

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

In the Matter of

Maivda Investments, LLC
dba Consume Cannabis Quincy
License No.: AU-R-000249

ENF No.: 23-00559

_____/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On November 7, 2023, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the adult-use marijuana retailer license (no. AU-R-000249) of Maivda Investments, LLC dba Consume Cannabis Quincy (Respondent) under the Michigan Regulation and Taxation of Marihuana Act (MRTMA), MCL 333.27951 *et seq.*, and administrative rules promulgated thereunder. The complaint alleged Respondent violated Mich Admin Code, R 420.112a(2), R 420.802(2), R 420.802(3)(a), R 420.802(3)(e), and R 420.803(1).

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 420.112a(2), R 420.802(2), R 420.802(3)(a), R 420.802(3)(e), and R 420.803(1).

Accordingly, for these violations, IT IS ORDERED:

1. Respondent must pay a fine in the amount of one thousand six hundred sixty-six and 66/100 dollars (\$1,666.66). 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. 23-00559” and “License No. AU-R-000249” 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: 11/4/2024

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

Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email =
hannab@michigan.gov C = US O = CRA OU = CRA
Date: 2024.11.04 12:58:13 -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 MRTMA.
2. Respondent understands and intends that by signing this stipulation, Respondent is waiving the right under the MRTMA, 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. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.
 - b. This consent order and stipulation is part of a comprehensive resolution of 12 related formal complaints against Cam Club, LLC, DNVK 3, LLC, DNVK 5, LLC, DNVK Lapeer, Inc., and Maivda Investments, LLC concerning the same conduct.
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 =
HernandezS1@michigan.gov C = US O = CRA OU =
LARA
Date: 2024.10.31 15:10:13 -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
Maivda Investments, LLC dba
Consume Cannabis Quincy

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

LF: 2023-0392311-A / Maivda Investments, ENF No. 23-00559 / Consent Order and Stipulation / 2024-09-17

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

In the Matter of

Maivda Investments, LLC dba Consume Cannabis Quincy
License No.: AU-R-000249

ENF No: 23-00559

_____ /

FORMAL COMPLAINT

The Cannabis Regulatory Agency (“Complainant”) files this formal complaint against Maivda Investments, LLC dba Consume Cannabis Quincy (“Respondent”) alleging upon information and belief as follows:

1. The Cannabis Regulatory Agency (CRA) is authorized under the Michigan Regulation and Taxation of Marihuana Act (MRTMA), MCL 333.27951, *et seq.*, and Executive Reorganization Order No.2019-2, MCL 333.27001, to investigate alleged violations of the MRTMA and the administrative rule promulgated thereunder, take disciplinary action to prevent such violations, and impose fines and other sanctions against applicants and licensees that violate the MRTMA or administrative rules.

2. Section 8(1)(d) of the MRTMA provides that the administrative rules must ensure the health, safety, and security of the public and integrity of the marijuana establishment operations.

FACTUAL ALLEGATIONS AND INTENDED ACTION OF THE CRA

3. Respondent holds an active state license under the MRTMA to operate an adult use retailer establishment in the state of Michigan.

4. Respondent operated at 131 West Chicago Street, Quincy, Michigan 49082, at all times relevant to this complaint.

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

CANNABIS REGULATORY AGENCY
2407 NORTH GRAND RIVER • P.O. BOX 30205 • LANSING, MICHIGAN 48909
www.michigan.gov/CRA

LARA is an equal opportunity employer/program

- a. On March 1, 2023, Respondent submitted an Amendment application to the CRA to change ownership 100% to PTS Corp.
- b. While reviewing the application and supporting documents, the CRA discovered Respondent was doing business under the name and logo, Consume. Consume is a service mark registered with the Michigan Department of Licensing and Regulatory Affairs (“LARA”) by Consume Retail, LLC and not by Respondent. The CRA has not received a licensing agreement from Respondent to use the intellectual property of Consume Retail, LLC.
- c. On July 17, 2023, a CRA Regulation Agent (RA) emailed Respondent’s Manager, J.S., and Respondent’s Attorney, J.K., requesting information regarding Consume Retail, LLC. On July 18, 2023, Respondent’s Attorney, J.K., responded that a formal agreement did not exist between Respondent and Consume Retail, LLC, but that Consume Retail, LLC owned the name, logo, and service mark, Consume. A formal and/or informal agreement between Respondent and Consume Retail, LLC would require approval from the CRA prior to performance under the agreement.
- d. The CRA also discovered that Respondent was holding itself out as a licensee/partner of PTS Corp prior to it submitting the Amendment application on March 1, 2023:
 - i. Along with the Amendment application, Respondent submitted an Authorization Resolution (AR) confirming the sale of its membership interests and assets to PTS Corp. The signed AR has an effective date of February 1, 2023, one month before Respondent filed the amendment to change ownership to PTS Corp.
 - ii. The CRA RA observed in the statewide monitoring system (Metrc) that two of Respondent’s Managers, H.A., and L.Y.,

had “ptsgrows.com” email domains. Per Metrc, the Managers were hired in July 2021.

- iii. The CRA RA reviewed PTS Corp’s privacy policy at www.consume cannabis.com/privacy-policy and observed within the privacy policy that all questions should be directed to “privacy@ptsgrows.com.” The privacy policy had an effective date of January 2020 and was last updated in February 2021. The email address listed in the privacy policy contains the same email domain as two of Respondent’s Managers.
- iv. The CRA RA observed on PTS Corp’s website that PTS Corp operated 6 “dispensaries” and retail outlets in Michigan under the brand name Consume Cannabis Co.

Count I

Respondent’s actions as described above in paragraphs b and c demonstrate a violation of Mich Admin Code, R 420.112a(2), which states a licensee shall submit a complete, unredacted, signed copy of the licensing, management, or other agreement to the agency for review and approval prior to performance under the agreement. Approval by the agency indicates an agency determination that it does not appear based upon the information provided that the other party meets the definition of applicant.

Count II

Respondent’s actions as described above in paragraph d demonstrate a violation of Mich Admin Code, R 420.802(2), which states licensees shall report to the agency any changes to the marihuana business operations that are required in the acts and these rules, as applicable.

Count III

Respondent's actions as described above in paragraph d demonstrate a violation of Mich Admin Code, R 420.802(3)(a), which states licensees shall report to the agency any proposed material changes to the marihuana business before making a material change. A proposed material change is any action that would result in alterations or changes being made to the marihuana business to effectuate the desired outcome of a material change. Material changes, include, but are not limited to, the following: (a) Change in owners, officers, members, or managers.

Count IV

Respondent's actions as described above in paragraph d demonstrate a violation of Mich Admin Code, R 420.802(3)(e), which states licensees shall report to the agency any proposed material changes to the marihuana business before making a material change. A proposed material change is any action that would result in alterations or changes being made to the marihuana business to effectuate the desired outcome of a material change. Material changes, include, but are not limited to, the following: (e) any attempted transfer, sale, or other conveyance of an interest in a marihuana license.

Count V

Respondent's actions as described above in paragraph d demonstrate a violation of Mich Admin Code, R 420.803(1), which states, in part, any material change or modification to the marihuana business must be approved by the agency before the change or modification is made.

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.

Pursuant to 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 MRTMA 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:

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.

CONTINUED ONTO NEXT PAGE.

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Questions about this complaint should be directed to the Cannabis Regulatory Agency's legal section at (517) 284-8599 or CRA-LegalHearings@michigan.gov.

Dated: 11/7/2023

By: Alyssa A. Grissom
Digitally signed by Alyssa A. Grissom
Date: 2023.11.07 13:38:38 -05'00'

Alyssa A. Grissom
Legal Section Manager
Cannabis Regulatory Agency

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