

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

In the Matter of

MK Group MI, LLC
License No.: AU-R-000542

ENF No.: 22-00171

_____/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On March 20, 2022, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the adult-use marijuana retailer establishment license (AU-R-000542) of MK Group MI, LLC (“Respondent”) under the Michigan Regulation and Taxation of Marihuana Act (MRTMA), MCL 333.27951 *et seq.*, and the administrative rules promulgated thereunder. The formal complaint alleged Respondent violated Mich Admin Code, R 420.507(4), R 420.507(8), and R 420.507(9).

The executive director reviewed the stipulation contained in this document and agrees the public interest is best served by resolution of the formal complaint. Therefore, the executive director finds that the allegations contained in the formal complaint are true and that Respondent violated Mich Admin Code, R 420.507(4), R 420.507(8), and R 420.507(9).

Accordingly, for these violations, IT IS ORDERED:

1. Respondent must pay a fine in the amount of Two Thousand and 00/100 dollars (\$2,000.00). This fine shall be paid within 30 days of the effective date of this order by check, money order, or online through Accela Citizen Access (ACA). Instructions on how to make online payments can be found under the Tips for Licensees bulletin section at www.michigan.gov/cra. Check or money orders shall be made payable to the State of Michigan with enforcement number “22-00171” and license number “AU-R-000542” clearly displayed on the check or

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money order. Respondent shall mail the fine to Department of Licensing and Regulatory Affairs, Cannabis Regulatory Agency, PO BOX 30205, Lansing, Michigan 48909.

2. Within 30 days of the effective date of the consent order, Respondent will provide a standard operating procedure that ensures future compliance with the marketing and advertising administrative rules.
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-LegalHearings@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 will be subject to fines and/or other sanctions under section 7(1)(c) of the MRTMA, MCL 333.27957, and Mich Admin Code, 420.808.
7. Upon timely compliance of the terms of this order by Respondent, the matters set forth in the formal complaint shall be deemed resolved and closed subject to this Consent Order.

This order shall be effective 30 days after the date signed by the CRA's executive director or his designee, as set forth below.

CONTINUED ONTO NEXT PAGE

CANNABIS REGULATORY AGENCY

Signed on: 7/12/2023

By: Brian Hanna  Digitally signed by: Brian Hanna
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Brian Hanna, Executive Director
And/or his designee
Cannabis Regulatory Agency

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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 MRTMA.
2. Respondent understands and intends that by signing this stipulation, Respondent is waiving the right under the MRTMA, administrative rules promulgated thereunder, and the Administrative Procedures Act of 1969, MCL 24.201 *et seq.*, to require the CRA to prove the violations set forth in the formal complaint by presentation of evidence and legal authority, and to present a defense to the violations.
3. The parties considered the following in reaching this agreement:
 - a. The billboard at issue had a partial image of marijuana product.
 - b. Respondent provided an image that the billboard at issue was changed, and the image of the marijuana product was removed.
 - c. Respondent stated at the compliance conference that the billboard at issue was changed after receiving the formal complaint.
 - d. Respondent stated at the compliance conference that it believed the billboard at issue had images of brands and not marijuana products.
 - e. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.
4. The CRA's enforcement division director or his/her designee must approve this proposed agreement before it is forwarded to the CRA's executive director or his 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 enforcement division director, executive director, or their 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

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Desmond Mitchell
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Desmond Mitchell, Operations Director
and/or his designee
Cannabis Regulatory Agency

Dated: 7/11/2023

AGREED TO BY:



Marvin Kiezi, Authorized Officer
on behalf of Respondent
MK Group MI, LLC

Dated: 7-10-2023



Jeffery Schroder, P63172
Attorney for Respondent

Dated: 7-10-2023

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

In the Matter of

MK Group MI, LLC
AU-ER No.: 001704
License No.: AU-R-000542
ENF No.: 22-00171

CMP No.: 22-000357

FORMAL COMPLAINT

The Marijuana Regulatory Agency (“Complainant”) files this formal complaint against MK Group MI, LLC (“Respondent”) alleging upon information and belief as follows:

1. The Marijuana Regulatory Agency (MRA) is authorized under the Michigan Regulation and Taxation of Marihuana Act (MRTMA), 2018 IL1, *et seq.*, and Executive Reorganization Order No.2019-2, MCL 333.27001, to investigate alleged violations of the MRTMA and the Administrative Rule promulgated thereunder, take disciplinary action to prevent such violations, and impose fines and other sanctions against applicants and licensees that violate the MRTMA or Administrative Rules.
2. Section 8(1)(d) of the MRTMA provides that the Administrative Rules must ensure the health, safety, and security of the public and integrity of the marihuana establishment operations.
3. Respondent’s conduct as described below is a risk to public health and safety and/or the integrity of marihuana establishment operations.

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FACTUAL ALLEGATIONS AND INTENDED ACTION OF THE MRA

4. Respondent holds an active state license under the MRTMA to operate an adult use marijuana retailer establishment in the state of Michigan.

5. Respondent operated at 44825 Van Dyke Ave., Utica, Michigan 48317, at all times relevant to this complaint.

6. Following an investigation, the MRA determined that Respondent violated the MRTMA and/or Administrative Rules promulgated thereunder as set forth below:

- a. On February 10, 2022, the MRA received a complaint alleging Respondent was advertising marijuana product on a billboard near M-59 and Van Dyke.
- b. On the way to investigate the complaint on February 28, 2022, the MRA witnessed the billboard, which contained pictures and names of marijuana product, including Circus Cookies.
- c. The billboard did not state the products advertised were adult-use marijuana product for use only by individuals 21 years of age or older, nor did it contain any of the warnings under R 420.504(1)(k) as required under the administrative rules.
- d. Additionally, Respondent did not complete the necessary market research to ensure that no more than 30 percent of the audience or readership were reasonably expected to be under 21 years of age under the MRTMA.
- e. Respondent is in violation of Mich Admin Codes, R 420.507(4),(8) & (9), which state a marijuana product must not be advertised or marketed to members of the public unless the person advertising the product has reliable evidence that no more than 30 percent of the audience or readership for the television program, radio program, internet website, or print publication, is reasonably expected to be under the age listed in subrules (7) and (8) of this rule. Any marijuana product advertised or

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marketed under this rule must include the warnings listed in R 420.504(1)(k). A marihuana product under the Michigan regulation and taxation of marihuana act must be marketed or advertised as “marihuana” for use only by individuals 21 years of age or older. A marihuana product under the Michigan regulation and taxation of marihuana act must not be marketed or advertised to individuals under 21 years of age. Sponsorships targeting individuals under 21 years of age are prohibited.

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.

Under MCL 333.27957 (1)(c) 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 MRTMA and/or the Emergency 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

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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's legal section at (517) 284-8599 or MRA-LegalHearings@michigan.gov.

Dated: 3/20/22

By: Julie Kluytman
Julie Kluytman, Director
Enforcement Division
Marijuana Regulatory Agency

Digitally signed by: Julie Kluytman
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kluytmanj@michigan.gov C = US O = Marijuana
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