

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

In the Matter of

Zen Republic LLC
License No.: PR-000137

ENF No: 22-00498

/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On July 6, 2023, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the medical marijuana processor facility license (PR-000137) of Zen Republic, LLC (Respondent) under the Medical Marijuana Facilities Licensing Act (MMFLA), MCL 333.27101 *et seq.*, and the administrative rules promulgated thereunder. The formal complaint alleged Respondent violated Mich Admin Code, R 420.206(4), R 420.305(11), and R 420.502(3).

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 420.502(3).

Accordingly, for these violations, IT IS ORDERED:

1. Respondent must pay a fine in the amount of four thousand and 00/100 dollars (\$4,000.00). 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 "22-00498" and license number "PR-000137" clearly displayed on the check or money order. Respondent shall mail the fine to Department of

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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. The alleged violations of Mich Admin Code R 420.206(4) and R 420.305(11) are DISMISSED.
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-CSS@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 shall be subject to fines and/or other sanctions under section 407(1) of the MMFLA, MCL 333.27407(1), 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.

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 09:00:33 -05'00'

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 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, 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 combining product from two failed packages on administrative hold with four other packages believed to be free of banned chemicals, and sending a sample from the six combined packages for full compliance testing.
 - b. Respondent admitted it was attempting to dilute the banned chemical in the two failed packages down to a passing level.
 - c. Respondent stated that it was relatively new to processing, and did not know dilution is not permitted, or that packages on administrative hold cannot be transferred for further testing without CRA approval and removal of the holds.
 - d. The failed product was not sold or transferred to the public.
 - e. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.
 - f. The license PR-000137 was closed on April 10, 2023.
 - g. Respondent had been licensed as a medical marijuana processor since 2021 and had 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 14:05:27 -05'00'

Sara Hernandez, CSD Director
or her designee
Cannabis Regulatory Agency

Dated: 12/27/23

AGREED TO BY:



Ali Matar, Managing Member
on behalf of Respondent
Zen Republic, LLC

Dated: 12/26/2023



Barton Morris (P54701)
Attorney for Respondent

Dated: 12/26/2023

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

In the Matter of

Zen Republic LLC
License No.: PR-000137

ENF No: 22-00498

FORMAL COMPLAINT

The Cannabis Regulatory Agency (“CRA”) files this formal complaint against Zen Republic LLC (“Respondent”) alleging upon information and belief as follows:

1. The 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 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 CRA’s authority to impose sanctions on the license.

FACTUAL ALLEGATIONS AND INTENDED ACTION OF THE CRA

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

4. Respondent operated at 1465 West Beecher Street, Adrian, Michigan 49221, at all times relevant to this complaint.

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

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- a. On February 14, 2022, the CRA was notified that Respondent's medical marijuana processor facility had several packages fail safety compliance testing for Myclobutanil.
- b. Myclobutanil is a banned chemical residue prohibited from use in the cultivation and production of marihuana and marihuana products. Myclobutanil has an action limit of 0.2ppm.
- c. Statewide monitoring system (Metrc) tag number 1A4050100015CD5000003531 (tag number ending -3531) tested for Myclobutanil at 0.212ppm. Metrc tag number 1A4050100015CD5000003553 (tag number ending -3553) tested for Myclobutanil at 0.204ppm.
- d. Both tag numbers ending -3531 and -3553 were placed on administrative hold.
- e. Respondent used portions from tag numbers ending -3531 and -3553 to create Metrc tag number 1A4050100015CD5000002426 (tag number ending -2426).
- f. Since tag numbers ending -3531 and -3553 were placed on administrative hold, tag number ending -2426 was also placed on administrative hold.
- g. Tag number ending -2426 was then sampled for testing by a safety compliance facility.
- h. Tag number ending -2426 was not removed from administrative hold, nor was it authorized to be tested while it remained on administrative hold.

Count I

Respondent's actions as described above in paragraphs e, f, g, and h demonstrate a violation of Mich Admin Code R 420.206(4) which states that the agency shall publish a list of banned chemical residue active ingredients that are prohibited from use in the cultivation and production of marihuana plants and marihuana products to be sold or transferred in accordance with the acts or these rules.

Count II

Respondent's actions as described above in paragraphs e, f, g, and h demonstrate a violation of Mich Admin Code R 420.305(11) which states that for chemical residue and target analyte testing, the agency shall publish a list of quantification levels. Any result that exceeds the action limit is a failed sample.

Count III

Respondent's actions as described above in paragraphs e, f, g, and h demonstrate a violation of Mich Admin Code R 420.502(3) which states that a marihuana business shall not sell or transfer a marihuana product that has been placed on administrative hold, recalled, or ordered or otherwise required to 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 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 at (517) 284-8599 or CRA-LegalHearings@michigan.gov.

Dated: 7/6/23

By: Alyssa A. Grissom
Digitally signed by Alyssa A. Grissom
Date: 2023.07.06 10:58:28 -04'00'

Alyssa A. Grissom
Legal Section Manager
Cannabis Regulatory Agency