

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
CANNABIS REGULATORY AGENCY¹

In the Matter of

DNVK 5, LLC
ERG No.: 002446
License No.: PR-000154
CMP No.: 21-000589

ENF No.: 21-00254

_____/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On December 22, 2021, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the medical marijuana processor license (no. PR-000154) of DNVK 5, LLC (Respondent) under the Medical Marijuana Facilities Licensing Act (MMFLA), MCL 333.27101 *et seq.*, and administrative rules promulgated thereunder. The complaint alleged Respondent violated Mich Admin Code, R 420.103(4), R 420.210(1), R 420.210(2), and R 420.502(1)².

The executive director or designee reviewed the stipulation contained in this document and agrees the public interest is best served by resolution of the complaint. Therefore, the executive director or designee finds that the allegations contained in the complaint are true and that Respondent violated Mich Admin Code, R 420.103(4), R 420.210(1), R 420.210(2), and R 420.502(1).

¹ The Marijuana Regulatory Agency was renamed the Cannabis Regulatory Agency under Executive Reorganization Order No. 2022-1, effective April 13, 2022. MCL 333.27002(1)(a).

² All references to the CRA's administrative rules throughout this consent order and stipulation refer to the rules filed with the Secretary of State on June 22, 2020, which were in effect at all times relevant to the conduct at issue in the formal complaint.

Accordingly, for these violations, IT IS ORDERED:

1. Respondent must pay a fine in the amount of five thousand and 00/100 dollars (\$5,000.00). 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). CRA guidance on how to make compliance payments online is available under “Tips for Licensees” at www.michigan.gov/cra/bulletins. Checks or money orders shall be made payable to the State of Michigan with “ENF No. 21-00254” and “License No. PR-000154” clearly displayed on the check or money order and mailed to: Department of Licensing and Regulatory Affairs, Cannabis Regulatory Agency, P.O. 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. 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.

4. Respondent shall be responsible for all costs and expenses incurred in complying with the terms and conditions of this consent order.

5. If Respondent violates any term or condition set forth in this order, Respondent may be subject to additional fines and/or other sanctions.

This order shall be effective 30 days after the date signed by the CRA's executive director or designee, as set forth below.

CANNABIS REGULATORY AGENCY

Signed on: 11/6/2024

By: **Brian Hanna**
Executive Director Brian Hanna
or Designee
Cannabis Regulatory Agency

Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email =
bhanna@miichigan.gov C = US O = CRA OU = CRA
Date: 2024.11.06 11:53:43 -0500

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 CRA to prove the charges set forth in the 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. There is no evidence that the products referenced in the complaint entered the supply chain or were made available to patients or consumers.
 - b. Respondent represents that the incident stemmed from its own misunderstandings about requirements for the then new product type, rather than an intentional disregard of applicable rules.
 - c. The CRA issued a series of technical bulletins starting in early 2021 to provide licensees with guidance on the production, testing, and process for obtaining agency approval of marijuana-infused beverages. Respondent soon thereafter received CRA approval for its production of infused beverages and compliantly entered test results for its most recent batch of the products into Metrc.
 - d. Respondent implemented a revised standard operating procedure for tracking marijuana products in the statewide monitoring system that is intended to prevent future recurrences. The CRA approved the revised SOP on September 18, 2024.
 - e. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.

4. The CRA's operations director or designee must approve this proposed agreement before it is forwarded to the CRA's executive director or 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 operations director, executive director, or 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 Hernandez

Digitally signed by Sara Hernandez
DN: CN = Sara Hernandez email =
Sara.HernandezS1@michigan.gov C = US O = CRA OU =
LJRA
Date: 2024.10.31 15:22:08 -04'00'

Desmond Mitchell
Operations Director
or Designee
Cannabis Regulatory Agency
Dated: 10/31/2024

AGREED TO BY:



David Flood
Authorized Representative
On behalf of Respondent
DNVK 5, LLC
Dated: 10/22/2024

/s/ Jeffrey W. Miller

Jeffrey W. Miller (P78786)
Audrey E. Elzerman (P82596)
Assistant Attorneys General
Attorneys for Cannabis Regulatory Agency
Dated: 10/23/2024

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

In the Matter of

DNVK 5, LLC
ERG No.: 002446
License No.: PR-000154
ENF No.: 21-00254

CMP No.: 21-000589

FORMAL COMPLAINT

The Marijuana Regulatory Agency (“Complainant”) files this formal complaint against DNVK 5, 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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www.michigan.gov/MRA

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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 processor facility in the state of Michigan.

6. Respondent operated at 32660 Dequindre Rd., Warren, Michigan 48092, 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. On October 31, 2020, Respondent began producing marijuana infused beverages. The marijuana products were not recorded in the statewide monitoring system (Metrc) and did not have Metrc tags affixed to them.
- b. On November 3, 2020, Respondent transferred the marijuana infused beverages to a safety compliance facility for the purposes of testing. The marijuana products had not been tagged or recorded in Metrc.
- c. On November 4, 2020, Respondent produced another batch of the marijuana infused beverage.
- d. On November 13, 2020, Respondent received Metrc tags for the November 4, 2020, batch of marijuana infused beverages and had this batch sampled and tested at a safety compliance facility.
- e. On February 23, 2021, the MRA granted Respondent approval to produce marijuana infused beverages it had been producing since October of 2020.
- f. On March 17, 2021, test results for the marijuana infused beverages produced in February 2021 were entered into Metrc.
- g. Respondent's failure to record the marijuana infused beverages in Metrc is in violation of Mich Admin Code, R 420.103(4), which states a marijuana processor must enter all transactions, current inventory, and other information into the statewide monitoring system as required in these rules.

- h. Respondent is also in violation of Mich Admin Code, R 420.502(1), which states all marihuana products sold or transferred between marihuana businesses must have the tracking identification numbers that are 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.
- i. Respondent's conduct is also in violation of Mich Admin Codes, R 420.210(1) & R 420.210(2), which prohibit a marijuana business from possessing and transferring marijuana products that are not identified and recorded in the statewide monitoring system, or do not have batch numbers or identification tags or labels affixed, and also require a licensee to immediately tag, identify, or record as part of a batch in Metrc any marijuana product.

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:

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2407 NORTH GRAND RIVER • P.O. BOX 30205 • LANSING, MICHIGAN 48909
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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

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:

12/22/2021

By:

Claire Patterson	Digitally signed by Claire Patterson Date: 2021.12.22 10:01:27 -05'00'
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Claire Patterson, Manager
Scientific and Legal Section Manager
Enforcement Division
Marijuana Regulatory Agency