

STATE OF MICHIGAN
DEPARTMENT OF REGULATORY AFFAIRS¹
MARIJUANA REGULATORY AGENCY

In the Matter of

OTGMI, LLC
ERG No.: 001124
License No.: PR-000084
ENF No.: 20-00080

CMP No.: 20-000713

_____/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On August 12, 2020, the Marijuana Regulatory Agency (MRA) issued a formal complaint against the medical marijuana processor facility license (PR-000084) of OTGMI, 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 Sec. 502(1) of MMFLA, MCL 333.27502.

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 Sec. 502(1) of MMFLA, MCL 333.27502.

Accordingly, for these violations, IT IS ORDERED:

1. Within 14 days of the effective date of this order, Respondent shall provide proof of destruction of all marijuana product which is the subject of this order to MRA-LegalHearings@michigan.gov.
2. 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.
3. Respondent shall be responsible for all costs and expenses incurred in complying with the terms and conditions of this consent order.

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). The MRA exercises its statutory powers, duties, and functions independent of LARA's direction. MCL 16.103.

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4. 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 420.806.
5. Upon timely proof of destruction by Respondent of the marijuana product at issue, the matters set forth in the formal complaint shall be deemed resolved and closed subject to this Consent Order.

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: _____

By:

Andrew Brisbo
Digitally signed by: Andrew Brisbo
DN: CN = Andrew Brisbo email =
brisboa@michigan.gov C = US O = MRA
Date: 2020.11.05 10:37:43 -05'00'

Andrew Brisbo, Executive Director
Marijuana 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, 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 read the Advisory Bulletin – Guidance on the Phase-Out Process Ending External Transfers to the Regulated Market (Updated: April 8, 2020) which does not include information specific to entities who obtain a license after the Phase-Out began.
 - b. Respondent provided documentation that it received with its license which discussed a licensee entering starting inventory into the statewide monitoring system (METRC).
 - c. Respondent provided a conversation with METRC and alleges METRC gave it permission to bring into its inventory caregiver product.
 - d. 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.

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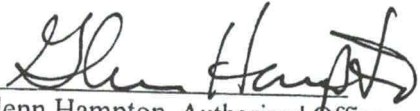
AGREED TO BY:

Julie Kluytman


Digitally signed by: Julie Kluytman
DN: CN = Julie Kluytman email =
kluytmanj@michigan.gov C = AD
Date: 2020.11.05 09:10:22 -05'00'

Julie Kluytman, Director
Enforcement Division
Marijuana Regulatory Agency
Dated: _____

AGREED TO BY:



Glenn Hampton, Authorized Officer
On behalf of Respondent
OTGMI, LLC
Dated: 11-3-20



Michael Komorn P-47970
Attorney for Respondent
Dated: 11-5-20

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

In the Matter of

OTGMI, LLC
ERG No.: 001124
License No.: PR-000084
ENF No.: 20-00080

CMP No.: 20-000713

FORMAL COMPLAINT

The Marijuana Regulatory Agency (“Complainant”) files this formal complaint against OTGMI, LLC (“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 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 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 a medical marihuana processor in the state of Michigan.

6. Respondent operated at 4184 Pier N. Blvd., Flint, MI, 48504, at all times relevant to this complaint.

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

- a. A medical marihuana processor license authorizes purchase of marihuana only from a grower. A grower is defined in the MMFLA as a licensee that is a commercial entity located in this state that cultivates, dries, trims or cures and packages marihuana for sale to a processor, provisioning center or another grower.
- b. Caregiver growers are not a licensee of the state.
- c. Respondent was licensed on June 5, 2020, as a medical marihuana processor under the MMFLA; and was not licensed or operating before that date.
- d. On June 12, 2020, Respondent accepted 38lbs of caregiver shake/trim into its inventory.
- e. Respondent used that 38lbs of caregiver shake/trim to create distillate which was then used to create approximately 10,000 gummies.
- f. On the date Respondent was licensed there was no exception in place, that applied to Respondent, which would have made the purchase of caregiver shake/trim compliant under the MMFLA and/or administrative rules.
- g. Respondent purchased marihuana from a caregiver in violation of Sec. 502(1) of MMFLA 333.27502.

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.

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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 the administrative 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

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 at (517) 284-8599 or MRA-LegalHearings@michigan.gov.

Dated: _____

MARIJUANA REGULATORY AGENCY

By: **Claire Patterson**
Claire Patterson, Manager Scientific and Legal Section

Digitally signed by: Claire Patterson
DN: CN = Claire Patterson email =
PattersonC8@michigan.gov C = US O = MRA OU = LARA
Date: 2020.08.11 14:09:00 -04'00'

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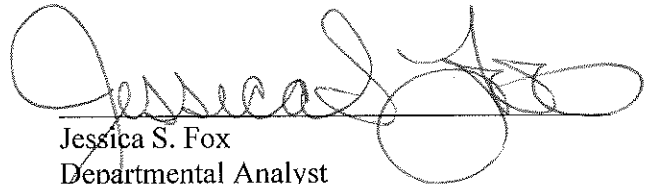
PROOF OF SERVICE

I hereby certify that on August ¹¹ 2020, I mailed a copy of the Formal Complaint dated 8-11-20 in the above captioned case by certified mail (return receipt requested) to:

OTGMI, LLC
4184 Pier North Blvd, Suite B
Flint, MI 48504

With a copy to:

Michael Komorn
30903 Northwestern Hwy
Farmington Hills, MI 48334



Jessica S. Fox
Departmental Analyst
Marijuana Regulatory Agency
Department of Licensing & Regulatory
Affairs

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