

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

In the Matter of

Royal Highness PC3, LLC
dba Flower Bowl River Rouge
License No.: PC-000557

ENF No.: 22-00092

/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On August 11, 2022, the Cannabis Regulatory Agency (CRA) issued a First Superseding Formal Complaint (FSFC) against the medical marijuana provisioning center facility license (PC-000557) of Royal Highness PC3, LLC dba Flower Bowl River Rouge (Respondent) under the Medical Marijuana Facilities Licensing Act (MMFLA), MCL 333.27101 *et seq.*, and the administrative rules promulgated thereunder. The FSFC alleged Respondent violated Mich Admin Code, R 420.209(5), R 420.209(6)(a)(i), R 420.209(6)(a)(ii), R 420.209(6)(a)(iv), R 420.209(6)(vi), & R 420.209(11).

The executive director reviewed the stipulation contained in this document and agrees the public interest is best served by resolution of the FSFC. Therefore, the executive director finds that all of the allegations contained in the FSFC are true and that Respondent violated Mich Admin Code, R 420.209(5), R 420.209(6)(a)(i), R 420.209(6)(a)(ii), R 420.209(6)(a)(iv), R 420.209(6)(vi), & R 420.209(11).

Accordingly, for these violations, IT IS ORDERED:

1. Respondent must pay a fine in the amount of twenty-seven thousand five hundred and 00/100 dollars (\$27,500.00). 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

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enforcement number “22-00092” and license number “PC-000557” clearly displayed on the check or money order. Respondent shall mail the fine to Department of Licensing and Regulatory Affairs, Cannabis Regulatory Agency, PO BOX 30205, Lansing, Michigan 48909.

2. If Respondent fails to timely comply with the terms of this order, Respondent’s license shall be suspended until compliance is demonstrated.
3. 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.
4. Respondent shall be responsible for all costs and expenses incurred in complying with the terms and conditions of this consent order.
5. If Respondent violates any term or condition set forth in this order, Respondent will be subject to fines and/or other sanctions under section 407(1) of the MMFLA, MCL 333.27407(1), and Mich Admin Code, R 420.808.
6. Upon timely compliance of the terms of this order by Respondent, the matters set forth in the FSFC 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: 9/19/23

Brian Hanna

By: _____

Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email =
hannab@michigan.gov C = US O =
CRA OU = CRA
Date: 2023.09.19 11:22:35 -04'00'

Brian Hanna, Executive Director
or his designee
Cannabis Regulatory Agency

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STIPULATION

The parties stipulate to the following:

1. The facts alleged in the FSFC 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 violations set forth in the FSFC 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 self-reported the failure of the surveillance system to the CRA on October 20, 2021.
 - b. Respondent's license is now closed.
 - c. Respondent stated that it would be moving its surveillance system to a cloud-based format.
 - d. Respondent continued to operate while the surveillance system was not functional.
 - e. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.
 - f. Respondent 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.

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By signing this stipulation, the parties confirm that they have read, understand, and agree with the terms of the consent order.

AGREED TO BY:

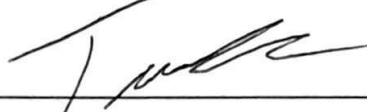
Desmond
Mitchell

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

Dated: 9/4/23

AGREED TO BY:



Tarek Jaward, Authorized Officer
on behalf of Respondent
Royal Highness PC3, LLC

Dated: 7/20/23



Nickolas Calkins, P79512
Attorney for Respondent

Dated: 7/20/23

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DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
CANNABIS REGULATORY AGENCY

In the Matter of

Royal Highness PC3, LLC
License No.: PC-000557

ENF No.: 22-00092

FIRST SUPERSEDING FORMAL COMPLAINT

The Cannabis Regulatory Agency (“Complainant”) files this first superseding formal complaint against Royal Highness PC3, LLC (“Respondent”) alleging upon information and belief as follows:

1. The Cannabis Regulatory Agency (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 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 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.

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.

¹ Executive Reorganization Order 2019-2 created the Marijuana Regulatory Agency (MRA) as a Type I agency within the Department of Licensing and Regulatory Affairs (LARA). MCL 333.27001(1)(a)(d). On April 13, 2022, the MRA became the Cannabis Regulatory Agency (CRA). The CRA exercises its statutory powers, duties, and functions independent of LARA’s direction. MCL 16.103.

4. Respondent's conduct as described below is a risk to public health and safety and/or the integrity of marijuana facility operations.

FACTUAL ALLEGATIONS AND INTENDED ACTION OF THE CRA

5. Respondent holds an active state operating license under the MMFLA to operate a medical marijuana provisioning center facility in the state of Michigan.

6. Respondent operated at 10196 W. Jefferson, River Rouge, Michigan 48218 at all times relevant to this complaint.

7. Following an investigation, the CRA determined that Respondent violated the MMFLA and/or administrative rules promulgated thereunder as set forth below:

- a. On October 20, 2021, Respondent self-reported to the CRA that due to a corrupt hard drive its video surveillance system was only able to retain 18 days of video.
- b. On February 8, 2022, the CRA visited Respondent's establishment and discovered Respondent's video surveillance system was currently able to retain 30 days of video. However, the new hard drive was not installed until November 15, 2021.
- c. From October 20, 2021 until November 15, 2021, Respondent's video surveillance system was only able to retain 18 days of video.
- d. From October 20, 2021 until November 15, 2021, Respondent continued to make sales while the surveillance system was inoperable.

Count I

- e. Respondent's actions as described above demonstrate a violation of Mich Admin Code 420.209(5), which states a licensee shall have a video surveillance system that, at a minimum, consists of digital or network video

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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 II

- f. Respondent's actions as described above demonstrate a violation of Mich Admin Code 420.209(6)(a)(i), which states a licensee shall ensure the video surveillance system records any areas where marihuana products are weighed, packed, stored, loaded, and unloaded for transportation, prepared, or moved within the marihuana business.

Count III

- g. Respondent's actions as described above demonstrate a violation of Mich Admin Code 420.209(6)(a)(ii), which states a licensee shall ensure the video surveillance system records limited access areas and security rooms. Transfers between rooms must be recorded.

Count IV

- h. Respondent's actions as described above demonstrate a violation of Mich Admin Code 420.209(6)(a)(iv), which states a licensee shall ensure the video surveillance system records the entrances and exits to the building, which must be recorded from both indoor and outdoor vantage points.

Count V

- i. Respondent's actions as described above demonstrate a violation of Mich Admin Code 420.209(6)(vi), which states a licensee shall ensure the video surveillance system records point of sale areas where marihuana products are sold and displayed for sale.

Count VI

- j. Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.209(11), which states a licensee shall keep surveillance recordings for a minimum of 30 days, except in instances of investigation or inspection by the agency in which case the licensee shall retain the

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recordings until the time as the agency notifies the licensee that the recordings may be destroyed.

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 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

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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. The formal complaints filed against the Respondent on 02/14/2022, are hereby WITHDRAWN and replaced in full by this superseding complaint.

Dated: 8/11/22

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

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Date: 2022.08.11 10:09:34 -04'00'

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