

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS¹
MARIJUANA REGULATORY AGENCY

In the Matter of

Weinberg Family Enterprises, LLC
ERG No.: 001209
License Nos.: GR-C-000261, PR-000145
ENF No.: 21-00377

CMP No.: 21-000984

_____/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On October 14, 2021, the Marijuana Regulatory Agency (MRA) issued a formal complaint against the medical marijuana class C grower license (GR-C-000261) and medical marijuana processor license (PR-000145) of Weinberg Family Enterprises, 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 420.802(3)(a), R 420.802(3)(f), and R 420.803(1).

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 paragraphs 7(a) through 7(f) the formal complaint are true and that Respondent violated Mich Admin Code, R 420.802(3)(a) and R 420.803(1).

Accordingly, for these violations, IT IS ORDERED:

1. Respondent must pay a fine in the amount of Thirty Thousand and 00/100 dollars (\$30,000.00). This fine shall be paid within 30 days of the effective date of this

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.

order by check or money order made payable to the State of Michigan with enforcement number “21-00377” 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.

2. If Respondent fails to timely pay the fine, Respondent’s license shall be suspended until payment is received.
3. The alleged violations of Mich Admin Code, R 420.802(3)(f) and R 420.802(3)(a) in paragraphs 7(g) through 7(m) of the formal complaint are 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.
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 420.806.
7. Upon timely payment of the fine 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 on the date signed by the MRA’s executive director or his designee, as set forth below.

Signed on: 4/1/22

By: Andrew
Brisbo
Andrew Brisbo, Executive Director
Marijuana Regulatory Agency

Digitally signed by
Andrew Brisbo
Date: 2022.04.01
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STIPULATION

The parties stipulate to the following:

1. Respondent does not contest the allegations of fact and law in the formal complaint. By pleading no contest, Respondent does not admit the truth of the allegations but agrees that the MRA's executive director or designee may enter an order treating the allegations as true for purposes of resolving the formal complaint.
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 was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.
 - b. Respondent provided additional documentation to the MRA surrounding the sale of interest in the license, evidencing that any sale or transfer of interest could not be effectuated without the approval of the MRA. The additional documentation resulted in the MRA dismissing the alleged rule violations set forth in paragraphs 7(g) through 7(m) of the formal complaint.
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:

AGREED TO BY:

Julie Kluytman Digitally signed by: Julie Kluytman
DN: CN = Julie Kluytman email =
kluytman@michigan.gov C = US O =
Marijuana Regulation Agency OU =
Enforcement Division
Date: 2022.04.01 08:40:37 -04'00'

Julie Kluytman, Director

Enforcement Division
Marijuana Regulatory Agency

Dated: 4/1/22

Joshua S. Weinberg

Joshua Weinberg, Authorized
Officer

On behalf of Respondent
Weinberg Family Enterprises,
LLC

Dated: 3/31/22

John A.
Janiszewski

Digitally signed by: John A. Janiszewski
DN: CN = John A. Janiszewski email =
jjaniszewski@dykema.com C = US O =
Dykema Gossett PLLC
Date: 2022.03.31 10:24:51 -04'00'

John Janiszewski (P 74400)
Attorney for Respondent

Dated: 03/31/22

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

In the Matter of

Weinberg Family Enterprises, LLC
ERG No.: 001209
License No.: GR-C-000261, PR-000145
ENF No.: 21-00377

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FORMAL COMPLAINT

The Marijuana Regulatory Agency (“Complainant”) files this formal complaint against Weinberg Family Enterprises, LLC (“Respondent”) alleging upon information and belief as follows:

1. The Marijuana Regulatory Agency (MRA) 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 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 marihuana facility operations.

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

6. Respondent operated at 1230 Mason Court, Webberville, Michigan, 48892 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. During a review of Respondent's Annual Financial Statement Filings, Respondent reported that it had entered into a management agreement in September 2019 with OBDIOS Group, LLC (OBDIOS).
- b. In response to questions regarding the agreement between Respondent and OBDIOS, Respondent indicated that the purpose of the agreement was for OBDIOS to manage, and assist in the payment for, the employees of the company and be an employee leasing company until the company was able to achieve stabilized revenue...now, licensee has achieved revenue stabilization, so it is both able to fund all operating expenses itself.
- c. Respondent further indicated that OBDIOS did not charge the licensee for the services and incurred company administrative expenses and employed all individuals that worked for the licensee until the licensee had more revenue, and payments were made beginning in September 2020.
- d. Respondent additionally advised that there was no formal, written agreement in place, OBDIOS was no longer providing any services, therefore there was no agreement to provide, when it was requested by the MRA.
- e. Respondent, Weinberg Family Enterprises, LLC is in violation of Mich Admin Code, R 420.802(3)(a), which states that Licensees shall report to the agency any proposed material changes to the marijuana business

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before making a material change that may require prior authorization by the agency. Material changes, include, but are not limited to, the following: (a) Change in owners, officers, members, or managers.

- f. Respondent is in violation of Mich Admin Code, R 420.803(1) which states: any change or modification to the marihuana business after licensure is governed by the standards and procedures set forth in these rules and any regulations adopted pursuant to the acts. Any material change or modification to the marihuana business must be approved by the agency before the change or modification is made.
- g. On July 9, 2021, Michael Stein sent an email to the MRA regarding the amendment process, indicating that Primitiv Holdings, LLC had come to an agreement to purchase all of the membership interest in Weinberg Family Enterprises, LLC and that the documents had been sent to the parties for execution.
- h. Effective August 1, 2021, Josh Weinberg assigned 100% of his right, title and interest in Weinberg Family Enterprises, LLC to Primitiv Holdings, LLC.
- i. Josh Weinberg, sole member of Weinberg Family Enterprises, LLC also signed a resolution to withdraw and transfer interest in Weinberg Family Enterprises, LLC which authorized, empowered, and directed to sell, assign, and transfer 100% ownership in the company to Primitiv Holding, LLC.
- j. That document is undated, but the properties of that document indicate that it was drafted/created July 7, 2021.
- k. On August 2, 2021, Michael Stein, sent an email to the MRA indicating that a purchase agreement for membership interest had been submitted to Josh Weinberg, for his ownership interest in Weinberg Family Enterprises, LLC.
- l. Respondent, Weinberg Family Enterprises, LLC is in violation of Mich Admin Code, R 420.802(3)(f), which states that Licensees shall report to the agency any proposed material changes to the marihuana business before making a material change that may require prior authorization by the agency. Material changes, include, but are not limited to, the following: (f)

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Any attempted transfer, sale, or other conveyance of an interest in a marihuana license.

- m. Respondent, Weinberg Family Enterprises, LLC is in violation of Mich Admin Code, R 420.802(3)(a), which states that Licensees shall report to the agency any proposed material changes to the marihuana business before making a material change that may require prior authorization by the agency. Material changes, include, but are not limited to, the following: (a) Change in owners, officers, members, or managers.

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 420.704(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 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 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

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2407 North Grand River
Lansing, Michigan 48906

By Email: MRA-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 Marijuana Regulatory Agency at (517) 284-8599 or MRA-LegalHearings@michigan.gov.

Dated: 10/14/21

By: Claire Patterson
Claire Patterson, Manager
Scientific and Legal Section Manager
Enforcement Division
Marijuana Regulatory Agency

Digitally signed by Claire
Patterson
Date: 2021.10.14
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