



**DEPARTMENT OF JUSTICE  
Drug Enforcement Administration**

**MCRGC, LLC;  
Decision and Order**

On May 7, 2024, the Drug Enforcement Administration (DEA or Government) issued an Order to Show Cause (OSC) to MCRGC, LLC, of New Orleans, LA (Applicant). Request for Final Agency Action (RFAA), Exhibit (RFAAX) 2, at 1, 6. The OSC proposed the denial of Applicant's application for DEA registration, Control No. W16097592E, alleging that Applicant's registration would be inconsistent with the public interest. *Id.* at 1 (citing 21 U.S.C. 823(a)).

More specifically, the OSC alleged that Applicant did not have: (1) a physical location for its establishment to grow marijuana that DEA can inspect; (2) state licensure in any state for growing marijuana; (3) a DEA Schedule I researcher certificate of registration; and (4) a bona fide supply agreement with a registered DEA Schedule I researcher with a DEA approved marijuana research protocol. *Id.* at 1 (citing 21 U.S.C. 822(f), 21 U.S.C. 823(a), and 21 CFR 1318.05(b)). On June 28, 2024, the Government submitted an RFAA requesting that the Agency issue a default final order denying Applicant's application for registration. RFAA, at 1.

After carefully reviewing the entire record and conducting the analysis as set forth in more detail below, the Agency grants the Government's request for final agency action and denies Applicant's application for registration.

**I. DEFAULT DETERMINATION**

Under 21 CFR 1301.43, an applicant entitled to a hearing who fails to file a timely hearing request "within 30 days after the date of receipt of the [OSC] . . . shall be deemed to have waived their right to a hearing and to be in default" unless "good cause" is established for the failure. 21 CFR 1301.43(a), (c)(1). In the absence of a demonstration of good cause, an

applicant who fails to timely file an answer also is “deemed to have waived their right to a hearing and to be in default.” 21 CFR 1301.43(c)(2). Unless excused, a default is deemed to constitute “an admission of the factual allegations of the [OSC].” 21 CFR 1301.43(e).

Here, the OSC notified Applicant of its right to file a written request for hearing, and that if it failed to file such a request, it would be deemed to have waived its right to a hearing and be in default. RFAAX 2, at 4-5 (citing 21 CFR 1301.43). As a preliminary matter, the Agency finds that service of the OSC was adequate. On May 7, 2024, a DEA Diversion Investigator (DI) mailed a copy of the OSC to Applicant’s mailing address and emailed a copy to the email address listed on the application. RFAA, at 2; RFAAX 3, 1-2, App. A-B. On the same day, the DI received a reply email confirming receipt of the OSC. RFAA, at 2; RFAAX 3, 2, App. C. After more than 30 days passed, the Government asserted in the RFAA that Applicant did not timely request a hearing. RFAA, at 2. Thus, the Agency finds that Applicant is in default and therefore has admitted to the factual allegations in the OSC. 21 CFR 1301.43(e).

## **II. APPLICABLE LAW**

The Controlled Substances Act (CSA) states that the Agency shall register an applicant to manufacture controlled substances in schedule I or II if such registration is determined to be “consistent with the public interest and with United States obligations under international treaties, conventions, or protocols in effect on May 1, 1971.” 21 U.S.C. 823(a). The CSA provides six factors the Agency must consider in determining the public interest. *Id.*

One of the required considerations is “the existence in the establishment of effective control against diversion,” 21 U.S.C. 823(a)(5), and DEA is authorized to inspect an applicant’s establishment. 21 U.S.C. 822(f)(1)<sup>1</sup>; 21 CFR 1301.31. This inspection is “fundamental to the CSA’s mandate to protect the public interest.” *Novelty Distributors, Inc.*, 73 Fed. Reg. 52,689,

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<sup>1</sup> The HALT All Lethal Trafficking of Fentanyl Act, sec. 3(d)(1), Pub. L. No. 119-26, 139 Stat. 410, 414 (2025), modified this subsection by inserting a subsection number.

52,701 (2008), *pet. for rev. denied sub. nom. Novelty, Inc. v. D.E.A.*, 571 F.3d 1176 (D.C. Cir. 2009).

The CSA's implementing regulations further provide that the Agency shall place "particular emphasis" on certain enumerated criteria in determining applicant selection consistent with the public interest with respect to marijuana growers and manufacturers. 21 CFR 1318.05(b)(2)-(3). In situations where "an applicant seeks registration to grow cannabis for its own research or product development," one of the criteria of "particular emphasis" is that "the applicant must possess registration as a schedule I researcher with respect to marijuana under [21 CFR 1301.32]." 21 CFR 1318.05(b)(3)(ii). Additionally, the Agency must consider whether the applicant has "a bona fide supply agreement with a registered researcher or manufacturer," to assist the Agency in assessing "the extent to which any applicant is able to supply cannabis or its derivatives in quantities and varieties that will satisfy the anticipated demand of researchers and other registrants in the United States." 21 CFR 1318.05(b)(3)(i).

### **III. FINDINGS OF FACT**

In light of Applicant's default, the factual allegations in the OSC are deemed admitted.<sup>2</sup> 21 CFR 1301.43(e). Accordingly, Applicant admits that it does not have a physical location for its establishment to grow marijuana that DEA can inspect, it does not hold a DEA Schedule 1 researcher certificate of registration (nor does Principal and Founding Member Dr. D.J.), and it does not have a bona fide supply agreement with a registered DEA schedule 1 researcher with a DEA-approved marijuana research protocol. RFAAX 2, at 1, 4. Applicant further admits that it has "failed to submit a full, accurate, or complete bulk manufacturer application" for the Agency to consider. *Id.* at 4.

### **IV. DISCUSSION**

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<sup>2</sup> According to the CSA, "[f]indings of fact by the [DEA Administrator], if supported by substantial evidence, shall be conclusive." 21 U.S.C. 877. Here, where Applicant is found to be in default, all of the factual allegations in the OSC are deemed to be admitted. These uncontested and deemed admitted facts constitute evidence that exceeds the "substantial evidence" standard of 21 U.S.C. 877; it is un rebutted evidence.

Here, Applicant “does not have a physical location for its establishment to grow marijuana” that DEA can inspect under 21 U.S.C. 822(f)(1) and 21 CFR 1301.31. RFAAX 2, at 4. Moreover, Applicant does not have a bona fide supply agreement with a registered researcher or manufacturer for the Agency to consider under 21 CFR 1318.05(b)(3)(i). RFAAX 2, at 4. Although there is no indication in the record that Applicant “seeks registration to grow cannabis for its own research or product development,” nevertheless, Applicant does not possess the schedule I researcher registration that would be required if it was seeking to do so. 21 CFR 1318.05(b)(3)(ii); RFAAX 2, at 4. Therefore, these criteria under Agency consideration weigh against Applicant. 21 U.S.C. 823(a)(1), (5); 21 CFR 1318.05(a), (b)(3).

Considering the public interest factors of 21 U.S.C. 823(a), the Agency determines that the issuance of a manufacturer registration to Applicant would not be consistent with the public interest.<sup>3</sup> Accordingly, the Agency will order the denial of Applicant’s application for registration.

### **ORDER**

Pursuant to 28 CFR 0.100(b) and the authority vested in me by 21 U.S.C. 823(a), I hereby deny the application for a DEA Certificate of Registration, Control No. W16097592E, submitted by MCRGC, LLC, as well as any other pending application of MCRGC, LLC, to amend or modify this application. This Order is effective **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

### **SIGNING AUTHORITY**

This document of the Drug Enforcement Administration was signed on October 9, 2025, by Administrator Terrance Cole. That document with the original signature and date is maintained by DEA. For administrative purposes only, and in compliance with requirements of

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<sup>3</sup> The Agency declines to consider Applicant’s lack of state licensure in any state for growing marijuana. RFAA, at 1, 3; RFAAX 2, at 4. The Government failed to propose a legal basis for this fact to weigh against Applicant (e.g., the existence of a relevant state requirement for licensure and how that state requirement would apply to this Applicant). 21 U.S.C. 823(c)(1)(B)(vii).

the Office of the Federal Register, the undersigned DEA Federal Register Liaison Officer has been authorized to sign and submit the document in electronic format for publication, as an official document of DEA. This administrative process in no way alters the legal effect of this document upon publication in the Federal Register.

**Heather Achbach,**  
*Federal Register Liaison Officer,*  
*Drug Enforcement Administration.*

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