

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

In the Matter of

Old 27 Buds Etc., LLC
dba Old 27 Extracts
License No.: PR-000262

ENF No.: 23-00389

/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On October 17, 2023, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the medical marijuana processor facility license (PR-000262) of Old 27 Buds Etc., LLC ("Respondent") under the Medical Marijuana Facilities Licensing Act (MMFLA), MCL 333.27101 *et seq.*, and the administrative rules promulgated thereunder. The formal complaint alleged Respondent violated Mich Admin Code, R 420.109(4), R 420.208(6)(b)(i), R 420.208(6)(b)(iii), R 420.208(6)(b)(iv), R 420.209(11), R 420.210(1), R 420.210(2), R 420.210(3), 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 420.109(4), R 420.208(6)(b)(i), R 420.208(6)(b)(iii), R 420.208(6)(b)(iv), R 420.209(11), R 420.210(2), R 420.210(3), R 420.211(6), and R 420.212(1).

Accordingly, for these violations, IT IS ORDERED:

1. Respondent must pay a fine in the amount of twenty-four thousand five hundred and 00/100 dollars (\$24,500.00). This fine shall be paid within 30 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

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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 “23-00389” and license number “PR-000262” 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 420.210(1) and R 420.211(8) 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 407(1) of the MMFLA, MCL 333.27407(1), 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.

CONTINUED ONTO NEXT PAGE

This order shall be effective 10 days after the date signed by the CRA's executive director or his designee, as set forth below.

CANNABIS REGULATORY AGENCY

Brian Hanna

Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email =
hannab@michigan.gov C = US O =
CRA OU = CRA
Date: 2024.05.02 11:47:15 -04'00'

Signed on: 5/2/2024

By: _____

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 MMFLA.
2. Respondent understands and intends that by signing this stipulation, Respondent is waiving the right under the MMFLA, 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. Respondents stated that it had a power outage, and its surveillance system did not come back on correctly.
 - b. Respondents stated that its updated standard operating procedures which included weekly checks of its video surveillance system to ensure compliance retention of surveillance footage in accordance with the administrative rules.
 - c. Respondent stated it purchased backup generators.

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- d. Respondent stated that the statewide monitoring system (Metrc) non-compliance was corrected and resulted from changing operations duties to its operations manager after a death in the owner's family; the operations manager has since been terminated.
 - e. The CRA confirmed that all the untagged product was traced back to Metrc and the weight discrepancies were probable.
 - f. Respondent was using Metrc to record its waste.
 - g. Respondent received approval from the Bureau of Fire Services (BFS) on April 13, 2023, for the processing machine at issue.
 - h. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.
 - i. Respondent has been licensed as a processor since 2022 and has no prior discipline against its license.
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.

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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: 2024.04.26 14:15:52 -04'00'

Sara Hernandez, CSD Director
or her designee
Cannabis Regulatory Agency

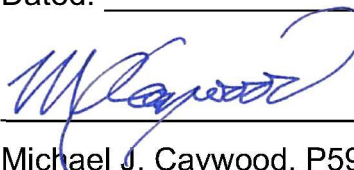
Dated: 04/26/2024

AGREED TO BY:



Steven Roberts, Authorized Officer
on behalf of Respondent
Old 27 Buds Etc., LLC

Dated: 04/23/2004



Michael J. Caywood, P59905
Attorney for Respondent

Dated: 04/24/2024

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

In the Matter of

Old 27 Buds Etc., LLC dba Old 27 Extracts
License No.: PR-000262

ENF No: 23-00389

FORMAL COMPLAINT

The Cannabis Regulatory Agency (“CRA”) files this formal complaint against Old 27 Buds Etc., LLC dba Old 27 Extracts (“Respondent”) alleging upon information and belief as follows:

1. The CRA is authorized under the Medical Marihuana Facilities Licensing Act (MMFLA), MCL 333.27101 *et seq.*, and Executive Reorganization Order No.2019-2, MCL 333.27001, to investigate alleged violations of the MMFLA 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 MMFLA or administrative rules.

2. Section 402(12) of the MMFLA provides that the expiration of a license does not terminate the CRA’s authority to impose sanctions on the license.

FACTUAL ALLEGATIONS AND INTENDED ACTION OF THE CRA

3. Respondent holds an active state operating license under the MMFLA to operate a medical marijuana processor facility in the state of Michigan.

4. Respondent operated at 292 Spires Parkway, Tekonsha, Michigan 49092, at all times relevant to this complaint.

5. Following an investigation, the CRA determined that Respondent violated the MMFLA and/or administrative rules promulgated thereunder as set forth below:

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- a. On October 27, 2022, a CRA Regulation Officer (RO) conducted a semi-annual inspection at Respondent's processor facility. The CRA RO observed that Respondent's video surveillance system was only able to retain 21 days of surveillance recordings, going back to October 6, 2022.
- b. On January 23, 2023, the CRA Field Operations Manager, five CRA Regulation Agents (RA), a Senior Intelligence Analyst (SIA), and an Intelligence Analyst (IA) made a follow-up visit to Respondent's processor facility and met with Respondent's Operations Manager, S.V., as well as Respondent's owner, S.R.
- c. The CRA RAs, SIA, and IA observed numerous jars of marijuana distillate, wax, and waste located on a table, on top of an oven, inside the oven, and on several metal racks in the processing room. Many of the jars had a yellow tag lying next to them with the numbers "0100" written on the tags. Many of the jars had lids with the numbers "0100" written on the lids or on the side of the jars. None of the jars had statewide monitoring system (Metrc) tags affixed. S.V. stated that the contents in the jars were associated with Metrc tag number 1A405010002D30E000000100 (tag number ending -0100).
- d. The CRA IA, accompanied by a CRA RA, SIA, and S.V., observed in Metrc that tag number ending -0100 had an item name of bulk biomass, a weight of zero, and was repackaged in its entirety into Metrc tag number 1A405010002D30E000000106 (tag number ending -0106), indicating that the contents in the jars were no longer associated with tag number ending -0100. Tag number ending -0100 was also categorized as "shake/trim" in Metrc, which was inconsistent from the distillate, wax, and waste the CRA staff observed in the jars at Respondents facility.
- e. A CRA RA, accompanied by the CRA SIA and IA, observed at least 10 large black trash bags full of marijuana flower in the greenhouse. Metrc tags were not affixed to or near the trash bags, however, the number "037" was written on the side of a few of the bags. S.R. stated that Metrc tag number

1A405010001D271000000037 was the source package number for the flower in the trash bags. S.R. provided CRA staff with the correct Metrc tag number, 1A4050100029EB5000000192, and the CRA RA was able to trace the flower in the bags back to Respondent's Metrc inventory via manifest number 0001620742.

- f. The CRA RA also observed numerous black contractor bags full of marijuana flower but without Metrc tags. Some of the contractor bags had stickers affixed that read "MED Metrc # 0070." Respondent had Metrc tag numbers 1A405010001E7E5000000070 and 1A405010001DF50000000070 in its Metrc inventory, but the CRA staff onsite were unable to identify which tag ending -0070 the product was associated with. The CRA staff were unable to trace the contractor bags full of marijuana flower to a specific tag number in Respondent's Metrc inventory.
- g. Additionally, on January 23, 2023, the CRA IA, accompanied by S.R., observed four cardboard boxes at Respondent's facility, each containing four large glass jars of distillate. Three of the boxes had Metrc tag number 1A4050100029EB50000000181 (tag number ending -0181) affixed. The CRA IA observed that the 4th box had both tag number ending -0181 and Metrc tag number 1A405010002D30E0000000046 (tag number ending -0046) affixed. S.R. stated that the double tagged box of distillate was supposed to be wasted out and that he was unsure if the product was associated with tag number ending -0181 or tag number ending -0046.
- h. The CRA SIA and IA, accompanied by S.V., observed the following discrepancies between Respondent's Metrc inventory and physical inventory:
 - i. As of January 23, 2023, Metrc indicated that 18,500 grams of tag number ending -0181 (Distillate D9) was onsite. The CRA SIA and IA observed 34,082.93 grams of tag number

ending -0181 in Respondent's physical inventory (not including the 4th double-tagged box) or 46,103.13 grams (including the 4th double-tagged box).

- ii. Metrc indicated that 27,999.25 grams of Metrc tag number 1A405010002D30E000000046 (tag number ending -0046) Distillate D9 was onsite. The CRA IA observed only 24,024.10 grams of tag number ending -0046 in Respondent's physical inventory.
- iii. Metrc indicated that 18,749.83 grams of Metrc tag number 1A405010002D30E000000053 (tag number ending -0053) Distillate D9 was onsite. The CRA IA observed only 7,978.20 grams of tag number ending -0053 in Respondent's physical inventory.
- iv. Metrc indicated that 11,992.50 grams of Metrc tag number 1A405010002D30E000000035 (tag number ending -0035) Distillate D9 was onsite. The CRA IA was unable to locate tag number ending -0035 in Respondent's physical inventory.
- v. Metrc indicated that 9,499.60 grams of Metrc tag number 1A4050100029EB5000000172 (tag number ending -0172) Distillate D9 was onsite. The CRA IA was unable to locate tag number ending -0172 in Respondent's physical inventory.
- vi. Metrc indicated that 5,733 grams of Metrc tag number 1A4050100017639000003041 (tag number ending -3041) Distillate D9 was onsite. The CRA IA was unable to locate tag number ending -3041 in Respondent's physical inventory.

- vii. Metrc indicated that 8,586.45 grams of Metrc tag number 1A405010002D30E000000060 (tag number ending -0060) Bulk Sugar was onsite. S.V. stated that tag number ending -0060 was poor quality product that was wasted out, but not properly documented in Metrc.
- viii. Metrc indicated that 5,365.50 grams of Metrc tag number 1A405010002D30E000000068 (tag number ending -0068) Bulk Sugar was onsite. S.V. stated that tag number ending -0068 was poor quality product that was wasted out, but not properly documented in Metrc.
- ix. Metrc indicated that 5,540,558.16 grams of Metrc tag number 1A405010002D30E000000065 (tag number ending -0065) Bulk Trim Biomass was onsite. S.V. stated that tag number ending -0065 was wasted out, but not properly documented in Metrc. S.V. was unable to provide a date or time when Respondent wasted out the product.
- x. Metrc indicated that 639,742.40 grams of Metrc tag number 1A405010002D30E000000001 (tag number ending -0001) F Dog Biomass was onsite. S.V. stated that tag number ending -0001 was wasted out, but not properly documented in Metrc. S.V. was unable to provide a date or time when Respondent wasted out the product.
- xi. Metrc indicated that 157,408.10 grams of Metrc tag number 1A405010002D30E000000059 (tag number ending -0059) Bulk Biomass was onsite. S.V. stated that tag number ending -0059 was wasted out, but not properly documented in Metrc. S.V. was unable to provide a date or time when Respondent wasted out the product.

- i. On February 1, 2023, the CRA IA observed in Metrc that Respondent combined the entire weight of multiple packages, including the weight of the inventory the CRA SIA and IA, accompanied by S.V., was unable to locate onsite (tag numbers ending -0046, -0053, -0035, 0172, and 3041) to create Metrc tag number 1A405010002D30E000000118.
- j. On March 1st, 2023, the CRA RAs, SIA, IA, and Operations Support Section (OSS) manager visited Respondent's processor facility regarding the lack of Metrc tags on product.
- k. The CRA OSS Manager, accompanied by S.V., observed multiple buckets filled with crude and dirty distillate in the processing room. According to Metrc, tag number ending -0106 had an item name of bulk biomass. However, tag number ending -0106 (bulk biomass) was affixed to the buckets of crude and dirty distillate. S.V. stated that he failed to assign the crude and distillate new package tags after the biomass changed form.
- l. A CRA RA observed several buckets and metal tins filled with an ethanol/distillate product waste in the processing room, washroom, and oven room. A few of the buckets and tins in the processing room were without lids. S.V. stated to the CRA RA that employees have been burying marijuana plant waste and ethanol/distillate product waste outside in the ground since February 2023. The CRA RA, accompanied by S.V., observed the area on the southeast side of the facility where Respondent buried and disposed of plant waste and product waste. S.V. was unable to provide a waste log for the CRA RA to review.
- m. A CRA RA observed a HIVE 30 processing machine located in the processing room. The CRA RA verified that a Reporting Form for use of the HIVE 30 processing machine was submitted to and approved by the CRA in October 2022. The CRA RA contacted a Bureau of Fire Services (BFS) inspector, who met with the CRA RA to observe the ethanol/distillate mixture and the HIVE 30 processing machine used to process the mixture.

The BFS inspector confirmed that Respondent did not receive approval from BFS to use the equipment prior to using the machine for its processing operations. The BFS inspector also stated that the containers of ethanol/distillate mixture were improperly stored in unventilated areas throughout Respondent's facility instead of in an approved firebox cabinet.

Count I

Respondent's actions as described above in paragraphs f, h, and k demonstrate a violation of Mich Admin Code, R 420.109(4), a processor shall enter all transactions, current inventory, and other information into the statewide monitoring system as required in the MMFLA, these rules, and the Marihuana Tracking Act.

Count II

Respondent's actions as described above in paragraph m demonstrate a violation of Mich Admin Code, R 420.208(6)(b)(i), which states in addition to meeting all the requirements in subrules (1) to (5) of this rule, cultivators, producers, marihuana microbusinesses, class A marihuana microbusinesses, and designated consumption establishments shall also comply with all of the following: (b) have a fire safety inspection conducted, in addition to any inspections required under the acts and these rules, if any of the following occur: (i) modifications to the grow areas, rooms and storage, extraction equipment and process rooms, or marihuana-infused product processing equipment within a marihuana business.

Count III

Respondent's actions as described above in paragraph m demonstrate a violation of Mich Admin Code, R 420.208(6)(b)(iii), which states in addition to meeting all the requirements in subrules (1) to (5) of this rule, cultivators, producers, marihuana microbusinesses, class A marihuana microbusinesses, and designated consumption establishments shall also comply with all of the following: (b) have a fire safety inspection conducted, in addition to any inspections required under the acts and these rules, if any of the following occur: (iii) material changes to a new or

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existing cultivator, producer, marihuana microbusiness, class A marihuana microbusiness, or designated consumption establishment including changes made prelicensure and post-licensure.

Count IV

Respondent's actions as described above in paragraph m demonstrate a violation of Mich Admin Code, R 420.208(6)(b)(iv), which states in addition to meeting all the requirements in subrules (1) to (5) of this rule, cultivators, producers, marihuana microbusinesses, class A marihuana microbusinesses, and designated consumption establishments shall also comply with all of the following: (b) have a fire safety inspection conducted, in addition to any inspections required under the acts and these rules, if any of the following occur: (iv) changes in extraction methods and processing or grow areas and building structures.

Count V

Respondent's actions as described above in paragraph a demonstrate a violation of Mich Admin Code, R 420.209(11), which states a licensee shall keep surveillance recordings for a minimum of 30 calendar days, except in instances of investigation or inspection by the agency in which case the licensee shall retain the recordings until the time as the agency notifies the licensee that the recordings may be destroyed.

Count VI

Respondent's actions as described above in paragraphs h and k demonstrate a violation of Mich Admin Code, R 420.210(1), which states except for designated consumption establishments or temporary marihuana events licensed under the MRTMA, a marihuana business must not have marihuana products that are not identified and recorded in the statewide monitoring system pursuant to these rules.

Count VII

Respondent's actions as described above in paragraphs c, e, and f demonstrate a violation of Mich Admin Code, R 420.210(2), which states except for a designated consumption establishment or temporary marihuana event licensed under the MRTMA, 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 VIII

Respondent's actions as described above in paragraph g demonstrate a violation of Mich Admin Code, R 420.210(3), which states a licensee shall not reassign or subsequently assign a tag to another package that has been associated with a package in the statewide monitoring system.

Count IX

Respondent's actions as described above in paragraph l demonstrate a violation of Mich Admin Code, R 420.211(6), which states 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 X

Respondent's actions as described above in paragraph I demonstrate a violation of Mich Admin Code, R 420.211(8), which states 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.

Count XI

Respondent's actions as described above in paragraphs c, d, f, g, h, i, and k demonstrate a violation of Mich Admin Code, R 420.212(1), which states, in part, all marihuana products 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.

Under MCL 333.27407(4) and 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 MMFLA 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:

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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.

Questions about this complaint should be directed to the Cannabis Regulatory Agency at (517) 284-8599 or CRA-LegalHearings@michigan.gov.

Dated: 10/17/23

By: Alyssa A. Grissom

Digitally signed by Alyssa A.
Grissom
Date: 2023.10.17 14:30:55 -04'00'

Alyssa A. Grissom
Legal Section Manager
Cannabis Regulatory Agency