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

In the Matter of

Sugar Leaf Properties I, LLC
License No.: GR-C-000822

ENF No.: 23-000513

_____/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On August 21, 2023, the Cannabis Regulatory Agency (CRA) issued a [first superseding] formal complaint against the medical marijuana class C grower license (no. GR-C-000822) of Sugar Leaf Properties I, LLC (Respondent) under the Medical Marihuana Facilities Licensing Act (MMFLA), MCL 333.27101 *et seq.*, and administrative rules promulgated thereunder. The complaint alleged Respondent violated Mich Admin Code, R 420.209(11), R 420.209(12), R 420.212(1), R 420.602(2)(b), and R 420.804(1).

The executive director or designee reviewed the stipulation contained in this document and agrees the public interest is best served by resolution of the complaint. Therefore, the executive director or designee finds that the allegations contained in the complaint are true and that Respondent violated Mich Admin Code, R 420.209(11), R 420.209(12), R 420.212(1), R 420.602(2)(b), and R 420.804(1).

Accordingly, for these violations, IT IS ORDERED:

1. Respondent must pay a fine in the amount of twelve thousand five hundred and 00/100 dollars ($12,500.00). This fine shall be paid within 120 days of the effective date of this order by check, money order, or online through Accela

Citizen Access (ACA). CRA guidance on how to make compliance payments online is available under "Tips for Licensees" at www.michigan.gov/cra/bulletins. Checks or money orders shall be made payable to the State of Michigan with "ENF No. 23-00513" and "License No. GR-C-000822" clearly displayed on the check or money order and mailed to: Department of Licensing and Regulatory Affairs, Cannabis Regulatory Agency, P.O. 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. 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.

4. Respondent shall be responsible for all costs and expenses incurred in complying with the terms and conditions of this consent order.

5. If Respondent violates any term or condition set forth in this order, Respondent may be subject to additional fines and/or other sanctions.

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

CANNABIS REGULATORY AGENCY

Signed on: 8/6/2025

By: Brian Hanna
Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email = hannab@michigan.gov C = US O = CRA OU = CRA
Date: 2025.08.06 14:37:30 -04'00'

Executive Director Brian Hanna
or Designee
Cannabis Regulatory Agency

STIPULATION

The parties stipulate to the following:

1. The facts alleged in the [first superseding] 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 charges set forth in the complaint by presentation of evidence and legal authority and to present a defense to the charges.

3. The parties considered the following in reaching this agreement:

   a. The business is no longer in operation and the license was closed on August 22, 2024.

   b. Respondent indicated that the immature marijuana plants that were listed in the statewide monitoring system (Metrc) but not found on the property had been destroyed six months prior to the investigation. At the direction of the CRA, Respondent rectified the packages in Metrc to reflect the destruction.

   c. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.

4. The CRA's Legal Division director or designee must approve this proposed agreement before it is forwarded to the CRA's executive director or 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 Legal Division director, executive director, or 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:

Alyssa A. Grissom Digitally signed by Alyssa A. Grissom Date: 2025.08.04 15:21:54 -04'00'

Alyssa A. Grissom
Legal Division Director
or Designee
Cannabis Regulatory Agency
Dated: 8/4/2025

/s/ Jeffrey W. Miller

Jeffrey W. Miller (P78786)
Assistant Attorney General
Attorney for Cannabis Regulatory Agency
Dated: *July 31, 2025*

AGREED TO BY:

Steven Audish
Authorized Representative
On behalf of Respondent
Sugar Leaf Properties I, LLC
Dated: 7/25/25

Hillary Bahri (P84478)
Attorney for Respondent
Dated: 7/25/2025

LF: 2023-0390679-A / Sugar Leaf I LLC GR-C-00822, ENF 23-00513 / Consent Order / 2025-07-16

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

In the Matter of

Sugar Leaf Properties I, LLC
License No.: GR-C-000822
_____/

ENF No: 23-00513

FORMAL COMPLAINT

The Cannabis Regulatory Agency ("CRA") files this formal complaint against Sugar Leaf Properties I, LLC ("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 Class C grower facility in the state of Michigan.

4. Respondent operated at 53283 Hemlock Lake Road, Marcellus, Michigan 49067, 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:

a. On May 23, 2023, a CRA Regulation Agent (RA) conducted an onsite investigation at Respondent's medical marijuana Class C grower facility.
b. While onsite, Respondent was unable to access the surveillance footage when requested by the RA. When access was provided days later, the RA determined that Respondent was only able to retain 13 days of surveillance footage, going back to May 10, 2023.
c. Respondent had approximately 377 marijuana plants tracked in its statewide monitoring system (Metrc) inventory. However, the RA did not observe any marijuana plants physically existing onsite at the facility.
d. Respondent's employee, C.R., confirmed to the RA that he had been working for Respondent for about three years. However, C.R. was not listed as an employee within Metrc.
e. At the time of the investigation, Respondent's owner S.A. stated to the RA that equipment and tools were recently stolen from Respondent's medical marijuana class C grower facility. As of July 10, 2023, Respondent had yet to report the theft of property to the CRA.

Count I

Respondent's actions as described above in paragraph b demonstrates a violation of Mich Admin Code, R 420.209(11), which states that 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 II

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

Count IV

Respondent's actions as described above in paragraph d demonstrates demonstrate a violation of Mich Admin Code, R 420.602(2)(b), which states that a licensee shall comply with all of the following: (b) enter in the statewide monitoring system an employee's information and level of statewide monitoring system access within 7 business days of hiring for the system to assign an employee identification number. The licensee shall update in the statewide monitoring system employee information and changes in status or access within 7 business days.

Count V

Respondent's actions as described above in paragraph e demonstrates demonstrate a violation of Mich Admin Code, R 420.804(1), which states that a licensees shall notify the agency and local law enforcement authorities within 24 hours of becoming aware of, or within 24 hours of when the licensee should have been aware of, the theft or loss of any marihuana product or criminal activity at the marihuana business.

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:

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: 8/21/23

By: Alyssa A. Grissom Digitally signed by Alyssa A. Grissom Date: 2023.08.21 10:55:12 -04'00'

Alyssa A. Grissom
Legal Section Manager
Cannabis Regulatory Agency