

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
CANNABIS REGULATORY AGENCY¹

In the Matter of

The House of Mary Jane, LLC
ERG No. 000421
ENF No. 21-00280

CMP No. 21-000693

_____/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On December 22, 2021, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the medical marijuana provisioning center facility license (no. PC-000102) of The House of Mary Jane, LLC ("Respondent") under the Medical Marijuana Facilities Licensing Act (MMFLA), MCL 333.27101 *et seq.* The formal complaint alleged Respondent violated Mich Admin Code, R 420.111(4)(b); R 420.209(6)(vii), (11), (12), and (14)(a) to (c); R 420.210(1) and (2); R 420.211(4) and (8); and R 420.505(2).

The acting executive director or designee reviewed the stipulation contained in this document and agrees the public interest is best served by resolution of the complaint. Therefore, the acting executive director or designee finds that the allegations contained in the complaint are true and that Respondent violated Mich Admin Code, R 420.111(4)(b); R 420.209(6)(vii), (11), (12), and (14)(a) to (c); R 420.210(1) and (2); R 420.211(4) and (8); and R 420.505(2).

¹ The Marijuana Regulatory Agency was renamed the Cannabis Regulatory Agency under Executive Reorganization Order No. 2022-1, effective April 13, 2022. MCL 333.27002(1)(a).

Section 402(12) of the MMFLA provides that the expiration of a license does not terminate the CRA's authority to impose sanctions against Respondent.

Accordingly, for these violations, IT IS ORDERED:

1. Respondent must pay a fine in the amount of Seventy-Five Thousand and 00/100 dollars (\$75,000.00). This fine shall be paid within 60 days of the effective date of this order by check or money order made payable to the State of Michigan with "ENF No. 21-00280" clearly displayed on the check or money order. Respondent shall mail the fine payment to Department of Licensing and Regulatory Affairs, Cannabis Regulatory Agency, P.O. Box 30205, Lansing, Michigan 48909.
2. If Respondent fails to timely pay the fine, Respondent's license shall be suspended until payment is received.
3. Respondent's license is suspended for 30 days commencing on the effective date of this order.
3. Respondent must provide the CRA its standard operating procedures regarding compliant tagging and waste disposal processes within 10 days after the effective date of this order.
4. Respondent's license shall automatically be reinstated after the above-described standard operating procedures are received and after the 30-day suspension period has elapsed.
5. Unless otherwise specified in this order, Respondent shall direct any communications to the CRA regarding the terms of this order to CRA-LegalHearings@michigan.gov.
6. If Respondent violates any term or condition set forth in this order, Respondent may be subject to additional fines and/or other sanctions.

This order shall be effective 10 days from the date signed by the CRA's acting executive director or designee, as set forth below.

CANNABIS REGULATORY AGENCY

Signed on: 10/10/2022

By: 
Acting Executive Director or Designee
Cannabis Regulatory Agency

STIPULATION

The parties stipulate to the following:

1. Respondent does not contest the allegations of fact and law in the formal complaint. By pleading no contest, Respondent does not admit the truth of the allegations but agrees that the CRA's acting executive director or designee may enter an order treating the allegations as true for purposes of resolving the complaint.
2. Respondent understands and intends that by signing this stipulation, Respondent is waiving the right under the MMFLA, rules promulgated thereunder, and the Administrative Procedures Act of 1969, MCL 24.201 *et seq.*, to require the CRA to prove the charges set forth in the formal complaint by presentation of evidence and legal authority, and to present a defense to the charges.
3. The parties considered the following in reaching this agreement:
 - a. Respondent advised that after the issuance of the formal complaint, Respondent hired a compliance manager to assist with METRC compliance.
 - b. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.

4. The CRA's operations director or designee must approve this proposed agreement before it is forwarded to the CRA's acting executive director or designee for review and issuance of the above consent order. The parties reserve the right to proceed to an administrative hearing without prejudice to either party, should the CRA's operations director, acting executive director, or designees reject the proposed consent order.

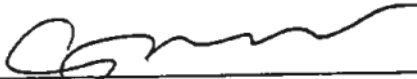
By signing this stipulation, the parties confirm that they have read, understand, and agree with the terms of the consent order.

AGREED TO BY:

Desmond Mitchell Digitally signed by Desmond Mitchell
Date: 2022.09.28 06:31:05 -04'00'

Desmond Mitchell
Operations Director
Cannabis Regulatory Agency
Dated: 9/28/2022


AGREED TO BY:



Antonio McBride
Authorized Officer
The House of Mary Jane, LLC
Dated: 9/23/22

/s/ Risa Hunt-Scully

Risa Hunt-Scully (P58239)
Sarah E. Huyser (P70500)
Assistant Attorneys General
Attorneys for Cannabis Regulatory Agency
Dated: September 27, 2022



Myles Baker (P82178)
Attorney for Respondent

Dated: 9/26/22

LF: 2022-0347983-A\House of Mary Jane, LLC, The, 000693\Pleading - COS - 2022-09-23

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
MARIJUANA REGULATORY AGENCY

In the Matter of

The House of Mary Jane, LLC
ERG No.: 000421
License No.: PC-000102
ENF No.: 21-00280

CMP No.: 21-000693

FORMAL COMPLAINT

The Marijuana Regulatory Agency (“Complainant”) files this formal complaint against The House of Mary Jane, LLC (“Respondent”) alleging upon information and belief as follows:

1. The Marijuana Regulatory Agency (MRA) is authorized under the Medical Marihuana Facilities Licensing Act (MMFLA), MCL 333.27101 *et seq.*, and Executive Reorganization Order No.2019-2, MCL 333.27001, to investigate alleged violations of the MMFLA and the administrative rules promulgated thereunder, take disciplinary action to prevent such violations, and impose fines and other sanctions against applicants and licensees that violate the MMFLA or administrative rules.

2. Section 402(12) of the MMFLA provides that the expiration of a license does not terminate the MRA’s authority to impose sanctions on the license.

3. Section 206(c) of the MMFLA provides that the administrative rules must ensure the health, safety, and security of the public and integrity of the marihuana facility operations.

4. Respondent’s conduct as described below is a risk to public health and safety and/or the integrity of marihuana facility operations.

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FACTUAL ALLEGATIONS AND INTENDED ACTION OF THE MRA

5. Respondent holds an active state operating license under the MMFLA to operate a medical marijuana provisioning center facility in the state of Michigan.

6. Respondent operated at 19154 James Couzens Fwy., Detroit, Michigan 48235, at all times relevant to this complaint.

7. Following an investigation, the MRA determined that Respondent violated the MMFLA and/or administrative rules promulgated thereunder as set forth below:

- a. On May 19, 2021, the MRA conducted a compliance visit at Respondent's provisioning center facility.
- b. The MRA observed multiple bags, backpacks, and duffle bags of marijuana products that did not have the tracking identification numbers assigned by the statewide monitoring system (METRC) attached.
- c. Respondent was told none of the products that were without METRC tags could be sold or destroyed until the investigation was completed and guidance was given by the MRA. The MRA also requested Respondent provide the 30 days of video surveillance coverage required by administrative rule.
- d. During the compliance visit, the MRA was able to view 30 days of surveillance recordings on the provisioning center's surveillance system.
- e. Respondent is in violation of Mich Admin Codes, R 420.210(1) & R 420.210(2), which state except for designated consumption establishments or temporary marijuana events licensed under the Michigan regulation and taxation of marijuana act, a marijuana business must not have marijuana products that are not identified and recorded in the statewide monitoring system pursuant to these rules. A licensee shall not transfer or sell a marijuana product that is not identified in the statewide monitoring system

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pursuant to these rules. And a marijuana business must not have any marijuana product without a batch number or identification tag or label pursuant to these rules. A licensee shall immediately tag, identify, or record as part of a batch in the statewide monitoring system any marijuana product as provided in these rules.

- f. Respondent possessing untagged marijuana products at the facility is also a violation of Mich Admin Code, R 420.505(2), which states a marijuana sales location shall enter all transactions, current inventory, and other information required by these rules in the statewide monitoring system in compliance with the acts and these rules. The marijuana sales location shall maintain appropriate records of all sales or transfers under the acts and these rules and make them available to the agency upon request.
- g. Finally, Respondent is in violation of Mich Admin Code, R 420.111(4)(b), which states a provisioning center shall enter all transactions, current inventory, and other information into the statewide monitoring system as required in the medical marijuana facilities licensing act, these rules, and the marijuana tracking act.
- h. Respondent was not able to provide the 30 days of video surveillance as requested by the MRA. Respondent is in violation of Mich Admin Codes, R 420.209(11) & R 420.209(12), which state a licensee shall keep surveillance recordings for a minimum of 30 days, except in instances of investigation or inspection by the agency in which case the licensee shall retain the recordings until the time as the agency notifies the licensee that the recordings may be destroyed. And surveillance recordings of the licensee are subject to inspection by the agency and must be kept in a manner that allows the agency to view and obtain copies of the recordings at the marijuana business immediately upon request. The licensee shall also send or otherwise provide copies of the recordings to the agency upon request within the time specified by the agency.
- i. The MRA requested the video management system log, after Respondent could not provide the required footage and alleged a third-party vendor

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deleted the video back up. The log failed to identify the employee(s) responsible for monitoring the video surveillance system and lacked the identity of anyone removing or destroying recordings. Respondent is in violation of Mich Admin Codes, R 420.209(14)(a-c), which state a licensee shall maintain a log of the recordings, which includes all of the following: (a) The identities of the employee or employees responsible for monitoring the video surveillance system. (b) The identity of the employee who removed the recording from the video surveillance system storage device and the time and date removed. (c) The identity of the employee who destroyed any recording.

- j. On May 25, 2021, the MRA returned to the provisioning center facility and inquired about the untagged marijuana products. Respondent had some products remaining in a safe but destroyed the remaining marijuana products with motor oil and had Waste Management remove the destroyed products. Video surveillance recordings of the product destruction was requested as required and not provided by Respondent.
- k. Respondent is in violation of Mich Admin Code, R 420.209(6)(vii), which states a licensee shall ensure the video surveillance system covers anywhere marijuana or marijuana products are destroyed.
- l. Respondent is also in violation of Mich Admin Codes, R 420.211(4) & R 420.211(8), which state a marijuana product rendered unusable and unrecognizable and, therefore, considered waste, and marijuana plant waste must be recorded in the statewide monitoring system. And a licensee shall maintain accurate and comprehensive records regarding marijuana product waste, and marijuana plant waste that accounts for, reconciles, and evidences all waste activity related to the disposal. The agency may publish guidance on marijuana product waste management.

THEREFORE, based on the above, the MRA gives notice of its intent to impose fines and/or other sanctions against Respondent's license, which may include the suspension, revocation, restriction, and/or refusal to renew Respondent's license.

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Under MCL 333.27407(4) and Mich Admin Code, R 420.704(2), any party aggrieved by an action of the MRA suspending, revoking, restricting, or refusing to renew a license, or imposing a fine, shall be given a hearing upon request. A request for a hearing must be submitted to the MRA in writing within 21 days after service of this complaint. Notice served by certified mail is considered complete on the business day following the date of the mailing.

Respondent also has the right to request a compliance conference under Mich Admin Code, R 420.704(1) A compliance conference is an informal meeting at which Respondent has the opportunity to discuss the allegations in this complaint and demonstrate compliance under the MMFLA and/or the administrative rules. A compliance conference request must be submitted to the MRA in writing.

Hearing and compliance conference requests must be submitted in writing by one of the following methods:

By Mail: Department of Licensing & Regulatory Affairs
Marijuana Regulatory Agency
P.O. Box 30205
Lansing, Michigan 48909

In Person: Department of Licensing & Regulatory Affairs
Marijuana Regulatory Agency
2407 North Grand River
Lansing, Michigan 48906

By Email: MRA-LegalHearings@michigan.gov

If Respondent fails to timely respond to this formal complaint, a contested case hearing will be scheduled to resolve this matter.

Questions about this complaint should be directed to the Marijuana Regulatory Agency at (517) 284-8599 or MRA-LegalHearings@michigan.gov.

Dated:

12/22/2021

By:

Claire
Patterson

Digitally signed by Claire
Patterson
Date: 2021.12.22 09:49:45
-05'00'

Claire Patterson, Manager
Scientific and Legal Section Manager
Enforcement Division
Marijuana Regulatory Agency

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