



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LANSING

ORLENE HAWKS
DIRECTOR

December 20, 2019

Pharmaco, Inc.
Assumed Name: 5 & Dime:

ERG No.: 000091
License No.: PC-000205
CMP No.: 19-2-42
ENF No.: 19-00027

Compliance Action – Citation

Following an investigation, the Marijuana Regulatory Agency (MRA) determined that Pharmaco, Inc. assumed name 5 & Dime (“Respondent”), license no. PC-000205 violated the Medical Marihuana Facilities Licensing Act (MMFLA), and/or administrative rules promulgated thereunder as follows:

1. When marijuana product is identified and recorded into the statewide monitoring system (METRC), simultaneously, a METRC identification tag is created to be attached to the marijuana product. Registered primary caregivers are not required to record their marijuana products (caregiver product) in METRC, so when a registered primary caregiver transfers product to a licensee it does not have METRC tags. Respondent purchased marijuana product from a registered primary caregiver. Respondent cannot come into possession of caregiver product without identifying and recording it into METRC and tagging it with a METRC tag. On May 29, 2019, Respondent admitted it purchased caregiver product on May 1, 2019. Respondent took MRA staff to the storage room where the caregiver product was being kept. It was stored in several large black garbage bags and brown boxes which did not have METRC tags; one photograph shows a bag of marijuana product labeled “Gelato 33,” this label was not a METRC tag.
2. Based on the above, Respondent did not enter into METRC all transactions, including current inventory, in violation of Mich Admin Code 333.233(5).

Mich Admin Code, R 333.219 provides that a licensee found in violation of the MMFLA and/or administrative rules may be subject to sanctions, including fines. For the above violations, the MRA intends to impose a fine of \$2,000.00.

If you agree to resolve this citation as set forth in the citation agreement below, you must sign and return the attached citation agreement within 30 days after receipt of the citation. The fine must be paid within 30 days after you receive the citation agreement signed by the enforcement director. Return the signed agreement and submit payment by:

MARIJUANA REGULATORY AGENCY
2407 NORTH GRAND RIVER • P.O. BOX 30205 • LANSING, MICHIGAN 48909
www.michigan.gov/MRA

LARA is an equal opportunity employer/program.



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Mailing to:

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

Appearing in Person:

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

Online:

You may use the online Accela Citizen Access Portal (<https://aca3.accela.com/MIMM>) to upload the signed citation agreement and remit payment.

Checks must be made payable to the State of Michigan and include the above enforcement (ENF) number on the memorandum line.

A fully executed citation agreement may be disclosed to the public. You may submit a one-page explanation that will be placed in your license record and the explanation may be disclosed each time the issuance of the citation is disclosed to the public. ***If no further disciplinary actions are imposed on your license within five calendar years after the citation is issued, the Agency will remove this citation from this license record.***

If you fail to sign the citation agreement and timely pay the fine, the allegations in this citation will be incorporated into a formal complaint and will result in further administrative proceedings.

Continued or repeated non-compliance or repeated violations may result in further action, including the imposition of fines and/or other sanctions against your license.

Any questions about this citation should be directed to the Marijuana Regulatory Agency's legal section at (517) 284-8527 or MRA-LegalHearings@michigan.gov.

Dated: 12/20/19

MARIJUANA REGULATORY AGENCY

By: [Signature]
Kavita Kale, Enforcement Division Director

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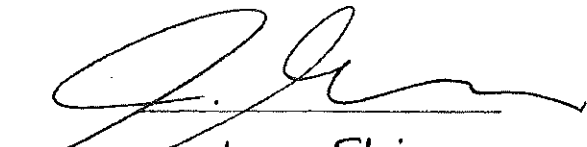
CITATION AGREEMENT ("Agreement")

By signing below, Respondent and the Marijuana Regulatory Agency (MRA) agree that:

1. This agreement is not valid or enforceable until executed by both the enforcement director and Respondent.
2. This agreement constitutes a full and final resolution of this citation. However, this agreement does not preclude the MRA from opening a separate investigation and pursuing appropriate disciplinary action based on information that was knowingly or unknowingly withheld by Respondent or otherwise not discovered during the initial investigation.
3. Respondent and the MRA agree that each has the authority to settle the citation in accordance with the terms of this agreement.
4. The interests of the public, the MRA, and Respondent are best served by entering into this agreement without further proceedings.
5. Respondent agrees to timely pay the fine set forth in the citation.
6. Respondent does not admit the truth of the allegations in the citation but agrees that the MRA may treat the allegations as true for purposes of resolving the citation.
7. The MRA reserves the right to consider this agreement in the context of subsequent disciplinary proceedings and license application or renewal decisions.

Pharmaco, Inc.
Assumed Name: 5 & Dime
License No.: PC-000205

Marijuana Regulatory Agency


By: James Skinner


By: Kavita Kale

Title: President

Title: Enforcement Division Director

Date: 2-3-2020

Date: 2/13/2020

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Letter of Explanation

Pharmaco, Inc. is a multi-license operator committed to compliance with all provisions of the MMFLA and MRTMA. The Company has worked hand-in-hand with enforcement officers and METRC personnel to continuously improve its processes with respect to METRC tagging and METRC transfers. However, due to the complexity of the METRC system, especially at it relates to multi-license operators, there was a learning curve with respect to learning proper procedures for entering and tagging product into METRC.

This learning curve was not just experienced by the Company, or other licensees, but also by MRA personnel and METRC administrators, who the Company has been working with from the beginning in order to ensure compliance with the METRC system. While the Company and MRA personnel were learning these processes together, the Company may have made good-faith mistakes in entering marijuana products into METRC, due to the Company's initial unfamiliarity with METRC as well as MRA enforcement and compliance officers unfamiliarity with METRC processes. The Company has worked with METRC administrators to correct any and all mistakes in METRC as soon as they were identified.

The Company, working closely with MRA personnel and METRC administrators, have gone to great lengths to improve the Company's understanding of the METRC system and the procedures for entering and transferring product. The apparent mistake in the timing of the METRC tagging of marijuana products, which forms the basis of this citation, was the result of both the Company and MRA's initial confusion with respect to when and how certain marijuana products are tagged in METRC. Given this mutual confusion, it would be improper to lay the blame for this mistake solely on the Company, which was relying on informal guidance from MRA enforcement officers with respect to when and how marijuana products must be tagged and entered into the METRC system.

Nonetheless, the Company has worked continuously to improve its processes in order to ensure that its METRC procedures are in line with MRA best practices. Specifically, the Company has created and implemented a centralized METRC input that includes:

- Receiving and adjusting transfers
- Verifying and tagging inventory within 24 hours of receiving
- Coding that relates a 1:1 relationship to our METRC and POS
- Backstock logs
- Checks and balances that require verification and sign off
- Set up a centralized receiving, Conversion, and Adjusting
- Perform biweekly inventory counts

In sum, this letter of explanation demonstrates the Company's commitment to compliance with respect to MMFLA rules, regulations, and guidance, and its commitment to work closely with regulators to ensure strict compliance with the MMFLA. As the Company continues to improve its processes, we hope that MRA and METRC administrators will continue to work side-by-side with the Company to ensure strict METRC compliance and correct any minor, good faith errors inadvertently made by the Company, especially when such issues arise from the Company's reliance on informal guidance by MRA enforcement officers.