

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

In the Matter of

New Generation Meds, LLC
dba Lemonati Family Farms
License No.: AU-G-C-000626

ENF No.: 23-00594

/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On September 1, 2023, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the adult-use marijuana Class C grower establishment license (AU-G-C-000626) of New Generation Meds, LLC (Respondent) under the Michigan Regulation and Taxation of Marihuana Act (MRTMA), MCL 333.27951 *et seq.*, and the administrative rules promulgated thereunder. The formal complaint alleged Respondent violated Mich Admin Code, R 420.102(7), R 420.209(12), R 420.210(1), R 420.210(2), R 420.211(2), R 420.211(6), R 420.211(8), and R 420.212(1).

The executive director reviewed the stipulation contained in this document and agrees the public interest is best served by resolution of the formal complaint. Therefore, the executive director finds that some of the allegations contained in the formal complaint are true and that Respondent violated Mich Admin Code, R 420.209(12), R 420.211(2), R 420.211(6), and R 420.211(8).

Accordingly, for these violations, IT IS ORDERED:

1. Respondent must pay a fine in the amount of nine thousand five hundred and 00/100 dollars (\$9,500.00). This fine shall be paid within 60 days of the effective date of this order by check, money order, or online through Accela Citizen Access (ACA). Instructions on how to make online payments can be found under the Tips for Licensees bulletin section at www.michigan.gov/cra. Check or money orders shall be made payable to the State of Michigan with enforcement number

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“23-00594” and license number “AU-G-C-000626” clearly displayed on the check or money order. Respondent shall mail the fine to Department of Licensing and Regulatory Affairs, Cannabis Regulatory Agency, PO 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. The alleged violations of Mich Admin Code, R 420.102(7), R 420.210(1), R 420.210(2), and R 420.212(1) are DISMISSED.
4. 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.
5. Respondent shall be responsible for all costs and expenses incurred in complying with the terms and conditions of this consent order.
6. If Respondent violates any term or condition set forth in this order, Respondent shall be subject to fines and/or other sanctions under section 7(1)(c) of the MRTMA, MCL 333.27957, and Mich Admin Code, R 420.808.
7. Upon timely compliance of the terms of this order by Respondent, the matters set forth in the formal complaint shall be deemed resolved and closed subject to this Consent Order.

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This order shall be effective 30 days after the date signed by the CRA's executive director or his designee, as set forth below.

CANNABIS REGULATORY AGENCY

Signed on: 5/24/2024

By: Brian Hanna

Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email = hannaab@michigan.gov
C = US O = CRA OU = CRA
Date: 2024.05.24 10:30:26 -0400

Brian Hanna, Executive Director
or his designee
Cannabis Regulatory Agency

STIPULATION

The parties stipulate to the following:

1. Some of 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 violations set forth in the formal complaint by presentation of evidence and legal authority, and to present a defense to the violations.
3. The parties considered the following in reaching this agreement:
 - a. Respondent provided standard operating procedures (SOPs) which promote compliance with the administrative rules regarding waste management and video surveillance systems.
 - b. All marijuana product at issue was verified and traced back to the statewide monitoring system (Metrc).
 - c. The marijuana product at issue had partial Metrc numbers affixed.

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- d. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.
4. The CRA's centralized services director or her designee must approve this proposed agreement before it is forwarded to the CRA's executive director or his 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 centralized services director, executive director, or their 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:

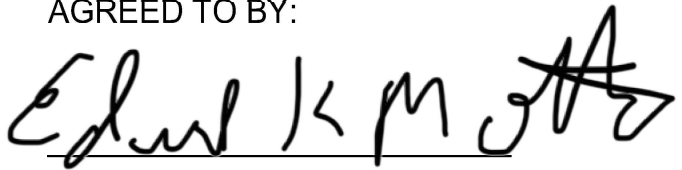
Sara
Hernandez

Digitally signed by: Sara Hernandez
DN: CN = Sara Hernandez email =
HernandezS1@michigan.gov C =
US O = CRA OU = LARA
Date: 2024.05.24 09:51:59 -04'00'

Sara Hernandez, CSD Director
or her designee
Cannabis Regulatory Agency

Dated: 05/24/2024

AGREED TO BY:



Edward Mottern, Authorized Officer
on behalf of Respondent
New Generation Meds, LLC

Dated: 05/23/2024

/s/ John Fraser

John Fraser, P79908
Attorney for Respondent

Dated: 5-24-24

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

In the Matter of

New Generation Meds, LLC dba Lemonati Family Farms
License No.: AU-G-C-000626

ENF No: 23-00594

FORMAL COMPLAINT

The Cannabis Regulatory Agency (“Complainant”) files this formal complaint against New Generation Meds, LLC dba Lemonati Family Farms (“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 rules 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 marijuana class C grower establishment in the state of Michigan.
4. Respondent operated at 826 East Kalamazoo Street, Lansing, Michigan 48912, 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:

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- a. On May 18, 2023, a CRA Regulation Agent (RA) conducted an onsite compliance check at Respondent's adult use marijuana class C grower establishment.
- b. The RA observed approximately 62 pounds of packaged marijuana product in three freezers without statewide monitoring system (Metrc) tags. Also, the marijuana product could not be verified in Metrc.
- c. Respondent did not provide copies of the surveillance video to the RA immediately upon request. Also, Respondent failed to provide the specifically requested surveillance video by the 72-hour deadline.
- d. The RA observed marijuana waste at the bottom of the freezer. This waste was not rendered into an unusable and unrecognizable form or secured in a waste receptacle. Also, this waste was not accurately logged in any record regarding marijuana waste.

Count I

Respondent's actions as described above in paragraphs b and d demonstrate a violation of Mich Admin Code, R 420.102(7), which states that a marijuana grower must accurately enter all transactions, current inventory, and other information into the statewide monitoring system as required in these rules.

Count II

Respondent's actions as described above in paragraph c demonstrates a violation of Mich Admin Code, R 420.209(12), which states that surveillance recordings of the licensee are subject to inspection by the agency and must be kept in a manner that allows the agency to view and obtain copies of the recordings at the marijuana business immediately upon request. The licensee shall also send or otherwise provide copies of the recordings to the agency upon request within the time specified by the agency.

Count III

Respondent's actions as described above in paragraph b demonstrates a violation of Mich Admin Code, R 420.210(1), which states, in part that, a marihuana business must not have marihuana products that are not identified and recorded in the statewide monitoring system pursuant to these rules.

Count IV

Respondent's actions as described above in paragraph b demonstrates demonstrate a violation of Mich Admin Code, R 420.210(2), which states, in part that a marihuana business must not have any marihuana product without a batch number or identification tag or label pursuant to these rules. A licensee shall immediately tag, identify, or record as part of a batch in the statewide monitoring system any marihuana product as provided in these rules.

Count V

Respondent's actions as described above in paragraph d demonstrates demonstrate a violation of Mich Admin Code, R 420.211(2), which states that marihuana plant waste, including roots, stalks, leaves, and stems that have not been processed with a solvent must be rendered into an unusable and unrecognizable form through grinding or another method as determined by the agency that incorporates the marihuana plant waste with 1 or more of the following types of compostable waste so that the resulting mixture is not less than 50% non-marihuana plant waste: (a) food waste. (b) yard waste. (c) vegetable based grease or oils. (d) other compostable wastes approved by the agency.

Count VI

Respondent's actions as described above in paragraph d demonstrates demonstrate a violation of Mich Admin Code, R 420.211(6), which states that a licensee shall dispose of marihuana product waste and marihuana plant waste in a secured waste receptacle using 1 or more of the following methods that complies with applicable state and local laws and regulations: (a) a licensed

municipal solid waste landfill. (b) a registered composting facility that has specific approval under part 115 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.11501 to 324.11554, to accept the material. (c) an anaerobic digester that has specific approval under part 115 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.11501 to 324.11554, to accept the material. (d) an in-state municipal solid waste or hazardous waste incinerator that has been permitted under part 55 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.5501 to 324.5542.

Count VII

Respondent's actions as described above in paragraph d demonstrates demonstrate a violation of Mich Admin Code, R 420.211(8), which states that a licensee shall maintain accurate and comprehensive records regarding marihuana product waste, and marihuana plant waste that accounts for, reconciles, and evidences all waste activity related to the disposal. The agency may publish guidance on marihuana product waste management.

Count VIII

Respondent's actions as described above in paragraph b demonstrates demonstrate a violation of Mich Admin Code, R 420.212(1), which states that all marihuana products must be stored at a marihuana business in a secured limited access area or restricted access area and must be identified and tracked consistently in the statewide monitoring system under these rules.

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

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: 9/1/23

By: Alyssa A. Grissom
Digitally signed by Alyssa A. Grissom
Date: 2023.09.01 05:48:47 -04'00'

Alyssa A. Grissom
Legal Section Manager
Cannabis Regulatory Agency

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