

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

In the Matter of

House of Dank Michigan, LLC
License No.: PC-000178

ENF No.: 23-00283

_____/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On August 10, 2023, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the medical marijuana provisioning center facility license (no. PC-000178) of House of Dank Michigan, LLC (Respondent) under the Medical Marihuana Facilities Licensing Act (MMFLA), MCL 333.27101 *et seq.*, and administrative rules promulgated thereunder. The complaint alleged Respondent violated Mich Admin Code, R 420.111(4)(b), R 420.111(4)(c), R 420.209(5), R 420.209(6)(a)(i), R 420.209(6)(a)(ii), R 420.209(6)(a)(v), R 420.209(6)(a)(vi), R 420.209(6)(b), R 420.209(11), R 420.209(12), and R 420.505(2).

The 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 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 420.111(4)(c), R 420.209(6)(a)(i), R 420.209(6)(a)(ii), R 420.209(6)(a)(v), R 420.209(6)(a)(vi), R 420.209(11), R 420.209(12), and R 420.505(2).

Accordingly, for these violations, IT IS ORDERED:

1. Respondent must pay a fine in the amount of sixty-nine thousand and 00/100 dollars (\$69,000.00). This fine shall be paid within 120 days of the effective date of this order by check, money order, or online through Accela Citizen Access (ACA). CRA guidance on how to make compliance payments online is available under "Tips for Licensees" at www.michigan.gov/cra/bulletins. Checks or money orders shall be made payable to the State of Michigan with "ENF No. 23-00283" and "License No. PC-000178" clearly displayed on the check or money order and mailed to: Department of Licensing and Regulatory Affairs, Cannabis Regulatory Agency, P.O. Box 30205, Lansing, Michigan 48909.

2. Counts III and VIII and of the complaint, alleging violations of Mich Admin Code, R 420.209(5) and R 420.209(6)(b) are dismissed.

3. If Respondent fails to timely comply with the terms of this order, Respondent's license shall be suspended until compliance is demonstrated.

4. Unless otherwise specified in this order, Respondent shall direct any communications to the CRA that are required by the terms of this order to CRA-CSS@michigan.gov.

5. Respondent shall be responsible for all costs and expenses incurred in complying with the terms and conditions of this consent order.

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 30 days after the date signed by the CRA's
executive director or designee, as set forth below.

CANNABIS REGULATORY AGENCY

Signed on: 3/6/2025

By: **Brian Hanna**
Executive Director Brian Hanna
or Designee
Cannabis Regulatory Agency

Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email =
bhanna@michigan.gov C = US O = CRA OU = CRA
Date: 2025.03.06 08:57:28 -0500

STIPULATION

The parties stipulate to the following:

1. The facts alleged in the formal complaint are true and constitute a violation of the administrative rules promulgated under the MMFLA.
2. Respondent understands and intends that by signing this stipulation, Respondent is waiving the right under the MMFLA, administrative 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 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. The business is no longer in operation and the license was closed on July 22, 2024.
 - 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 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, 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.

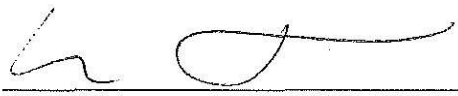
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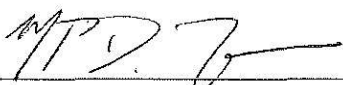
Alyssa A. Grissom Digitally signed by Alyssa A. Grissom
Date: 2025.02.27 22:11:16 -05'00'

Desmond Mitchell
Operations Director
or Designee
Cannabis Regulatory Agency
Dated: 2/27/2025

/s/ Jeffrey W. Miller
Jeffrey W. Miller (P78786)
Assistant Attorney General
Attorney for Cannabis Regulatory Agency
Dated: 02/26/2025

AGREED TO BY:


Marvin Jamo
Authorized Representative
On behalf of Respondent
House of Dank Michigan, LLC
Dated: 2-26-25


Michael P. DiLaura (P63958)
Attorney for Respondent
Dated: 2/26/25

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

In the Matter of

House of Dank Michigan, LLC
License No.: PC-000178

ENF No: 23-00283

FORMAL COMPLAINT

The Cannabis Regulatory Agency (“CRA”) files this formal complaint against House of Dank Michigan, LLC (“Respondent”) alleging upon information and belief as follows:

1. The CRA 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 CRA’s authority to impose sanctions on the license.

FACTUAL ALLEGATIONS AND INTENDED ACTION OF THE CRA

3. Respondent holds an active state operating license under the MMFLA to operate a medical marijuana provisioning center facility in the state of Michigan.
4. Respondent operated at 3340 E. 8 Mile Road, Detroit, Michigan 48234, at all times relevant to this complaint.
5. Following an investigation, the CRA determined that Respondent violated the MMFLA and/or administrative rules promulgated thereunder as set forth below:

- a. On September 21, 2022, a CRA Regulation Agent (RA) contacted Respondent regarding a power outage at its medical marijuana provisioning center facility.
- b. Respondent's power outage was from August 29, 2022, 10:30 p.m. to September 2, 2022, 8:00 a.m., where it did not have access to the statewide monitoring system (Metrc) and its video surveillance system was not functioning.
- c. During the power outage, Respondent made 317 sales of marijuana product.
 - i. The 317 sale of marijuana product were not input into Metrc to record the transaction or confirm the purchaser held a valid, current, unexpired, unrevoked registry identification card or that the sale did not exceed daily and monthly purchasing limits.
 - ii. The 317 sales of marijuana product occurred without video surveillance system functioning.
- d. During the power outage while the video surveillance system was not functioning, Respondent received seven deliveries of marijuana product on the following Metrc manifest numbers:
 - i. 0001532102
 - ii. 0001529044
 - iii. 0001527784
 - iv. 0001526797
 - v. 0001526436
 - vi. 0001524702
 - vii. 0001521447
- e. On October 25, 2022, the CRA RA received a copy of video surveillance footage from Respondent. The video surveillance footage was only of the bud room with no date or time stamp.

- f. On November 9, 2022, the RA visited Respondent to retrieve the requested video surveillance footage. At this time, the video surveillance footage was not available.
- g. On November 26, 2022, the RA received a second copy of video surveillance footage from Respondent.
- h. During the review of the video surveillance footage, the RA made several observations:
 - i. In the bud room at approximately 10:34 p.m. on August 29, 2023, the video surveillance footage stopped recording and skipped to 12:18 a.m. on September 2, 2023.
 - ii. In the conference room, the video surveillance footage stopped recording on August 29, 2023, at an unknown time.
 - iii. In the kitchen, the video surveillance footage stopped recording on August 26, 2022, at 12:00 a.m. and skipped to August 29, 2022, at approximately 7:08 a.m.
 - iv. All other video surveillance footage provided by Respondent was unviewable as the footage continued to glitch and skip.

Count I

Respondent's actions as described above in paragraphs a, b, and c demonstrate a violation of Mich Admin Code, R 420.111(4)(b), which states a provisioning center shall comply with all of the following: (b) accurately enter all transactions, current inventory, and other information into the statewide monitoring system as required in the MMFLA, these rules, and the marihuana tracking act.

Count II

Respondent's actions as described above in paragraph a, b, and c demonstrate a violation of Mich Admin Code, R 420.111(4)(c), which states a provisioning center shall comply with all of the following: (c) before selling or transferring marihuana to a registered qualifying patient or to a registered primary caregiver on behalf of a

registered qualifying patient, inquire of the statewide monitoring system to determine whether the patient and, if applicable, the caregiver, hold a valid, current, unexpired, and unrevoked registry identification card and that the sale or transfer will not exceed the daily and monthly purchasing limit established by the agency under the MMFLA.

Count III

Respondent's actions as described above in paragraph a, b, c, d, e, g, and h demonstrate a violation of Mich Admin Code, R 420.209(5), which states a licensee shall have a video surveillance system that, at a minimum, consists of digital or network video recorders, cameras capable of meeting the recording requirements in this rule, video monitors, digital archiving devices, and a color printer capable of delivering still photos.

Count IV

Respondent's actions as described above in paragraphs a, b, e, d, and h demonstrate a violation of Mich Admin Code, R 420.209(6)(a)(i), which states a licensee shall ensure the video surveillance system does all the following: (a) records, at a minimum, the following areas: (i) any areas where marihuana products are weighed, packed, stored, loaded, and unloaded for transportation, prepared, or moved within the marihuana business.

Count V

Respondent's actions as described above in paragraphs a, b, e, and h demonstrate a violation of Mich Admin Code, R 420.209(6)(a)(ii), which states a licensee shall ensure the video surveillance system does all the following: (a) records, at a minimum, the following areas: (ii) Limited access areas and security rooms. Transfers between rooms must be recorded.

Count VI

Respondent's actions as described above in paragraphs a, b, d, and h demonstrate a violation of Mich Admin Code, R 420.209(6)(a)(v), which states a licensee shall ensure the video surveillance system does all the following: (a) records, at a minimum, the following areas: (v) the areas of entrance and exit between marihuana businesses at the same location if applicable, including any transfers between marihuana businesses.

Count VII

Respondent's actions as described above in paragraphs a, b, and c demonstrate a violation of Mich Admin Code, R 420.209(6)(a)(vi), which states a licensee shall ensure the video surveillance system does all the following: (a) records, at a minimum, the following areas: (vi) point of sale areas where marihuana products are sold and displayed for sale.

Count VIII

Respondent's actions as described above in paragraphs a, b, c, d and h demonstrate a violation of Mich Admin Code, R 420.209(6)(b), which states a licensee shall ensure the video surveillance system does all the following: (b) Records images effectively and efficiently of the area under surveillance with a minimum of 720p resolution.

Count IX

Respondent's actions as described above in paragraphs a, b, and h demonstrate a violation of Mich Admin Code, R 420.209(11), which states a licensee shall keep surveillance recordings for a minimum of 30 calendar 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.

Count X

Respondent's actions as described above in paragraphs e, f, and h demonstrate a violation of Mich Admin Code, R 420.209(12), which states 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 marihuana 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.

Count XI

Respondent's actions as described above in paragraphs a, b, and c demonstrate a violation of Mich Admin Code, R 420.505(2), which states a marihuana sales location shall enter all transactions, current inventory, and other information required by these rules in the statewide monitoring system. The marihuana 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.

THEREFORE, based on the above, the CRA 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.

Under MCL 333.27407(4) and Mich Admin Code, R 420.704(2), any party aggrieved by an action of the CRA 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 CRA 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 CRA 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
Cannabis Regulatory Agency
P.O. Box 30205
Lansing, Michigan 48909

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

By Email: CRA-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 Cannabis Regulatory Agency at (517) 284-8599 or CRA-LegalHearings@michigan.gov.

Dated: 8/10/23

By: Alyssa A. Grissom
Alyssa A. Grissom
Legal Section Manager
Cannabis Regulatory Agency

Digitally signed by Alyssa A. Grissom
Date: 2023.08.10 11:06:07 -04'00'