



**DEPARTMENT OF JUSTICE
Drug Enforcement Administration**

Decision and Order: Medpharm Research, LLC

On September 17, 2025, the Drug Enforcement Administration (DEA or Government) issued an Order to Show Cause (OSC) to MedPharm Research, LLC, of Denver, Colorado (Applicant). Request for Final Agency Action (RFAA), Exhibit (RFAAX) 1, at 1, 6. The OSC proposed the denial of Applicant’s application for DEA registration as a bulk manufacturer of marijuana in its Schedule I form,¹ Control No. W16089931E, 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’s sibling and parent entities have been handling marijuana for years without DEA registration and its sibling entity has engaged in diversion by manufacturing marijuana for the recreational market. RFAAX 1, at 4 (citing 21 U.S.C. 823(a)(6), 824(a)(4); 21 CFR 1318.05(b)(1)); RFAA, at 5. On July 21, 2026, the Government submitted an RFAA requesting that the Agency issue a default final order denying Applicant’s application for registration. RFAA, at 1, 6.

After carefully reviewing the entire record and conducting the analysis as set forth in detail below, the Agency² grants the Government’s RFAA and denies Applicant’s application for registration.

¹ The CSA and DEA regulations refer to the substance as “marijuana” and “marihuana” interchangeably. *See, e.g.*, 21 U.S.C. 802(16)(A) (providing that “the terms ‘marihuana’ and ‘marijuana’ mean all parts of the plant *Cannabis sativa* L.,” subject to applicable exceptions); 21 U.S.C. 812(c), Schedule I(c)(10) (listing “marihuana” in Schedule I); 21 CFR 1301.13(k) (setting forth provisions for medical “marijuana” registrations); 21 CFR 1301.33(d) (discussing applications for registration to manufacture “marihuana”). This Decision will refer to the substance as “marijuana,” unless quoting language that uses the alternate spelling. 21 U.S.C. 802(16)(A), 812(c), Schedule I(c)(10); 21 CFR 1308.11(d)(23), (58).

² The CSA delegates authority to the Attorney General, who has delegated it to the Administrator of DEA (the Agency). 28 CFR 0.100.

I. DEFAULT DETERMINATION

Under 21 CFR 1301.43, a registrant 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, a registrant 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).

Based on the Government’s submissions in its RFAA, the Agency finds that service of the OSC on Applicant was adequate. Specifically, the Declaration from a DEA Diversion Investigator (DI) indicates that on September 19, 2025, the DI personally served a copy of the OSC on Applicant at its proposed registered address. RFAAX 2, at 1. At the time of service, Applicant’s Director of Pharmacology, Mr. D.M., signed a DEA-12, Receipt for Cash or Other Items, acknowledging receipt of the OSC. RFAAX 2 and Exhibit A.

The OSC notified Applicant of its right to file a written request for hearing and answer, and that if it failed to file such a request and answer, it would be deemed to have waived its right to a hearing and be in default. RFAAX 1, at 5 (citing 21 CFR 1301.43). Here, Applicant did not request a hearing, file an answer, or respond to the OSC in any way. RFAA, at 1, 3, 5-6. Thus, the Agency finds that Applicant is in default and therefore has admitted to the factual allegations in the OSC. 21 CFR 1301.43(c)(1), (e), (f)(1).

II. APPLICABLE LAW

Marijuana, as defined in the CSA, as well as marijuana extract and tetrahydrocannabinols³ (hereinafter collectively referred to as marijuana), are Schedule I controlled substances, unless they are in a U.S. Food and Drug Administration approved product

³ Marijuana extract and tetrahydrocannabinols are defined in 21 CFR 1308.11(d). Tetrahydrocannabinols do not include any material, compound, mixture, or preparation that falls within the definition of hemp set forth in 7 U.S.C. 1639o.

or subject to a state medical marijuana license under 21 CFR 1308.13(g) as Schedule III controlled substances. 21 U.S.C. 812(c), Schedule I(c)(10); 21 CFR 1308.11(d)(23), (31), (58); RFAAX 1, at 1.

Congress enacted the CSA “to conquer drug abuse and control the legitimate and illegitimate traffic in controlled substances.” *Gonzales v. Raich*, 545 U.S. 1, 12 (2005). A particular concern of Congress was “the need to prevent the diversion of drugs from legitimate to illicit channels,” and it “devised a closed regulatory system making it unlawful to manufacture, distribute, dispense, or possess any controlled substance except in a manner authorized by the CSA.” *Id.* at 12-13; *see, e.g.*, 21 CFR 1301.71(a), .72-.76, 1318.04(a), 1318.05(a)(1), (5) (establishing various requirements to prevent diversion); RFAAX 1, at 3.

The CSA’s requirements under this closed regulatory system include that “[e]very person who manufactures . . . any controlled substance . . . , or who proposes to engage in the manufacture . . . of any controlled substance . . . , shall obtain annually a registration issued by the Attorney General in accordance with the rules and regulations promulgated by him.” 21 U.S.C. 822(a)(1); *see Raich*, 545 U.S. at 12-13, 27-28; RFAAX 1, at 2; *see also* 21 U.S.C. 823(a) (establishing requirements for the registration of manufacturers); 21 CFR 1301.11(a) (“Every person who manufactures . . . any controlled substance or who proposes to engage in the manufacture . . . of any controlled substance shall obtain a registration unless exempted”). “[I]t shall be unlawful for any person knowingly or intentionally . . . to manufacture . . . or possess with intent to manufacture . . . a controlled substance” except as authorized by the CSA. 21 U.S.C. 841(a)(1); RFAAX 1, at 2.

The CSA provides 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); RFAAX 1, at 2. Further, DEA regulations provide that “the Administrator may grant an application for a registration to manufacture marihuana,

including the cultivation of cannabis, only if he determines that such registration is consistent with the public interest and with United States obligations under the Single Convention.”

21 CFR 1318.03(a); RFAAX 1, at 2.

In April 2026, the Acting Attorney General issued a Final Rule which, in part, established “an expedited registration process . . . for entities holding state medical marijuana licenses, enabling such entities to engage in the manufacture, distribution, and/or dispensing of marijuana for medical purposes under federal law,” subject to applicable requirements. *Schedules of Controlled Substances: Rescheduling of Food and Drug Administration Approved Products Containing Marijuana From Schedule I to Schedule III; Corresponding Change to Permit Requirements*, 91 Fed. Reg. 22714, 22715 (2026). Applicant’s 2016 application will be reviewed under the application requirements for Schedule I bulk manufacturers of marijuana, as set forth in the OSC. 21 U.S.C. 823(a); 21 CFR 1318.05(a), (b); *but see infra* n.8.

The CSA establishes six factors for the Administrator to consider in determining whether a registration to manufacture controlled substances is in the public interest. 21 U.S.C. 823(a); *see* 21 CFR 1318.05(a) (DEA regulations implementing the same six factors); *MCRGC, LLC*, 90 Fed. Reg. 48431, 48431-32 (2025); RFAAX 1, at 2-3. Those six public interest factors for manufacturers are:

- “(1) maintenance of effective controls against diversion of particular controlled substances and any controlled substance in schedule I or II compounded therefrom into other than legitimate medical, scientific, research, or industrial channels, by limiting the importation and bulk manufacture of such controlled substances to a number of establishments which can produce an adequate and uninterrupted supply of these substances under adequately competitive conditions for legitimate medical, scientific, research, and industrial purposes;
- (2) compliance with applicable State and local law;

- (3) promotion of technical advances in the art of manufacturing these substances and the development of new substances;
- (4) prior conviction record of applicant under Federal and State laws relating to the manufacture, distribution, or dispensing of such substances;
- (5) past experience in the manufacture of controlled substances, and the existence in the establishment of effective control against diversion; and
- (6) such other factors as may be relevant to and consistent with the public health and safety.”

21 U.S.C. 823(a)(1)-(6); *see* 21 CFR 1318.05(a)(1)-(6); RFAAX 1, at 2-3.

Further, in determining which manufacturer applications are in the public interest, the Administrator must place “particular emphasis” on “[w]hether the applicant has demonstrated prior compliance with the [CSA] and [DEA regulations].” 21 CFR 1318.05(b)(1); RFAAX 1, at 3.

A DEA registration to manufacture marijuana does “not authorize the manufacture, distribution, dispensing, or use of marijuana or products containing marijuana for non-medical purposes.” 21 CFR 1301.13(k)(1)(iv); RFAA, at 5 n.2.

The burden is on Applicant to establish that granting its application for registration to manufacture marijuana is in the public interest. 21 CFR 1318.03(b); *see* 21 CFR 1301.44(a).

III. FINDINGS OF FACT

In light of Applicant’s default, the factual allegations in the OSC are deemed admitted.⁴ 21 CFR 1301.43(e). Accordingly, Applicant admits that on or about September 12, 2016,

⁴ 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 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.

Mr. A.G., the Chief Executive Officer (CEO) of Applicant's parent company, submitted an application on behalf of Applicant for a DEA registration (control No. WI6089931E) as a bulk manufacturer of marijuana.⁵ RFAAX 1, at 4.

Applicant is a wholly-owned subsidiary of MedPharm Holdings, LLC (d/b/a "Bud & Mary's Cannabis"). RFAAX 1, at 4. MedPharm Holdings also owns a second subsidiary known as MX, LLC. RFAAX 1, at 4. Mr. A.G. is the CEO of MedPharm Holdings and, in that position of responsibility over the parent company, oversees both Applicant and MX as subsidiaries and sister entities. RFAAX 1, at 4. Neither Applicant, its parent company MedPharm Holdings, nor its sister company MX is registered or has ever been registered by DEA to manufacture marijuana. RFAAX 1, at 4.

Applicant's sister company, MX, currently has numerous licenses from the State of Colorado and from the consolidated city-county of Denver to research, grow, manufacture, and sell marijuana in the Colorado state recreational and medicinal marijuana markets. RFAAX 1, at 4. MX has been growing and selling marijuana in Colorado since 2016. RFAAX 1, at 4.

On December 22, 2023, DEA requested additional information from Applicant, including documentation of Applicant's authority to manufacture marijuana under state law. RFAAX 1, at 4. Applicant provided DEA with a copy of a State of Colorado marijuana research and development license (MMJ R&D Cultivation No. 408C-00001) that had been issued to Applicant's parent company, MedPharm Holdings. RFAAX 1, at 4.

Applicant proposed to conduct its operations at the same facility where its sister company MX operates under the control of parent company MedPharm Holdings. RFAAX 1, at 4. That location has been operating, and continues to operate, as a marijuana cultivation facility, growing both medical and recreational marijuana, which is sold to third-party marijuana dispensaries operating within Colorado's marijuana market. RFAAX 1, at 4.

⁵ A Notice of Applicant's application was published in the Federal Register on August 27, 2019. *Bulk Manufacturer of Controlled Substances Applications: Bulk Manufacturers of Marihuana*, 84 Fed. Reg. 44920, 44922 (2019).

IV. DISCUSSION

Here, Applicant's parent company, MedPharm Holdings, and its sister company, MX, have been manufacturing marijuana without DEA registration for at least the past 10 years. RFAAX 1, at 4. Further, Applicant's parent company and sister company have been engaged in the manufacture of marijuana for sale in the recreational market. RFAAX 1, at 4. Manufacturing marijuana without a registration from DEA violates the CSA and DEA regulations. 21 U.S.C. 822(a)(1), 823(a), 841(a)(1); 21 CFR 1301.11(a); *Raich*, 545 U.S. at 12-13. Further, manufacturing marijuana for the recreational market violates the CSA and DEA regulations, and it constitutes diversion of a Schedule I controlled substance. 21 CFR 1301.13(k)(1)(iv), 1301.71(a), .72-.76, 1318.04(a); *Raich*, 545 U.S. at 12-13.

In sum, Applicant's corporate structure, acting through the company that owns and controls Applicant and its sister company, all of which are managed by the same CEO, Mr. A.G.,⁶ has engaged in the unregistered manufacture of marijuana for at least a decade and has diverted marijuana into the recreational market, in violation of federal law. *See* Sections III-IV. The unregistered manufacture of marijuana and the diversion of marijuana into recreational channels weigh against a finding of registration being consistent with the public interest and demonstrate a lack of "prior compliance with the" CSA and DEA regulations, which also weigh against a finding of registration being consistent with the public interest. 21 U.S.C. 823(a)(6); 21 CFR 1318.05(b)(1).

Considering the un rebutted and substantial evidence of record establishing Applicant's unregistered manufacture of and diversion of a Schedule I controlled substance, the Agency determines that issuing Applicant a manufacturer registration (bulk) for marijuana would not be consistent with the public interest.⁷ 21 U.S.C. 823(a)(6); 21 CFR 1318.05(b)(1). Accordingly,

⁶ *See Pharmboy Ventures Unlimited, Inc.*, 77 Fed. Reg. 33770, 33771 n.2 (2012) (noting that "DEA has long held that" the Agency "can look behind [an entity's] ownership structure" to evaluate the conduct of the people making decisions regarding the controlled substance side of the business) (citing *Carriage Apothecary*, 52 Fed. Reg. 27599, 27599 (1987)).

⁷ The burden is on the applicant to establish that its registration is consistent with the public interest. 21 CFR 1301.44(a); 21 CFR 1318.03(b); RFAAX 1, at 2. Here, by virtue of its default, Applicant has failed to present any

the Agency will order the denial of Applicant's application for registration.⁸

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 pending application for a DEA Certificate of Registration, Control No. W16089931E, submitted by MedPharm Research, LLC, as well as any other pending application of MedPharm Research, LLC, to amend or modify this application, or for additional registration in Colorado. 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 2, 2026, by DEA Administrator Terrance C. Cole. That document with the original signature and date is maintained by DEA. For administrative purposes only, and in compliance with requirements of 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.

evidence whatsoever to establish its registration is consistent with the public interest, and the deemed admitted facts (i.e., noncompliance with the CSA, violation of the registration requirement, and diversion of a Schedule I controlled substance), weigh against a finding in favor of registration. Although these are only factors, they are dispositive here because Applicant's default means it not only waived the right to present evidence regarding these factors, but it also waived the right to present any other evidence that its registration would be consistent with the public interest.

⁸ Denial of Applicant's application in this Order does not prohibit Applicant from submitting an application through the new framework established for issuing registrations based on state licenses to handle marijuana for medical purposes, if applicable. *See Schedules of Controlled Substances: Rescheduling of Food and Drug Administration Approved Products Containing Marijuana From Schedule I to Schedule III; Corresponding Change to Permit Requirements*, 91 Fed. Reg. 22714, 22721 (2026) (adding paragraph (k) to 21 CFR 1301.13 "establish[ing] an expedited review process for entities holding state medical marijuana licenses who seek registration as a marijuana manufacturer"); *see also id.* at 22722 (adding paragraphs (g)(2)-(4) to 21 CFR 1308.13 placing into Schedule III marijuana, marijuana extract, and delta-9-tetrahydrocannabinols "subject to a state medical marijuana license").

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