probe the claims against Hilton-Creek, and Stephanie Chrisikos-Arendell, a trial attorney and MCAD-trained investigator with Compliance Plus in Natick, according to documents and emails obtained by WBJ.

Slow response to business struggles, consumer protection

The ongoing accountability vacuum is just one factor sapping the confidence of marijuana business owners.

Entrepreneurs have complained for years the agency moves far too slowly and is generally unresponsive to their concerns. The problem has hindered further growth in the industry, said Ryan Dominguez, executive director of the Massachusetts Cannabis Coalition trade association.

While companies in regulated industries routinely grumble about their overseers, the delays have been especially costly in the cannabis industry because it is so young and fast-evolving, meaning changes can easily come too late to have their intended impact, Dominguez said.

"Massachusetts is a [cannabis] market that is just not one of those places that people are looking to invest in right now, and I don't know if all of the news coverage that has come out has helped," said Dominguez. "There's a lot of transition that's happening at the CCC, and that leaves the whole industry in a really tough position."

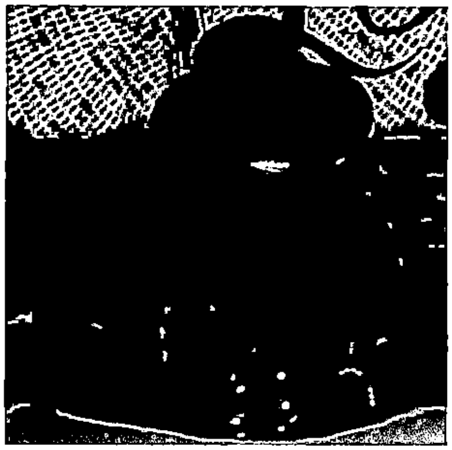
In Worcester County, the marijuana industry has quickly become a part of the local economy. The region is home to 85 adult-use dispensaries with at least a provisional license to operate as of October, according to CCC data. That number is nearly double the 49 from 2020. More prospective cannabis businesses have applied for licenses in Worcester County than any other county in Massachusetts.

The industry remains a cash cow for government coffers, as recreational marijuana is taxed at a 20% rate. Statewide, marijuana sales and fees generated $292.4 million in state tax revenue in fiscal 2024.

Despite those figures, increasing competition, dropping prices, and undue regulation have created problems for business operators in the cannabis industry.

The wholesale price of cannabis in Massachusetts plummeted nearly 67% from more than $416 an ounce in January 2020 to an all-time low of under $138 an ounce in September, according to CCC data.

These difficulties are not limited to Massachusetts, as legal marijuana markets in other states have seen shake-outs as competition increases. But challenging business conditions add greater urgency to a laundry list of regulatory changes businesses are seeking, some of which have been pending for years, said Laury Lucien, a Boston-based cannabis attorney and entrepreneur.



Laury Lucien, cannabis attorney and entrepreneur
PHOTO MATT WRIGHT

"People in the industry are frustrated and disappointed, because [commission leaders] are supposed to be professional, and this is affecting their livelihoods. People have invested their entire life savings into these businesses," Lucien said. "All the energy that went into the bickering and the back-and-forth and arguing about who will be the interim chair could have been used to create a better industry."

The reforms sought by businesses and advocates include relaxed security protocols for marijuana deliveries, more stringent worker safety requirements, the long-delayed implementation of social consumption pot cafes, and fixes to the state's unreliable cannabis testing system.

On the question of deliveries, the commission has made some progress, albeit at a snail's pace.

In December, commissioners voted 4-1 to delete a requirement calling for two people to be present for every home delivery of marijuana.

Initially intended to discourage robberies of vehicles carrying cannabis, business owners even before the start of deliveries in 2021 had warned the rule was financially infeasible, logistically difficult, and did little to increase security. Ever since, they have lobbied for it to be rescinded and eventually persuaded the cannabis commission to acquiesce.

question of whether it applied to wholesale deliveries between marijuana companies in addition to home deliveries, disappointing operators who were already upset at the delay following the December policy vote.

In the meantime, operational delivery companies say they have struggled to stay afloat. Multiple prospective delivery companies have abandoned their license applications, part of an upward trend in licenses being surrendered, according to Boston Business Journal.

Other regulations have lagged even longer. None more so than licenses for so-called social consumption venues, cafes where patrons can legally consume pot, which were envisioned by the 2016 ballot initiative. Eight years later, rules to allow for pot cafes still not haven't been finalized.

While part of the delay is attributable to a hitch in state law — since fixed — preventing municipalities from holding votes to approve the facilities, CCC in 2023 voted to scrap an earlier set of provisional rules and restart the process of drafting regulations. That means the venues are unlikely to open before 2026 at the very earliest, 10 years after Massachusetts legalized marijuana and long after states such as California and New Jersey approved rules for cannabis cafes.

Issues surrounding the testing of products to ensure product safety and accuracy of labeling is a concern across the industry, but has been particularly prominent in Massachusetts, where accusations of fraud and businesses shopping between labs to get more desirable testing results have been common knowledge in industry circles for years.

In October, an investigation from the Wall Street Journal found from April 2021 through 2023, labs in Massachusetts that failed fewer tests than other labs in the previous year tested a median of 84% more samples during the following 12 months, suggesting growers were seeking out labs likely to approve products with higher levels of contaminants.

Product safety issues have caught the attention of state watchdogs. In September 2023, an audit from State Auditor Diana DiZoglio found CCC had allowed more than $10 million in products with expired testing approvals to be sold to consumers.

Johnson, the CCC chief of research since 2018, told the WBJ she tried in vain for years to obtain testing data but was rebuffed. Then, at a science-themed cannabis event she attended in December, she was shocked when one speaker presented a thorough analysis of the very data she had sought, accessed via a public record request.

Once Johnson got access to the data herself, it didn't take long to find obvious indicators of fraud.

"We analyzed it, and then we realized that there was a huge issue with the data and how labs are reporting total yeast and mold," Johnson said.

Data from some labs showed a massive number of samples fell just below the state's threshold for contaminants like mold, she said, while virtually none were above the threshold, a near impossibility statistically, she said.

CCC has scheduled a Nov. 7 hearing to receive feedback from stakeholders on the issue of testing fraud.

One issue CCC did move quickly on was allowing the transport of marijuana to the islands of Martha's Vineyard and Nantucket, which lie across federal waters from the mainland. Because of marijuana's illegal status at the federal level, the practice had previously been banned, leaving dispensaries on the islands with extremely limited access to products.

In June, CCC issued an administrative order permitting shipments over intrastate waterways. The order came after a lawsuit was filed in May by Vicente LLP, a Denver-headquartered cannabis law firm working on behalf of island dispensaries.

CCC moved to enter settlement negotiations within nine days of the lawsuit being filed, according to a press release from the firm. The quick regulatory change came as part of the settlement of the lawsuit, suggesting businesses who need urgent action from the agency may increasingly head to court for a solution.

CCC leaders downplay their objectively slow pace of work and attack their critics.

Commissioner Bruce Stebbins IMAGE COURTESY OF CANNABIS CONTROL COMMISSION

On Friday, acting-chair Bruce Stebbins wrote a letter to the editor in the Boston Globe in response to reporting on industry mold problems, saying the article may have caused unnecessary alarm over product safety but without addressing specific claims.

Commissioners and high-ranking officials such as Hilton-Creek have frequently made comments criticizing media coverage of the agency during public meetings, insisting the commission remains on track by pointing to new employee hires and emphasizing total sales figures.

"The state revenue numbers are the ones that are used most and quoted most often, but I think it's not telling the full picture," said Dominguez. "If you look at how much people are actually profiting versus their tax burden and things behind the scenes, I don't think those numbers are telling the true picture."

A lack of accountability

If lines of authority are muddled within the commission, that's true externally, too.

Under state law, the commission does not answer to a single political authority; its five commissioners are appointed variously by the governor, attorney general, treasurer, or jointly by all three.

That was a change from the 2016 ballot initiative that legalized recreational marijuana sales in Massachusetts. In it, voters approved a three-member agency under the treasurer's office, which directly oversees the state Alcoholic Beverages Control Commission.

State lawmakers in December 2016 paused implementation of the legalization law, and the next summer passed a revised version centered around an independent, five-member commission, modeled after the Massachusetts Gaming Commission.

While the move was intended to insulate the agency from undue political interference, Lucien said it insulated the commission from accountability amid its current crisis, leaving it unclear who should step forward to right the ship.

"At this point, with all the chaos and all the things going wrong simultaneously, there needs to be a grownup in the room," said Lucien. "Someone should be given the final say to jump in and set things in order and tell all these people, 'You're in time out.' I'm not sure if receivership is the best option, but there has to be some form of accountability to ensure the successful operation of the commission and the industry, and that may need to come from the Legislature."

Indeed, a review of news coverage suggests the three appointing authorities, along with top legislative leaders, have mostly been at pains to distance themselves from the commission's woes.

House Speaker Ronald Mariano, for example, said on WCVB-TV's "On The Record" in 2023 lawmakers who wanted additional oversight of the agency were "folks who want to get in the middle of a fight." Commenting in October about this year's spate of ballot initiatives, Mariano seemed to partially blame voters themselves, telling State House News Service he was "no fan of making laws by ballot initiative, after seeing how screwed up the marijuana thing got."

Even Goldberg, who stepped in to fire O'Brien and is responsible for appointing the agency's chair, has otherwise disavowed responsibility for fixing the ailing cannabis commission.

cannabis and drug policy.

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"I'r
ac
there, so I have absolutely no idea."

CCC leaders have cast some blame at the legislature, noting in public meetings lawmakers have refused to fully fund the agency's most recent budget request. Callender Concepcion said in December to State House News Service elected officials were trying to create false narratives about the agency.

The road ahead

Current and former employees who spoke to WBJ largely agree on one key principle: There's little hope for the agency to get back on track without outside intervention.

Dube suspects commissioners knew early on installing Hilton-Creek as the acting executive director was a mistake, but they are afraid to acknowledge the mistake while state legislators are considering overhauling the agency or even putting it into receivership.

While Dube sees Hilton-Creek as a major obstacle to reforming the organization, she – along with Johnson and other current and former employees – have doubts the agency's four remaining commissioners will be able to refocus the agency on its work.

"I kept trying to give [commissioners] the benefit of the doubt, but inaction is action," Dube said. "The pain of hearing them in public meetings talk about how great Hilton-Creek is and how she's doing so much is so incredibly painful. It's a slap in the face. I think they are culpable."

Eric Casey is a staff writer at Worcester Business Journal, who primarily covers the manufacturing and real estate industries. Dan Adams is a freelance reporter who covers

EXHIBIT C

OFFICE OF THE STATE AUDITOR

DIANA DIZOGLIO

August 14, 2025

Travis Ahern, Executive Director
Cannabis Control Commission
Union Station, 2 Washington Square
Worcester, MA 01604

Bruce Stebbins, Acting Chair
Cannabis Control Commission
Union Station, 2 Washington Square
Worcester, MA 01604

Dear Executive Director Ahern and Acting Chair Stebbins:

I am pleased to provide to you the results of the enclosed performance audit of the Cannabis Control Commission. As is typically the case, this report details the audit objectives, scope, methodology, findings, and recommendations for the audit period, July 1, 2022 through June 30, 2024. As you know, my audit team discussed the contents of this report with agency managers. This report reflects those comments.

I appreciate you and all your efforts at the Cannabis Control Commission. The cooperation and assistance provided to my staff during the audit went a long way toward a smooth process. Thank you for encouraging and making available your team. I am available to discuss this audit if you or your team has any questions.

Best regards,

Diana DiZoglio

Diana DiZoglio
Auditor of the Commonwealth

LIST OF ABBREVIATIONS

CCC	Cannabis Control Commission
CIF	Community Impact Fee
CMR	Code of Massachusetts Regulations
CTR	Office of the Comptroller of the Commonwealth
HCA	host community agreement
MassCIP	Massachusetts Cannabis Industry Portal
MMARS	Massachusetts Management Accounting and Reporting System
MRF	marijuana regulation fund
MTC	Medical Marijuana Treatment Center

EXECUTIVE SUMMARY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of the Cannabis Control Commission (CCC) for the period July 1, 2022 through June 30, 2024. When designing the audit plan for examining CCC's employee settlement agreements, we extended the audit period to January 1, 2019 through December 31, 2024.

The purpose of our audit was to determine whether CCC administered the calculation, collection, and accounting for fees and fines collected in the marijuana regulation fund (MRF) in accordance with Sections 5 and 13 of Chapter 94G of the General Laws and Sections 500.005(1)(d) and 500.360(2) and (3) of Title 935 of the Code of Massachusetts Regulations (CMR).

Additionally, we determined whether CCC reviewed, approved, and certified host community agreements (HCAs) and Community Impact Fees (CIFs) in accordance with 935 CMR 500.180(2)–(4).

The above-mentioned regulations were created to further CCC's mission. According to its website, CCC's mission is "safely, equitably, and effectively implementing and administering the laws enabling access to medical and adult use marijuana in the Commonwealth." Proper collection of fees, penalties, and fines, as well as consistent review of HCAs, are critical to CCC's mission.

Finally, we determined whether CCC followed a process—dating back to January 1, 2019—that was in compliance with the Office of the Comptroller of the Commonwealth's (CTR's) "Settlements and Judgments Policy" when determining whether to enter into, and when reviewing and finalizing, employee settlement agreements.

Below is a summary of our findings, the effects of those findings, and our recommendations, with hyperlinks to each page listed.

Finding 1 **Page 20**	CCC's mismanagement of prorated fees for license extensions resulted in procedural inequity, revenue loss, and noncompliance with state regulations.
Effect	CCC management failed to take appropriate steps and institute procedures to fully quantify and accurately administer license extensions. A lack of supervision and minimal accountability over licensing staff members contributed to a significant breakdown of the internal controls over requests for and approvals of extensions. As a result, not all fees were billed, which resulted in uncollected fee revenue for the Commonwealth. Furthermore, these procedural inequities created the appearance of potential impropriety, which could erode the public's trust in CCC.

Recommendations **Page 26**	1. CCC should improve its internal processes around the administration of prorated fees to ensure that all money owed to CCC, and therefore the Commonwealth, is collected appropriately, consistently, and equitably. 2. CCC should conduct a full reconciliation to identify the total population of all uncollected license extension fees. 3. CCC should implement a standardized, written procedure for administering license extensions to ensure equity and compliance with applicable regulations. 4. CCC should prioritize adequate staffing, oversight, and automation of the billing process for license extension fees. 5. CCC should update its procedures to ensure that they are demonstrably fair, equitable, and transparent to help increase the public's trust and prevent the appearance of potential impropriety.
Finding 2 **Page 32**	CCC violated state regulations and applicable policies by failing to ensure that fines were assessed and collected within reasonable timeframes and by not designating a hearing officer to oversee related hearings.
Effect	The absence of both timely enforcement and a hearing officer may have allowed unresolved compliance issues at marijuana establishments to persist or worsen. Delays in enforcement undermine regulatory effectiveness by adversely impacting CCC's ability to enforce applicable laws and regulations and may create an inequitable situation, especially for establishments that lack the resources to independently navigate prolonged enforcement processes. Lengthy timeframes, especially around enforcement action, put customers at potential risk either of purchasing and consuming contaminated or expired marijuana products or of being exposed to other public health risks. Additionally, the lack of a hearing officer may have compromised due process rights for licensees subject to fines and enforcement actions.
Recommendations **Page 38**	1. CCC should establish, document, and follow specific timelines for the assessment and collection of fines throughout all phases of its inspection process. 2. CCC should designate a hearing officer pursuant to its regulations.
Finding 3 **Page 41**	CCC's failure to review existing HCAs allowed agreements that contained unenforceable language and noncompliant provisions to remain in effect for between 4 and 16 months longer than stipulated by Chapter 180 of the Acts of 2022.
Effect	Noncompliant HCAs put undue financial burdens on small businesses in a burgeoning industry. We identified 11 new marijuana establishments that were required to make large payments to the municipality before making their first sale—one of these establishments was required to pay over $100,000. This practice is in violation of applicable regulations and creates an environment in which only the largest businesses, often multi-state operators, can thrive and further incentivizes municipalities to show preferential treatment to large businesses capable of providing more funding. Given the nature of the cannabis industry, this disfavors smaller Massachusetts-based entrepreneurs in favor of non-Massachusetts businesses that have existing cannabis operations in other states, and, therefore, greater financial means to afford such payments. We also identified HCAs in municipalities that had unequal terms between different marijuana establishments of the same license type, even though the establishments were in the same municipality. For example, one marijuana establishment in Brookline had a mandated charitable donation of $975,000, while another in Brookline had no such requirement.

Recommendation Page 43	CCC should review all existing HCAs to ensure that they do not contain noncompliant terms. CCC management should adhere to their responsibilities to ensure functional oversight with respect to proper application of the law.
Finding 4 Page 45	CCC did not have a documented and transparent process for employee settlement agreements, including those containing non-disclosure, non-disparagement, or similarly restrictive clauses.
Effect	If CCC does not have a documented and transparent process, which would hold CCC accountable, to handle employee settlement agreements, especially those containing non-disclosure, non-disparagement, or similarly restrictive clauses, then it cannot ensure that employee settlements are handled in an equitable, ethical, legal, and consistent manner.
Recommendations Page 46	1. CCC should develop, document, and implement a policy related to employee settlement agreements in accordance with CTR's guidance. 2. CCC should refrain from using employee settlement agreements that contain non-disclosure, non-disparagement, or similarly restrictive clauses and should implement a policy regarding the use of employee settlement agreements to promote a transparent and equitable process.
Finding 5 Page 47	Breakdown of management structure and role consolidation led to turnover of critical personnel at CCC, which contributed to operational and compliance risks.
Effect	CCC's breakdown of management structure and role consolidation will lead to several additional negative consequences, such as the following: • CCC's increasing reliance on external legal counsel resulted in higher operational expenditures and reduced capacity for internal improvements to CCC's legal team. While specialized external support can be necessary in certain cases, the absence of sufficient internal legal staffing could limit CCC's ability to maintain consistent legal administration and oversight. Furthermore, resources used for external counsel could instead support internal staffing or training to enhance long-term legal and compliance capabilities within CCC. • Poor segregation of duties and the assignment of multiple high-level responsibilities to individual staff members increases the likelihood of operational bottlenecks and miscommunications. These conditions could create opportunities for error, mismanagement, employee conflict, and/or conflicts of interest. • Staff members carrying excessive workloads and holding overlapping responsibilities may struggle to provide timely administrative decisions and services. Prolonged strain could lead to burnout, disengagement, and/or additional resignations, further compounding staffing issues. • Frequent leadership changes, combined with ongoing legal challenges, may undermine public and stakeholder confidence in CCC. A lack of continuity in key roles could also impair long-term planning and disrupt the consistent execution of strategic initiatives. • Employees placed in dual executive roles may lack the specific expertise or qualifications necessary to effectively fulfill both sets of responsibilities. The loss of experienced leadership, particularly when internal policies and procedures are undocumented, could result in the erosion of institutional knowledge and increased reliance on informal or inconsistent practices. • The absence of documented controls over the areas reviewed during our audit may indicate broader organizational risks, particularly given CCC's wide range of statutory responsibilities in regulating the cannabis industry in the Commonwealth.

Recommendations **Page 50**	1. CCC should ensure that it has a succession plan to effectively administer general and executive staff member turnover. 2. CCC should ensure that there is segregation of duties among all CCC executive staff members. 3. CCC should refrain from using external legal counsel to perform core functions.
Finding 6 **Page 51**	CCC failed to implement sufficient controls related to the administration of the MRF and its HCA review process and did not have a fully compliant internal control plan as required by CTR's *Internal Control Guide*.
Effect	This inadequate internal control environment contributed to several operational and financial risks, including: • absence of control activities, which resulted in inconsistent practices, a lack of clearly documented procedures, and diminished organizational accountability; • deficient oversight in licensing, HCA reviews, and management of the MRF, as evidenced by missing documentation of final approvals and unreconciled financial activity raising concerns about transparency, fairness, and regulatory reliability; and • lack of a fully compliant internal control plan, which leaves CCC unprepared to address emerging risk posed by an unstable organizational structure.
Recommendations **Page 54**	1. CCC should ensure that controls around the review processes for both the MRF and HCAs operate effectively. 2. CCC should develop a fully compliant internal control plan and conduct a risk assessment annually.
Finding 7 **Page 55**	CCC failed to identify double payments for license fees and did not ensure that revenues were coded and classified.
Effect	The failure to implement adequate financial controls resulted in several risks and inefficiencies, including the following: **Financial Misstatements and Reporting Inaccuracies** • The commingling of revenue codes undermines accurate revenue tracking, which can distort financial reports, impact budgetary decision-making, and lead to noncompliance with state financial reporting requirements. **Erosion of Public and Stakeholder Trust** • The inability to identify and prevent duplicate payments exposes licensees to potential financial harm, raising concerns about CCC's credibility, financial integrity, and regulatory oversight capacity. • Without proper revenue categorization and duplicate payment detection, there is an increased risk of undetected financial mismanagement, revenue loss, and/or fraud. **Operational Inefficiencies** • The absence of systematic safeguards delays the resolution of discrepancies, which may delay financial reconciliations and impair CCC's overall fiscal management.

Recommendations Page 57	1. CCC should implement automated system controls and validation procedures to monitor and prevent duplicate payments. 2. CCC should assign unique revenue codes to different revenue types. 3. CCC should perform regular reconciliations to detect or prevent duplicate transactions. 4. Until CCC implements a reliable system that detects or prevents duplicate transactions, CCC should make licensees aware of potential duplicate fees so that they may safeguard against improper charges by CCC.

In addition to the conclusions we reached regarding our audit objectives, we also identified issues not specifically addressed by our objectives. See Other Matters for more information.

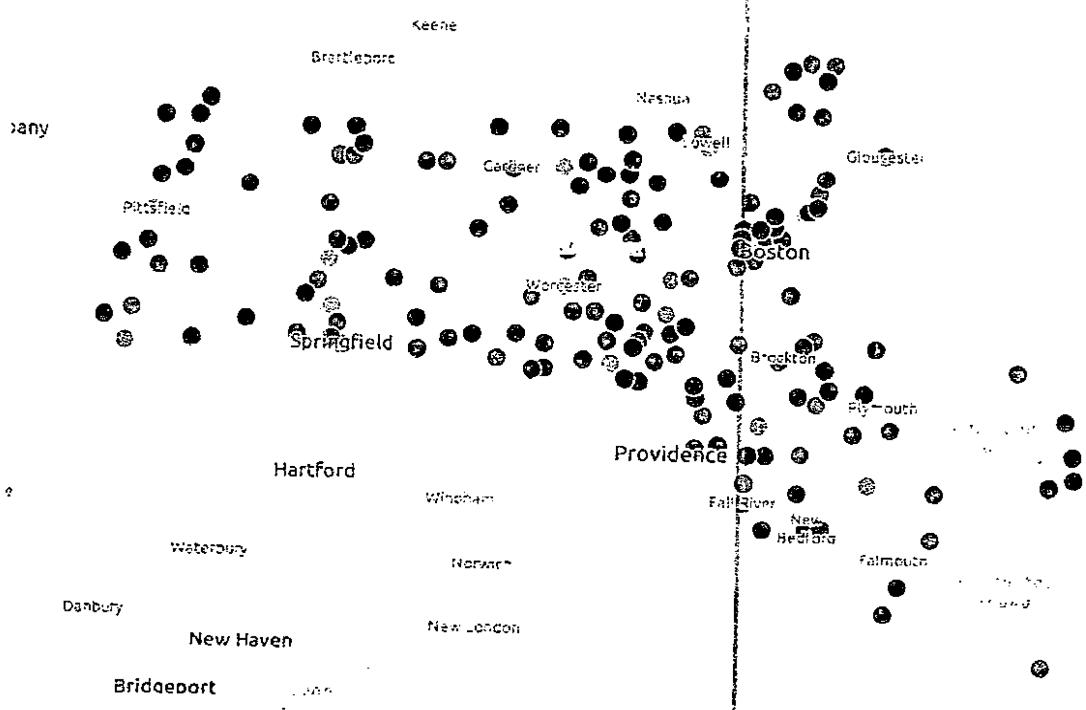
OVERVIEW OF AUDITED ENTITY

Chapter 55 of the Acts of 2017 established the Cannabis Control Commission (CCC) as the independent agency responsible for developing and enforcing regulations over the marijuana industry in Massachusetts. According to its website, CCC's mission is to "safely, equitably, and effectively [implement and administer] the laws enabling access to medical and adult use marijuana in the Commonwealth."

CCC is overseen by five commissioners, with one each appointed by the Governor, the Attorney General, and the Treasurer and Receiver General and two appointed by a majority vote of those three officials. The Treasurer and Receiver General designates the chair of CCC and the commissioners appoint an executive director to oversee the day-to-day management of the agency.

CCC is headquartered at 2 Washington Square in Worcester and received total appropriations of $15,217,877, $19,218,649, and 19,763,742 in fiscal years 2022, 2023, and 2024, respectively.

Marijuana Establishments in Massachusetts



Note: The dots on this map indicate locations of marijuana establishments and are colored by density—the darker the color of the dot, the more marijuana establishments there are in the area.

Marijuana Regulation Fund

Section 14 of Chapter 94G of the General Laws established a marijuana regulation fund (MRF) consisting of all money received by the Commonwealth for marijuana establishment licensing fees, all penalties imposed on marijuana establishments for violations of Chapter 94G of the General Laws, and all revenue generated by the excise tax on cannabis products established in Section 2 of Chapter 64N of the General Laws.

Money from the MRF is appropriated by the Massachusetts Legislature to support various state agencies, including CCC, as part of the annual budget process. According to Section 14(b) of Chapter 94G of the General Laws, these funds are used for the "implementation, administration and enforcement of [laws and regulations related to cannabis production, distribution, and possession] by the commission and by the department of agricultural resources." Also, 15% of the MRF is transferred to the Cannabis Social Equity Trust Fund, which was established in Section 14A of Chapter 94G of the General Laws. During fiscal years 2022 through 2024, all money appropriated to CCC came from the MRF.

Licensing

Section 5 of Chapter 94G of the General Laws and Section 500 of Title 935 of the Code of Massachusetts Regulations (CMR) give CCC the authority to review applications for new licenses for prospective marijuana establishments and applications for renewals of existing licenses. This process is administered through the Massachusetts Cannabis Industry Portal (MassCIP). Applicants submit their license applications through MassCIP. The licensing process includes multiple stages, including application submission, provisional license approval, architectural review (if required), final licensing approval, and annual renewal.

Prorated Fees for Extensions

In August 2022, CCC voted to allow license extensions[1] at the discretion of the executive director for up to 120 calendar days. Licensing staff members originally managed extension requests using a Microsoft Excel spreadsheet and prorated the fee for the extension based on the number of days by which the license was extended. CCC voted in May 2024 to extend the authority to grant administrative extensions to the chief of investigations and enforcement, allowing licensees to request an additional 120 to 240 calendar days on top of the original 120-day extension.[2] Following this change, the licensing team notified

1. Licenses must be renewed annually unless an extension is granted.
2. The additional 120 to 240 calendar days are in addition to the original 120 days approved in August 2022. This means a license can be extended up to 360 days.

the investigations and enforcement team of prorated fees that had not yet been collected from licensees who received extensions. The licensing team created a tracker to document licensees who had received extensions and identified 161 cases where fees were due.

By November 2024, CCC had formalized the extension request process by introducing a License Extension Application in MassCIP, requiring licensees to submit extension requests through the system before their license expiration date. Licensees must submit both their extension request and prorated fee payment through MassCIP, where CCC employees review the request within the system. Once CCC employees have reviewed and approved the request and the fee has been paid, MassCIP sends an automated notification to the licensee through MassCIP confirming the extension.

Revenue Collection

CCC collects revenue through license fees, registration fees, and regulatory fines. CCC's finance and accounting team has distinct procedures for processing each type of revenue, as described below.

License Fees

License fees vary based on the type of license, with waivers or reductions available for eligible license categories such as microbusinesses[3] or Social Equity Program participants. Payments can be made through an online portal, by check sent to CCC, or to CCC's bank lockbox.

The finance team reviews payment information for accuracy on a daily basis and works with the licensing team as needed to ensure proper recording. CCC then posts these transactions to the state accounting system (MMARS), which subsequently transfers the collected funds to the Marijuana Regulation Fund (MRF).

Excise Taxes

Marijuana establishments must collect a 10.75% excise tax at the point of sale and submit these payments to the Department of Revenue through monthly tax returns. The Department of Revenue then transfers these funds to the MRF monthly.

3. According to CCC's website, "A Microbusiness is a co-located [marijuana establishment] that can be either a tier 1 Marijuana Cultivator or Product Manufacturer—or both. A Microbusiness that is a Marijuana Product Manufacturer may purchase no more than 2,000 pounds of marijuana per year from other [marijuana establishments]."

Fines

CCC's Investigations and Enforcement Department assesses fines against marijuana establishments for regulatory violations[4] based on the severity and circumstances. Payments must be made by check and either sent to CCC's designated bank's lockbox or mailed to CCC's Worcester office. The financial team classifies these payments using distinct revenue codes in the Massachusetts Management Accounting and Reporting System (MMARS), the state's accounting system.

Section 13 of Chapter 94G of the General Laws gives CCC the authority to impose fines on marijuana establishments for offenses, including, but not limited to, the following violations noted during the audit:

- exceeding limits of allowed cultivation square footage;
- compromising public safety;
- applying unallowable pesticides;
- failing to maintain sanitary conditions;
- failing to report inventory discrepancies;
- failing to adhere to internal standard operating procedures; and
- failing to maintain training records.

Electronic Payment Processing

CCC uses a third-party online payment portal to process credit and debit card payments. The Office of the Comptroller of the Commonwealth (CTR) receives a daily payment file from the portal and automatically generates the accounting entries in MMARS. These entries transfer the funds to the MRF and to the appropriate revenue accounts associated with the license or application type, as identified by external cash receipt table code. CCC's finance team reviews a monthly MMARS report summarizing all CCC payment activity.

4. Examples of regulatory violations include compromising public safety (e.g., selling products that are not safe for consumption due to contamination), not maintaining sanitary conditions within the marijuana retail establishment, and not reporting inventory discrepancies.

Host Community Agreements

Section 3 of Chapter 94G of the General Laws empowers communities to impose reasonable safeguards on the operation of marijuana establishments in the form of ordinances, bylaws, and host community agreements (HCAs) between a municipality and individual marijuana establishments operating in that municipality. HCAs may include a Community Impact Fee (CIF), to be paid by the marijuana establishment, that meets the following requirements, according to Section 3(d)(2)(i) of Chapter 94G of the General Laws:

> *The community impact fee shall be: (A) reasonably related to the costs imposed upon the municipality by the operation of the marijuana establishment or medical marijuana treatment center . . . (B) amount to not more than 3 per cent of the gross sales of the marijuana establishment or medical marijuana treatment center; (C) not be effective after the marijuana establishment or medical marijuana treatment center's eighth year of operation; (D) commence on the date the marijuana establishment or medical marijuana treatment center is granted a final license by the commission; and (E) not mandate a certain percentage of total or gross sales as the community impact fee.*

According to 935 CMR 500.180, CCC has the authority to review, regulate, enforce, and approve HCAs to guarantee compliance with Section 3 of Chapter 94G of the General Laws. In particular, the executive director or the executive director's delegate is required to review each HCA submitted by a license applicant and to determine whether all language in the HCA is enforceable under the law. CCC began reviewing HCAs for compliance on March 1, 2024.

HCA Review Process Effective Through February 29, 2024

Before March 1, 2024, CCC did not directly review HCAs for compliance with the law.[5] Instead, license applicants were required to submit attestations confirming that their HCAs met the necessary legal standards. This process relied on self-certification by applicants without formal verification by CCC.

HCA Review Process Effective Starting March 1, 2024

Beginning March 1, 2024, CCC initiated a more rigorous review process for HCAs. The investigations and enforcement team reviews each HCA submitted by a license applicant to determine whether all

5. CCC's oversight of HCAs became effective November 10, 2022. Chapter 94G of the General Laws, as amended, granted CCC oversight of HCAs. CCC did not start reviewing HCAs until March 1, 2024. Agreements that contained unenforceable language and noncompliant provisions remained in effect for between 4 and 16 months longer than stipulated by Chapter 180 of the Acts of 2022. This created a prolonged period in which noncompliant agreements persisted without oversight.

language within the agreement is enforceable under the law. CCC uses a checklist to review applications, ensuring that HCAs meet the requirements outlined in 935 CMR 500.180.

CIFs

We interviewed CCC staff members regarding their review of CIFs included in submitted HCAs. While CCC started to review HCAs as of March 1, 2024, it opted to begin reviewing CIFs within HCAs at least six months later, in November 2024. Since CCC's review of CIFs started five months after the audit period, we were unable to test CCC's review of CIFs. CCC management told us in March 2025 that they have encountered difficulties reviewing CIF documentation because of legal issues and disputes with municipalities.

Settlements and Judgments

As an agency of the Commonwealth of Massachusetts, CCC is subject to Chapter 258 of the General Laws, the regulations on settlements and judgments outlined in 815 CMR 5.00, and CTR's "Settlements and Judgments Policy."

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of certain activities of the Cannabis Control Commission (CCC) for the period July 1, 2022 through June 30, 2024. When designing the audit plan for examining CCC's employee settlement agreements, we extended the audit period to January 1, 2019 through December 31, 2024.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Below is a list of our audit objectives, indicating each question we intended our audit to answer; the conclusion we reached regarding each objective; and, if applicable, where each objective is discussed in the audit findings.

Objective	Conclusion
1. Did CCC administer the calculation, collection, and accounting for fees and fines collected in the marijuana regulation fund (MRF) on an equitable basis and in accordance with Sections 5 and 13 of Chapter 94G of the General Laws and Sections 500.005(1)(d) and 500.360(2) and (3) of Title 935 of the Code of Massachusetts Regulations (CMR)?	**No; see Findings 1, 2, 6, and 7**
2. Did CCC review, approve, and certify host community agreements (HCAs) and Community Impact Fees (CIFs) in accordance with 935 CMR 500.180(2)–(4)?	**No; see Findings 3 and 6**
3. Did CCC follow a process—dating back to January 1, 2019—that was in compliance with the Office of the Comptroller of the Commonwealth's (CTR's) "Settlements and Judgments Policy" when determining whether to enter into, and when reviewing and finalizing, employee settlement agreements?	**No; see Finding 4 and 5**

To accomplish our audit objectives, we gained an understanding of CCC's internal control environment relevant to our objectives by conducting interviews and walkthroughs with management. Additionally, we reviewed CCC's internal control plan, employee handbook, strategic goals, and applicable policies and procedures, including standard operating procedures and information technology safety guidelines. As part of our assessment of CCC's control environment, we performed control testing in key operational areas, which included testing whether commissioner approval was obtained for all MRF fines issued during the audit period, whether reconciliations of revenue were completed and reviewed in a timely manner, and whether required documentation was maintained for background checks and final licensing checklists.

Note that, while performing our due diligence on CCC's control environment, we identified certain issues within the control environment. See Findings 5, 6, and 7 for issues we identified with CCC's control environment.

In addition to these actions, in order to obtain sufficient, appropriate evidence to address our audit objectives, we performed the procedures described below.

MRF

To determine whether CCC administered the calculation, collection, and accounting for fees and fines collected in the MRF on an equitable basis and in accordance with Sections 5 and 13 of Chapter 94G of the General Laws and Sections 500.005(1)(d) and 935 CMR 500.005(1)(d) and 935 CMR 500.360(2) and (3), we first interviewed knowledgeable CCC staff members and performed walkthroughs of key procedures related to the administration of the MRF. Additionally, we performed the procedures described below.

Fees

We identified a population of 69,645 fee transactions that occurred during the audit period. We split the population into the following two groups:

- transactions with moderate volume and high dollar values, which came to 2,948 transactions with average values of $10,238, and
- transactions with high volume and low dollar values, which came to 66,697 transactions with average values of $164.

From the two population groups described above, we selected the following samples:

- We selected a random, statistical[6] sample of 60 transactions out of the total population of 2,948 high-dollar-value transactions, using a 95% confidence level,[7] a 0% expected error rate,[8] and a 5% tolerable error rate.[9]
- We selected a random, statistical sample of 30 transactions out of a total population of 66,697 low-dollar-value transactions, using a 95% confidence level, a 0% expected error rate, and a 10% tolerable error rate.

We determined whether the fees from our sample were calculated accurately; were collected in accordance with effective due dates; and were recorded completely and accurately in accordance with CCC guidelines, policies, and procedures by comparing records from the Massachusetts Management Accounting and Reporting System (MMARS) for each fee transaction to the records in CCC's Massachusetts Cannabis Industry Portal (MassCIP). We also determined whether each fee was subject to proration and whether the proration was calculated, billed, and collected in accordance with CCC guidelines, policies, and procedures and applicable regulations.

For this aspect of our objective, we found certain issues during our testing. See Finding 1 for more information.

Fines

To determine whether the fines were calculated and levied in accordance with 935 CMR 500.360 and CCC's policies and procedures, we identified the population of five fines for regulatory violations that were levied by CCC against noncompliant marijuana establishments during the audit period. We then performed the following procedures:

- We reviewed hardcopy documentation for each of the five fines levied and compared those records with MMARS records to determine whether the hardcopy documentation agreed with the corresponding fine amount billed to and collected from the applicable license.

6. Auditors use statistical sampling to select items for audit testing when a population is large (usually over 1,000) and contains similar items. Auditors generally use a statistics software program to choose a random sample when statistical sampling is used. The results of testing using statistical sampling, unlike those from judgmental sampling, can usually be used to make conclusions or projections about entire populations.
7. Confidence level is a mathematically based measure of the auditor's assurance that the sample results (statistic) are representative of the population (parameter), expressed as a percentage.
8. Expected error rate is the number of errors that are expected in the population, expressed as a percentage. It is based on the auditor's knowledge of factors such as prior year results, the understanding of controls gained in planning, or a probe sample.
9. The tolerable error rate (which is expressed as a percentage) is the maximum error in the population that is acceptable while still using the sample to conclude that the results from the sample have achieved the objective.

- We compared each amount of the five fines levied to the corresponding amount of the agreed-upon fine within the Stipulated Agreements signed by each licensee.
- We compared certain information (i.e., the types of violations and the dollar values for each of the levied fines based on the type of violation noted, the number of violations, the length of time the violation(s) remained open, and the amount of the fine) between hardcopy documentation for each fine and reporting MMARS records.
- We compared the length of time it took CCC to administer the fine process for each of the levied fines with CCC's standard operating procedures.

For this aspect of our objective, we found certain issues during our testing. See Finding 2 for more information.

Prorated Fees

To gain an understanding of CCC's process for administering prorated license fees and license extensions, we interviewed knowledgeable CCC employees. Additionally, we took the actions described below.

CCC's Prorated Fee List

We obtained a list of all prorated licensing fees that CCC identified and charged during the audit period, which contained 161 extensions, valued at $555,671. To determine whether these extensions were administered in accordance with applicable regulations, we took the following actions:

- We reviewed the list of prorated fees calculated, charged, and collected from licensees that extended their license expirations (161 extensions valued at $555,671). This list contained 136 unique license numbers.
- We compared the contents of CCC's prorated fee list to the contents of a list of prorated fees from the MassCIP and determined that 114 out of 136 unique license numbers appeared on both CCC's prorated fee list and the MassCIP list.
- We selected a judgmental, nonstatistical[10] sample of 35 unique license numbers from the population of 114 unique license numbers included in CCC's prorated fee list and recalculated the dollar value of the prorated fees.

10. Auditors use nonstatistical sampling to select items for audit testing when a population is very small, the population items are not similar enough, or there are specific items in the population that the auditors want to review.

MassCIP List

We obtained a summary of all extensions processed through MassCIP. This list contained 942 extensions processed during the audit period. To determine whether these extensions were administered in accordance with applicable regulations, we took the following actions:

- We reviewed a list of extensions from MassCIP to determine whether additional licenses should have been included on the list of prorated fees.
- We sorted the MassCIP list of license extensions to ensure that it only included those extensions that occurred during the audit period (942 extensions for 487 unique licenses).
- We compared the contents of the MassCIP list to the contents of CCC's prorated fee list.
- For the manual extensions processed during the audit period (942 extensions for 487 unique licenses), we sorted these extensions into two groups: records contained in CCC's prorated fee list (114) and records not included in CCC's prorated fee list (373).
- We selected a judgmental, nonstatistical sample of 40 license numbers from the population of 373 license numbers not included in CCC's prorated fee list and determined whether CCC identified the extensions by interviewing knowledgeable employees and reviewing fee documentation for the extensions.

For this aspect of our objective, we found certain issues during our testing. See Finding 1 and the Other Matters section for more information.

HCAs

To determine whether CCC reviewed, approved, and certified HCAs and CIFs in accordance with 935 CMR 500.180(2)–(4), we took the following actions. First, we interviewed knowledgeable CCC staff members and performed walkthroughs of key procedures related to the HCA review process. CCC conducted two different review processes during the audit period.

HCA Review Process Effective Through February 29, 2024

CCC did not collect or review HCAs before March 1, 2024 and instead collected attestation agreements reached and submitted by host communities and individual marijuana establishments. CCC was not able to provide us a complete list[11] of HCAs from this period, so we reviewed the population of 14

11. We acknowledge that a complete list of HCAs may not be practical in the strictest sense. While easily accessible under public records law, it may not be practical for CCC to catalog HCAs that were entered into between a marijuana establishment and a host community, where that marijuana establishment never sought licensing from CCC. We do believe, however, that it is reasonable, achievable, and advisable to compile a complete listing of HCAs for all marijuana establishments that were or are licensed to conduct business in Massachusetts.

counties in Massachusetts and found that 13 counties had municipalities that uploaded their HCAs onto their municipal websites, which were available publicly. (We excluded Nantucket County because its HCAs were not available publicly.) From these 13 counties, we then selected HCAs from the following municipalities: Boston, Brookline, Dartmouth, Douglas, Dudley, Greenfield, Holyoke, Newton, Northampton, Plymouth, Provincetown, Salisbury, Sandisfield, Somerville, and Tisbury. We ensured that we selected at least one municipality from each of the 13 counties. We then selected 2 HCAs from each county, totaling 26 HCAs. We inspected the HCAS and determined whether they contained a CIF of 3% or lower, contained no mandated donations to charity, and no mandated donations to the municipality (on top of the CIF).

HCA Review Process Effective Starting March 1, 2024

To determine whether CCC administered its HCA review process that was effective starting on March 1, 2024 in accordance with 935 CMR 500.180(2) and (3), we selected a random, nonstatistical sample of 35 newly reviewed HCAs out of a total population of 139 newly reviewed HCAs. We inspected the HCAs to determine whether they contained a CIF of 3% or lower, contained no mandated donations to charity, and no mandated donations to the municipality (on top of the CIF).

For this objective, we found certain issues during our testing. See Finding 3 for more information.

Employee Settlements

To determine whether CCC followed a process—dating back to January 1, 2019—that was in compliance with CTR's "Settlements and Judgments Policy" when determining whether to enter into, and when reviewing and finalizing, employee settlement agreements, we first interviewed knowledgeable CCC staff members. Additionally, we inspected hard copies of legal invoices that CCC encumbered for the extended audit period and determined which were related to employee settlements.

During the extended audit period, CCC executed two employee settlement agreements, totaling $97,969.75. CCC used private, external legal counsel to handle these employee settlement agreements. CCC does not have a standard process for approving settlement agreements with employees; they are handled and approved on a case-by-case basis.

For this objective, we found certain issues during our testing. See Finding 4 for more information.

We used a combination of statistical and nonstatistical sampling methods for testing, and we did not project the results of our testing to any corresponding populations.

Data Reliability Assessment

Fines

To determine the reliability of the list of fines provided to us by CCC management, we checked the list for invalid records, duplicate records, and dates outside the audit period. Then, we selected all five items on the list and traced the license numbers and licensee names to MassCIP. We also traced the monetary amounts of all fines to the signed stipulated agreements used to levy the fines. In addition, we traced the monetary amounts of all fines to cash receipt records or to accounts receivable records if the amounts were uncollected or not yet due to be paid.

Fees

To determine the reliability of the list of fees, including prorated fees, from MMARS that CCC management provided to us, we relied on the 2022 assessment of MMARS performed by Office of the State Auditor. That assessment focused on testing selected system controls (access, security awareness, audit and accountability, configuration management, identification and authentication, and personnel security). As part of this audit we interviewed CCC employees who were knowledgeable about MMARS, which CCC used for accounting and depositing cash receipts into the MRF. In addition, we tested certain general information system controls, including security management (i.e., we obtained and reviewed cybersecurity awareness and training policies and procedures, personnel screenings/Criminal Offender Record Information background checks, and cybersecurity training certificates of completion) and access controls (i.e., supervision and review of user access to MMARS).

Further, we checked the list for invalid records, duplicate records, and dates outside the audit period. Then we selected a random sample of 20 fee transactions from the list and traced the dates, license numbers, and monetary amounts to MassCIP. Additionally, we selected a random sample of 20 fee transactions from MassCIP and compared the transaction data to the information recorded on the list of fees, including dates, license numbers, and amounts.

HCAs

To determine the reliability of the list of HCAs provided to us by CCC management, we checked the list for invalid or unusual data in the license number, license type, and licensee name fields. We also checked the list for dates outside the audit period and duplicate records. Then we selected a random sample of 20 license records from the list and traced the license numbers, licensee names, and establishment locations to MassCIP. Additionally, we selected a random sample of 20 license records from MassCIP and traced the license numbers, licensee names, and establishment locations to the HCA list.

Active Licensees

To determine the reliability of the MassCIP list of active licensees, including licensees with processed extensions, we checked the list for invalid or unusual data in the license number, license type, and establishment location fields. We also checked the list for duplicate records. Then, we selected a random sample of 20 license records from the list and traced the license numbers, licensee names, and establishment locations to MassCIP. Additionally, we selected a random sample of 20 license records from MassCIP and traced the license numbers, names, and establishment locations to the list of active licenses.

Legal Invoices

To determine the reliability of the hardcopy legal invoices provided to us by CCC management, we checked each invoice for invalid or unusual data and duplicate records. Additionally, we compared the total sum of the legal invoices provided by CCC to CCC's legal spending reported in CTHRU, the Commonwealth's statewide spending open records system, for the extended audit period, January 1, 2019 through December 31, 2024.

Additionally, we reviewed MassCIP system controls for access control, configuration management, contingency planning, segregation of duties, and security management.

Based on the results of the data reliability assessment procedures described above, we determined that the information we obtained during the course of our audit was sufficiently reliable for the purposes of our audit.

DETAILED AUDIT FINDINGS WITH AUDITEE'S RESPONSE

1. The Cannabis Control Commission's mismanagement of prorated fees for license extensions resulted in procedural inequity, revenue loss, and noncompliance with state regulations.

We determined that the Cannabis Control Commission (CCC) did not consistently administer prorated license fees during the audit period. Since this process was not administered consistently, CCC's prorated fee process was inadequate and procedurally inequitable, which led to missed revenue collection for the Commonwealth.

Inadequate Process

On August 11, 2022, CCC's executive director sought a delegation of authority from CCC commissioners to administratively extend license expiration dates up to 120 days, which would provide applicants with time to resolve issues with their applications.

The formal delegation to the executive director to authorize license extensions was granted during CCC's vote on August 11, 2022. As of this date, CCC required a prorated fee to be paid for license extensions. However, CCC did not approve a formal standard operating procedure outlining the extension process until November 24, 2023, over a year after extensions began. As a result, there were no consistent procedures in place during that time, and documentation supporting CCC staff members' decision-making on license extensions was minimal. The licensing team maintained a Microsoft Excel spreadsheet to monitor these extensions.

On May 23, 2024, CCC's acting chief of investigations and enforcement sought to expand the prior delegation of authority to further increase the length of license extensions. The purpose of the expansion was to provide licensees and host communities with more time to negotiate compliant host community agreements (HCAs), as HCAs were now subject to review, approval, and certification by CCC. CCC commissioners unanimously approved the additional request for delegation of authority, and licensees could now extend their licenses for up to an additional 240 days, after the initial 120 days (up to 360 days in total). As of May 23, 2024, CCC staff members acknowledged that no prorated fees had been collected from any extended licenses since the delegation of extension authority began in August 2022.

Formal/Documented Extensions—Requested via Email

Licensees could submit a formal/documented request for license extensions from CCC by sending an email. Some licensees followed CCC's process for license extension requests and submitted their requests for extension via email to CCC's Licensing Department. These requests were subject to prorated fees and were identified by CCC in its prorated fee list that contained 161 extensions with associated fees totaling $555,671.

Informal/Administrative Extensions[12]

Informal/administrative extensions were initiated in one of two ways: Either licensees would request extensions verbally (instead of formally documenting their requests with written confirmation) or CCC would itself execute extensions that were not first requested formally in writing (or at all) by the licensees. CCC did not identify many of these extensions in its review of outstanding extensions, and the corresponding licensees were not required to pay prorated fees.

CCC inconsistently administered the above procedures and failed to determine whether all license expirations were considered during its processing of prorated license fees. Additionally, CCC's failure to implement adequate procedures resulted in noncompliance with applicable regulations, including the following:

- Section 6(a) of Chapter 94G of the Massachusetts General Laws, which generally requires licenses to be renewed annually;
- Section 500.103(4)(a) of Title 935 of the Code of Massachusetts Regulations (CMR), which mandates submission of renewal applications and license fees before expiration; and
- CCC's policy decisions, as reflected in its public meeting minutes and documented delegated authority resolutions.

Inadequate procedures created procedural inequity, favoring the licensees who did not participate in CCC's process for license extension as it penalized licensees who followed CCC's extension process and submitted requests for extensions via email, while those who did not submit requests in line with CCC's process benefitted from informal/administrative extensions for which they were not required to pay prorated fees.

Procedural Inequity

CCC's inconsistent administration of procedures, combined with the absence of a formal policy or procedure governing fee assessment, resulted in the inequitable treatment of licensees.

12. CCC internally refers to informally processed extension requests as simply administrative extensions.

During the audit period, CCC employed multiple methods to process license extensions, and in many cases, multiple extensions were granted under the same license number without documented extension requests or assessed fees.

Missed Revenue Collection

The methodology CCC used to quantify prorated fees for license extensions did not take into account all available data when the prorated fee issue was identified. Additionally, CCC did not have adequate, consistent, or appropriate processes or controls in place to properly administer license extensions. Further, the Massachusetts Cannabis Industry Portal (MassCIP) did not have the functionality to calculate and invoice prorated fees. These issues led to CCC's failure to process extensions accurately and completely, resulting in uncollected fee revenue for the Commonwealth.

Failure to Administer Prorated Fees

Following a May 2024 public meeting, and after nearly two years of not collecting prorated fees, CCC began the process of identifying outstanding fees. This effort led to the creation of the CCC Licensing Team's prorated fee list, which included 161 license extension fees, totaling approximately $555,671.[13]

CCC provided us with data indicating that there were hundreds of extensions approved before the start of the audit period on July 1, 2022. See Other Matters for more information.

The extensions granted before and during the audit period are summarized in the table below.

Extensions	Number of Licenses*	Number of Extensions
Processed before the audit period**	353	479
Processed during the audit period	487	942
Total	—	1,421

* This column represents unique license numbers. Therefore, it does not add up to the total number of extensions, as license numbers can be extended multiple times during any one period of time.

** See Other Matters for more information.

In order to determine whether CCC managed the calculation, collection, and accounting for prorated fees on an equitable basis and in accordance with applicable regulations, we compared CCC's prorated fee list to the MassCIP list.

13. As of March 2025, CCC reported that approximately $170,000 of the original $555,671 remains uncollected.

CCC's Prorated Fee List

CCC's prorated fee list contained 161 license extensions, granted to 136 unique license numbers, with a value of $555,671. The list of 161 licenses included only extensions that had been formally requested by licensees via email and did not include extensions that had been categorized as informal/administrative because they were executed by CCC staff members without first being requested by the licensees. According to CCC management, such informal/administrative extensions were not subject to prorated fees.

MassCIP List

The MassCIP list of extensions contained 942 extensions, granted to 487 unique license numbers. We determined that many of these extensions were processed as informal/administrative extensions, although there was some overlap with CCC's prorated fee list.

Comparison of CCC's Prorated Fee List to MassCIP List

We determined that 114 out of 136 unique license numbers from CCC's prorated fee list matched the MassCIP list. The remaining 22 out of these 136 unique license numbers from the prorated fee list were not on the MassCIP list. The 22 unique license numbers not on the MassCIP list included information on the different types of licenses (e.g., medical marijuana facilities) and the licenses granted before the delegation of authority that allowed CCC staff members to provide extensions.

Cross-Comparison of MassCIP List to CCC's Prorated Fee List

We compared the MassCIP list of 487 unique license numbers to CCC's prorated fee list and determined that 373 (77%) out of 487 license numbers from the MassCIP list were not on CCC's prorated fee list. See the table below for more information.

Extensions Processed During the Audit Period	Number of Licenses	Number of Extensions
In Both MassCIP's and CCC's Prorated Fee Lists	114	244
Only In MassCIP's List	373	698
Total	487	942

Because these 373 unique license numbers were included on the MassCIP list but not CCC's prorated fee list. the fees associated with the license extensions were not included in the $555.671 in outstanding fees.

We performed testing on the 114 unique license numbers that were on both the MassCIP list and CCC's prorated fee list. Additionally, we performed testing on the 373 unique license numbers that were on the MassCIP list but not on CCC's prorated fee list.

Regarding the 114 unique licenses: We determined that 21 license extensions out of a sample of 35 contained discrepancies because calculations did not include informal/administrative extensions. The value of the 21 discrepancies was $29,983.

Regarding the 373 unique licenses: We determined that 23 license extensions out of a sample of 40 contained instances of noncompliance. Of these 23 instances, 22 were caused by informal/administrative extensions not being included in the prorated fee calculations, and 1 instance was due to a requested license extension that was omitted from the list of 161 prorated fees but should have been included.

We were unable to determine the total amount of prorated fees associated with the 373 license numbers not included in CCC's prorated fee list because of CCC's use of multiple procedures for identifying and calculating prorated fees during the audit period. However, we exercised due diligence by testing our sample of 40 extensions. Of these 40 extensions, 17 (43%) had prorated fees that were correctly charged and collected by CCC under the new procedures for manual extensions. This indicates that CCC did not fully identify the total population of prorated fees in its initial prorated fee list, which included 161 extensions, totaling $555,671 in fees.

Because CCC lacked a complete population of prorated fees and the sample size was below the threshold for statistical projection, we conducted an additional analysis of the population of 373 licenses. As a result, our analysis of the prorated fees and their total value differs from CCC's incomplete list.

Based on the analysis, we estimated the unbilled prorated fees for the 373 license extensions not listed. This estimate considers the number of extensions, the number of licenses, the average extension length by license type, the average calculated prorated fee by license type, and the proportion of extensions in the sample that resulted in paid prorated fees. The estimated total value of these unbilled prorated fees is approximately $246,000. The actual total value could be higher or lower, depending on what process and procedure CCC would have used, had it appropriately and equitably collected fees in these instances.

License Type	Number of Extensions (Population of 373 Licenses) (A)	Average Length of Extension (Population of 698 Extensions) (B)	Average Length of Extension (Population of 161 Extensions) (C)	Average Extension Value (Population of 161) (D)	Estimated Fee (Value of Extension) (E) (AxD÷CxB)
Marijuana Cultivator	171	25.56	92.32	$2,405.94	$ 113,905.83
Marijuana Product Manufacturer	159	25.26	98.62	$2,463.51	100,327.46
Marijuana Retailer	288	30.46	85.88	$2,090.14	213,503.86
Other	80				
Total Licenses	698				
Total Estimated Fees					$ 427,737.15
Estimated Fees Paid (42.5%)					$ 181,788.29
Estimated Fees Not Billed (57.5%)					$ 245,948.86

We determined that CCC's prorated fee list of 161 license extensions, totaling $555,671 in fees, did not consider all the informal/administrative extensions that were contained in the MassCIP list of extensions.

We determined that the 373 license extensions that were on the MassCIP list but were not on CCC's prorated fee list contained a combination of informal/administrative extension fees, unassessed fees, and fees that were later collected by CCC but were not identified by CCC on the original list of 161 license extensions that totaled $555,671. We estimated that these 373 extensions could total approximately $246,000 in fees.

Overall, we estimated that $530,000 in prorated fees remain uncollected (see Other Matters for more information). CCC was required to collect appropriate fees for license renewals and extensions. Due to time constraints, our office was unable to test years before the audit period; however, using the same methodology we applied to our calculations regarding the unbilled fees accrued during the audit period, we estimated that the potential uncollected fees could be approximately $530,000. Although its statute (see the "Authoritative Guidance" section below for more information) allows CCC to increase the time between license renewals, it does not address CCC's choice to simply not collect license fees.

CCC management failed to take appropriate steps and institute procedures to fully quantify and accurately administer license extensions. A lack of supervision and minimal accountability over licensing staff members contributed to a significant breakdown of the internal controls over requests for and approvals of extensions. As a result, not all fees were billed, which resulted in uncollected fee revenue for the Commonwealth. Furthermore, these procedural inequities created the appearance of potential impropriety, which could erode the public's trust in CCC.

Authoritative Guidance

Section 76(j) of Chapter 10 of the General Laws states,

> *The commission shall appoint an executive director. The executive director shall serve at the pleasure of the commission, shall receive such salary as may be determined by the commission, and shall devote full time and attention to the duties of the office. The executive director shall be a person with skill and experience in management, shall be the executive and administrative head of the commission and shall be responsible for administering and enforcing the law relative to the commission and to each administrative unit thereof.*

Regarding license terms, Section 6(a) of Chapter 94G of the General Laws states, "Unless the commission authorizes the renewal of a license for a longer period, all licenses under this chapter shall be effective for 1 year from the date of issuance."

According to 935 CMR 500.103(4)(a), "No later than 90 calendar days prior to the expiration date, a Marijuana Establishment shall submit a completed renewal application to the Commission in a form and manner determined by the Commission, as well as the required license fee."

Reasons for Issue

CCC management stated that no formal procedures for the administration of license extensions and prorated fees existed during the first 16 months of the audit period, July 1, 2022 through November 23, 2023. Additionally, CCC management stated that manual processing, limited staffing, and insufficient oversight contributed to the inconsistent administration of the prorated fee process. Plus, CCC lacked standardized tracking and billing for the prorated fee extensions.

Recommendations

1. CCC should improve its internal processes around the administration of prorated fees to ensure that all money owed to CCC, and therefore the Commonwealth, is collected appropriately, consistently, and equitably.

2. CCC should conduct a full reconciliation to identify the total population of all uncollected license extension fees.

3. CCC should implement a standardized, written procedure for administering license extensions to ensure equity and compliance with applicable regulations.

4. CCC should prioritize adequate staffing, oversight, and automation of the billing process for license extension fees.

5. CCC should update its procedures to ensure that they are demonstrably fair, equitable, and transparent to help increase the public's trust and prevent the appearance of potential impropriety.

Auditee's Response

CCC's Recommendation 1 response was as follows:

> *The Commission implemented new Standard Operating Procedures for the collection of pro-rated fees in April 2025, including creating a MassCIP extension application and the release of several informational bulletins regarding pro-rated fees in 2024, including the one linked here: https://masscannabiscontrol.com/2024/11/bulletin-extension-application-in-masscip-november-18-2024/*
>
> *The main discussion between the Agency and the [Office of the State Auditor] (as well as recent discussions with the [Office of the Inspector General]) centered on the Agency's licensing software (MassCIP) and medical program software ([Medical Use of Marijuana Program Online System (MMJOS)]) which are in need of upgrades or replacement to achieve the functionality desired. This must follow a public procurement process (which has begun), however, the cost to implement improvements or replace these systems was requested in the Agency's [fiscal year] 2025 and [fiscal year] 2026 budget requests, and ultimately has not been funded to-date. The Agency continues to explore a variety of other funding options, including [the Executive Office of Technology Services and Security], as this [information technology] Infrastructure is a priority for the Agency.*

CCC's Recommendation 2 response was as follows:

> *On May 23, 2024, the Licensing department notified the interim Chief of Investigations and Enforcement (CIE) that prorated fees were not collected following the Commission's vote on August 11, 2022, to delegate authority to extend licenses to the [executive director] for up to 120 days. After identifying that there may be gaps in determining whether Licensees paid their prorated fees to cover previously approved extensions, the CIE directed Enforcement Counsel staff and members of the Licensing team to investigate the extent of the issue.*
>
> *In response, a Licensing staff member provided a list of Licensees that were granted administrative extensions to their awareness. Through this tracker, the team discovered that as of July 11, 2024, one hundred and sixty-one (161) administrative extensions were requested by Licensees but did not pay the prorated fee for the extension. The total amount of money owed for these extensions was initially calculated at $555,671.23. Upon further review, the amount was reduced to $535,914.49 to account for an inaccurate fee calculation in the original estimate. At that time, the*

CIE learned that the Licensing team did not have a process for collecting prorated fees for administrative extensions. As a result, by November 2024, [Investigations and Enforcement] staff identified solutions such as implementation of an automated mechanism by which licensees could request administrative extensions and submit the appropriate fee through a third-party vendor platform (MassCIP).

<u>Data Discrepancies between [the Office of the State Auditor] and the Commission</u>

Upon review of a data sample from MassCIP, the [Office of the State Auditor (SAO)] utilizes a process to extrapolate that there were hundreds of additional administrative extensions for which pro-rated fees were not collected. There are numerous shortcomings with this approach and the Commission believes the SAO method overestimates the amount of uncollected fees. Of the 161 administrative extensions identified above, the Commission has billed $535,914.49 in uncollected fees, and collected $367,777.45. The SAO has identified approximately $249,000 [(The $249,000 figure referenced by CCC was part of the draft version of the report sent to CCC for response. After figures were finalized, we arrived at $246,000.)] in uncollected fees related to administrative extensions in its report. The Commission does not dispute that the previous administration did not have processes and internal controls in place to collect administrative extension fees pursuant to the August 11, 2022 delegation motion but it does take issue with the SAO's $249,000 estimate and the method by which it is calculated. First, the SAO estimate fails to account for the number of licensees that were granted extensions but are no longer operational. Second, the estimate does not account for extension fees that were actually collected. Third, the estimate does not factor in that certain licensees qualify for fee waivers or discounts (e.g., [Social Equity Program], [Economic Empowerment Priority Applicants] and [Diverse Business Enterprises]). Fourth, the approach does not account for Medical Marijuana Treatment Centers (MTCs) which are not captured in the MassCIP data, since MTCs are managed in the [Medical Use of Marijuana Program Online System] platform. Several MTCs were billed for extensions as noted above, however, this data is unaccounted for in the SAO analysis.

Notwithstanding these shortcomings, the Commission is committed to conducting a full reconciliation of all administrative extensions to ensure that no prorated fees were missed in this subcategory. This reconciliation is currently underway. Additionally, in response to a recently received OIG letter (received: March 27, 2025) the CCC accepted a recommendation to engage an external auditor and used end-of-[fiscal year] 2025 funds to procure auditing services (CLA) to review pro-rated fees and provisional fees. This engagement should be completed in July-August 2025.

CCC's Recommendation 3 response was as follows:

Standard Operating Procedures related to collecting prorated fees from administrative extensions were created in April 2025 and have been provided to the SAO. Additionally, the Agency will proceed with public procurement of a [System and Organization Control (SOC)] 2 audit (assuming available funding), but has started preparation for said SOC audit with end-of-[fiscal year] 2025 available funding.

CCC's Recommendation 4 response was as follows:

> *As noted above, the Agency's immediate prioritization of this issue resulted in updates and configurations to MassCIP to allow for collection of fees within the platform. Additionally, payment of extension fees is now required prior to granting an extension. For [Medical Marijuana Treatment Centers (MTCs)], administrative extensions are still being manually processed by Licensing staff since these Licensees are not housed within MassCIP. The Agency has begun the process to move the older MTC's licensing management from [Medical Use of Marijuana Program Online System (MMJOS)] to MassCIP in order to be able to manage, track and report on all license from one platform. This transition is actively being worked on.*
>
> *Regarding the [Office of the State Auditor's] recommendation of prioritizing adequate staffing; the Agency is currently in a hiring freeze, effective May 2025 for the end of [fiscal year] 2025 and the beginning of [fiscal year] 2026 based on a reduction in the operation budget and a flat or reduced operating budget from [fiscal year] 2024 to [fiscal year] 2025 to [fiscal year] 2026. The Agency is not able to achieve adequate staffing or invest in automation due to the ongoing budget restraints; however, the Agency is prioritizing its current resources for hiring purposes and proceeding with public procurement for [information technology] infrastructure (to enhance or replace MMJOS and MassCIP) despite not receiving the funding requested from the Legislature to-date.*

CCC's Recommendation 5 response was as follows:

> *See response to FINDING 1, Recommendations 1 through 4. The Commission fosters a fair, equitable, and transparent environment through educational bulletins and regulatory reminder bulletins, listening sessions held with Licensees, and discussions at public meetings. Additionally, the Investigations and Compliance team serves as points of contact for each Licensee, providing timely responsiveness to Licensee inquiries.*

Auditor's Reply

1. CCC stated in its response that in April 2025 it implemented new standard operating procedures for the collection of prorated fees. Based on CCC's response, it has been taking steps to address the concerns expressed in this finding. As part of our post-audit review process, we will follow up on these matters in approximately six months.

   CCC's reliance on outdated systems (MassCIP) and lack of manual reconciliations between licensing data and the Massachusetts Management Accounting and Reporting System (MMARS) created control failures. Budget constraints are valid concerns and create risks for CCC, but they do not remove CCC's responsibility to design compensating controls (e.g., manual reconciliations, supervisory sign-offs) to prevent missed revenue.

2. CCC stated in its response that the previous administration did not have processes and internal controls in place to collect administrative extensions fees. This admission directly supports our finding that CCC lacked adequate controls. For this reason, we were unable to identify the total amount of prorated fees and instead relied on an analysis based on the data CCC was able to make available to us. Our $246,000 figure is not speculation, but is based on a documented, valid analysis that was applied to the 373 extensions that CCC did not consider when it developed its estimate of lost

revenue. CCC's claims that our analysis overstates the amount due (due to waivers, closed licensees, or Medical Marijuana Treatment Centers [MTCs]). This may be true or not, but reflects CCC's own failure to maintain accurate extension data in written form that is appropriately collected, managed, and reconciled. We state in our report that the actual amount of lost revenue could be higher or lower as a result of CCC's failure to assemble and maintain appropriate written records of its licensing activities. If CCC had a complete population of data and an appropriate audit trail, estimation would not have been necessary. We encourage CCC to recognize and resolve its own failure to appropriately assemble and maintain its financial documents. CCC used its time responding to attempt to discredit the estimation, which would not have been necessary if CCC actually assembled and maintained appropriate written documentation. CCC and the public would be better served if CCC instead used its time, energy, and resources to focus on improving its operational and financial management.

Regarding the data discrepancies mentioned by CCC in its response:

Non-Operational Licensees

CCC states that our analysis fails to exclude licensees who were granted extensions but are no longer operational. However, the data provided by CCC did not identify which licensees had ceased operations. During interviews with CCC management and licensing staff, the audit team was informed that CCC becomes aware of licensee closures only after licenses are not renewed or balances remain unpaid. Additionally, CCC did not update its licensing system to track closures in real time.

Because this data was unavailable and unquantified, it could not be factored into our analysis. While CCC raises this as a limitation of our analysis, it has similarly not provided a breakdown of these closures, either during the audit or in its written response. Moreover, CCC indicated during a meeting that $168,137.04 in outstanding fees out of the $535,914.49 billed were associated with inactive licensees. However, CCC's own analysis did not adjust for this amount.

Collected Fees

We did account for collected fees in our analysis. A reduction was applied to reflect fees already paid, based on our analysis of the sample tested. This is explicitly documented in the "Estimated Fees Paid" line item in the table on page 25 of our report. We stand by the reasonableness of our analysis in this regard.

Licensees Eligible for Waivers or Discounts

CCC notes that some licensees may have qualified for fee waivers or discounts (e.g., Social Equity Program, Economic Empowerment Priority Applicants, and Diverse Business Enterprises), which were not reflected in our analysis. However, the data provided by CCC did not identify which licensees were eligible for such waivers. Through discussions with CCC staff members and analysis of MassCIP, we understand that the system does not have a built-in capability to flag waiver eligibility. In the absence of this information, it was not possible for the audit team to apply fee waivers or discounts to our analysis. CCC did not provide any quantified data or list of eligible licensees to support its claim.

Exclusion of MTCs

Our analysis did not include MTCs. As noted in our report, the audit scope was limited to the three primary license types tracked within the MassCIP system—retailers, cultivators, and product manufacturers. MTCs, which are managed in a separate platform, were outside the scope of this audit. Therefore, our analysis accurately reflects the subset of license types under review. Notably, inclusion of MTCs in our analysis would have likely increased the total of uncollected fees.

CCC stated in its response that in July/August 2025 it will have completed an engagement with the audit firm Clifton Larson Allen, during which prorated fees and provisional fees will be reviewed. CCC's decision to engage with Clifton Larson Allen demonstrates that CCC recognizes that failures exist with respect to prorated fees. We are glad to see that CCC is committed to continuing work in order to address this issue. As part of our post-audit review process, we will follow up on this matter in approximately six months.

3. CCC stated that standard operating procedures were provided to us in April 2025 and referenced plans for a System and Organization Control 2 audit. While these are forward-looking steps, they were implemented after the audit period and, therefore, do not change the conditions observed during the review. We appreciate CCC's commitment to strengthening its controls, and we encourage the agency to ensure that its procedures are applied consistently, fairly, and equitably across all licenses. As part of our standard post-audit follow-up, we will review the progress of these measures in approximately six months, once the new procedures are fully implemented and operational.

4. CCC stated in its response that it has updated its licensing platform to allow for the collection of fees within the platform, as well as requiring payment prior to an extension being granted. Additionally, CCC stated that it has begun the process of centralizing its licensing management software. As part of our post-audit review process, we will follow up on these matters in approximately six months.

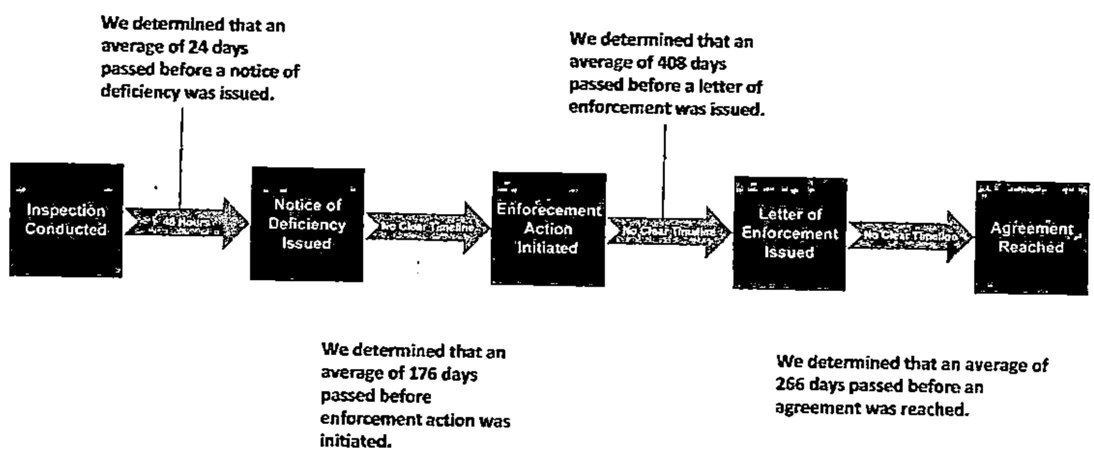
   We acknowledge that CCC is currently facing budgetary challenges. We encourage CCC to prioritize oversight of its licensing process to ensure that all licensing staff members perform their job responsibilities in accordance with the updated standard operating procedures described in CCC's response. As part of our post-audit review process, we will follow up on this matter in approximately six months.

5. CCC states that it fosters fairness and transparency through bulletins, listening sessions, and public meetings. Our finding addresses operational control failures, not communication with licensees, which is important in its own right. While outreach efforts are valuable, they were not the subject of this particular audit topic and do not constitute internal controls over fee collection or reconciliations. The absence of a consistent, documented extension fee process (pre-April 2025) undermines CCC's ability to ensure fair and equitable fee collection and creates the potential appearance of favoritism for certain licensees.

2. The Cannabis Control Commission violated state regulations and applicable policies by failing to ensure that fines were assessed and collected within reasonable timeframes and by not designating a hearing officer to oversee related hearings.

CCC did not consistently administer its fine process within the timeframes established by its own policies and applicable regulations pertaining to the completion of the notice of deficiency issued phase of the inspection process within 48 hours (see the image and table below for more information). In all five fines assessed by CCC during the audit period, key procedural steps, including the issuance of deficiency notices, the initiation of enforcement actions, and the finalization of stipulated agreements, were significantly delayed. Additionally, CCC did not have a designated hearing officer throughout the entire audit period, further impeding the inspection process.

The image below shows the workflow for CCC's established inspection process. Note that the average number of days between each milestone was calculated based on the five fines levied during the audit period.



	Notice of Deficiency Issued	Enforcement Action Initiated	Letter of Enforcement Issued	Agreement Reached
Timeline Required by Regulation/Policy	48 Hours After Inspection	Not Specified	Not Specified	Not Specified
Actual Average Time	24 days	176 days	408 days	266 days

Fines

Fines Identified	Violation Summary	Assessed Amount
Fine 1	• Exceeding cultivator tier limit • Disregard for authority • *Compromise of public trust*	$ 22,275
Fine 2	• Application of illegal pesticide • Failure to maintain sanitary conditions	10,000
Fine 3	• Failure to maintain sanitary conditions • Failure to promote workplace safety • Failure to mitigate environmental impact during cultivation	200,000
Fine 4	• Failure to record sale of product • Failure to report inventory discrepancy • Failure to follow standard operating procedures • Failure to cooperate with investigation	60,000
Fine 5	• Failure to follow standard operating procedures • Failure to maintain training records • Failure to process products safely • Failure to implement policies and procedures • Submission of inaccurate information	350,000
Total		$ 642,275

Inspection and Notice of Deficiency

During the audit period, there were five inspections that had notices of deficiency resulting in fines. We determined that, for each of the five inspections resulting in a fine, a notice of deficiency was not delivered to the marijuana establishment within 48 hours of the date of inspection, in accordance with CCC's Notice of Deficiency process document. We determined the following:

- In three of the five cases, the notice of deficiency was delivered between 5 and 10 days after the inspection.
- In the two remaining cases, the notification of deficiency was delivered over one month after the inspection.[14]

14. For one of the fines tested, CCC noted a process exception that would have reduced the number of days used to calculate our test results. This process exception was not communicated to us during the audit, and even if we had adjusted the values accordingly, CCC would still be in noncompliance.

Enforcement Action Notification

We determined that, for each of the five fines tested, CCC notified the marijuana establishments that enforcement action would occur following alleged failures by the marijuana establishment to remediate identified deficiencies. We determined the following:

- In one case, it took 14 days for CCC to notify the marijuana establishment of enforcement action.
- In the four remaining cases, it took over 60 days for CCC to notify the marijuana establishments of enforcement action.
  - In one of these four cases, it took over 400 days for CCC to notify the marijuana establishment of enforcement action.

Letter of Enforcement Issued and Agreement Reached

We determined that, after enforcement action was initiated, it took an average of 408 days for CCC to issue a letter of enforcement to the marijuana establishment and an average of 266 days after the letter of enforcement was issued for both parties to reach a stipulated agreement.

Overall Process

Overall, it took an average of 873 days from the initial inspection date to the date that a stipulated agreement was reached.

CCC's enforcement process was marked by significant delays. Additionally, the absence of a designated hearing officer further disrupted the timely processing of enforcement appeals.

While regulations and policies do not specify a timeline for all subsequent steps of the inspection process, they do require that enforcement action be initiated and carried out in a reasonable time.[15]

Hearing Officer

During the audit period, CCC did not have a designated hearing officer to oversee administrative hearings related to fines, sanctions, and/or other enforcement actions taken against marijuana establishments.[16] The hearing officer position became vacant at the beginning of the audit period in July 2022 and remained

15. CCC uses the term reasonable time in 935 CMR 500.360 and does not define it further.
16. For the notices of deficiency issued during the audit period, CCC used fines as its only enforcement mechanism and did not use sanctions or other enforcement actions.

unfilled through June 2024. (See Finding 5 for more information regarding staffing issues.) As a result, CCC was unable to conduct timely administrative hearings or facilitate the appeals process for licensees.

The absence of both timely enforcement and a hearing officer may have allowed unresolved compliance issues at marijuana establishments to persist or worsen. Delays in enforcement undermine regulatory effectiveness by adversely impacting CCC's ability to enforce applicable laws and regulations and may create an inequitable situation, especially for establishments that lack the resources to independently navigate prolonged enforcement processes. Lengthy timeframes, especially around enforcement action, put customers at potential risk either of purchasing and consuming contaminated or expired marijuana products or of being exposed to other public health risks. Additionally, the lack of a hearing officer may have compromised due process rights for licensees subject to fines and enforcement actions.

Authoritative Guidance

CCC's Notice of Deficiency Process states,

> *A Notice of Deficiency (NOD) must be cited for every violation identified at the time of inspection. Even if the licensee corrects the deficiency at the time of inspection, the lead Investigator (INV) or Compliance Officer (CO) must proceed with the issuance of an NOD.*
>
> *A. The lead INV or CO drafts the NOD using the approved template found in the Teams folder labeled* Templates & Forms.

The NOD must be sent to the licensee within 48 hours of the inspection unless the INV/CO provides justification for sending it after that timeframe.

CCC's Breakdown of Investigations & Enforcement Process states,

- *If noncompliance is found during the inspection, the lead Investigator or Compliance Officer ("Lead") will draft a Notice of Deficiency (NOD), which outlines each regulatory violation in detail. . . . The NOD is then sent to the Licensee. This begins the NOD/Plan of Correction (POC) process ("NOD/POC Process"). . . .*
  - *Once the NOD is received the Licensee, it then has 10 business days to draft and submit a POC that outlines how the Licensee plans on bringing their facility or operation back into compliance with the regulations. . . . This must include "specific corrective steps to be taken, a timetable for such steps, and the date by which compliance will be achieved." 935 CMR 500.320(2) and 501.320(2). The Commission has considered and approved extensions to the 10-day deadline on a case-by-case basis if requested by the Licensee.*
  - *If the POC satisfies the above requirements, the Lead will accept the POC and notify the Licensee. . . . The Lead will also request proof of corrective actions taken by the Licensee.*

- *If the POC does not satisfy those requirements, the Lead will notify the Licensee that the POC has been rejected and the reasons for that rejection. . . .*
- *A POC may be rejected or accepted in whole or in part. . . .*
- *After the Licensee receives a notice of rejection, it then has 5 business days to amend and resubmit a satisfactory POC. . . .*
- *During this time, the Lead may conduct further inspections in order to ensure that the Licensee is complying with/meeting the milestones laid out in their POC.*
- *If an adequate POC cannot be submitted, or the Licensee is otherwise unable to bring their operation into compliance with the regulations, Investigators will then begin an investigation to examine the Licensee's noncompliance and to determine if the violation is ripe for an enforcement action. Even if the Licensee has submitted an accepted POC, this does not preclude the Commission from conducting further investigation. . . . This is a fact dependent determination.*

According to 935 CMR 500.320,

> *(1) A Marijuana Establishment or Host Community shall submit to the Commission a written plan of correction for any violations cited in the deficiency statement issued pursuant to 935 CMR 500.310, within ten business days after receipt of the statement.*
>
> *(2) A plan shall state, with respect to each deficiency, the specific corrective step(s) to be taken, a timetable for such steps, and the date by which compliance will be achieved. The timetable and the compliance dates shall be consistent with achievement of compliance in the most expeditious manner possible.*
>
> *(3) The Commission shall review the plan of correction and shall notify the Marijuana Establishment or Host Community of either the acceptance or rejection of the plan or any component of the plan.*
>
> *(4) An unacceptable plan shall be amended and resubmitted within five business days after receipt of such notice.*
>
> *(5) The approval of a plan of correction shall not preclude the Commission from issuing an order for further corrective action fixing a reasonable time for correction of the violation, assessing an administrative fine, or taking any other administrative action authorized under the Commission's regulations.*
>
> *(6) A Marijuana Establishment or Host Community shall notify the Commission once the plan of correction has been fully implemented and completed.*

According to 935 CMR 500.360,

> *(1) <u>Notice of Fines or Sanctions.</u> The Commission or a Commission Delegee shall send written notice of the action taken against a Licensee, Registrant, or Host Community and the basis(es) for that action which shall include, but not be limited to, the following information:*

> *(a) The Commission's statutory and regulatory authority, including its jurisdiction over the subject matter and its authority to issue the order with regards to the License, registration, or HCA;*
>
> *(b) The factual basis(es) of the order;*
>
> *(c) The alleged violation(s) of law;*
>
> *(d) An assessment of an administrative fine of up to $50,000 per violation, or an order for corrective action fixing a reasonable time for correction of the violation or both; and*
>
> *(e) Notice to the Licensee, Registrant, or Host Community that they may request a hearing in accordance with 935 CMR 500.500.*

According to 935 CMR 500.500,

> *(4) <u>Hearing Request</u>. The hearing request shall be submitted in a form and a manner determined by the Commission or a Commission Delegee including, but not limited to, the request shall be made no later than 30 days after the effective date of the notice. A request for a hearing is filed on the date the request is received by the Commission.*
>
> *(a) A timely request for a hearing shall specifically identify each issue and fact in dispute and state the position of the Licensee, Registrant, or Host Community, the pertinent facts to be adduced at the hearing, and the reasons supporting that position. The Commission's statutory and regulatory authority, including its jurisdiction over the subject matter and its authority to issue the order with regards to the License, registration, or HCA;*
>
> *(b) The failure to timely file a request for a hearing or to state the basis of the hearing request will result in dismissal of the challenge to the findings set forth in the notice of violation(s) or action(s).*
>
> *(c) If a timely request for an hearing is made, the Licensee, Registrant, or Host Community may also seek to stay any action until there has been a final agency action pursuant to 935 CMR 500.500(7) or (12); provided, however, that if the Commission issues an order or notice on the basis of information that ongoing operations pose an immediate or serious threat to the public health, safety or welfare, and that operations without restrictions during the pendency of the administrative appeal could reasonably be expected to endanger the health, safety or welfare of the public, there will be no stay.*
>
> *(d) Nothing in 935 CMR 500.500 shall preclude the Commission or a Commission Delegee from issuing a stay.*
>
> *(5) <u>Hearing Officer.</u> The Commission shall designate a Hearing Officer or delegate this designation to the Executive Director. . . .*
>
> *(7) <u>Commission's Authority to Review, Approve or Reject Informal Dispositions.</u> At any time, the Commission or a Commission Delegee may, in its discretion, review, approve or reject an*

informal disposition, but only on a showing that the alleged violations have been corrected, and a submission of a written waiver of its right to judicial review.

(8) <u>Hearing Notice.</u> If a hearing is requested in a timely manner under 935 CMR 500.500(4) the Hearing Officer shall provide notice and a hearing within a reasonable time after that request, or as soon as is practicable, or at a time mutually agreed by the parties.

(a) The hearing notice should comply with [Section 11(1) of Chapter 30A of the General Laws].

(b) Prior to the commencement of a proceeding, a Hearing Officer may conduct conference(s) and refer or require the parties to participate in settlement negotiations. If the parties reach a settlement, the Hearing Officer shall suspend the proceedings pending Commission consideration of the matter under 935 CMR 500.500(7).

(9) <u>Conduct of the Hearing</u>

(a) To the extent that a Hearing Officer conducts a proceeding, it shall be conducted pursuant to [Chapter 30A of the General Laws] and the Standard Adjudicatory Rules of Practice and Procedure, which includes 801 CMR 1.01: Formal Rules, 801 CMR 1.02: Informal/Fair Hearing Rules, and/or 801 CMR 1.03: Miscellaneous Provisions Applicable to All Administrative Proceedings.

(b) In the case of an Order to Show Cause why a License should not be suspended or revoked, the hearing shall be conducted pursuant to [Sections 10, 11, and 12 of Chapter 30A of the General Laws].

(c) If after the commencement of the hearing, the parties reach a settlement, the Hearing Officer shall suspend the proceedings pending Commission consideration of the matter under 935 CMR 500.500(7).

Reasons for Issue

CCC moved the hearing officer to a different position within CCC and did not fill the hearing officer position after this staffing change because, CCC stated, there was minimal hearing activity at the time. CCC's Investigation and Enforcement Counsel relied on negotiated settlements rather than the hearing process, resulting in lengthy enforcement periods.

Based on our review, existing regulations and CCC's current standard operating procedures do not establish specified timelines for enforcement actions to be completed.

Recommendations

1. CCC should establish, document, and follow specific timelines for the assessment and collection of fines throughout all phases of its inspection process.

2. CCC should designate a hearing officer pursuant to its regulations.

Auditee's Response

CCC's Recommendation 1 response was as follows:

> *The [Office of the State Auditor's (SAO's)] finding misapprehends the Commission's Investigations and Enforcement process and misapplies the applicable rules and regulations to reach a conclusion that fails to acknowledge the case-specific nature of each enforcement action. The calculations of the average time for each step of the investigation and enforcement process are overly simplistic and fail to consider important parts of the process.*
>
> *As a general matter, Investigations related to routine matters of non-compliance are often addressed within weeks of discovery after providing the Licensee with a Notice of Deficiency and an opportunity to provide the Commission with acceptable Plan of Correction. Some complaints that are received by the Commission may not fall within the agency's jurisdiction; these matters are resolved quickly through referrals to other agencies (e.g., [the Office of the Attorney General or the Massachusetts Commission Against Discrimination]) or law enforcement when appropriate. Additionally, some matters and inquiries are resolved within weeks of initiating an investigation without further administrative or enforcement action. More complex investigations may take months, or in some instances years, depending on the specific matters of noncompliance, which are at times egregious in nature, and in some instances requires collaboration with other agencies that share jurisdiction (e.g., [Department of Public Health], [Massachusetts Department of Agricultural Resources (MDAR)], [Occupational Safety and Health Administration], U.S. Coast Guard, [Drug Enforcement Administration], etc.).*
>
> *First, it is important to note that a referral from Investigations to Enforcement Counsel should not be considered the "initiation of an enforcement action." In some instances, a referral may result in no further action, or identify the need for additional investigative steps. The majority of enforcement actions reviewed by the SAO were initiated via a Letter of Enforcement Intent, which is an informal notice to the Licensee indicating that the Commission intends to take formal enforcement action—in these cases, because they were resolved via a stipulated agreement, no formal enforcement action was initiated.*
>
> *Second, the SAO seems to conflate issuance of a Notice of Deficiency (NOD) with the start of an investigation. Instead, NODs are a routine compliance tool used to notify a licensee of any observed or discovered deficiencies. NODs are issued following regular compliance examinations or through focused investigative inspections and interviews. Equally important as the NOD is the Plan of Correction (POC), a process by which the licensee is responsible for identifying its proposed corrective steps to address areas of non-compliance outlined in the NOD. This process is completely left out of the SAO's analysis.*
>
> *Third, the SAO criticizes the Commission for issuing NODs more than 48 hours after inspection. However, pursuant to the process on NODs makes clear, there are situations in which the 48-hour turnaround is neither expected nor appropriate. Numerous factors contribute to when an NOD is issued, including whether additional follow up is needed to substantiate the NOD, the Investigator/[Compliance Officers] additional workload, as well as to accommodate internal review*

processes. The 48-hour rule is not a regulatory expectation or requirement, it is a self-imposed goal contained in a [standard operating procedure].

Finally, contrary to the SAO's conclusion that lengthy enforcement actions may subject the public to health and safety risks, the Commission routinely takes steps to ensure public health and safety in instances where Marijuana or Marijuana Products may be contaminated or present a risk to public health or safety. These include Administrative Holds, Summary Suspension Orders and Quarantine Orders, to name a few. Moreover, in instances where pesticide contamination is detected, the Commission coordinates with MDAR as the primary authority relative to regulation of application and use of pesticides in the Commonwealth. MDAR routinely requires products to be held and/or destroyed following an unauthorized pesticide detection.

CCC's Recommendation 2 response was as follows:

Pursuant to CCC regulations (935 CMR 500.500(5)), the Commission has designated a Hearing Officer. The Hearing Officer began working with the Commission on October 20, 2024. All matters before the Hearing Officer are current and there is no backlog.

Auditor's Reply

1. For testing, we isolated the parts of the fine process that are administered by CCC itself, not those that are completed by the licensees. Even if the regulation does not mandate a specific enforcement timeline, CCC internal policies do establish a timeline, and CCC failed to meet them. We acknowledge that the 48-hour turnaround for notices of deficiency is not a regulatory requirement, however it is a requirement of CCC's Notice of Deficiency Process—"The [Notice of Deficiency] **must** be sent to the licensee within 48 hours of the inspection" (emphasis added). It was communicated to us during interviews that the Notice of Deficiency Process was being followed by CCC personnel. However, as CCC itself acknowledges in its response, that is not the case, even though CCC itself set this timeline to govern its own activities. We find it concerning that CCC is defending its consistent violation of its own standards and policies rather than acknowledging its failure to meet them. If CCC disagrees with its own policies, it is within the Commission's authority to modify them.

   Our finding is that fines were not assessed and collected in established timeframes. We would expect to see established timeframes set for the administration of fines, regardless of their complexity, and in the event that timeframes cannot be adhered to, a process to document these challenges and assign new timeframes. Furthermore, the lack of a designated hearing officer meant that CCC had no formal process for holding timely and independent hearings of disputes, which contributed to the timeliness issues with the stipulated agreements that CCC relied on during the audit period. In this instance and others highlighted in this report, the lack of documentation during the audit period has created multiple risks for CCC, the public, and the industry regulated by the agency.

2. CCC stated that it designated a hearing officer who began to work with the Commission in October 2024. While this occurred after we highlighted this issue as part of our audit, we applaud this change and will follow up on this matter in approximately six months as part of our post-audit review process.

3. The Cannabis Control Commission's failure to review existing host community agreements allowed agreements that contained unenforceable language and noncompliant provisions to remain in effect for between 4 and 16 months longer than stipulated by Chapter 180 of the Acts of 2022.

Before a change in regulations related to HCAs that CCC implemented in March 2024, CCC did not review new and/or renewed HCAs for unenforceable or noncompliant provisions. CCC was authorized to regulate HCAs in 2022, as further described below. Following this change in regulations in 2024, CCC did not review existing HCAs for unenforceable or noncompliant provisions. During the audit period, CCC operated under two distinct processes for reviewing HCAs: One procedure was in place until March 2024 and the other was in place from March 1, 2024 through the end of the audit period.

HCA Review Process Effective Starting March 1, 2024

CCC did not conduct a historical review of existing HCAs entered into before March 1, 2024, allowing noncompliant agreements to remain in effect during a critical regulatory transition period.[17]

On August 11, 2022, the Massachusetts Legislature passed Chapter 180 of the Acts of 2022, enabling CCC to create regulations on HCAs between individual marijuana establishments and municipalities. Effective November 10, 2022, Chapter 94G of the General Laws, as amended, granted CCC oversight of HCAs. CCC finalized these regulations on October 27, 2023 but allowed an implementation period extending until March 1, 2024. As a result, there was a 14-month regulatory development period and an additional four-month implementation window, during which CCC did not enforce the new HCA requirements, and it did not review existing agreements. This created a prolonged period in which noncompliant agreements persisted without oversight. For example, some HCAs from this period contained Community Impact Fees (CIFs) that exceeded the 3% statutory limit or mandated donations to municipalities or charities.

CCC staff members confirmed that the HCA review process that was effective starting on March 1, 2024 did not include a review of HCAs executed before March 1, 2024. Therefore, HCAs executed before this

17. Since its inception in 2017, CCC has had the authority to research issues related to HCAs and inform public opinion on the matter. Chapter 180 of the Acts of 2022, enacted on August 11, 2022, afforded CCC one year to promulgate regulations for reviewing and approving HCAs. Although CCC had until August 2023 to meet this deadline, the regulations were not finalized until October 27, 2023 and implementation did not start until March 1, 2024. Starting in November 2023, CCC should have implemented the new HCA review process instead of taking an additional four months. CCC has the authority to determine when and how regulations are created, and we believe that the regulations CCC created limited its own oversight and interfered with its ability to conduct HCA reviews during this period.

date would be reviewed for compliance only after a corresponding licensee submits a renewal application, potentially allowing noncompliant terms to remain in effect for a full license year or longer.

Marijuana establishments continued to operate under agreements that violated statutory requirements, in some cases paying excessive or improper fees. CCC's decision not to review existing HCAs may potentially lead to noncompliant agreements remaining in effect for a year, or possibly longer, depending on whether extensions were granted, before CCC reviews them for noncompliant terms. This process is procedurally unfair to marijuana establishments that submitted HCAs before the March 1, 2024 cutoff.

HCA Review Process Effective Through February 29, 2024

Under the prior regulatory framework, CCC did not conduct compliance reviews of HCAs submitted by marijuana establishments. As a result, the municipalities and marijuana establishments negotiated HCA terms that led to widespread inconsistencies and terms that violated statutory requirements.

We selected a sample of 26 HCAs executed between July 1, 2022 and March 1, 2024. Of these 26 HCAs, we found that 18 were noncompliant. Specifically, we found the following instances of noncompliance:

- Of the 18 noncompliant HCAs in our sample, 1 contained a CIF of 3.5%.
- Of the 18 noncompliant HCAs in our sample, 1 mandated that the CIF be $100,000, regardless of the 3% maximum.
- Of the 18 noncompliant HCAs in our sample, 9 required mandatory charitable donations.
- Of the 18 noncompliant HCAs in our sample, 11 required mandatory donations to the municipality, separate from the CIF.
- Of the 18 noncompliant HCAs in our sample, 3 had no expiration dates.

Noncompliant HCAs put undue financial burdens on small businesses in a burgeoning industry.

We identified 11 new marijuana establishments that were required to make large payments to the municipality before making their first sale—one of these establishments was required to pay over $100,000. This practice is in violation of applicable regulations and creates an environment in which only the largest businesses, often multi-state operators, can thrive and further incentivizes municipalities to show preferential treatment to large businesses capable of providing more funding.

Given the nature of the cannabis industry, this disfavors smaller Massachusetts-based entrepreneurs in favor of non-Massachusetts businesses that have existing cannabis operations in other states, and, therefore, greater financial means to afford such payments. We also identified HCAs in municipalities that had unequal terms between different marijuana establishments of the same license type, even though the establishments were in the same municipality. For example, one marijuana establishment in Brookline had a mandated charitable donation of $975,000, while another in Brookline had no such requirement.

Authoritative Guidance

Section 3(d)(2)(i) of Chapter 94G of the General Laws states,

> *The community impact fee shall . . . (B) amount to not more than 3 per cent of the gross sales of the marijuana establishment or medical marijuana treatment center; (C) not be effective after the marijuana establishment or medical marijuana treatment center's eighth year of operation; (D) commence on the date the marijuana establishment or medical marijuana treatment center is granted a final license by the commission; and (E) not mandate a certain percentage of total or gross sales as the community impact fee.*

Reasons for Issue

HCA Review Process Effective Through February 29, 2024

CCC management told us in a post-audit meeting that, before March 1, 2024, they did not have statutory authority to review the HCAs reached by marijuana establishments and host municipalities.

HCA Review Process Effective Starting March 1, 2024

CCC management told us in a post-audit meeting that, after March 1, 2024, they did not have statutory authority to review an HCA that is not actively going through the renewal process or new application process.

Recommendation

CCC should review all existing HCAs to ensure that they do not contain noncompliant terms. CCC management should adhere to their responsibilities to ensure functional oversight with respect to proper application of the law.

Auditee's Response

> *As explained to the [Office of the State Auditor] Audit team in a meetings throughout the course of the audit, the Commission's statutory oversight authority underwent significant revision during*

the course of the audit period. See Chapter 180 of the Acts of 2022 (Chapter 180). Prior to the passage and implementation of Chapter 180, the Commission did not have oversight authority over HCAs. Chapter 180 went into effect 90 days after it was enacted on August 11, 2022—thus the effective date was November 9, 2022. Per Section 28 of Chapter 180, the Commission had 1 year to promulgate or amend regulations consistent with Chapter 180, and the Commission's updated regulations relative to its authority to review and approve HCAs became effective on March 1, 2024. All new license and renewal applications since March 1, 2024, have included review and approval of HCAs for statutory compliance and all Post Provisional License inspections have required a statutorily complaint HCA since March 1, 2024. Accordingly, the CCC has been acting fully in accordance with its statutory and regulatory obligations.

In addition, as explained to the Audit team in the March 25, 2025, meeting, a significant number of municipalities have taken the position that Chapter 180 did not grant the Commission the authority to review HCAs executed prior to the statutory effective date. In fact, the only Court that has reviewed the issue thus far has ruled in the municipalities' favor in a case in which the Commission was not a party. See Haverhill Stem v. Fiorentini et al, *Essex Superior Court (C.A. No. 2177CV00375). As the Commission strenuously disagrees with that Court's decision and believes that it rests upon a fundamental misunderstanding of the Commission's licensing process, it has moved to intervene in a Middlesex Superior Court case that presents the identical question regarding the Commission's authority to review HCAs which pre-date Chapter 180. See* Theory Wellness, Inc. et al v. Town of Great Barrington, *Middlesex Superior Court (C.A. No. 2481CV693). A hearing was held on the Commission's motion on June 9, 2025, and the motion is currently under advisement. The Commission is also actively looking at other pending cases which raise the same issue in which it might seek to intervene. Until the courts definitely resolve the issue, the Commission's ability to review HCAs which pre-date Chapter 180's effective date will continue to be challenged. Many licensees across the Commonwealth are trapped in legal limbo until the issue is resolved as their license renewals cannot be approved without a compliant HCA (which, to date, certain municipalities have declined to provide). For this reason, the Commission has authorized the granting of administrative extensions to licensees for HCA compliance purposes.*

Auditor's Reply

Our finding is that upon obtaining regulatory authority, effective March 1, 2024, CCC failed to proactively review existing HCAs and delayed implementation of the new HCA review process even after the new regulations passed. Although CCC implemented the new regulations in March 2024, nearly 16 months passed without review of existing HCAs despite the known pattern of excessive fees, mandatory donations, and other noncompliant terms. It is our opinion that the CCC was in a position to grant regulatory relief by proactively reviewing existing HCAs for unenforceable terms and chose not to do so.

Additionally, CCC stated in its response that litigation issues with the municipalities are to blame for the limited effectiveness of the new HCA review process. We agree with CCC that it has the authority to review HCAs that predate Chapter 180 of the Acts of 2022 and understand CCC's position regarding the complications caused by litigation surrounding this issue; however, we maintain that CCC unnecessarily delayed implementing the HCA review process even after the new regulations were approved. The litigation issues do not negate our finding regarding the untimely promulgation of regulations and the failure to begin to implement oversight in accordance with said regulations and law.

4. The Cannabis Control Commission did not have a documented and transparent process for employee settlement agreements, including those containing non-disclosure, non-disparagement, or similarly restrictive clauses.

CCC did not have a documented process for entering into, reviewing, and finalizing its employee settlements during the extended audit period, January 1, 2019 through December 31, 2024. The table below summarizes the dates, amounts, and payment methods of the two employee settlement agreements CCC entered into during the extended audit period. Additionally, as of the conclusion of our audit, there was one other settlement agreement still in the process of being executed; therefore, it was not made available to us for review.

Were Allegations Specified in the Agreement?	Year Signed	Amount	Method of Payment	Did the Agreement Include Non-disclosure, Non-disparagement, or Similarly Restrictive Clauses?
Yes*	2023	$5,000.00	Internal Revenue Service Form 1099	Yes
Yes**	2023	$92,969.75	Payroll	Yes

* The allegations associated with this settlement were for claims of alleged sexual and racial discrimination, subjection to a hostile work environment based upon sex and race, and failure to provide equal pay in violation of state and federal statutes.

** The allegations associated with this settlement were for claims of defamation, interference with rights under the Family and Medical Leave Act, retaliation for family medical leave, invasion of privacy, subjection to intentional infliction of emotional distress, and intentional interference with business relationships, all in violation with common law and various state and federal statutes.

If CCC does not have a documented and transparent process, which would hold CCC accountable, to handle employee settlement agreements, especially those containing non-disclosure, non-disparagement, or similarly restrictive clauses, then it cannot ensure that employee settlements are handled in an equitable, ethical, legal, and consistent manner.

Authoritative Guidance

The Office of the Comptroller of the Commonwealth's (CTR's) "Settlements and Judgments Policy"[18] states,

> *Departments may not process payments or adjustments for a settlement, judgment, or administrative award as a routine payroll entry, but must follow this policy to ensure appropriate tax reporting, withholdings, and funding.*

Although CCC is not required to follow this policy, we consider it a best practice that individual Commonwealth agencies create agency-specific policies based on CTR's policy for employee settlement agreements.

Reasons for Issue

CCC management stated that they do not have a process for administering employee settlements because they occur infrequently and are handled on an ad hoc basis.

Recommendations

1. CCC should develop, document, and implement a policy related to employee settlement agreements in accordance with CTR's guidance.
2. CCC should refrain from using employee settlement agreements that contain non-disclosure, non-disparagement, or similarly restrictive clauses and should implement a policy regarding the use of employee settlement agreements to promote a transparent and equitable process.

Auditee's Response

CCC's Recommendation 1 response was as follows:

> *On January 27, 2025, following the audit period, the Governor issued a directive which formalized the prohibition of the use of non-disclosure language in settlement agreements. Despite being an independent agency which is not under the direction of the Governor's Office, the CCC has adjusted its procedures to no longer include non-disclosure language. The Agency will formalize a policy for employee settlement agreements in accordance with CTR's revised guidance and provide said policy to the [Office of the State Auditor] within 60 days.*

18. CTR updated this policy on May 12, 2025, which was between the end of the audit period and the publication of this report. In this report, we reference the policy as it was documented during the audit period (unless stated otherwise).

CCC's Recommendation 2 response was as follows:

> *This recommendation is overly broad. Settlement agreements are an important tool to resolve disputes before resorting to costly and time-consuming litigation. Per the Governor's policy, the CCC has discontinued the use of [non-disclosure agreements]. See above response to Recommendation 1.*

Auditor's Reply

CCC stated in its response that it will adjust its procedures to no longer use non-disclosure language as well as formalize a policy for employee settlement agreements in accordance with CTR's revised guidance. While these are forward-looking steps, we also encourage CCC not to use settlement agreements containing non-disparagement or similarly restrictive clauses. We look forward to receiving a copy of the new policy, and as part of our post-audit review process, we will follow up on this matter in approximately six months.

5. Breakdown of management structure and role consolidation led to turnover of critical personnel at the Cannabis Control Commission, which contributed to operational and compliance risks.

CCC experienced a breakdown in its management and personnel structure during the audit period, particularly among key administrative and legal personnel. As a result, CCC increasingly relied on external legal counsel to fill critical gaps, while remaining staff members have assumed multiple high-level roles without appropriate support or succession planning. These conditions have contributed to limited resources, increased legal costs, and elevated operational risk. Key observations include those described below.

Loss of Critical Personnel Members

CCC meeting minutes dated September 23, 2024 documented the departure or suspension of several high-level staff members, including the chief communications officer and the director of human resources. These departures left key positions vacant during a period of significant regulatory and operational activity at CCC.

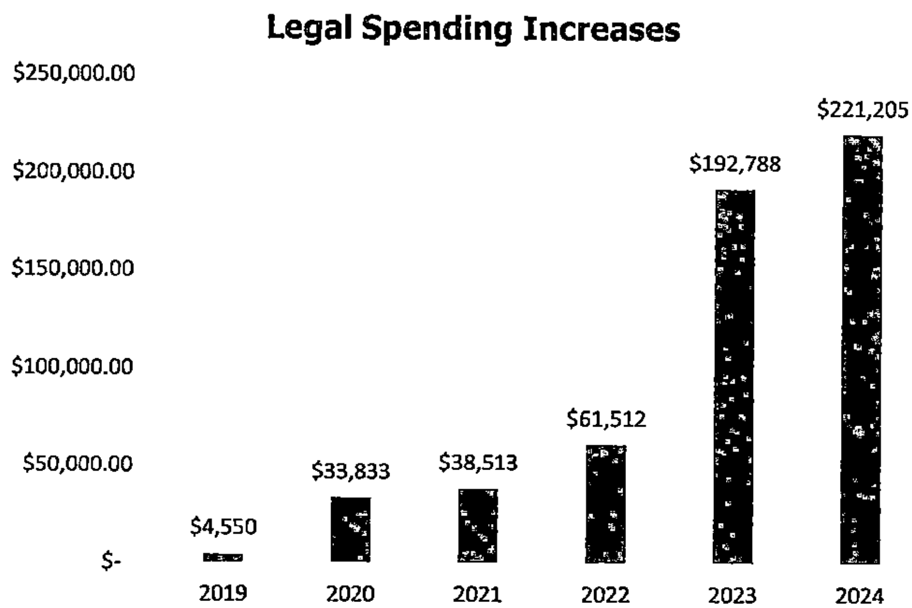
Consolidation of Key Roles

CCC organizational charts indicated that administrative personnel members held multiple high-level positions simultaneously. The acting executive director retained their role as chief people officer and the acting general counsel retained their responsibilities as chief of staff. These dual-role assignments raise concerns about the capacity, objectivity, and effectiveness of internal leadership, as well as oversight of critical functions and segregation of duties.

Increased Reliance on External Legal Counsel

We confirmed through staff member interviews and document reviews that CCC had increasingly turned to external legal firms to address employment-related matters, internal investigations, and compliance issues. This reliance on contracted services resulted in elevated legal costs for CCC.

During our audit, we determined that throughout the audit period, CCC's spending on legal fees increased significantly over time. See the chart below for more information.



Note: Legal spending figures are presented by calendar year. The amount shown for 2024 only includes the first six months of the year.

CCC's breakdown of management structure and role consolidation will lead to several additional negative consequences, such as the following:

- CCC's increasing reliance on external legal counsel resulted in higher operational expenditures and reduced capacity for internal improvements to CCC's legal team. While specialized external support can be necessary in certain cases, the absence of sufficient internal legal staffing could limit CCC's ability to maintain consistent legal administration and oversight. Furthermore, resources used for external counsel could instead support internal staffing or training to enhance long-term legal and compliance capabilities within CCC.
- Poor segregation of duties and the assignment of multiple high-level responsibilities to individual staff members increases the likelihood of operational bottlenecks and miscommunications. These

conditions could create opportunities for error, mismanagement, employee conflict, and/or conflicts of interest.

- Staff members carrying excessive workloads and holding overlapping responsibilities may struggle to provide timely administrative decisions and services. Prolonged strain could lead to burnout, disengagement, and/or additional resignations, further compounding staffing issues.
- Frequent leadership changes, combined with ongoing legal challenges, may undermine public and stakeholder confidence in CCC. A lack of continuity in key roles could also impair long-term planning and disrupt the consistent execution of strategic initiatives.
- Employees placed in dual executive roles may lack the specific expertise or qualifications necessary to effectively fulfill both sets of responsibilities. The loss of experienced leadership, particularly when internal policies and procedures are undocumented, could result in the erosion of institutional knowledge and increased reliance on informal or inconsistent practices.
- The absence of documented controls over the areas reviewed during our audit may indicate broader organizational risks, particularly given CCC's wide range of statutory responsibilities in regulating the cannabis industry in the Commonwealth.

Authoritative Guidance

According to CTR's *Internal Control Guide*, CCC is required to establish a clear organizational structure and ensure proper segregation of duties to prevent inefficiencies, financial risks, and compliance failures. Section 3 of Chapter 1 of CTR's *Internal Control Guide* states the following:

> *3.01. Organizational Structure*
>
> *An organizational structure is necessary to enable a department to plan, execute, control, and assess the achievement of its objectives. Management develops and assigns these responsibilities to groups (divisions, offices, subunits, etc.) to enable the department to operate in an efficient and effective manner, comply with applicable laws and regulations, and reliably report quality information. Periodically, management should evaluate the organizational structure to ensure it meets its objectives (and makes changes accordingly).*
>
> *3.02. Assignment of Responsibility and Delegation of Authority*
>
> *As noted above, management develops and assigns responsibility. Management also evaluates the delegation for proper segregation of duties within the unit and in the organizational structure. Segregation of duties helps prevent fraud, waste, and abuse in the entity by considering the need to separate authority, custody, and accounting in the department.*
>
> *3.03. Documentation of the Internal Control System*
>
> *Effective documentation helps with the design an effective internal control as it communicates the who, what, when, where, and why of internal control execution to personnel. Documentation also provides a means to retain organizational knowledge and mitigate the risk of having that knowledge*

limited to a few personnel, as well as a means to communicate that knowledge as needed to external parties, such as auditors.

Reasons for Issue

CCC stated that it did not prioritize creating documented policies to support succession management or workforce planning because of the agency's young age and small size.

Recommendations

1. CCC should ensure that it has a succession plan to effectively administer general and executive staff member turnover.
2. CCC should ensure that there is segregation of duties among all CCC executive staff members.
3. CCC should refrain from using external legal counsel to perform core functions.

Auditee's Response

CCC's Recommendation 1 response was as follows:

The Agency is in agreement with the [Office of the State Auditor's] recommendation. Succession planning efforts, as well as general recruitment and retention efforts, are a focus of the new Executive Director.

CCC's Recommendation 2 response was as follows:

The Agency is in agreement with the [Office of the State Auditor's] recommendation and it is the responsibility of the Executive Director to ensure this is achieved. It should be noted that implementation of structural changes to the organizational chart may be delayed substantially given the multi-year stagnation of the Agency's budget.

CCC's Recommendation 3 response was as follows:

The Agency is in agreement with this recommendation specific to the reference of "core functions" but is noting that use of external legal counsel will need to continue (as needed) to ensure access to any expertise that cannot be hired and maintained on-staff. Staffing constraints that impact this note can also be found in the [executive director] response to FINDING 1, Recommendation 4.

In addition, the Commission points out that external legal fees appear to be artificially inflated for 2023 and 2024 due, in part, to the fact that numerous investigations relating to employment issues took place during those years. Billing for the investigations was submitted through external legal counsel. As a result, external legal counsel fees did not spike as dramatically as suggested in the audit report. It is also worth noting that core legal functions were not outsourced but, rather, external legal counsel were used to supplement staff resources where specialized legal expertise was not available in-house.

Finally, the Commission's Legal Department has added new attorneys, a paralegal and a legal assistant during the latter part of and subsequent to the audit period. This infusion of talent has enabled the Commission to reduce its reliance on outside counsel and perform more functions in-house. However, the flat budget for [fiscal year 2026] will limit the Commission's ability to hire additional legal staff to keep up with the agency's ever growing regulatory workload, and the current hiring freeze approved by the Executive Director may impact future backfilling of open legal positions.

Auditor's Reply

1. CCC stated in its response that succession planning efforts and general recruitment and retention efforts are a focus of the new executive director. As part of our post-audit review process, we will follow up on this matter in approximately six months.

2. We believe that dual role assignments should be avoided, particularly in areas that involve both operational responsibilities and oversight functions. We reiterate that CCC's assignments violated the principles of segregation of duties and internal control risk set by CTR. CCC should implement controls to mitigate the risks created by the absence of segregation of duties.

3. CCC stated in its response that it will continue to use external legal counsel to ensure access to legal expertise that cannot be hired and maintained by CCC itself. As part of our post-audit review process, we will follow up on this matter in approximately six months.

   Our finding is that this increased spending was the result of CCC's dependence on external firms to resolve labor issues, which resulted from the breakdown of its management structure. We would normally expect these issues to be investigated and resolved utilizing less costly internal resources. The lengthy investigations mentioned by CCC in its response are tied to the settlement agreements reviewed as part of this audit, and those labor issues, regardless of how they were billed, are costly for the taxpayers and may undermine the public's confidence in CCC.

   CCC stated in its response that its legal department has added several new staff members. As part of our post-audit review process, we will follow up on this matter in approximately six months.

6. The Cannabis Control Commission failed to implement sufficient controls related to the administration of the marijuana regulation fund and its host community agreement review process and did not have a fully compliant internal control plan as required by the Office of the Comptroller of the Commonwealth's *Internal Control Guide*.

During our audit, we identified the significant deficiencies in CCC's internal control system described below. Of the four controls we tested—commissioner approval of fines, reconciliation of revenue, and two supervisory reviews of licensing documents—only commissioner approval of fines was consistently documented and determined to be operating effectively. The remaining three controls were not operating as intended, as described below.

Marijuana Regulation Fund Administration

Supervisors did not consistently perform or review CCC's monthly revenue reconciliations for the marijuana regulation fund (MRF), including fines. For seven of the eight months tested, CCC did not complete the required reconciliations, and there was no documentation showing that CCC's chief financial and accounting officer reviewed them, as required.

Licensing and HCAs

CCC was unable to provide documentation demonstrating that supervisors completed required review procedures. Specifically, supervisors could not provide documentation of approvals of final application checklists and background checks. For all 25 of the licensing background checks tested, CCC could not provide evidence that licensing managers had reviewed and approved the background checks for owners and managers of the sampled licensees. Additionally, for all 25 of the final licensing application checklist controls tested, CCC was unable to produce records verifying that licensing managers had completed the final reviews prior to licensure.

Lack of Fully Compliant Internal Control Plan

CCC did not maintain a fully compliant internal control plan during the audit period. Although CCC had an internal control plan in place, our audit determined that it was not sufficiently aligned with established internal control standards, such as those set forth in the Committee of Sponsoring Organizations of the Treadway Commission framework and CTR's internal control guidance, to effectively manage operational and regulatory risks.

High turnover among CCC's executive leadership inhibited CCC's capacity to maintain a stable organizational structure and preserve institutional knowledge. The reliance on interim replacements with overlapping responsibilities further strained internal operations, as individuals were required to manage multiple high-level roles simultaneously. Furthermore, the elimination of key leadership roles disrupted CCC's organizational structure and reduced oversight capability.

After reviewing the internal control documentation provided by CCC for calendar years 2022, 2023, and 2024, we found no evidence that risks were analyzed or that control activities had been performed. Although general control activities were described, the related policies and procedures were not clearly cited, limiting the plan's usefulness as a tool for assessing whether controls were both implemented and operating effectively. Moreover, several controls were marked as either partially or not implemented, indicating that CCC has not yet fully put its internal control framework into practice. These failures indicate that key controls were not functioning as intended and reinforce broader concerns regarding the design, implementation, and operating effectiveness of CCC's internal control system.

This inadequate internal control environment and inadequate internal control plan contributed to several operational and financial risks, including:

- absence of control activities, which resulted in inconsistent practices, a lack of clearly documented procedures, and diminished organizational accountability;
- deficient oversight in licensing, HCA reviews, and management of the MRF, as evidenced by missing documentation of final approvals and unreconciled financial activity raising concerns about transparency, fairness, and regulatory reliability; and
- lack of a fully compliant internal control plan, which leaves CCC unprepared to address emerging risk posed by an unstable organizational structure.

Authoritative Guidance

According to the Committee of Sponsoring Organizations of the Treadway Commission's Enterprise Risk Management Framework, which is the basis of CTR's *Internal Control Guide*, organizations must use 17 principles to create an internal control plan. These principles include the following, which are relevant to this audit:

- **Principle 3** requires organizations to establish a clear structure of roles, authority, and responsibilities to maintain accountability and operational efficiency.
- **Principle 4** requires organizations to recruit, develop, and retain qualified employees and provide training and professional development to sustain institutional knowledge and achieve objectives.
- **Principle 6** requires organizations to define strategic goals and objectives to guide risk identification and management efforts.
- **Principle 7** requires organizations to continuously identify and assess risks, including emerging risks and fraud risks, to maintain alignment with objectives.
- **Principle 8** requires organizations to evaluate risks dynamically and update risk management strategies in response to evolving threats.
- **Principle 9** requires organizations to respond to risks promptly through appropriate mitigation strategies, such as updating policies, reallocating resources, or strengthening controls.

Reasons for Issue

Regarding the MRF, CCC did not maintain sufficient documentation of financial oversight activities, including reconciliations and review processes. CCC did not have documented policies or procedures to ensure that reconciliations were conducted on a regular basis.

Regarding HCAs, CCC did not consistently document critical controls, such as background check reviews and final checklist approvals.

Regarding CCC's lack of a fully compliant internal control plan, CCC provided us two documents labeled as internal control plans; however, both closely resembled risk assessments and lacked risk analysis and control activities. Additionally, multiple controls were marked as either partially or not implemented.

Related to the control environment, CCC experienced high turnover of executive staff members, overly relied on interim roles, and eliminated key positions, which further compounded leadership instability and diluted accountability.

Related to risk assessment, CCC's lack of ongoing documentation and updates to the risk assessment framework left CCC without a reliable mechanism to evaluate emerging risks, limiting its ability to adapt to changing conditions.

Recommendations

1. CCC should ensure that controls around the review processes for both the MRF and HCAs operate effectively.
2. CCC should develop a fully compliant internal control plan and conduct a risk assessment annually.

Auditee's Response

CCC's Recommendation 1 response was as follows:

> *The MRF is appropriated by the Legislature and further controlled by the Comptroller, not administered the CCC. The Agency transfers revenue collected by the Commission to the MRF, and the Agency only has visibility as to what is transferred from the Commission to the MRF. Other receipts into the MRF through other sources, include deposits of tax revenue from [the Massachusetts Department of Revenue] (see Section 5 of Chapter 64N [of the General Laws]). Prior to [fiscal year] 2025, monthly reconciliations were done to ensure all payments received by the Commission were transferred to the MRF, however, reconciliation with Licensing records did not occur during this period. As of [fiscal year] 2025 the Finance Department began receiving automated reports of payments entered into MassCIP and [Medical Use of Marijuana Program Online System]. These*

reports are now being reconciled to bank deposits as well as entries transferring funds to the MRF. Reconciliations are prepared monthly for Supervisor review and sign-off.

HCA review process is explained in [executive director] response to FINDING 3.

CCC's Recommendation 2 response was as follows:

With limited and time-constrained available funding at the end of [fiscal year] 2025 the Commission engaged [Clifton Larson Allen] to perform a pre-[System and Organization Control] audit review. The new Executive Director will utilize the outcome of this engagement and the expertise of the [Chief Technology and Innovation Officer] and [Chief Financial and Accounting Officer] to ensure all internal control plans are updated in line with Comptroller recommendations and other best practices, no later than the end of Calendar Year 2025.

Auditor's Reply

1. CCC stated in its response that prior to fiscal year 2025, reconciliations were made to ensure that all payments received by CCC were transferred to the MRF. While performing our audit work, we determined that, although these reconciliations were occurring, they were not always occurring monthly and reliably. Additionally, CCC stated that there was no reconciliation performed between payments received (which ultimately transfer to the MRF) and licensing records, but that reconciliations are now prepared monthly and reviewed and signed off by a supervisor. As part of our post-audit review process, we will follow up on this matter in approximately six months.
2. CCC stated that it will update all internal control plans in line with CTR's recommendations and other best practices no later than the end of this year. As part of our post-audit review process, we will follow up on this matter in approximately six months.

7. The Cannabis Control Commission failed to identify double payments for license fees and did not ensure that revenues were coded and classified.

We determined that CCC lacked the ability to identify when license fees had been paid more than once. In our review of transaction data, we identified multiple identical payments (22 instances, totaling $3,445 in overpayments) made by licensees for the same fee. CCC had not previously detected these overpayments.

Additionally, while performing testing on the larger population of fees identified during the audit period, we found that CCC was comingling revenue codes, leading to multiple revenue sources being classified under one unique identifier. For example, revenue code 638 contained 21 revenue source codes, which were found to include a mix of different fee types.[19]

19. Examples of different fee types include agent registration fees, change of address fees, and architectural review fees.

The failure to implement adequate financial controls resulted in several risks and inefficiencies, including the following:

Financial Misstatements and Reporting Inaccuracies

- The commingling of revenue codes undermines accurate revenue tracking, which can distort financial reports, impact budgetary decision-making, and lead to noncompliance with state financial reporting requirements.

Erosion of Public and Stakeholder Trust

- The inability to identify and prevent duplicate payments exposes licensees to potential financial harm, raising concerns about CCC's credibility, financial integrity, and regulatory oversight capacity.
- Without proper revenue categorization and duplicate payment detection, there is an increased risk of undetected financial mismanagement, revenue loss, and/or fraud.

Operational Inefficiencies

- The absence of systematic safeguards delays the resolution of discrepancies, which may delay financial reconciliations and impair CCC's overall fiscal management.

Authoritative Guidance

Regarding the commingling of revenue codes, CTR establishes accounting rules and guidelines for all state agencies, including the proper classification and tracking of revenue. CTR's *Revenue Handbook* states the following:

> *IV. REVENUE SOURCE CODE DEFINITIONS/DESCRIPTIONS*
>
> *Revenue Source Codes are created by the Office of the Comptroller (CTR) for use in collecting, identifying, tracking and reporting revenue received by the Commonwealth. . . . Some Revenue Source Codes are broad and are used by more than one department; others are created and used for a specific purpose.*
>
> *If a Department thinks it needs to create a new Revenue Source Code, it should contact CTR's General Accounting Bureau. Departments must provide the legislation authorizing the revenue to be collected, type of revenue and indicate whether the revenue is to be linked to a specific account number, etc.*

Regarding the inability to identify the double charging of fees, CTR's "Cash Recognition and Reconciliation Policy" states the following:

> *Reconciliation of Cash Receipts*

> *Daily system assurance must be performed by departments to ensure that there is a matching deposit for each cash transaction. This process involves comparing the results from all sources that produce or contain payments and deposit information, and ensuring that they match. These information sources should include any delegated system reports, all relevant MMARS tables and/or reports, and Information Warehouse reports. Departments needing assistance in establishing system assurance procedures should contact CTR's Revenue Bureau.*

Reasons for Issue

CCC lacks automated system controls or alerts within MassCIP to identify double payments. No reconciliation process was in place to detect or prevent duplicate transactions during the audit period.

CCC has not implemented proper accounting procedures to ensure that each revenue source is assigned a distinct classification.

Recommendations

1. CCC should implement automated system controls and validation procedures to monitor and prevent duplicate payments.
2. CCC should assign unique revenue codes to different revenue types.
3. CCC should perform regular reconciliations to detect or prevent duplicate transactions.
4. Until CCC implements a reliable system that detects or prevents duplicate transactions, CCC should make licensees aware of potential duplicate fees so that they may safeguard against improper charges by CCC.

Auditee's Response

CCC's Recommendation 1 response was as follows:

> *The Commission has a contract with a payment processor to process credit card payments. Licensees are directed to the payment page from the third-party software to enter their credit card information to initiate payment for their license or fee. In random incidents it appears the payments were being resubmitted by the processor multiple time before timing out, resulting in duplicate charges to the payee's credit card. The payment processing service provider has implemented an update to correct the issue of duplicates transactions processing during the time-out period. The CCC has also added a reconciliation process to catch payments made that are not recorded in the internal licensing software. This reconciliation process will identify duplicate payments if this "glitch" with the payment processor occurs again.*

CCC's Recommendation 2 response was as follows:

> *The CCC uses unique [external cash receipt table (ECRT)] codes for each fee type, which directs electronic fee payments to the specific revenue / transaction codes in the State's Accounting*

System (MMARS) for all electronic payments. These codes have always been used to identify specific fees on electronic payments. These codes were added to manual payment transactions (i.e. checks) at the beginning of [fiscal year] 2025. Reporting by fee type is completed through ECRT reports. Additional Revenue Source codes were also added in [fiscal year] 2025 and remapping of fees has been completed—currently, 14 separate application fees exist with their own separate ECRT codes that are then directed into one (1) Revenue Code for Applications Fees, but the reporting can be broken out by revenue code or ECRT, as needed. This process improvement is an approved method of reporting revenue, per the Office of the Comptroller.

CCC's Recommendation 3 response was as follows:

The Finance Department began receiving weekly reports from MassCIP and [Medical Use of Marijuana Program Online System] in March 2025 which are now reviewed and reconciled to payments received. See further information on duplicate payments in response to recommendation 1 of FINDING 7.

CCC's Recommendation 4 response was as follows:

Finance conducts daily manual checks as a short-term control. Since this process was implemented in April 2025, no duplicate payments have been identified. Long-term system improvements will require investment in the Commission's [information technology] Infrastructure, refenced in response to FINDING 1, Recommendation 1.

Auditor's Reply

1. CCC stated in its response that its payment processing service provider has implemented an update to prevent duplicate transactions from occurring. Additionally, CCC stated that a reconciliation process has been added to catch payments that are not recorded in its internal licensing software. As part of our post-audit review process, we will follow up on this matter in approximately six months.

2. CCC stated in its response that, starting at the beginning of fiscal year 2025, it used unique external cash receipt table codes for each fee type. We are happy to see that CCC has started using unique revenue codes after this issue was identified by our audit. As part of our post-audit review process, we will follow up on this matter in approximately six months.

3. CCC stated in its response that its Finance Department began reviewing and reconciling reports from its licensing system in March 2025. We are happy to see that CCC has started reviewing and reconciling payment information after this issue was identified by our audit. As part of our post-audit review process, we will follow up on this matter in approximately six months.

4. CCC stated in its response that, starting April 2025, the CCC Finance Department conducts daily manual checks to determine whether duplicate payments have occurred. As part of our post-audit review process, we will follow up on this matter in approximately six months.

OTHER MATTERS

The Cannabis Control Commission did not collect prorated license fees before July 1, 2022, leading to uncollected revenue.

The issue of prorated fees has persisted for several years. As part of our data request related to the prorated fees, the Cannabis Control Commission (CCC) provided us with data indicating that there were hundreds of extensions approved before July 1, 2022. During our interviews with CCC staff members, CCC indicated that no prorated fees were calculated or charged for this population of extensions.

May 2020 CCC Discussion

Public meeting minutes from May 7, 2020 show that CCC discussed operational relief measures for licensees during the COVID-19 pandemic state of emergency. These discussions included potential strategies to support licensees affected by business disruptions, such as waiving or reducing license fees, extending license expiration dates, and prorating fees when renewal dates were extended. Although CCC did not vote to adopt any formal policy at that time, this is significant to our audit work because it shows that the concepts of license extensions and prorated fees were present in CCC's policy environment as early as May 2020. These deliberations indicate that CCC had sufficient opportunity and information to have formalized a process for license extension and proration of fees before and after the August 2022 vote to delegate this authority to the executive director.

Extensions Before August 2022

Before August 2022, CCC was responsible for overseeing license extensions, as the statutory language in Section 6(a) of Chapter 94G of the Massachusetts General Laws grants CCC the authority to extend license terms. This activity falls outside the scope of our audit, so we did not evaluate the process or decisions associated with extensions before July 1, 2022. Additionally, CCC did not clearly establish the fee requirement for extensions before July 1, 2022. On August 11, 2022, CCC voted to delegate the authority to extend license expiration dates to the executive director. In accordance with that vote, the executive director issued an internal memorandum describing how this delegated authority would be exercised. Notably, the memorandum stated that any licensee receiving an extension would also be required to pay a prorated license fee to cover the extended term.

Despite this new requirement, and based on our audit work, CCC did not implement a documented policy or process to ensure that prorated fees were calculated, billed, and collected in a consistent manner. Additionally, CCC data provided to us included 479 license extensions granted between May 2020 and August 2022, corresponding to 353 unique license numbers. Although these extensions occurred before the August 2022 delegation, and thus fell outside the scope of our audit, they provide additional context regarding the volume of manual extensions issued before a documented process was in place.

Potential Financial Impact

To assess the potential financial impact, we prepared an estimate of unbilled prorated fees. This estimate was based on the number of extensions, the number of licensees, the average length of extensions by license type, and the average value of calculated prorated fees by license type in the population of calculated prorated fees. The estimated value of uncollected prorated fees for the 479 extensions is approximately $284,000. See the table below for more information.

License Type	Number of Extensions (Population of 353 Licenses) (A)	Average Length of Extension (Population of 353)* (B)	Average Length of Extension (Population of 161)** (C)	Average Extension Value (Population of 161) (D)	Estimated Fee (Value of Extension) (E) (AxD÷CxB)
Marijuana Cultivator	143	26.03	92.32	$2,405.94	$97,006.14
Marijuana Product Manufacturer	107	27.20	98.62	$2,463.51	72,701.27
Marijuana Retailer	175	26.93	85.88	$2,090.14	114,698.50
Other	54				
Total Licenses	479				
Total Estimated Fees					$284,405.91

* This population represents extensions granted before the audit period.

** This population represents extensions that CCC identified during the audit period as cases where fees were (1) due and (2) either paid already or were not yet paid.

Authoritative Guidance

Section 76(j) of Chapter 10 of the General Laws states,

> *The commission shall appoint an executive director. The executive director shall serve at the pleasure of the commission, shall receive such salary as may be determined by the commission, and shall devote full time and attention to the duties of the office. The executive director shall be a person with skill and experience in management, shall be the executive and administrative head of the commission and shall be responsible for administering and enforcing the law relative to the commission and to each administrative unit thereof.*

Regarding license terms, Section 6(a) of Chapter 94G of the General Laws states, "Unless the commission authorizes the renewal of a license for a longer period, all licenses under this chapter shall be effective for 1 year from the date of issuance."

Section 500.103(4)(a) of Title 935 of the Code of Massachusetts Regulations states,

> *No later than 90 calendar days prior to the expiration date, a Marijuana Establishment shall submit a completed renewal application to the Commission in a form and manner determined by the Commission, as well as the required license fee.*

Reasons for Issue

CCC management stated that no formal procedures for the administration of license extensions and prorated fees existed before the audit period. Additionally, CCC management stated that manual processing, limited staffing, and insufficient oversight contributed to the inconsistent administration of the prorated fee process. Plus, CCC lacked standardized tracking and billing for the prorated fee extensions.

Recommendations

1. CCC should improve its internal processes around the administration of prorated fees to ensure that all money owed to CCC, and therefore the Commonwealth, is collected appropriately, consistently, and equitably.
2. CCC should conduct a full reconciliation to identify the total population of all uncollected license extension fees.
3. CCC should implement a standardized procedure for administering license extensions to ensure equity and compliance with applicable regulations.
4. CCC should prioritize adequate staffing, oversight, and automation of the billing process for license extension fees.

APPENDIX

License Extensions Before the Audit Period

Table 1: Calculation of Average Number of Days per Extension by License Type*

	Population of 161 License Extensions				Population of 479 License Extensions			
License Type	Number of Extensions (A)	Number of Licenses (B)	Cumulative Days of Extensions (C)	Average Days of Extension [C÷A] (D)	Number of Extensions (E)	Number of Licenses (F)	Cumulative Days of Extensions (G)	Average Days of Extension [G÷E] (H)
Marijuana Cultivator	41	34	3,785	92.32	143	106	3,723	26.03
Marijuana Producer	34	28	3,353	98.62	107	81	2,910	27.20
Marijuana Retailer	60	46	5,153	85.88	175	135	4,713	26.93
Other	26	6	2,392		54	31	4,499	
Total	161	114	14,683		479	353	15,845	

* We calculated the results in this table by dividing the total number of days an extension lasted (organized by license type) by the number of extensions granted. This table provides the average number of days that a license, by type, was extended.

Table 2: Calculation of Average Prorated Fee by License Type*

	Population of 161 License Extensions					
License Type	Number of Extensions (A)	Number of Licenses (B)	Cumulative Annual Fees (C)	Average Annual Fee [C÷A] (D)	Average Days of Extension [Table 1] (E)	Average Prorated Fee [D÷365xE] (F)
Marijuana Cultivator	41	34	390,000	$9,512.20	92.32	$2,405.94
Marijuana Producer	34	28	310,000	$9,117.65	98.62	$2,463.51
Marijuana Retailer	60	46	533,000	$8,883.33	85.88	$2,090.14
Other	26	6	899,000			
Total	161	114	2,132,000			

* We calculated the results in this table by dividing the total number of annual fees (organized by license type) by the number of extensions granted. The resulting average annual fee was then divided by 365 and multiplied by the average number of days by which the license type was extended. This table provides the average prorated fee that a license, by type, would cost.

Table 3: Calculation of Potential Unbilled Prorated Fees Before the Audit Period*

	Population of 479 License Extensions		Population of 161 License Extensions		Population of 479 License Extensions	
License Type	Number of Extensions (A)	Number of Licenses (B)	Average Prorated Fee [Table 2] (C)	Average Days of Extensions [Table 1] (D)	Average Days of Extensions [Table 1] (E)	Estimated Unbilled Fees [AxC÷DxE] (F)
Marijuana Cultivator	143	106	$2,405.94	92.32	26.03	$97,006.14
Marijuana Producer	107	81	$2,463.51	98.62	27.20	72,701.27
Marijuana Retailer	175	135	$2,090.14	85.88	26.93	114,698.50
Other	54	31				
Total Extensions/Licenses	479	353				
Total Fees						$284,405.91

* We calculated the results in this table by multiplying the number of extensions granted by the average prorated fee and dividing that result by the average number of days that a license type was extended. The result is the estimated unbilled prorated fee.

License Extensions During the Audit Period

Table 4: Calculation of Average Number of Days per Extension by License Type*

	Population of 161 License Extensions				Population of 698 License Extensions			
License Type	Number of Extensions (A)	Number of Licenses (B)	Cumulative Days of Extension (C)	Average Days of Extension [C÷A] (D)	Number of Extensions (E)	Number of Licenses (F)	Cumulative Days of Extension (G)	Average Days of Extension [G÷E] (H)
Marijuana Cultivator	41	34	3,785	92.32	171	96	4,370	25.56
Marijuana Producer	34	28	3,353	98.62	159	86	4,016	25.26
Marijuana Retailer	60	46	5,153	85.88	288	152	8,773	30.46
Other	26	6	2,392		80	39	1,866	
Total	161	114	14,683		698	373	19,025	

* We calculated the results in this table by dividing the total number of days an extension lasted (organized by license type) by the number of extensions granted. This table provides the average number of days that a license, by type, was extended.

Table 5: Calculation of Average Prorated Fee by License Type*

	Population of 161 License Extensions					
License Type	Number of Extensions (A)	Number of Licenses (B)	Cumulative Annual Fees (C)	Average Annual Fee [C÷A] (D)	Average Days of Extension [Table 4] (E)	Average Prorated Fee [D÷365xE] (F)
Marijuana Cultivator	41	34	390,000	$9,512.20	92.32	$2,405.94
Marijuana Producer	34	28	310,000	$9,117.65	98.62	$2,463.51
Marijuana Retailer	60	46	533,000	$8,883.33	85.88	$2,090.14
Other	26	6	899,000			
Total	161	114	2,132,000			

* We calculated the results in this table by dividing the total number of annual fees (organized by license type) by the number of extensions granted. The resulting average annual fee was then divided by 365 and multiplied by the average number of days by which the license type was extended. This table provides the average prorated fee that a license, by type, would cost.

Table 6: Calculation of Potential Unbilled Prorated Fees During the Audit Period*

	Population of 698 License Extensions		Population of 161 License Extensions		Population of 698 License Extensions	
License Type	Number of Extensions (A)	Number of Licenses (B)	Average Prorated Fee [Table 5] (C)	Average Days of Extension [Table 4] (D)	Average Days of Extension [Table 4] (E)	Estimated Unbilled Fees [AxC÷DxE] (F)
Marijuana Cultivator	171	96	$2,405.94	92.32	25.56	$113,905.83
Marijuana Producer	159	86	$2,463.51	98.62	25.26	100,327.46
Marijuana Retailer	288	152	$2,090.14	85.88	30.46	213,503.86
Other	80	39				
Total Extensions/ Licenses	698	373				$427,737.15
Estimated Fees Paid (42.5%)						-$181,788.29
Estimated Fees Not Billed (57.5%)						$245,948.86

* We calculated the results in this table by multiplying the number of extensions granted by the average prorated fee and dividing that result by the average number of days that a license type was extended. The result is the estimated unbilled prorated fee.

EXHIBIT D

Sent: Thursday, October 3, 2024 12:22 PM
To: Michael Baker <Michael.Baker@cccmass.com>; Steven Laduzinski <Steven.Laduzinski@cccmass.com>; Michael Bergquist <Michael.Bergquist@cccmass.com>
Subject: RE: privileged and confidential

Thank You, Mike!

You are correct, you have never given me pause to believe otherwise. The only comment I would add is that we sent between 85-90 invoices to the Auditor more than two weeks ago.

In a meeting with the Auditors last week, where Attorney Carter joined me, I looked back at an old OIG Teams file and was able to tell the auditors during the meeting that it appeared that at least in October and November 2023, the Commission only had in its possession one- page invoices (containing only the total due and perhaps some very general information in the "re:" portion of the invoices). When one or more of the auditors asked me how they could obtain the details of work conducted/time spent/lawyer engaged (for the time period after we apparently only received the one-page invoices), I speculated that Morgan Brown & Joy probably had someone who imputed attorney's time sheets information in a manner which would produce the total due in the invoice the Commission ultimately received. At best, Attorney Carter said nothing.

After speaking with Lisa this week, I now know that a year ago, MB & J began sending only the one-page total invoice to Finance, and that the GC and/or the AED received the separate detailed invoice(s).

If Attorney Carter knew last week that there were invoices that went to Finance, and detailed invoices that only went to the GC and/or the AED, I wish he had said something during the last meeting, that Legal had with the Auditor.

EXHIBIT E

PURPOSE OF THE JOB

To support the Commission's mission and its staff, the Deputy General Counsel will address and resolve legal matters in settled and evolving areas of the law. Under the direction of and in cooperation with the General Counsel, the Deputy General Counsel will provide advice and supervise work on legal issues as they arise, including in the areas of public meetings, policy and regulatory review, administrative hearings, litigation, public records, licensing and enforcement, contracts and procurements, finance, and labor and employment.

ESSENTIAL FUNCTIONS AND RESPONSIBILITIES

- Provide legal counsel as needed by the General Counsel, as well as the Executive Director, the Commission and its Commissioners, and other Commission staff;

- Commit to developing an expertise with laws governing adult- or medical-use marijuana in order to provide clear, concise and correct written and oral advice by regarding the Commission's laws, policies and procedures to staff and members of the public.

- Evaluate the applicability of settled areas of the law to emerging and unsettled areas, and make recommendations as to legal and practical implications of alternative courses of action.

- Advise Commission staff on constituent and press inquiries.

- Monitor applicable state and federal laws, decisional law from other jurisdictions, and industry publications along with identifying emerging issues to discuss with Commission counsel and staff.

- The Deputy General Counsel may be asked to advise and support the Commission and staff in specific subject matter areas.

o The conduct of the public meetings and compliance with the Open Meeting and Public Records Laws.

o The Commission's informal and formal administrative hearing processes and compliance with the state Administrative Procedures Act.

o Coordination with the Office of the Attorney General on litigation matters pending before federal and state courts.

o Procurement and contract processes, including contracts for technology services. As needed, drafting and reviewing contracts, statements of work, and associated legal documents.

- Maintain the highest standards of personal, professional and ethical conduct and support the Commission's goals for diversity and cultural awareness.

- Anticipate and address the legal issues implicated by the Commission's evolving mission.

OTHER DUTIES AND REPONSIBILITIES

- Advise on labor and employment issues.

- Draft legal memoranda as needed.

Qualifications - External

KNOWLEDGE AND SKILLS

- Demonstrate expertise in advising administrative agencies or cannabis industry participants.

- Demonstrate an expertise or ability to acquire an expertise in the emerging area of marijuana law, specifically the laws governing adult- and medical-use marijuana licensing. Maintain knowledge of the current state of the law and familiarity with patient-, consumer- and industry- issues.

- Ability to conduct comprehensive legal research, including the ability to analyze legal precedent and apply it to factual circumstances.

- Ability to develop and present clear, concise and correct legal arguments.

- Ability to complete legal work in a comprehensive, correct and efficient manner and supervise others to do the same.

- Ability to exercise good judgment in making decisions and addressing problems.

- Ability to exercise discretion in handling of confidential and sensitive information.

- Knowledge and understanding of the conduct of informal and formal adjudicatory proceedings.

- Knowledge of state compliance laws, including public records, open meeting, and ethics laws.

- Outstanding organizational skills, which includes the ability to prioritize and complete multiple projects under time constraints and with available resources.

- Ability to maintain complete and accurate records. Must demonstrate an appreciation of and an attention to detail.

- Ability to meet expectations and accept personal responsibility for the work.

- Ability to work independently, productively, and creatively in an evolving environment.

- Commitment to building constructive working relationships and a supportive and healthy workplace culture.

- Willingness to identify and perform ministerial administrative and clerical duties as they arise.

- Ability to work in and travel to the Commission's offices in Worcester and/or Boston and travel to the Worcester on a hybrid schedule.

SUPERVISORY RESPONSIBILITY

- Under the direction of and in collaboration with the General Counsel, supervise approximately four to six attorneys and legal support staff.

EDUCATION AND EXPERIENCE

- Juris Doctor Degree from an accredited school of law and member in good standing with the Massachusetts bar;

- Six-years' experience practicing law, preferably in a public sector or compliance environment;

- Experience supervising and directing legal work;

- Experience or familiaritywith administrative agencies, including licensing agencies and boards and commissions;

- Experience or familiarity with laws governing adult- or medical-use marijuana or a commitment to developing an expertise in this emerging area of the law;

- Demonstrated verbal and written communication skills.

- Demonstrated analytical skills and ability to exercise good judgment.

- Excellent interpersonal skills; must have a demonstrated ability to interact cooperatively and collaboratively with legal and non-legal staff within the Commission,

EXHIBIT F

Gaslighting at work - Spotting the signs of subtle workplace bullying

Subtle workplace bullying also known as Gaslighting

The term Gaslighting is a 'label' which embraces a cocktail of inappropriate and often manipulative workplace practices. Sadly, these unacceptable practices are commonplace. Historically, we have described these practices as 'subtle workplace bullying'.

The term Gaslighting is based on a 1944 film 'Gaslight' starring Ingrid Bergman. Bergman's character marries and mysterious things start to happen to her in her marriage. Her husband convinces her that she is imaging things, when in fact he is scheming with criminal intent. Psychologists describe Gaslighting as a subtle but unhealthy manipulative behaviour. An employee who is the subject of gaslighting will likely, certainly initially, struggle to understand what is occurring – similar to Bergman's character in the film.

Typically, an employee cannot 'put their finger on the problem'. They believe they are imagining things. They may even feel 'non-credible'. All the employee knows is they feel constantly undermined or excluded and they start to develop trust issues within the workplace. Their confidence and productivity levels suffer. They start to feel unwell. They may even be signed off work by their GP with work-related stress.

Gaslighting is classic abuse of power. It is bullying. It's a manipulate power-game, which individuals or groups of individuals play within a workplace with deliberate intent to control an individual or control a situation. A perpetrator could be a co-worker or a line manager. However, Gaslighting may be cultural ie: from the top down, condoned at Corporate management level. It's an entirely unacceptable, subtle, management style.

What are the signs of Gaslighting?

Spotting the signs of Gaslighting is easier than you might think. Signs (not exclusively) include;

- A lack of openness and transparency. This may be with immediate line management in a one-on-one relationship or it may be at Corporate level involving an entire Executive Board and/or a business owner.
- A reluctance to minute meetings or draw-up file-notes. We should not assume this is down to a lack of management skills. It could be intentional and therefore far more serious.
- Refusal to follow policies unless it suits the business. For example, reluctance to acknowledge a verbal employee complaint or investigate a formal grievance but at the same time applying a forceful approach to performance management and disciplinary policies.
- Drip-feeding information or failing to provide full facts (which we have historically described as 'setting a person up to fail') or repeatedly re-scheduling meetings or withholding important information.
- Moving goal-posts or changing elements of an employee job description without first engaging in discussion or making reference to a change-management policy.
- Springing surprises ie: calling last-minute meetings but failing to share data or advise in advance what the purpose of the meeting is and what the likely outcomes may be.
- Knee-jerk Suspensions over minor issues where a discussion or an informal meeting will have resolved any misunderstanding.
- Instant Dismissals without following due process.
- The inappropriate use of the term 'Redundancy' simply because a management team want to release an employee and/or make changes within the business

- **Failure to carry out fair and thorough grievance or disciplinary investigations and deciding in advance of an investigation that an employee's complaint will not be upheld (ie: pre-determined outcomes). Warning signs include a refusal to appoint an independent, impartial, workplace investigator in grievance and disciplinary cases.**
- **Undermining behaviour intended to destroy an employee's confidence. For example, open criticism or alleging that others have complained where, in fact, there is no evidence of any complaint.**

Is Gaslighting affecting you at work?

It is highly likely that Gaslighting has occurred in your workplace at some point in time. You may know someone who has experienced this behaviour. You may be experiencing Gaslighting yourself at this moment in time. The above are just a few examples.

It really can, and often is, extremely deep-routed within business, whether that business is private or public sector. It is important to remember that any one of the above circumstances, in isolation, does not necessarily make a case for Gaslighting. However, where a number of the above scenarios are occurring at work, and you are anxious, seek help immediately. Call The National Bullying Helpline on 0845 22 55 787 if you believe Gaslighting is occurring in your workplace.

Gaslighting at Work- Spotting the Signs of Subtle Workplace Bullying
https://www.nationalbullyinghelpline.co.uk/gaslighting.html

EXHIBIT G

Medically reviewed by Bethany Juby, PsyD
Written by Crystal Raypole and Sandra Silva
Updated on August 16, 2024
https://www.healthline.com/health/gaslighting

Gaslighting: Signs, Examples, and How to Protect Yourself

Gaslighting is a form of emotional abuse and manipulation. It involves someone making you question your beliefs, behaviors, and perception of reality. It can impact your sense of self.

View video transcript

The term "gaslighting" comes from the 1938 play "Gas Light," later released as the 1940 and 1944 movies "Gaslight." The story follows a husband who isolates and manipulates his wife with the goal of institutionalizing her.

Dr. Robin Stern, co-founder and associate director of the Yale Center for Emotional Intelligence, helped popularize the term "gaslighting" with her 2007 book, "The Gaslight Effect."

What are signs and examples of gaslighting?

Many types of gaslighting exist, and they may manifest in slightly different ways. Someone who's gaslighting you may:

- insist you said or did things you know you didn't do
- deny or scoff at your recollection of events
- call you "too sensitive" or "crazy" when you express your needs or concerns
- express doubts to others, even if jokingly, about your feelings, behavior, and state of mind
- twisting or retelling events to shift blame to you

- insist they're right and refuse to consider facts or your perspective

The most common sign of gaslighting in a relationship is if you constantly second-guess yourself based on the things the other person says or does. Feeling overwhelmed, confused, and uncertain about your ability to make decisions on your own are also gaslighting signs.

You may be on the receiving side of gaslighting if you notice emotional or mental changes in yourself like:

- an urge to apologize all the time
- believing you can't do anything right
- frequent feelings of nervousness, anxiety, or worry, especially when you're around the other person
- a loss of overall confidence
- constantly wondering if you're too sensitive or if the other person is right when they say so
- feeling disconnected from your sense of self, as if you're losing your identity
- believing you're to blame when things go wrong
- a persistent sense that something isn't right, though you can't identify exactly what's wrong
- a lingering sense of hopelessness, frustration, or emotional numbness

These feelings tend to come from what the other person says or implies about your behavior. For example:

- "You seem so confused lately, and you keep forgetting things. I'm getting a little worried."
- "You know I wouldn't say these things if I didn't care, right?"
- "Are you nuts? I never said that!"
- "Why is everything so complicated with you?"
- "You don't know what you're talking about."
- "I'm not the only one that thinks these things."
- "Yeah, right! Whatever you say."
- "You're always turning everything into a big deal."

Gaslighting can also show up as changes in your behavior. You might find yourself:

- making choices to please others instead of yourself
- frequently questioning whether you said the right thing or made the right choice
- making excuses for the person gaslighting you to family and friends
- lying or isolating yourself from loved ones to avoid conflict
- constantly reviewing your words and actions to make sure you've done everything "right"
- spending little or no time on the activities or hobbies you used to enjoy

The effects of gaslighting often happen in three distinct stages, according to Stern, though not every gaslighting dynamic involves all of these:

- **Disbelief:** Someone displays gaslighting behavior. It seems unusual, but you brush it off as a one-time thing.
- **Defense:** After a few more instances of gaslighting, you start to defend yourself and push back.
- **Depression:** Eventually, especially if you care for the other person, you start accepting their version of reality to avoid conflict. You may also increase your efforts to earn their approval. These efforts and second-guessing yourself drain your energy, disconnecting you from yourself and leaving you feeling low and hopeless.

Why do people gaslight others?

According to Stern, people often gaslight because the feeling of being right allows them to validate themselves.

When a person who gaslights feels their identity or power threatened, they need you to believe and support their version of events in order to maintain their sense of control.

Gaslighting can also happen when someone believes their narrative is more valid than someone else's, but they may not have strong arguments. They still need to feel superior, so putting someone else's opinions down may give them that sense of superiority.

Other examples of gaslighting

Gaslighting isn't the same as someone lying to you, expressing a different opinion, or saying you're wrong about something. It's more nuanced, which can make it harder to recognize.

Anyone can gaslight, not just people in your personal life.

Politicians, for example, gaslight when they deny events recorded on video or witnessed by multiple people. Doctors may gaslight when they suggest you've imagined your symptoms, imply that you're exaggerating your pain, or recommend therapy instead of medical treatment.

Here are some other examples of gaslighting in action:

With family

You live with your mother. The two of you get along fairly well, but she often questions you when you come home a little late.

"You said you'd be home right after work tonight," she insists one day. "I told you I need my medication, but now the pharmacy will be closed by the time we get there."

When you tell her you don't recall that conversation about taking her to run errands, she shakes her head in disbelief. "You stood right there and promised you'd be home early."

But **you** remember making coffee quietly in the kitchen so you wouldn't wake her. You say this, but she refuses to consider your version of events.

Later, you overhear her talking loudly on the phone. "I'm just not sure about their state of mind," she says. "They can't even remember a conversation from this morning!"

Similar situations play out repeatedly, to the point where you begin wondering whether you **are** forgetting things.

In a romantic relationship

You have some pretty convincing proof your partner has been unfaithful. You ask them about it directly, giving them a chance to be honest.

Consider these two reactions:

- "What? No, of course I'm not cheating on you."
- "How **dare** you accuse me of cheating. I work all day and come home to spend time with you, but you're never here. You say you're working, but who knows where you are? You're probably the one cheating. And if I were cheating, it's not like you could blame me, since you're always too tired for sex."

The first response is just a lie. The second, however, may be an attempt to make you feel guilty enough to drop the subject for good. Even if you don't believe them, you might end up questioning your evidence of their affair — or feeling bad for not being a "better" partner and try to make it up to them instead.

At work

You've earned a promotion to manager. With the promotion comes an assistant manager — someone who wanted that same promotion.

Over the past few weeks, you've noticed documents disappearing from your desk and important phone messages not coming through.

When you ask the assistant manager if they've seen any of the documents, their angry reaction surprises you.

"Are you accusing me of taking your things? Remember, my job is to helpyou. Why would I do anything like that?"

When you ask about another missing file a few weeks later, they say, "You know, you seem really stressed lately. This promotion is a big change. Not everyone can handle the responsibility."

When seeking medical care

For months, you've had some persistent abdominal symptoms that concern you, along with a generally low mood and fatigue.

Your doctor, however, seems skeptical. They ask whether you could be pregnant or if the symptoms relate to your period. You assure them the symptoms come and go at all times and that you're definitely not pregnant.

"I see you have a high-stress job. Maybe you're just stressed out. Try drinking some chamomile tea."

You try to explain that you think your low mood relates more to living with chronic pain, discomfort, and lack of energy.

"You're too young to feel this way. It doesn't look like anything serious. Just try to relax."

Their dismissal doesn't feel right, but, then, you didn't go to medical school, either. If they say your symptoms are nothing to worry about, well, maybe they really aren't that bad, after all.

Read more about medical gaslighting.

Why does gaslighting work?

Gaslighting works partly because you want to trust and respect the person gaslighting you. You want to have faith in your doctor, your parents, your partner, or your best friend.

Plus, gaslighting isn't always obvious or extreme. Often, it's disguised as an attempt to "look out for you."

"I'm sorry I have to tell you this," your roommate says one day. "But your friends don't really like you. They only hang out with you because you have money and they can take advantage of you. I just thought you should know."

Their words resonate because you've secretly worried about that. You could always ask your friends, but that kernel of doubt leaves you afraid of their response.

How to respond to gaslighting

If you've noticed some signs of gaslighting, you can take steps to address it and reclaim your emotional space.

Turn to loved ones

If you suspect someone is gaslighting you, it never hurts to get some outside perspective. Trusted friends and family members not directly involved in the relationship can:

- offer their perspective
- help you get some clarity
- provide emotional support

If you've recently started to distance yourself from your loved ones, keep in mind that isolation can only make gaslighting more successful.

Take notes

It's often easier to question yourself about an argument or discussion that happened days ago.

Recording events immediately after they happen provides evidence you don't need to second-guess. Jotting down highlights from a conversation or using a smartphone app to record your argument offers something to review when your memory is called into question.

You may not feel comfortable confronting the person, but your notes can help you recognize what's happening.

Set clear boundaries

Establishing boundaries can interrupt someone's attempts to gaslight you and provide some physical and emotional space.

The next time it happens, consider these responses:

- "It seems we remember things differently, so let's move on."
- "If you call me 'crazy,' I'm going to leave the room."
- "We can talk about it, but if you shout, I'm going to leave."

Sticking to these boundaries is essential. Following through shows them they can't manipulate you.

Hold on to the things that make you who you are

Gaslighting often involves a loss of personal identity. Over time, you may begin to feel like you've changed beyond recognition or become numb and hollow.

Living in a constant state of nervousness and worry can leave you with little energy for self-care or your own interests.

Yet making time to meet your physical and emotional needs can help you reclaim your energy and hold on to your sense of self. As a result, you may even find it easier to navigate and challenge attempts to gaslight you.

Read more about how to respond to gaslighting.

Seeking help

Support from a mental health professional can go a long way toward helping you recognize and come to terms with the gaslighting and begin working through it.

A therapist can offer an unbiased perspective on gaslighting, along with compassionate guidance as you begin to:

- Name and address any doubts and fears around your own self-worth.
- Work through Painful or unwanted emotions.
- Accept that you didn't cause or deserve the gaslighting.
- Explore and set healthy boundaries.

A therapist can also teach you skills in:

- navigating attempted manipulation
- managing stress
- handling conflict productively

Couples counseling can also provide a safe space for you and your partner to learn new ways to communicate and resolve conflict.

Just know therapists do not recommend counseling for abusive relationships. If you're experiencing ongoing abuse, a therapist can help you develop a plan to leave the relationship safely.

A therapist can help you begin to identify gaslighting and offer support with addressing its impact productively, without losing yourself in the process.

The bottom line

Gaslighting may start out gradually, but this subtle emotional manipulation can cause deep and lasting harm.

A therapist can help you begin to identify gaslighting and offer support with addressing its impact productively, without losing yourself in the process.