

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

In the Matter of

**Klean Herbal Solutions, LLC dba Stash Detroit
License No. PC-000339
CMP No. 21-000691**

ENF No. 21-00317

CONSENT ORDER AND STIPULATION

CONSENT ORDER

On 10/28/2021, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the medical marijuana provisioning center license (no. PC-000339) of Klean Herbal Solutions, LLC dba Stash Detroit (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 420.802(3)(g)(i), R 420.203(2)(b)(ii), R 420.209(5), R 420.209(6)(a)(i), R 420.505(2), R 420.210(1), R 420.210(2), and R 420.212(1).

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 420.802(3)(g)(i), R 420.203(2)(b)(ii), R 420.209(5), R 420.209(6)(a)(i), R 420.505(2), R 420.210(1), R 420.210(2), and R 420.212(1).

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).

Accordingly, for these violations, IT IS ORDERED:

1. Respondent's license (no. PC-000339) is expired. The license shall not be renewed, reinstated, reissued, or reactivated, limited or otherwise, at any future date.
2. Respondent's supplemental applicant, Mario Seman, is also the sole supplemental applicant for entity prequalification record no. ERG-000459. Prequalification for ERG-000459 is withdrawn and will be placed in lapsed status.
3. Respondent and Respondent's supplemental applicant, Mario Seman, are permanently prohibited from applying for or otherwise seeking any new marijuana business license in the State of Michigan; exercising managerial control over such a business; or otherwise meeting the criteria to be deemed an applicant, supplemental applicant, or otherwise subject to a background investigation of any such business.
4. Respondent and Respondent's supplemental applicant, Mario Seman, are permanently prohibited from any new ownership interest in a licensed marijuana business in the State of Michigan.
5. Respondent's supplemental applicant, Mario Seman, is permanently prohibited from being employed or working in any capacity at a licensed marijuana business in the State of Michigan, including but not limited to, performing the functions of a regular or managerial employee, rendering any services as an independent contractor, or rendering any services via another party.
6. 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.
7. Respondent shall be responsible for all costs and expenses incurred in complying with the terms and conditions of this consent order.
8. If Respondent violates any term or condition set forth in this order, Respondent may be subject to 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: 6/2/23

By: Adam Sandoval
Executive Director Brian Hanna
or Designee
Cannabis Regulatory Agency

Digitally signed by Adam Sandoval
Date: 2023.06.02 07:13:15 -04'00'

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) Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.
 - b) Respondent represents that the incident stemmed from its own misunderstandings, rather than an intentional disregard of applicable rules.

- c) The ground adjacent to Respondent’s business buckled in September 2021, causing damage that required the building to be demolished. Respondent did not reopen and has not been in operation since that date.
- d) Respondent and Respondent’s supplemental applicant, Mario Seman, understand and agree that any new application for a state marijuana business license or renewal contrary to the accompanying consent order will be denied.

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.

AGREED TO BY:

Desmond Mitchell

Digitally signed by
Desmond Mitchell
Date: 2023.06.01
09:28:59 -04'00'

Desmond Mitchell
Operations Director
Cannabis Regulatory Agency

Dated: 6/1/23

AGREED TO BY:

Mario Seman

Mario Seman
Authorized Representative
On behalf of Respondent
Klean Herbal Solutions, LLC dba Stash
Dated: 5/25/2023

Mario Seman

Mario Seman
Dated: 5/25/2023

/s/ Sarah E. Huyser

Sarah E. Huyser (P70500)
Assistant Attorney General

Anthony Shallal

Anthony Shallal (P70500)
Attorney for Respondent and

Attorney for Cannabis Regulatory Agency
Dated: 05/31/2022

Mario Seman
Dated: 5/24/2023

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

In the Matter of

Klean Herbal Solutions, LLC dba Stash Detroit
ERG No.: 000459
License No.: PC-000339
ENF No.: 21-00317

CMP No.: 21-000691

FORMAL COMPLAINT

The Marijuana Regulatory Agency (“Complainant”) files this formal complaint against Klean Herbal Solutions, LLC dba Stash Detroit (“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 in the state of Michigan.

6. Respondent operated at 10015 W. Fort St., Detroit, Michigan 48209, 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 April 21, 2021, the MRA received a complaint stating Respondent's employees were smoking in an upstairs area connected to the facility.
- b. While investigating the complaint on May 11, 2021, the MRA visited Respondent's facility and discovered an upstairs unit being used by Respondent that was not inspected nor included in the floor plan submitted to the MRA in violation of Mich Admin Code, R 420.802(3), which states licensees shall report to the agency any proposed material changes to the marijuana business before making a material change that may require prior authorization by the agency. Material changes, include, but are not limited to, the following: (g) Any change or modification to the marijuana business before or after licensure that was not preinspected, inspected, or part of the marijuana business location plan or final inspection, including, but not limited to, all of the following: (i) Operational or method changes requiring inspection under these rules.
- c. On May 19, 2021, the MRA made a follow-up visit to the facility and discovered cigarette butts and partially smoked marijuana product on the floor of the upstairs unit in violation of Mich Admin Code, R 420.203(2), which states a licensee shall comply with all of the following: (b) A marijuana business shall not allow onsite or as part of the marijuana business any of the following: (ii) Consumption, use, or inhalation of a

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marihuana product unless the licensee has been granted a designated consumption establishment or temporary marihuana event license under the Michigan regulation and taxation of marihuana act, and these rules.

- d. On May 19, 2021, the MRA went back to Respondent's facility to pick up video footage from May 11, 2021. While there, the MRA did not see cameras/video surveillance anywhere inside the upstairs unit. The upstairs unit was also not included in the security plan as an area subject to video surveillance coverage. While reviewing the May 11, 2021 video footage, the MRA observed Respondent's employees placing boxes of marijuana product and Ziploc bags containing marijuana product inside the door of the upstairs unit.
- e. Because Respondent had no video surveillance in the upstairs unit where marijuana product was being moved and stored, Respondent is in 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.
- f. Respondent is also in violation of Mich Admin Code, R 420.209(6), 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.
- g. The May 11, 2021 video footage showed Respondent's employees carrying Ziploc bags containing untagged marijuana product inside the door of the upstairs unit. Respondent later explained the Ziploc bags were unaccounted for marijuana product left over by previous management after their position at the facility was terminated.
- h. Respondent was in possession of untagged marijuana product, which is a violation of Mich Admin Code, R 420.505(2), which states a marihuana

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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.

- i. Respondent being in possession of untagged marijuana product is also a violation of Mich Admin Code, R 420.210(1), which states except for designated consumption establishments or temporary marihuana events licensed under the Michigan regulation and taxation of marihuana act, a marihuana business must not have marihuana products that are not identified and recorded in the statewide monitoring system pursuant to these rules.
- j. Additionally, Respondent being in possession of untagged marijuana product is a violation of Mich Admin Code, R 420.210(2), which states except for a designated consumption establishment or temporary marihuana event licensed under the Michigan regulation and taxation of marihuana act, a marihuana business must not have any marihuana 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 marihuana product as provided in these rules.
- k. Lastly, Respondent being in possession of untagged marijuana product is a violation of Mich Admin Code, R 420.212(1), which states in part, all marihuana products must be identified and tracked consistently in the statewide monitoring system under these rules.

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 333.27407(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

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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: 10/28/21

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

Digitally signed by Claire Patterson
Date: 2021.10.28 09:20:08 -04'00'