

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

In the Matter of

MJC DEVELOPMENT, LLC dba Cannabis King
License No.: AU-R-000512

ENF No: 23-00537

/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On August 28, 2023, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the adult use marijuana retail establishment license (AU-R-000512) of MJC Development, LLC dba Cannabis King (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 420.104(3)(b), R 420.210(1), R 420.210(2), R 420.212(1), R 420.502(1), R 420.504(1)(a), R 420.504(1)(b), R 420.504(1)(c), R 420.504(1)(d), R 420.504(1)(e), R 420.504(1)(f), R 420.504(1)(g), R 420.504(1)(h), R 420.504(1)(i), R 420.504(1)(j)(i), R 420.504(1)(j)(ii), R 420.504(1)(j)(iv), and R 420.504(1)(j)(v).

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 some of the allegations contained in the formal complaint are true and that Respondent violated Mich Admin Code, R 420.210(2), R 420.502(1), R 420.504(1)(a), R 420.504(1)(b), R 420.504(1)(c), R 420.504(1)(d), R 420.504(1)(e), R 420.504(1)(f), R 420.504(1)(g), R 420.504(1)(h), R 420.504(1)(i), R 420.504(1)(j)(i), R 420.504(1)(j)(ii), R 420.504(1)(j)(iv), and R 420.504(1)(j)(v).

Accordingly, for these violations, IT IS ORDERED:

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1. Respondent must pay a fine in the amount of eleven thousand two hundred fifty and 00/100 dollars (\$11,250.00). 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 "23-00537" and license number "AU-R-000512" 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. Respondent must submit a standard operating procedure (SOP) detailing all required procedures for compliant packaging and labeling of products.
3. The CRA will review Respondent's SOP, and if necessary, issue notice(s) of deficiency (NOD). Respondent must correct any deficiencies and resubmit the SOP for CRA review within 30 days of receiving an NOD.
4. If Respondent fails to timely comply with the terms of this order, Respondent's license shall be suspended until compliance is demonstrated.
5. The alleged violations of Mich Admin Code, R 420.104(3)(b), R 420.210(1), and R 420.212(1) are DISMISSED.
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

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section7(1)(c) of the MRTMA, MCL 333.27957, and Mich Admin Code, 420.808.

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: 01/02/2024

By: Brian Hanna
Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email =
hannab@michigan.gov C = US O =
CRA OU = CRA
Date: 2024.01.02 08:57:55 -0500

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:

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- a. The untagged, unlabeled preroll was found in the statewide monitoring system (Metrc) as one of the sold items on the receipt provided by the complainant.
 - b. Respondent stated a sales employee should have put the preroll in a clear plastic vial and printed and affixed the tag before selling.
 - c. Respondent provided an updated standard operating procedure (SOP) stating that no product will be accepted into inventory unless it is fully packaged and labeled, to prevent a recurrence.
 - d. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.
 - e. Respondent has been licensed as an adult use retailer since 2021 and has no prior discipline against its license.
4. The CRA's centralized services director or 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 centralized services 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:

Sara E.
Hernandez

Digitally signed by: Sara E. Hernandez
DN: CN = Sara E. Hernandez email =
hernandezs1@michigan.gov C = AD
O = LARA OU = MRA
Date: 2023.12.27 15:51:22 -05'00'

Sara Hernandez, CSD Director
or her designee
Cannabis Regulatory Agency

AGREED TO BY:



Christian Isso, Managing Member
on behalf of Respondent
MJC Development, LLC

Dated: 12/27/2023

Dated: 12-27-2023

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

In the Matter of

MJC Development, LLC dba Cannabis King
License No.: AU-R-000512

ENF No: 23-00537

_____ /

FORMAL COMPLAINT

The Cannabis Regulatory Agency (“Complainant”) files this formal complaint against MJC Development, LLC dba Cannabis King (“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 3309 Associates Dr., Burton, Michigan 48529, 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 May 9, 2023, the CRA received an anonymous email from a marijuana customer who discovered that Respondent placed a single, unpackaged, and untagged marijuana pre-roll in the bag of marijuana products purchased on April 26, 2023.
- b. The complainant also emailed a photograph of the pre-roll along with the receipt of marijuana products purchased to the CRA. A CRA Regulation Agent (RA) observed in the photograph that the single pre-roll was unpackaged, unlabeled, and did not have a statewide monitoring system (Metrc) tag affixed.
- c. On May 17, 2023, the CRA RA visited Respondent's establishment and met with Respondent's Manager, A.Q. A.Q. was unsure how the unpackaged and untagged pre-roll ended up in the customer's bag.

Count I

Respondent's actions as described above in paragraphs a and b demonstrate a violation of Mich Admin Code, R 420.104(3)(b), which states a marijuana retailer shall comply with all of the following: (b) accurately enter all transactions, current inventory, and other information into the statewide monitoring system as required in these rules.

Count II

Respondent's actions as described above in paragraphs a and b demonstrate a violation of Mich Admin Code, R 420.210(1), which states except for designated consumption establishments or temporary marijuana events licensed under the MRTMA, a marijuana business must not have marijuana products that are not identified and recorded in the statewide monitoring system pursuant to these rules. A licensee shall not transfer or sell a marijuana product that is not identified in the statewide monitoring system pursuant to these rules.

Count III

Respondent's actions as described above in paragraphs a and b demonstrate 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 MRTMA, 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.

Count IV

Respondent's actions as described above in paragraphs a and b demonstrate 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.

Count V

Respondent's actions as described above in paragraphs a and b demonstrate a violation of Mich Admin Code, R 420.502(1), which states each marihuana products sold or transferred must be clearly labeled with the tracking identification numbers assigned by the statewide monitoring system affixed, tagged, or labeled and recorded, and any other information required by the agency, the acts, and these rules.

Count VI

Respondent's actions as described above in paragraphs a and b demonstrate a violation of Mich Admin Code, R 420.504(1)(a), which states before a marihuana product is sold or transferred to or by a marihuana sales location, the container, bag, or product holding the marihuana product must be sealed and labeled with all of the following information: (a) the name and the state license number of the cultivator or producer, including business or trade name, and package tag as assigned by the statewide monitoring system.

Count VII

Respondent's actions as described above in paragraphs a and b demonstrate a violation of Mich Admin Code, R 420.504(1)(b), which states before a marijuana product is sold or transferred to or by a marijuana sales location, the container, bag, or product holding the marijuana product must be sealed and labeled with all of the following information: (b) the name and the marijuana license number of the licensee that packaged the product, including business or trade name, if different from the producer of the marijuana product.

Count VIII

Respondent's actions as described above in paragraphs a and b demonstrate a violation of Mich Admin Code, R 420.504(1)(c), which states before a marijuana product is sold or transferred to or by a marijuana sales location, the container, bag, or product holding the marijuana product must be sealed and labeled with all of the following information: (c) date of harvest, if applicable.

Count IX

Respondent's actions as described above in paragraphs a and b demonstrate a violation of Mich Admin Code, R 420.504(1)(d), which states before a marijuana product is sold or transferred to or by a marijuana sales location, the container, bag, or product holding the marijuana product must be sealed and labeled with all of the following information: (d) name of strain, if applicable.

Count X

Respondent's actions as described above in paragraphs a and b demonstrate a violation of Mich Admin Code, R 420.504(1)(e), which states before a marijuana product is sold or transferred to or by a marijuana sales location, the container, bag, or product holding the marijuana product must be sealed and labeled with all of the following information: (e) net weight in United States customary or metric units.

Count XI

Respondent's actions as described above in paragraphs a and b demonstrate a violation of Mich Admin Code, R 420.504(1)(f), which states before a marijuana product is sold or transferred to or by a marijuana sales location, the container, bag, or product holding the marijuana product must be sealed and labeled with all of the following information: (f) concentration of Tetrahydrocannabinol (THC) and cannabidiol (CBD) as reported by the laboratory after potency testing along with a statement that the actual value may vary from the reported value by 10%.

Count XII

Respondent's actions as described above in paragraphs a and b demonstrate a violation of Mich Admin Code, R 420.504(1)(g), which states before a marijuana product is sold or transferred to or by a marijuana sales location, the container, bag, or product holding the marijuana product must be sealed and labeled with all of the following information: (g) activation time expressed in words or through a pictogram.

Count XIII

Respondent's actions as described above in paragraphs a and b demonstrate a violation of Mich Admin Code, R 420.504(1)(h), which states before a marijuana product is sold or transferred to or by a marijuana sales location, the container, bag, or product holding the marijuana product must be sealed and labeled with all of the following information: (h) name of the laboratory that performed any passing compliance testing on the product in final form and any test analysis date.

Count XIV

Respondent's actions as described above in paragraphs a and b demonstrate a violation of Mich Admin Code, R 420.504(1)(i), which states before a marijuana product is sold or transferred to or by a marijuana sales location, the container, bag, or product holding the marijuana product must be sealed and labeled with all

of the following information: (i) the universal symbol for marihuana product published on the agency's website.

Count XV

Respondent's actions as described above in paragraphs a and b demonstrate a violation of Mich Admin Code, R 420.504(1)(j)(i), which states before a marihuana product is sold or transferred to or by a marihuana sales location, the container, bag, or product holding the marihuana product must be sealed and labeled with all of the following information: (j) a warning that includes all the following statements: (i) "it is illegal to drive a motor vehicle while under the influence of marihuana."

Count XVI

Respondent's actions as described above in paragraphs a and b demonstrate a violation of Mich Admin Code, R 420.504(1)(j)(ii), which states before a marihuana product is sold or transferred to or by a marihuana sales location, the container, bag, or product holding the marihuana product must be sealed and labeled with all of the following information: (j) a warning that includes all the following statements: (ii) "National Poison Control Center 1-800-222-1222."

Count XVII

Respondent's actions as described above in paragraphs a and b demonstrate a violation of Mich Admin Code, R 420.504(1)(j)(iv), which states before a marihuana product is sold or transferred to or by a marihuana sales location, the container, bag, or product holding the marihuana product must be sealed and labeled with all of the following information: (j) a warning that includes all the following statements: (iv) for all other products, "For use by individuals 21 years of age or older or registered qualifying patients only. Keep out of reach of children."

Count XVIII

Respondent's actions as described above in paragraphs a and b demonstrate a violation of Mich Admin Code, R 420.504(1)(j)(v), which states before a marihuana product is sold or transferred to or by a marihuana sales location, the container, bag, or product holding the marihuana product must be sealed and labeled with all of the following information: (j) a warning that includes all the following statements: (v) in clearly legible type and surrounded by a continuous heavy line: "WARNING: USE BY PREGNANT OR BREASTFEEDING WOMEN, OR BY WOMEN PLANNING TO BECOME PREGNANT, MAY RESULT IN FETAL INJURY, PRETERM BIRTH, LOW BIRTH WEIGHT, OR DEVELOPMENTAL PROBLEMS FOR THE CHILD."

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.

Pursuant to 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:

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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
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: 8/28/23

By: Alyssa A. Grissom  Digitally signed by Alyssa A. Grissom
Date: 2023.08.28 13:11:36 -04'00'

Alyssa A. Grissom
Legal Section Manager
Cannabis Regulatory Agency