U.S. Department of Justice
Drug Enforcement Administration

www.dea.gov

Springfield, Virginia 22152

IN THE MATTER OF

In-Dispensary, LLC
250 2nd Ave South, Unit #245A
Minneapolis, MN 55401

Application Control No. M00001307J

ORDER TO SHOW CAUSE

PURSUANT to Sections 303 and 304 of the Controlled Substances Act, Title 21, United States Code, Sections 823 and 824,

NOTICE is hereby given to afford In-Dispensary, LLC (In-Dispensary) an opportunity to Show Cause before the Drug Enforcement Administration (DEA), at the DEA Hearing Facility at 700 Army Navy Drive, 2nd Floor, Arlington, VA 22202, or a location designated by the Administrative Law Judge, on January 19, 2027, or on such a subsequent date designated by the Administrative Law Judge (if In-Dispensary requests such a hearing and files an answer), as to why DEA should not deny its pending application for a DEA Certificate of Registration (COR), Control No. M00001307J (the COR Application), and for any other DEA registrations, because In-Dispensary's registration is inconsistent with the public interest under 21 U.S.C. § 823(g)(1).

As detailed below, this Order states DEA's basis to deny In-Dispensary's COR Application, including a ***non-exhaustive summary*** of the matters of fact and law at issue, as well as citations to laws and regulations that it has violated. In order to preserve In-Dispensary's rights in this proceeding, it may appear in this proceeding by filing a notice of appearance or request for a hearing and filing an answer in the manner prescribed by regulations, within 30 days from the receipt of this Order. On or before the date of In-Dispensary's appearance, it may submit a corrective action plan that will be considered by DEA in accordance with 21 U.S.C. § 824(c).

LEGAL REQUIREMENTS

The Single Convention and Federal Law

As a signatory to the Single Convention on Narcotic Drugs, 1961 (the Single Convention), the United States must fulfill certain treaty obligations regarding controlled substances, including requiring "medical prescriptions for the supply or dispensation of drugs to individuals." 18 U.S.T. 1407, 520 U.N.T.S. 151, art. 30 § 2(b). The Single Convention further obligates its member states to discontinue the "use of cannabis for other than medical and scientific purposes." *Id.* at art. 49 § 2(f).

Compliance with the United States' treaty obligations under the Single Convention is reflected in DEA's recently promulgated regulations governing the registration of medical marijuana applicants.

In general, registration of a medical marijuana applicant that complies with a state-law regime containing, "robust protections against diversion, requirements for record-keeping and reporting, and safety and inspection measures will not be inconsistent with the public interest so long as registration is ***consistent with the Single Convention***." 21 C.F.R. § 1301.13(k) (emphasis added).

Moreover, an applicant seeking to obtain a medical marijuana registration is not authorized to manufacture, distribute, dispense, or use "marijuana or products containing marijuana for ***non-medical purposes***." *Id.* at § 1301.13(k)(1)(iv) (emphasis added).

Lastly, to adhere to the Single Convention's prescription requirement, the DEA regulations governing registration of medical marijuana applicants state, "a certification or other document (including an electronic document) that state law deems sufficient for a user to obtain marijuana or products containing marijuana for medical purposes shall be sufficient to permit dispensing of marijuana or products containing marijuana to a user so long as the certification or other document is dated as of, and signed on, the day when issued; bears the full name and address of the user; and contains the name, address, and state license number of the practitioner who signed the certification or other document and is authorized to do so under state law." *Id.* at § 1301.13(k)(5).

Synthetic Marijuana

The then-Acting Attorney General's April 28, 2026 Final Order (the April 2026 Final Order) moved only a limited range of controlled substances from schedule I to schedule III, namely, marijuana as defined in 21 U.S.C. § 802(16), marijuana extract as defined in 21 C.F.R. § 1308.11(d)(58), and naturally-derived delta 9-tetrahydrocannabinol, each in an FDA-approved product or subject to a state medical marijuana license. 91 Fed. Reg. 22,714, 22,714 (2026). The April 2026 Final Order excluded "synthetically derived THC [tetrahydrocannabinol], which is outside the CSA's definition of marijuana," including THC that "can be derived only through a process of artificial synthesis." *Id.* at 22,719. As a result, "synthetic THC remains in schedule I," *id.*, and its handling without a schedule I DEA registration violates the CSA and constitutes diversion. *See* 21 U.S.C. § 841(a); 21 C.F.R. § 1301.11(a).

Minnesota's Medical Marijuana State Law Regime

The State of Minnesota excepts veterans from the requirement to submit a written certification from their health care practitioner before being dispensed medical marijuana. MINN. STAT. § 342.52(2)(a). Instead, Minnesota has established "an alternative certification procedure for veterans to enroll in the patient registry program" to receive medical marijuana that does not require a written certification. Specifically, Minnesota's Office of Cannabis Management "may request that a patient who is a veteran and is seeking to enroll in the registry program submit . . . a copy of the patient's veteran identification and an attestation that the veteran has been diagnosed with a qualifying medical condition . . ." *Id.* at § 342.52(3).

Additionally, under Minnesota state law, an entity is permitted to hold a medical cannabis combination business license, authorizing the licensee both to "sell medical cannabis flower" and "medical cannabinoid products" to patients enrolled in the state's medical cannabis registry program. Such entities are also authorized to sell "adult-use [i.e., non-medical] cannabis flower" and "adult-use cannabis products" to "customers." *Id.* at § 342.515(1)(c) (providing medical cannabis endorsement to a cannabis business).

Minnesota further allows artificially derived cannabinoid products to be dispensed by state medical cannabis licensees. *Id.* at § 342.51. Under Minnesota law, "medical cannabinoid product" refers to a product that "consists of or contains cannabis concentrate or hemp concentrate or is infused with cannabinoids, including but not limited to artificially derived cannabinoids." *Id.* at § 342.01(52)(a)(1); *see also id.* at § 342.01(6) (defining artificially derived cannabinoid); *id.* at § 342.01(69) (defining synthetic cannabinoid).

BACKGROUND

1. On or about May 27, 2026, In-Dispensary applied for a DEA COR as a dispenser in schedule III, seeking to dispense medical marijuana. In-Dispensary's DEA COR Application was assigned Control No. M00001307J. Its proposed registered address is 250 2nd Ave South, Unit #245A, Minneapolis, MN 55401.

2. In-Dispensary is licensed by the Minnesota Office of Cannabis Management under license number MICRO-L25-000439, which expires by its own terms on August 12, 2027.

3. As detailed below, denial of In-Dispensary's COR Application is appropriate under three independent grounds, each of which involves Minnesota's state law regime violating federal law relating to controlled substances.

MINNESOTA'S DUAL-PURPOSE MARIJUANA LICENSE

4. Because the State of Minnesota allows licensees to participate in both the non-medical and medical marijuana markets, MINN. STAT. § 342.515(1)(c), the state regime fails to provide "robust protections" against diversion, as non-medical use of marijuana remains prohibited under federal law.

5. First, the State of Minnesota's dual-purpose marijuana license, permitting both medical and non-medical dispensing, falls outside the recently promulgated definition of "state medical marijuana license," under 21 C.F.R. § 1300.01, which is defined as "a license issued by a state entity. . . authorizing the licensee to manufacture, distribute, and/or dispense marijuana or products that contain marijuana ***for medical purposes***" (emphasis added). As reflected by this definition, dispensing marijuana for non-medical purposes pursuant to a state license was not contemplated by the then-Acting Attorney General's April 2026 Final Order, 91 Fed. Reg. 22,714 (2026), nor the President's Executive Order No. 14370, Increasing Medical Marijuana and Cannabidiol Research, 90 Fed. Reg. 60,541 (2025).

6. Second, dispensing any controlled substance for recreational use constitutes *per se* diversion under the Controlled Substances Act (CSA). *See Medpharm Research, LLC*, 91 Fed. Reg. 64,176, 64,178 (2026) ("Further, manufacturing marijuana for the recreational market violates the CSA and DEA regulations, and it constitutes diversion of a Schedule I controlled substance."); 21 C.F.R. § 1301.13(k)(1)(iv).

7. By allowing the dispensing of marijuana for non-medical purposes concomitant with and under the same state license as dispensing for medical purposes, the State of Minnesota's regime not only lacks "robust protections against diversion," but also lacks the capacity to achieve the public interest objectives underlying the CSA's registration framework. Such objectives include protecting the public health and safety and preventing the diversion of controlled substances into illicit channels. *See* 91 Fed. Reg. 22,714, 22,720 (2026); *see also Gonzales v. Raich*, 545 U.S. 1, 12 (2005) ("The main objectives of the CSA were to conquer drug abuse and to control the legitimate and illegitimate traffic in controlled substances. Congress was particularly concerned with the need to prevent the diversion of drugs from legitimate to illicit channels.").

8. Based on such deficiencies, DEA cannot permit ***any*** applicant operating under the State of Minnesota's regime access to the federal CSA's closed system when the State of Minnesota issues licenses that authorize diversionary non-medical dispensing as well as medical dispensing. For DEA to sanction or bestow the imprimatur of legitimacy upon such conduct by granting a registration would be inconsistent with the CSA as well as United States' treaty obligations under the Single Convention. 18 U.S.T. 1407, 520 U.N.T.S. 151, art. 49 § 2(f) ("The use of cannabis for other than medical and scientific purposes must be discontinued[.]"). Indeed, it has long been established that federal treaties are supreme and take precedence over conflicting state laws. *See* U.S. CONST. art. VI, cl. 2; *Missouri v. Holland*, 252 U.S. 416, 434–35 (1920).

9. Therefore, DEA must deny In-Dispensary's COR Application given DEA's obligations to preserve the CSA's registration framework, ensure compliance with the United States' treaty obligations under the Single Convention, and prevent the diversion and/or abuse of controlled substances. Here, registering an applicant with the state authority to dispense a controlled substance for non-medical purposes—constituting *per se* diversion under the CSA—would violate federal law and promote such other conduct which may threaten the public health and safety. *See* 21 U.S.C. §§ 823(g)(1)(D); 823(g)(1)(E). In-Dispensary's registration is, therefore, inconsistent with the public interest. 21 U.S.C. § 823(g)(1).

MINNESOTA PERMITS DISPENSING MARIJUANA WITHOUT A CERTIFICATION / PRESCRIPTION

10. DEA similarly cannot register any medical marijuana dispensary operating under Minnesota's state law regime because Minnesota permits dispensing to certain patient populations without a written certification. As noted, a Minnesota dispensary may dispense medical marijuana to veterans who merely submit their veteran identification and an attestation that the veteran has been diagnosed with a qualifying medical condition. MINN. STAT. § 342.52(3). No written certification is needed.

11. Such dispensing violates the United States' treaty obligations under the Single Convention, which mandates the use of "medical prescriptions" when dispensing controlled substances. 18 U.S.T. 1407, 520 U.N.T.S. 151, art. 30 § 2(b). Again, such conflict is untenable, as federal treaties are supreme and take precedence over state laws. *See* U.S. CONST. art. VI, cl. 2; *Missouri v. Holland*, 252 U.S. 416, 434–35 (1920).

12. Dispensing medical marijuana without a written, signed certification also violates the requirements under 21 C.F.R. § 1301.13(k)(5).

13. In-Dispensary's COR Application, therefore, must be denied, as granting the application would violate federal law relating to controlled substances. 21 U.S.C. § 823(g)(1)(D).

MINNESOTA PERMITS DISPENSING SYNTHETIC MARIJUANA

14. The April 2026 Final Order excluded synthetically derived THC products—which fall outside the CSA's definition of marijuana, 21 U.S.C. § 802(16)(A)—from being rescheduled from schedule I to schedule III.

15. Because synthetic THC products remain under schedule I, handling of such products without a DEA registration and/or dispensing such products, violates the CSA and constitutes diversion. *See* 21 U.S.C. § 841(a); 21 C.F.R. § 1301.11(a).

16. Therefore, denial of In-Dispensary's COR Application is further warranted because Minnesota's state law regime permits dispensaries to dispense synthetic marijuana products, *see* MINN. STAT. § 342.51, in violation of federal law relating to controlled substances. *See* 21 U.S.C. § 823(g)(1)(D).

THE following procedures are available to In-Dispensary in this matter:

1. Within 30 days after the date of receipt of this Order to Show Cause, In-Dispensary may file with DEA a written request for a hearing and file an answer in the form set forth in 21 C.F.R. § 1316.47. *See* 21 C.F.R. § 1301.43(a). If it fails to file such a request, In-Dispensary shall be deemed to have waived its right to a hearing and to be in default. *See* 21 C.F.R. § 1301.43(c)(1).

2. Should In-Dispensary request a hearing and fail to timely file an answer, plead, or otherwise defend, or should it request a hearing and file an answer and then fail to appear at the designated hearing, it shall be deemed to have waived the right to a hearing and to be in default, and DEA may enter an order terminating the proceeding. *See* 21 C.F.R. §§ 1301.43(c)(2), (c)(3), (d).

3. Default constitutes a waiver of its right to a hearing and an admission of the factual allegations in the Order to Show Cause. *See* 21 C.F.R § 1301.43(e). In the event that it is deemed in default or an order terminating the proceedings has been issued, DEA may enter a default final order pursuant to 21 C.F.R. § 1316.67. *See* 21 C.F.R. § 1301.43(f)(1).

Requests for a hearing and In-Dispensary's answer should be filed by email with the Office of Administrative Law Judges at the following address: ECF-DEA@dea.gov, with a copy simultaneously provided to the Government at the following address: DEA.Registration.Litigation@dea.gov. Except as provided below with respect to a corrective action plan, correspondence concerning this matter, including the request referenced above, should be addressed to the Hearing Clerk, Office of Administrative Law Judges, Drug Enforcement Administration, 8701 Morrissette Drive, Springfield, VA 22152. A copy of the same shall also be served on Government Counsel, Andrew N. Shindi, and be addressed to the Office of Chief Counsel, Diversion Section, 8701 Morrissette Drive, Springfield, VA 22152.

OPPORTUNITY TO SUBMIT CORRECTIVE ACTION PLAN

In addition to the option to request a hearing and file an answer as set forth above, in accordance with 21 U.S.C. § 824(c)(2)(C), In-Dispensary has the opportunity to submit a corrective action plan, which must be received by the Assistant Administrator, Diversion Control Division, on or before the date of In-Dispensary's appearance. In-Dispensary is not required to submit a corrective action plan, nor will any adverse inference be drawn if it chooses not to do so. If In-Dispensary wishes to submit a corrective action plan, it must be submitted directly to the Assistant Administrator, Diversion Control Division, who will decide whether, in view of the plan and the allegations set forth in this Order to Show Cause, the proceedings to deny its application should be discontinued, or deferred for the purposes of modification, amendment, or clarification of such plan. Any corrective action plan should be clearly labeled "Corrective Action Plan" and submitted by email to Cheri Oz, Assistant Administrator, Diversion Control Division, at the following address: CAPresponse@usdoj.gov.

A copy of the corrective action plan shall also be served on Government Counsel, Andrew N. Shindi, and be addressed to the Office of Chief Counsel, Diversion Section, 8701 Morrissette Drive, Springfield, VA 22152.

In the event In-Dispensary submits a corrective action plan, and the Assistant Administrator decides not to discontinue or postpone the proceedings, please note that such a decision is not a final agency action. The Administrator may consider a corrective action plan submitted by In-Dispensary in issuing the final order at the conclusion of the proceedings.

Finally, please be advised that the submission of a corrective action plan shall not constitute a request for a hearing or an answer. As indicated, if In-Dispensary chooses to submit a corrective action plan and also wishes to proceed by requesting a hearing and filing an answer, it must separately submit its request for a hearing and an answer in accordance with the instructions above.

Cheri Oz Digitally signed by Cheri Oz Date: 2026.10.27 12:15:04 -04'00'

Cheri Oz
Assistant Administrator
Diversion Control Division

cc: Hearing Clerk, Office of Administrative Law Judges
Andrew N. Shindi, Government Counsel