

STATE OF MICHIGAN  
DEPARTMENT OF REGULATORY AFFAIRS<sup>1</sup>  
MARIJUANA REGULATORY AGENCY

In the Matter of

DragonFly Kitchen, Inc.  
ERG No.: 001098  
License No.: GR-C-000220, GR-C-000230, GR-C-000231  
ENF No.: 20-00004

CMP No.:19-000751

\_\_\_\_\_/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On March 5, 2020, the Marijuana Regulatory Agency (MRA) issued a formal complaint against the medical marijuana Class C Grower facility licenses (GR-C-000220, GR-C-000230, GR-C-000231) of DragonFly Kitchen, Inc. (“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, R333.234(3), R333.235(3), R333.235(6)(a)(i), R333.238(1), R333.238(2).

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, R333.235(3), R333.235(6)(a)(i), R333.238(1), R333.238(2).

Accordingly, for these violations, IT IS ORDERED:

1. Respondent must pay a fine in the amount of Six Thousand and 00/100 dollars (\$6,000.00). This fine shall be paid within 30 days of the effective date of this order by check or money order made payable to the State of Michigan with enforcement number “20-00004” clearly displayed on the check or money order. Respondent shall mail the fine to Department of Licensing and Regulatory Affairs, Marijuana Regulatory Agency, PO BOX 30205, Lansing, Michigan 48909.

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<sup>1</sup> 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). The MRA exercises its statutory powers, duties, and functions independent of LARA’s direction. MCL 16.103.

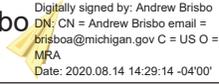
2. If Respondent fails to timely pay the fine, Respondent's license shall be suspended until payment is received.
3. The paragraph of the formal complaint alleging a violation of Mich Admin Code R333.234(3) is DISMISSED.
4. Unless otherwise specified in this order, Respondent shall direct any communications to the MRA that are required by the terms of this order to [MRA-LegalHearings@michigan.gov](mailto:MRA-LegalHearings@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 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 333.219.

This order shall be effective on the date signed by the MRA's executive director or his designee, as set forth below.

MARIJUANA REGULATORY AGENCY

Signed on: 8/14/20

By:


  
 Andrew Brisbo, Executive Director  
 Marijuana 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 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 MRA to prove the charges set forth in the formal 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 provided a valid Certificate of Occupancy for the time period at issue in the formal complaint.
  - b. Respondent provided mitigating documentation and testimony related to the remaining allegations in the formal complaint.
  - c. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.
4. The MRA's enforcement division director or her designee must approve this proposed agreement before it is forwarded to the MRA'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 MRA's enforcement division 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.

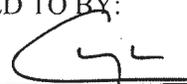
AGREED TO BY:

Claire Patterson

Digitally signed by Claire Patterson  
DN: cn = Claire Patterson email =  
PattersonC@mi.michigan.gov c = US o = MRA OU =  
LARA  
Date: 2020.08.14 12:03:54 -0400

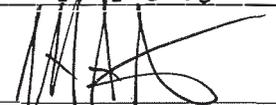
Claire T. Patterson, Manager  
Scientific & Legal Section  
Marijuana Regulatory Agency  
Dated: 8/14/20

AGREED TO BY:



Hung Ching Ho, Authorized Officer  
On behalf of Respondent  
DragonFly Kitchen, Inc.

Dated: 8-13-2020



Scott F. Roberts (P 74324)  
Attorney for Respondent

Dated: 8-13-2020

MARIJUANA REGULATORY AGENCY  
2407 NORTH GRAND RIVER • P.O. BOX 30205 • LANSING, MICHIGAN 48909  
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STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
MARIJUANA REGULATORY AGENCY

In the Matter of

DragonFly Kitchen, Inc.  
ERG No.: 001098  
License No.: GR-C-000220, 230, 231  
ENF No.: 20-00004

CMP No.:19-000751

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FORMAL COMPLAINT

The Marijuana Regulatory Agency (“Complainant”) files this formal complaint against DragonFly Kitchen, Inc. (“Respondent”) alleging upon information and belief as follows:

1. The Marijuana Regulatory Agency (MRA) is authorized under the Medical Marijuana 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 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 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 marijuana facility operations.

4. Respondent’s conduct as described below is a risk to public health and safety and/or the integrity of marijuana 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 several medical marihuana grower facilities in the state of Michigan.

6. Respondent operated at 24685 County Road 681, Arlington Michigan, 49013 at all times relevant to this complaint.

7. Following an investigation that was completed on October 17, 2019, the MRA determined that Respondent violated the MMFLA and/or rules promulgated thereunder as set forth below:

- a. Respondent was storing marijuana in new buildings that had not passed inspections with either MRA or the Bureau of Fire Services (BFS), in violation of Mich Admin Code R 333.234(3), which does not permit a Licensee to operate a marihuana facility unless a permanent certificate of occupancy has been issued by the appropriate enforcing agency.
- b. Respondent had four 40-foot shipping containers that contained dried marijuana flower packages. Two of the containers had commercial-grade, nonresidential door locks, but were unlocked when inspected in violation of Mich Admin Code R 333.235 (3), which requires a Licensee to securely lock a marihuana facility.
- c. Respondent had storage units containing marijuana that failed to have surveillance units that captured the inside of several of the containers. There were also cameras that were not connected to any surveillance system (the wires were seen to be hanging and not connected). This violates Mich Admin Code R 333.235 (6)(a)(i) which requires Licensees to have video surveillance systems that minimally record any areas where marihuana products are packed, stored, loaded and unloaded for transportation, prepared, or moved within the facility.
- d. Respondent had four containers that contained dried marijuana flowers. Each of the containers were openly accessible, in violation of Mich Admin Code R 333.238

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(1), which requires all inventories of marihuana products to be stored at a marihuana facility in a secured limited access or restricted access area.

- e. Respondent had four containers that contained dried marijuana flowers. Each container was openly accessible, in violation of Mich Admin Code R 333.238 (2), which requires all containers used to store marihuana products for transfer or sale between marihuana facilities to be in secured containers that must be latched or locked in a manner to keep all contents secured within.

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 333.29494(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 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 333.294(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 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

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2407 NORTH GRAND RIVER • P.O. BOX 30205 • LANSING, MICHIGAN 48909  
[www.michigan.gov/MRA](http://www.michigan.gov/MRA)

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If Respondent fails to timely respond to this formal complaint, a contested case hearing will be scheduled to resolve this matter. The MRA reserves the right to review the formal complaint and amend it should this matter proceed to a contested case hearing.

Questions about this complaint should be directed to the Marijuana Regulatory Agency's legal section at (517) 284-8599 or [MRA-LegalHearings@michigan.gov](mailto:MRA-LegalHearings@michigan.gov).

Dated: 03/05/2020

**MARIJUANA REGULATORY AGENCY**

By:   
Kavita Kale, Enforcement Division Director

In the Matter of

DragonFly Kitchen, Inc.  
ERG No.: 001098  
License No.: GR-C-000220, 230, 231  
ENF No.: 20-00004

CMP No.:19-000751

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**PROOF OF SERVICE**

I hereby certify that on the date below, I mailed a copy of the Formal Complaint dated March 5, 2020, in the above captioned case by certified mail (return receipt requested) to:

DragonFly Kitchen, Inc.  
24685 County Rd. 681  
Arlington, MI 49013



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Abby Rae Brooks  
Departmental Technician  
Marijuana Regulatory Agency  
Department of Licensing & Regulatory  
Affairs