

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

In the Matter of

DCAD, LLC
dba Classic Roots Farm
License No.: AU-R-000747

ENF No.: 22-00605

/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On February 15, 2023, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the adult use marijuana retail establishment license AU-R-000747 of DCAD, LLC dba Classic Roots Farm (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 ten thousand and 00/100 dollars (\$10,000.00). 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 "22-00605" and license number "AU-R-000747" clearly displayed on the check or money order. Respondent shall mail the fine to Department of Licensing and

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Regulatory Affairs, Cannabis Regulatory Agency, PO BOX 30205, Lansing, Michigan 48909.

2. Respondent will provide a written standard operating procedure (SOP) detailing all operational steps necessary for compliant marking and advertising of tis marijuana products within 30 days of the effective date of this order.
3. The CRA will review Respondent’s SOP and issue a notice of deficiency (NOD) if necessary. Respondent will correct any deficiencies within 30 days of receiving a NOD, unless otherwise agreed by the CRA in writing.
4. Respondent will train all staff on the new SOP, and provide a document signed by a manager, certifying this has been completed no later than 30 days after the SOP is approved by the CRA in its final form.
5. If Respondent fails to timely comply with the terms of this order, Respondent’s license shall be suspended until compliance is demonstrated.
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-CSS@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 shall be subject to fines and/or other sanctions under section7(1)(c) of the MRTMA, MCL 333.27957, and Mich Admin Code, 420.808.

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9. 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.

CANNABIS REGULATORY AGENCY

Signed on: 10/20/2023

By:  Brian Hanna
Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email =
hanhab@michigan.gov C = US O =
CRA OU = CRA
Date: 2023.10.20 10:23:26 -0400'

Brian Hanna, Executive Director
or his designee
Cannabis Regulatory Agency

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, the 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. Respondent admitted to leaving noncompliant advertising cards at local businesses shortly after its grand opening.
 - b. Respondent stated it had a compliant SOP for advertising, that was not followed.

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- c. Respondent stated it retrieved nearly 80% of the noncompliant cards after learning of the violations.
 - d. Respondent was cooperative and wishes to resolve the allegations in the formal complaint without the need for and expense of an administrative hearing.
 - e. Respondent has been licensed as an adult use retailer since 2022 and has no prior discipline against its license.
4. The CRA's operations director or his 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 operations 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

Digitally signed by Desmond
Mitchell
Date: 2023.10.19 16:58:24
-04'00'

Desmond Mitchell, Operations Director
or his designee
Cannabis Regulatory Agency

Dated: 10/19/2023

AGREED TO BY:



David Levy, Managing Member
on behalf of Respondent
DCAC, LLC

Dated: 10/12/2023

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DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
CANNABIS REGULATORY AGENCY

In the Matter of

DCAD LLC dba Classic Roots Farm
License No.: AU-R-000747

ENF No: 22-00605

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FORMAL COMPLAINT

The Cannabis Regulatory Agency (“Complainant”) files this formal complaint against DCAD LLC dba Classic Roots Farm (“Respondent”) alleging upon information and belief as follows:

1. The Cannabis Regulatory Agency (CRA) is authorized under the Michigan Regulation and Taxation of Marihuana Act (MRTMA), MCL 333.27951, *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 marijuana establishment operations.

FACTUAL ALLEGATIONS AND INTENDED ACTION OF THE CRA

3. Respondent holds an active state license under the MRTMA to operate an adult use retailer establishment in the state of Michigan.
4. Respondent operated at 1115 Corunna Ave., Owosso, Michigan 48867, at all times relevant to this complaint.
5. Following an investigation, the CRA determined that Respondent violated the MRTMA and/or administrative rules promulgated thereunder as set forth below:

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- a. On August 4, 2022, the CRA observed Respondent's advertisement flyers marketing marijuana products at local businesses.
- b. Respondent's advertisement flyers displayed pictures of various marijuana products. The flyers were not marked with the required language or warnings, including that marijuana for use only by individuals 21 years of age or older. They also were placed in areas where individuals under the age of 21 could be targeted.
- c. On August 10, 2022, the CRA contacted a representative of Respondent who confirmed that stacks of approximately ten non-compliant marijuana advertisements were distributed to thirteen different local businesses. Respondent acknowledged the error and had the flyers removed immediately.

Count I

Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.507(4), which states 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% 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 marketed must include the warnings listed in R 420.504(1)(k).

Count II

Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.507(8), which states a marijuana product marketed or advertised under the MRTMA must be marketed or advertised as "marihuana" for use only by individuals 21 years of age or older.

Count III

Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.507(9), which states a marijuana product marketed or advertised under the MRTMA must not be marketed or advertised to individuals under 21 years of age.

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.

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 MRTMA 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

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

Dated: 2/15/2023

By:

Alyssa A. Grissom	Digitally signed by Alyssa A. Grissom Date: 2023.02.15 10:15:19 -05'00'
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Alyssa A. Grissom
Legal Section Manager
Cannabis Regulatory Agency