

**THE DISTRICT OF COLUMBIA
ALCOHOLIC BEVERAGE AND CANNABIS BOARD**

| | | |
|------------------------|---|--------------------------|
| In the Matter of: |) | |
| |) | |
| KLM, LLC |) | Case No.: 25-CC-00005 |
| t/a Doobie District |) | License No.: ABRA-126751 |
| |) | Order No.: 2026-211 |
| Medical Cannabis |) | |
| Retailer License |) | |
| |) | |
| at premises |) | |
| 1526 U Street, NW |) | |
| Washington, D.C. 20009 |) | |

BEFORE: Donovan Anderson, Chairperson
Silas Grant, Jr., Member
Teri Janine Quinn, Member
Ryan Jones, Member
David Meadows, Member

PRESENT: KLM, LLC, t/a Doobie District, Respondent

Cameron Mixon, Counsel on behalf of Respondent

Anthony Celo, Assistant Attorney General
Office of the Attorney General for the District of Columbia

FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

INTRODUCTION

The Alcoholic Beverage and Cannabis (Board) finds that KLM, LLC t/a Doobie District (hereinafter “Respondent” or “Doobie District”) violated 22-C DCMR § 5709.5¹ when it dispensed medical cannabis to a non-qualified patient or caregiver and 22-C DCMR § 5615.3 when it entered false information into METRC. Based on these violations, the Board imposes a 30-day suspension

¹ Charge I in the Notice of Status and Show Cause Hearing cites § 7-1671.05 *et seq.* and 22-C DCMR § 5709.4 as the basis of the violation. *ABCA Show Cause File No. 25-CC-00005*, Notice of Status Hearing and Show Cause Hearing, 1 (July 22, 2025). Due to a scrivener’s error in the Rulemaking in Notice of Eight Emergency Rulemaking, the present charge was identified as § 5709.4 in the emergency rulemaking that went into immediate effect upon adoption by the Board on July 9, 2025. Nevertheless, § 5709 was misnumbered and upon publication in the *D.C. Register*, this section has been renumbered § 5709.5.

and requires the ownership and staff to take Alcoholic Beverage and Cannabis Administration (ABCA)-approved medical cannabis training within 60 days of the issuance of this Order.

Procedural Background

This case arises from the Notice of Status Hearing and Show Cause Hearing (Notice), which the Board executed on July 22, 2025. *ABCA Show Cause File No. 25-CC-00005*, Notice of Status Hearing and Show Cause Hearing, 1 (July 22, 2025). The Notice charges the Respondent with multiple violations, which if proven true, would justify the imposition of a fine, as well as the suspension or revocation of the Respondent's license.

Specifically, the Notice charges the Respondent with the following violations:

Charge I: You dispensed medical marijuana to someone other than a qualifying patient or caregiver in violation of D.C. Official Code § 7-1671.05 *et seq.* and 22-C DCMR § [5709.5]², for which the Board may take the proposed action under D.C. Code § 7-1671.06(v)(1).

Charge II: You entered false information into METRC in violation of 22-C DCMR § 5615.3, for which the Board may take the proposed action under D.C. Code § 7-1671.06(v)(1).

Notice of Status Hearing and Show Cause Hearing, at 4-5.

Both the Government and Respondent appeared at the Show Cause Status Hearing on September 10, 2025. The parties proceeded to a Show Cause Hearing and argued their respective cases on November 5, 2025.

FINDINGS OF FACT

The following statements represent the Board's findings of fact based on the evidentiary record. In reaching its determination, the Board considered the evidence, the testimony of the witnesses, the arguments of the parties, and all documents comprising the Board's official file. The Board credits all testimony and evidence identified or cited below unless otherwise stated.³

1. Doobie District holds a Medical Cannabis Retailer's License at 1526 U Street, NW, Washington, D.C. *ABCA License No. 126751*. On Friday, May 9, 2025, ABCA Supervisory Investigator Jason Peru received information that Doobie District was selling medical cannabis products to customers without a medical cannabis card. *ABCA Case Report, Case No. 25-CC-00005 (Case Report)* at 1. SI Peru coordinated with an ABCA investigator (UC) to conduct an undercover operation at the establishment. *Transcript (Tr.)* at 11. The UC then purchased cannabis

² The *Notice* incorrectly cites § 5709.4 as the basis of the violation. The correct citation is § 5709.5.

³ The parties stipulated to the facts contained in the *Notice* and *Case Report* and solely argued penalty. *Transcript* at 12.

flower from an employee of the establishment. *Id.* The employee never asked if the UC had an ID or a medical cannabis card. *Case Report* at 2.

2. SI Peru confirmed that the product was medical cannabis from a licensed Medical Cannabis Cultivator. *Id.* The printed label on the product contained the name and patient ID number of an employee of Doobie District. *Tr.* 18-19. An ABCA Medical Cannabis Program Analyst confirmed that the employee’s account in METRC was being “oversold,” meaning that it had purchased more than 8 oz. of dried medical marijuana within a 30-day period. *Case Report* at 2.

3. On Wednesday, May 14, 2025, SI Peru and the UC conducted a follow-up operation. *Id.* The UC entered Doobie District and was never asked for an ID or medical cannabis card. *Id.* Nor was the UC instructed to get a temporary medical cannabis card. *Tr.* at 17. The UC purchased cannabis flower from the establishment for \$45. *Case Report* at 2. At ABCA offices, SI Peru confirmed that the product was medical cannabis from a licensed Medical Cannabis Cultivator. *Id.* The printed label on the product contained the same Doobie District employee’s name and patient ID number from the previous undercover buy. *Id.* An ABCA Medical Cannabis Program Analyst again confirmed that the employee’s account was being “oversold” by 9.98 oz. and two other medical cannabis patients were being oversold by the same employee METRC login by 11.27 oz. and 13.67 oz. *Tr.* at 30.

4. Peter Murillo is one of the principal owners of Doobie District. *Tr.* at 31. When Mr. Murillo was made aware of ABCA’s investigation, Doobie District conducted an internal investigation to determine which employees were manipulating the METRC system and not following appropriate operational procedures. *Id.* at 33. Those employees were ultimately terminated from employment and remaining staff were retrained on medical cannabis operations. *Id.* at 33-35. Mr. Murillo now personally tracks weekly sales and patient numbers to ensure patients are not being oversold. *Id.* at 37. Mr. Murillo takes full accountability for the former employees selling medical cannabis illegally and for falsely inputting information into METRC. *Id.* at 42.

CONCLUSIONS OF LAW

5. The Board has the authority to fine, suspend, or revoke the license or registration of a person or business who violates any provision of Chapter 16B of the District of Columbia (D.C.) Official Code pursuant to D.C. Code § 7-1671.06(v)(1).

I. Standard of Proof

6. In this matter, the Board shall only base its decision on the “substantial evidence” contained in the record. 22-C DCMR § 9719.3 (West Supp. 2025). The substantial evidence standard requires the Board to rely on “such relevant evidence as a reasonable mind might accept as adequate to support a conclusion.” *Clark v. D.C. Dep’t of Employment Servs.*, 772 A.2d 198, 201 (D.C. 2001) citing *Children’s Defense Fund v. District of Columbia Dep’t of Employment Servs.*, 726 A.2d 1242, 1247 (D.C. 1999). It should be noted that “. . . hearsay evidence is admissible in administrative proceedings” and may constitute “substantial evidence.” *Compton v. Dist. Of Columbia Bd. of Psychology*, 858 A.2d 470, 476 (D.C. 2004). In that vein, “The weight to be given

to any piece of hearsay evidence is a function of its truthfulness, reasonableness, and credibility.” *Id.* at 477.

II. The Respondent Failed to Comply with 22-C DCMR § 5709.5

7. Charge I cites § 7-1671.05 *et seq.* and 22-C DCMR § 5709.4 as the basis of the violation. The reference to 7-1671.05 does not direct the Board to a specific portion of the statute. Section § 5709.5 provides that “An internet retailer or retailer shall dispense medical cannabis and distribute paraphernalia only to a qualifying patient or caregiver” at § 5709.5.” In this case, the Respondent violated § 5709.5 when on two separate occasions sold medical cannabis to a non-qualified patient or caregiver. Specifically, SI Peru organized two undercover purchases from the establishment in which the UC purchased cannabis products without providing an ID or medical cannabis registration card. *Supra*, at ¶¶1-3. The Respondent does not dispute these facts and argues that because they took remedial actions by terminating employees who were acting improperly that a revocation is not warranted. Accordingly, the Board sustains Charge I.

III. The Respondent Failed to Comply with 22-C DCMR § 5615.3

8. The narrative in Charge I is incorporated and made part of Charge II. Section § 5615.3 provides that:

All information entered into the METRC real-time electronic records system shall be true, complete, and a real-time electronic record of the event, information, or occurrence recorded in the system.

22-C DCMR § 5615.3. The Board finds that the Respondent is in violation of 22-C DCMR § 5615.3 when the establishment sold medical cannabis to nonqualifying patients by falsely inputting the information of employees who are qualified patients into METRC. *Supra*, at ¶¶ 2-3. The Respondent acknowledges that some employees were falsifying information into METRC. *Supra*, at ¶ 4. The Respondent terminated those employees and retrained the remaining employees on proper protocols. Consequently, the Board sustains Charge II.

9. In determining the appropriate penalty, the Board considered revoking the license of the Respondent. The Board imposes a 30-day concurrent suspension for each offense based on the history of violations and a plausible argument could be made that the Respondent’s staff did not operate with the knowledge of the ownership. Nevertheless, it is the ownership’s duty to properly superintend the business; therefore, while the Board will not revoke the license at this time, this type of negligent supervision demands serious consequences and mandatory training.

ORDER

Therefore, the Board, on this 11th day of February 2026, orders the following:

For the violations described in Charge I and Charge II, Doobie District shall receive a **30-DAY SUSPENSION** and ownership shall take **ABCA-APPROVED TRAINING** within **60**

DAYS. The Respondent shall provide proof that the training has occurred, or the suspension may be reimposed until the training and proof of training is filed with the Board.

IT IS FURTHER ORDERED that the Board’s findings of fact and conclusions of law contained in this Order shall be deemed severable. If any part of this determination is deemed invalid, the Board intends that its ruling remain in effect so long as sufficient facts and authority support the decision. The omission of any testimony or evidence in the Board’s Order indicates that such testimony or evidence was contravened by the evidence or testimony credited by the Board, had no or minimal weight on the Board’s findings and conclusions, was irrelevant, was not credible, was not truthful, was repetitious, was too speculative, or was otherwise inappropriate for consideration.

The ABCA shall deliver copies of this Order to the Government and the Respondent.

District of Columbia
Alcoholic Beverage and Cannabis Board

eSigned via SeamlessDocs.com
Donovan Anderson
Key: ac430b96c9d5f0e4b730003d1dccc8

Donovan Anderson, Chairperson



Silas Grant, Jr., Member

Teri Janine Quinn

Teri Janine Quinn, Member



Ryan Jones, Member



David Meadows, Member

Any party adversely affected may file a Motion for Reconsideration of this decision within ten days of service of this Order with the Alcoholic Beverage and Cannabis Administration, 899 North Capitol Street, N.E., Suite 4200-A, Washington, D.C. 20002. Also, pursuant to § 11 of the *District of Columbia Administrative Procedure Act*, Pub. L. 90-614, 82 Stat. 1209, D.C. Code § 2-510 (2001), and Rule 15 of the District of Columbia Court of Appeals, a party that is adversely affected may have the right to appeal this Order by filing a petition for review, within 30 days of the date

of service of this Order, with the District of Columbia Court of Appeals, located at 430 E Street, N.W., Washington, D.C. 20001. Parties are advised that the timely filing of a Motion for Reconsideration stays the time for filing a petition for review in the District of Columbia Court of Appeals until the Board rules on the motion. *See* D.C. App. Rule 15(b) (2004). Parties are further advised that the failure to present all matters of record that have allegedly been erroneously decided in a motion for reconsideration may result in the waiver of those matters being considered by the Board. The Board also reserves the right to summarily deny or not consider multiple and repetitive motions.

Parties are also advised that the Superior Court of the District of Columbia may have jurisdiction to hear appeals in non-contested cases or in matters where that court is specifically provided jurisdiction by law. Finally, advisory neighborhood commissions (ANCs) are advised that their right to appeal or challenge a decision of the Board may be limited by the laws governing ANCs. *See e.g.*, D.C. Code § 1-309.10(g).