

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

**In the Matter of**

**Michigan Investments 10, Inc.  
License No. AU-P-000171**

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**ENF No. 23-00078**

**FORMAL COMPLAINT**

The Cannabis Regulatory Agency (CRA) (Complainant), by and through its attorneys, Assistant Attorneys General Sarah E. Huyser and Jeffrey W. Miller, files this formal complaint against Michigan Investments 10, Inc. (Respondent), alleging upon information and belief as follows:

1. The CRA is authorized under the Michigan Regulation and Taxation of Marihuana Act (MRTMA), MCL 333.27951 *et seq.*, to investigate alleged violations of the MRTMA and 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.

**FACTUAL ALLEGATIONS**

2. Respondent holds an active state license under the MRTMA to operate an adult-use marijuana processor establishment in the state of Michigan.

3. Respondent operated at 772 E. Pinconning Rd., Pinconning, MI 48650 at all times relevant to this complaint.

4. The following information is provided for background purposes:
  - a. Respondent also holds a medical marijuana processor license under the Michigan Medical Facilities Licensing Act (MMFLA). Both licenses operate in the same location referenced above.

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

### **Surveillance/Security**

5. On September 6, 2023, CRA investigators conducted a no-notice inspection of Respondent's processor business.
6. During the September 6 inspection, CRA regulatory agents AD and BB met with Respondent's head of human resources, JM, and sales manager, AT, to discuss and review Respondent's video surveillance system. This discussion was in relation to an investigation conducted by CRA Scientific Intelligence Analyst EB. Intelligence Analyst EB determined that Respondent may not be recording video surveillance as required.
7. On Respondent's four large video monitors, a total of 16 individual camera feeds were observed.
8. Four of the 16 feeds had no video and displayed "NO LINK."
9. Respondent's chief compliance officer, AB, then indicated to the investigators that one camera was not attached to the feed; two cameras that were in the fresh frozen marijuana storage trailer were no longer in use; and the fourth, which was located in the room labeled C1D1, was inoperable.

10. CRA Agents AD and BB determined that several additional video cameras covering the business were visible but not recording. This included cameras in Butane Room 1, Butane Room 2, Extraction Room 3, Dry Room Entrance, Dry Room Inside Door, Warehouse Heater, Dry Room Hallway, and Camera 01\_192.168.1.4.

11. Respondent did not have the required 30 days of video retention. Investigators requested to view video from August 6, 2023, which was 30 days prior to CRA's request; the requested video was not available.

12. CRA Agents AD and BB also observed that cameras in Butane Room 1, Extraction Room 3, Extraction Room 4, the Dry Room Entrance, the Dry Room Inside Door, and the Warehouse Heater were not retaining video on September 1, 2023. This was the day after Respondent stated that a security company was on the premises to repair the cameras and the video retention issues.

13. CRA Agent BB observed that a camera in the C1 D2 extraction pod had been turned toward the wall. The camera was providing a live feed but was not actually displaying the room and not recording.

14. When asked if the camera system was equipped with a failure notification system, AB indicated that he receives a notification when a camera goes out, but not when there is an interruption in recording. The security service technician who installed the system, CD, indicated that the system was equipped with an alert system to notify if any equipment is not recording or fails completely.

15. When asked to provide the video surveillance log, AB was unable to locate and provide that log.

16. Upon arriving at the business on September 6, CRA Agent JK called Respondent's general manager, AB, to announce the team's arrival for the inspection. CRA Agent JK then entered the unlocked and unattended entrance and proceeded through the foyer area to a set of unlocked double doors that led to the secure, limited access area.

17. During the inspection, the only location that required a key to enter was the trailer used for storing fresh frozen marijuana. The trailer was empty at the time of the visit. No other door in the business where marijuana was stored was locked.

#### COUNT 1

Respondent's actions as described above demonstrate a violation of MCL 333.27961(b), which relevantly states that a marihuana establishment may not cultivate, process, test, or store marihuana at any location other than within an enclosed area that is secured in a manner that prevents access by persons not permitted by the marihuana establishment to access the area.

#### COUNT 2

Respondent's actions as described above demonstrate a violation of MCL 333.27961(c), which relevantly states that a marihuana establishment shall secure every entrance so that access to areas containing marihuana is restricted to employees and other persons permitted by the marihuana establishment to access the area and to agents of the department or state and local law enforcement officers and emergency personnel and shall secure its inventory and equipment during and after operating hours to deter and prevent theft of marihuana and marihuana accessories.

#### COUNT 3

Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.209(2), which states that a licensee shall ensure that any person at the marihuana business, except for employees of the licensee, are escorted at all times by the licensee or an employee of the licensee when in the limited access areas and restricted access areas at the marihuana business.

COUNT 4

Respondent's actions as described above demonstrate a violation of Rule 420.209(3), which relevantly states that a licensee shall securely lock the marihuana business, including interior rooms as required by the agency, windows, and points of entry and exits, with commercial-grade, nonresidential door locks or other electronic or keypad access.

COUNT 5

Respondent's actions as described above demonstrate a violation of Rule 420.209(6)(a), which relevantly states that a licensee shall ensure its video surveillance system records, at a minimum, areas including any areas where marihuana products are weighed, packed, stored, loaded, and unloaded for transportation, prepared, or moved within the marihuana business; limited access areas and security rooms; areas storing a surveillance system storage device with not less than one camera recording the access points to the secured surveillance recording area; the entrances and exits to the building, which must be recorded from both indoor and outdoor vantage points; any transfers between marihuana businesses; and areas where marihuana or marihuana products are destroyed.

COUNT 6

Respondent's actions as described above demonstrate a violation of Rule 420.209(7), which states that a licensee shall ensure that each camera is permanently mounted and in a fixed location and that each camera must be placed in a location that allows the camera to clearly record activity occurring within 20 feet of all points of entry and exit on the marihuana business and allows for the clear and certain identification of any person, including facial features, and activities, including sales or transfers, in all areas required to be recorded under the rules.

COUNT 7

Respondent's actions as described above demonstrate a violation of Rule 420.209(9), which states that a licensee shall have cameras that record when motion is detected at the marihuana business and record images that clearly and accurately display the time and date.

COUNT 8

Respondent's actions as described above demonstrate a violation of Rule 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 9

Respondent's actions as described above demonstrate a violation of Rule 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, and that a licensee shall send or otherwise provide copies of the recordings to the agency upon request within the time specified by the agency.

COUNT 10

Respondent's actions as described above demonstrate a violation of Rule 420.209(13), which states that a licensee shall maintain a video surveillance system equipped with a failure notification system that provides notification to the licensee of any interruption or failure of the video surveillance system or video surveillance system storage device.

COUNT 11

Respondent's actions as described above demonstrate a violation of Rule 420.209(14), which states that a licensee shall maintain a log of the recordings, which includes all of the following:

- (a) The identity of the employee or employees responsible for monitoring the video surveillance system.
- (b) The identity of the employee who removed any recording from the video surveillance system storage device and the time and date removed.
- (c) The identity of the employee who destroyed any recording.

**Waste Product**

18. On September 6, 2023, untagged marijuana products were located in the room labeled C1D1. This includes in a freezer, which contained trays of kief and several sleeves of fresh frozen marijuana. Other marijuana product that was listed in the statewide monitoring system (Metrc) as having been "wasted out" or that failed testing was also present, although it should not have been at the business.

19. The marijuana destruction area located in the Gummy Packaging Room was not visible on camera due to the distance and other equipment obstructing the camera view.

20. Respondent did not have a waste standard operating procedure at the business on September 6, 2023. AB stated that Respondent had other standard operating procedures referencing marijuana disposal but acknowledged that Respondent did not have a specific standard operating procedure for waste.

21. Respondent also was not timely updating Metrc when marijuana was wasted. On September 11, 2023, Metrc indicated the most recent package adjustment occurred on August 22, 2023, despite Respondent's waste destruction log showing packages were destroyed on August 28 and 31, 2023.

#### COUNT 12

Respondent's actions as described above demonstrate a violation of Rule 420.206a(1), which states that a marijuana business must have up-to-date written standard operating procedures on site at all times.

#### COUNT 13

Respondent's actions as described above demonstrate a violation of Rule 420.206a(2), which states that standard operating procedures must be made available to the agency upon request.

#### COUNT 14

Respondent's actions as described above demonstrate a violation of Rule 420.206a(3), which states that standard operating procedures must detail the marijuana business operations and activities necessary for the marijuana business to comply with the acts and the rules.

#### COUNT 15

Respondent's actions as described above demonstrate a violation of Rule 420.211(1), which relevantly states that a marijuana product that is to be

destroyed or is considered waste must be rendered into an unusable and unrecognizable form through grinding or another method as determined by the agency that incorporates the marijuana product waste with 1 or more of the following types of non-consumable solid waste so that the resulting mixture is not less than 50% non-marijuana product waste.

#### COUNT 16

Respondent's actions as described above demonstrate a violation of Rule 420.211(4), which states that a marijuana product rendered unusable and unrecognizable and, therefore, considered waste, and marijuana plant waste must be recorded in the statewide monitoring system.

#### COUNT 17

Respondent's actions as described above demonstrate a violation of Rule 420.211(8), which states that a licensee shall maintain accurate and comprehensive records regarding marijuana product waste, and marijuana plant waste that accounts for, reconciles, and evidences all waste activity related to the disposal.

#### Metrc

22. On April 25, 2023, the CRA conducted a Metrc review of package adjustments on inventory at Respondent's business from January 1, 2023, through April 25, 2023. The review indicated that Respondent had conducted 1,265 package adjustments in Metrc. Of those adjustments, 1,142 were to "Entry Error."

23. Video surveillance was reviewed to observe a sampling event that occurred on April 5, 2023. This video showed that a package of vape cartridges (1A4050300018511000040093) was being created on April 5. The package was backdated in Metrc to March 29, 2023.



24. The April 5 sampling event also included sampling of packages 1A4050300018511000044003 (44003) and 1A4050300018511000044006 (44006). At the time of the event, package 44003 contained 2,526 pre-rolls, and package 44006 contained 2,509 pre-rolls. However, Respondent only made 75 pre-rolls available for sampling, and only four per package were sampled.

25. Review of surveillance video showed that the infused pre-rolls in package 44006 were created on April 5, 2023. However, the Metrc tag was created four days earlier, on April 1, 2023. Package 44003 was created in Metrc on April 5, 2023; however, video surveillance shows the package was in existence at 8:00 a.m. on that date. The business operating hours began at 8:00 a.m.

26. A sampling event occurred on April 6, 2023, and was observed via the surveillance video recordings. Two packages of distillate were sampled by Therapeutic Health Choice technicians. Package 1A4050300018511000041704 weighed 38,651 grams (85.21 pounds). Package 1A4050300018511000041705 weighed 38,065 grams (83.91 pounds). Respondent only provided one jar of distillate from each package for sampling. The jars were not large enough to hold the required amount to be sampled.

- a. None of Respondent's employees observed the sampling event, and the product and samples were left unattended for 15 minutes after the sampling occurred.

27. Metrc data indicates that package 1A4050300018511000044004 (44004) was created on April 5, 2023, and package 1A4050300018511000044008 (44008) was created on April 6, 2023.

- a. When viewed on the surveillance video, package 44008 was observed already packaged and marked with a Metrc tag on April 5, 2023. Therefore, it was created prior to the date indicated in Metrc.
- b. Package 44004 was observed packaged and labeled at 8:00 a.m. on April 5, 2023, which is the start of business hours.
- c. Package 44004 was created prior to the date of its creation in Metrc.

28. Therapeutic Health Choice technicians were left unattended during a sampling of Respondent's product that occurred on April 24, 2023.

29. On September 6, 2023, Agent CP conducted interviews with Respondent's staff regarding their production of products. Once the interview was completed, all of the investigators were escorted to Respondent's storage area.

30. In the storage area, investigators observed several boxes of product without Metrc tags and other concerning notes stuck to boxes of product.

- a. Examples of these notes include "0 source tag," "Needs Labels," "No Source tag?" and "need stickers."
- b. When asked about these concerns, Respondent's Metrc coordinator, SJ, indicated that AG, the former Metrc coordinator, had left several inventory issues unresolved when AG left the business in early July 2023.
- c. The business continued operating for approximately two months without resolving these defects.

31. On September 6, 2023, Agent CP and Intelligence Analyst KB observed eight inaccurately tagged boxes of marijuana product.

- a. The tagged product was listed in Metrc as having no inventory or having been wasted on earlier dates; thus, there should not have been product present in the business for these tags.

32. Other boxes of marijuana products at the business also were not entered in Metrc.

- a. Ten boxes of MuhaMeds gummies were in the storage room. There was no Metrc information for this marijuana product.
- b. Thirteen boxes of untagged Maverick Mimosa Vape Cartridges were also located in the storage room. This marijuana product was determined to be associated with a different Metrc tag and the CRA allowed the inventory to be reconciled back into the source package.

33. Intelligence Analyst KB interviewed AB during the no-notice inspection. That interview occurred in AB's office. During the interview, Intelligence Analyst KB observed several Metrc package tags on the desk.

- a. Seven tags had weight remaining on the tag.
- b. AB was asked why the tags were not on the packages. He indicated that he thought copies could be used to tag product with multiple containers. He was informed that this was not accurate, and the original Metrc package tag must be adhered to some part of that package.

34. Intelligence Analyst KB observed two zip-top bags on AB's desk with Metrc tags adhered to them.

- a. Metrc indicated that the tags still had weight associated with them. However, only dust from marijuana flower was observed in the bag.
- b. AB indicated that the product had failed testing and the marijuana from the bags had been returned to the larger packages.

35. Agent JK observed marijuana material being used for infused pre-rolls in the pre-roll room. AB had created the tag number, 1A4050300018511000058003 (58003), on July 13, 2023.

- a. The tag had been finished out on August 2, 2023, and had no weight remaining on it.
- b. The tag history indicated it had been used to create several new packages of infused pre-rolls.
- c. Based on this Metrc history of the tags derived from tag 58003, all marijuana had been previously accounted for and no additional marijuana product for that tag should have been on the premises.
- d. AB confirmed that the marijuana in the pre-roll room was associated with tag 58003.
- e. AB then stated that it was most likely that the material in the pre-roll room was mislabeled with the incorrect Metrc tag.

36. Intelligence Analyst KB again asked AB where the marijuana being used in the pre-roll room came from. AB stated, "I have an answer, but it's not a good one." According to AB, the marijuana being used to create pre-rolls was the marijuana from packages 58184 and 58185; this is the marijuana that AB had earlier indicated had failed testing due to the presence of *Aspergillus*. AB stated that the marijuana was being utilized in creating pre-rolls to "circumvent testing."

37. Package 1A4050300018511000058184 (58184) was created in Metrc on August 17, 2023, with a starting weight of 50 pounds. No other Metrc tags were created in Metrc from package tag 58184. On September 6, Metrc showed the current package weight as 49.7495 pounds.

38. Package 1A4050300018511000058185 (58185) was created in Metrc on August 17, 2023, with a starting weight of 50 pounds. No other Metrc tags were derived from package 58185. On September 6, Metrc showed the current package weight as 49.7494 pounds.

39. Despite AB saying that marihuana from packages 58184 and 58185 was used prior to and at the time of the inspection, package 58184 physically weighed approximately 46.2 pounds, and package 58185 physically weighed approximately 57.4 pounds.

40. Based on the Metrc data and the package weights, the marijuana being used in the pre-roll room could not be accurately tracked. The product was placed in quarantine.

41. In the pre-roll room, two black totes, a contractor bag, and a plastic gallon-sized bag containing ground up marijuana flower material were observed.

- a. One of Respondent's employees indicated that these products were being tracked in Metrc under tag 1A4050300018511000043000 (43000).
- b. On September 6, 2023, Metrc indicated that there was no weight left on tag 43000 and that the tag had been finished out on July 13, 2023. Metrc also indicated that the tag had been used to create new packages of marijuana product. Those package tags also showed as having little to no weight left on the tag.
- c. Therefore, no marijuana products from package 43000 should have been present at the business on September 6, 2023.
- d. The marijuana in the totes, contractor's bag, and plastic gallon-sized bag were quarantined.

42. In the storage room, a large glass jar of distillate was found in a cardboard box. There was no Metrc tag affixed to either the jar or the box. AT indicated the distillate belonged to package 1A4050300018511000064835 (64835).

- a. Package 64835 contained 24,514.21 grams of distillate according to Metrc on September 6, 2023. Intelligence Analyst EB then asked to see the remainder of the package, which was ultimately located in an extraction room. Five jars of distillate were located.
- b. Four jars were in one box with a Metrc tag affixed and the other in another cardboard box with a copy of the tag affixed. Each jar indicated an approximate weight of 3,500 grams of distillate.
- c. With six jars, the total weight was approximately 21,000 grams. Intelligence Analyst EB asked where the other jar of distillate was located, as that might account for the discrepancy in weights. AT indicated the missing jar was likely used in the production of another product, but he did not know which.
- d. Metrc did not show package 64835 being used to create any other packages.

43. Intelligence Analyst EB and other agents reviewed Metrc tags and data in the storage room and reviewed inventory to compare it to Metrc.

- a. Multiple packages of pre-rolls were found to be inaccurately tracked in Metrc.
- b. Excess inventory was located ranging from approximately 625 to 1,388 pre-rolls.
- c. Additionally, approximately 10,113 grams of excess, unaccounted marijuana product was not being properly tracked.

44. Another cardboard box was found that contained several copies of a Metrc tag with the package number of 1A4050300018511000058092 (58092). According to Metrc, 58092 was a package of marijuana buds that had no weight associated with it.

- a. Also in the box were several small bags of shake/trim. Each bag had a Metrc tag affixed with a weight written on it. Each of those tags was for a package created by a different licensee, Distro 10 (license no. AU-P-000416). None of the package tag numbers indicated having any weight left on the tag in Metrc and had been “finished” in Metrc on August 2, 2023.
- b. All packages had been combined into package 1A4050300018511000058093 (58093) on that same day. The amount of weight shown in Metrc was used for each individual package that was combined into 58093 was the same as the weight that was written on the packages located in Respondent’s business.

45. According to Metrc on September 7, 2023, the package that was created from the bags of shake/trim found in the business was package 58093.

- a. However, package 58093 is a package of MuhaMeds infused pre-rolls created on August 2, 2023.
- b. A total of 43 packages were created from package 58093, and 21 of those packages had been transferred to retailers.
- c. Because the product used to create package 58093 was not still in Respondent’s inventory, it is unknown what marijuana product was used to create the package 58903 or the derived packages distributed to retailers.

46. On September 6, 2023, AC, Operations Support Manager, was involved in the no-notice inspection of Respondent’s business. She provided Respondent’s employees with a list of packages selected for audit and asked the employees to locate them.

- a. Package 1A4050300018511000058063 (58063) was one of the packages selected for audit.
- b. This package was a 695,820-gram (1,532.6 pound) package of fresh frozen marijuana.
- c. Package 58063 could not be located at the business. AB did not adjust the total in Metrc to zero to reflect that the product was not located.

47. In total, Respondent found only 34 of the 97 packages it was asked to locate for the audit. Respondent was unable to locate a total of 327.9 grams of marijuana bud, 186,234.9 grams (410.2 pounds) of marijuana concentrate, and 695,820 grams (1,532.6 pounds) of wet whole plant marijuana.

48. Respondent's staff indicated that the 50 pounds of marijuana flower located in the pre-roll room was from package 1A405030003D3B1000009814 (9814). However, AC located that package during the audit in the lower level of the business; thus, it was not the same marijuana as in the pre-roll room.

49. During the September 6 inspection, Respondent's employees were observed making pre-rolls in both the kitchen and pre-roll room. The marijuana in both locations was not part of the packages that they were tagged under. The packages employees alleged they were using to make pre-rolls were empty in Metrc. Employees were not keeping marijuana from various tags separated and easily identified by the associated tags.

#### COUNT 18

Respondent's actions as described above demonstrate a violation of MCL 333.27961(f), which states that no marijuana establishment may sell or otherwise transfer marijuana that was not produced, distributed, and taxed in compliance with the MRTMA.

#### COUNT 19

Respondent's actions as described above demonstrate a violation of Rule 420.103(1), which states that a marijuana processor license authorizes the marijuana processor to purchase or transfer of marijuana or marijuana-infused products from only a licensed marijuana establishment and sell or transfer of marijuana-infused products or marijuana to only a licensed marijuana establishment.



COUNT 20

Respondent's actions as described above demonstrate a violation of Rule 420.103(3), which states that a marihuana processor must accurately enter all transactions, current inventory, and other information into the statewide monitoring system as required in the rules.

COUNT 21

Respondent's actions as described above demonstrate a violation of Rule 420.210(1), which states that 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.

COUNT 22

Respondent's actions as described above demonstrate a violation of Rule 420.210(2), which states that 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 the rules, and that a licensee shall immediately tag, identify, or record as part of a batch in the statewide monitoring system any marihuana product as provided in the rules.

COUNT 23

Respondent's actions as described above demonstrate a violation of Rule 420.210(3), which states that 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 24

Respondent's actions as described above demonstrate a violation of Rule 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 the rules.

COUNT 25

Respondent's actions as described above demonstrate a violation of Rule 420.212(2), which states that all containers used to store marijuana products for transfer or sale between marijuana businesses must be clearly marked, labeled, or tagged, if applicable, and enclosed on all sides in secured containers; that secured containers must be latched or locked in a manner to keep all contents secured within; and that each secured container must be identified and tracked in accordance with the acts and the rules.

COUNT 26

Respondent's actions as described above demonstrate a violation of Rule 420.502(1), which states that each marijuana product sold or transferred must be clearly labeled with the tracking identification numbers assigned by the statewide monitoring system affixed, tagged, or labeled and recorded.

**Safety Compliance Testing**

50. On March 1, 2023, Respondent created package 1A4050300018511000036617 (36617) in Metrc. That package underwent full compliance testing by Therapeutic Health Choice the next day, on March 2.
- a. On March 2, Respondent created package in 1A4050300018511000036619 (36619) in Metrc.
  - b. Package 36619 was sampled for full compliance testing on March 3, 2023.
  - c. According to the results entered in Metrc, both packages failed testing due to the presence of residue from the banned chemical, bifentazate.
51. Packages 36617 and 36619 were both created from the same batch of "Pink Dragon" distillate that was received from Respondent's co-located medical marijuana provisioning center (license no. PR-000165).

52. Respondent's medical marijuana provisioning center distributed the Pink Dragon distillate into numerous other packages and sent them to other licensed businesses.

53. Once at those businesses, products made from the Pink Dragon distillate failed testing for chemical residue. However, the failures were not for the same chemical residues.

54. Packages 36617 and 36619 were created from another package 1A4050100016318000011960 (11960) that was sampled for full compliance testing by Therapeutic Health Choice, LLC.

- a. Package 11960 passed testing, with no trace of bifenthrin but acceptable levels of chemicals bifenthrin and trifloxystrobin.

55. Package 1A4050100016318000011797 (11797) was also created from the same package that package 11960 was created from according to Metrc.

Package 11797 was used to create distillate in package

1A4050100016318000011798 (11798).

- a. Package 11798 failed compliance testing due to the presence of unacceptable levels of myclobutanil and bifenthrin.
- b. Packages 11797 and 11798 would also be expected to have similar testing results as packages 36617 and 36619 if in fact they were produced from the same originating product.

56. In response to inquiries from the CRA about the discrepant testing results of products created by the same originating product, Respondent through AB provided Therapeutic Health Choice certificates of analysis (COA) for packages 1A4050100016318000011799 (11799) and 1A4050100016318000011919 (11919).

- a. The COAs for packages 11799 and 11919 identify “Michigan Investments 10, Inc, 772 E Pinconning Rd, Pinconning, MI 48650, Lic. #PR-00165” in the “Client Info” section.
- b. The COA for Pink Dragon showed passing results, with no banned chemical residues detected.
- c. The COA for package 11799 for a “House Distillate” showed trace amounts of bifenazate and myclobutanil. Package 11919, also named “House Distillate,” showed trace amounts of bifenazate and bifenthrin.
- d. AB also provided a COA for a product named “Pink Dragon” with a photo on the document of a marijuana bud. This COA did not list a package number and listed “Alfonso, 10 Mile Rd, MI 48091” in the “Client Info” section.

57. In his initial response, AB also indicated that R&D testing had been completed on the packages on March 9 and did not receive failing results. On March 28, 2023, AB was asked to provide COAs from the R&D testing to the CRA. He did so on April 5, 2023.

- a. The COAs were for packages labelled “Alfonso – FFE,” “Alfonso – Crude Oil,” “Alfonso – 671 Distillate,” and “Alfonso – Perma Cup.” All four COAs also list the client as “Alfonso, 10 Mile Rd, Warren, MI 48091.”
- b. None of the COAs list the source package tag. All of the COAs indicate passing results. Notably, the COAs show the safety compliance facility received the product for testing on March 31, 2023—after the CRA’s March 28 request and after the March 9 date by which AB indicated the testing had been completed.

58. Metrc data showed that Respondent had an employee (AT), whose first name matched that on the above referenced COAs. AT’s LinkedIn profile included a logo of MuhaMeds, one of Respondent’s marijuana product brands.

59. Metrc data also showed that Therapeutic Health Choice, not Respondent, created the package tags for the products identified on the COAs as “6Z1 Distillate” and “Crude Oil.”

- a. An additional search of Metrc for packages created by Therapeutic Health Choice showed 15 packages that had some indication that they had been dropped off to the safety compliance facility by “Alfonso” and not a secure transporter.
- b. Laboratory Manager, SA, from Therapeutic Health Choice indicated she believed that “Alfonso” was a private citizen and that the tests were being done on private samples.
- c. AT confirmed to CRA investigators that he would hold himself out as a private citizen when he would take the samples to Therapeutic Health Choice for testing.

60. On April 26, 2023, CRA Intelligence Analyst EB requested information about why the test results contained in the COAs received from AB were not previously entered into Metrc and why the Metrc information was not included in the COA. AB indicated that the Metrc data was missing because “we went with an expedited process of dropping off the samples directly to get results back sooner.” He also indicated this was outside of Respondent’s normal practices and that they “typically” follow the testing requirements.

61. During a review of records obtained from Therapeutic Health Choice, Intelligence Analyst EB found an invoice dated March 29, 2023, that lists eight packages submitted for adult-use full compliance testing by AT.

- a. Each sample was listed as “Infused Preroll – Mates” and had additional name and flavor designations on each package. No test results were found in Metrc for these packages.
- b. Between April 4 and April 7, 2023, Therapeutic Health Choice went to Respondent’s business to collect eight packages for full

compliance testing of infused prerolls named “MuhaMeds – Mates,” with their associated flavor. The names of the products that were sampled were the same as those that AT dropped off at Therapeutic Health Choice days earlier.

- c. The Metrc tags for the product sampled at Respondent’s business were not created until April 4, 2023.
- d. There is no Metrc data showing a negative adjustment for the packages from which the prerolls dropped off at Therapeutic Health Choice by AT would have been sourced.

62. The COAs from the samples AB dropped off at Therapeutic Health Choice on March 28 and those collected from Respondent’s business between April 4 and 7 include similar images of the products and similar results, including similar cannabinoid profiles and heavy metals testing results.

63. Packages 1A4050300018511000041739 (41739) and 1A4050300018511000043269 (43269) were both created by Respondent’s medical marijuana processor license (no. PR-000165), transferred to Respondent’s adult-use license (no. AU-P-000171), transferred to Distro 10 (license no. AU-P-000319), and then transferred to RWB Michigan (AU-P-000240). Both products previously passed compliance testing while at Respondent’s business, but failed subsequent testing requested by RWB Michigan.

- a. Respondent’s medical and adult-use marijuana processor licenses and Distro 10 shared common ownership.
- b. Packages derived from 43269 failed compliance testing due to the presence of the banned chemical residue fludioxonil.
- c. Packages derived from package 41739 failed compliance testing due to the presence of the banned chemical residue permethrins.

64. Packages 41739 and 43269 were created inside Respondent's C1D2 extraction pod, which had cameras that were improperly turned to the wall and not recording.

65. Thus, Respondent was unable to provide surveillance video of the creation of packages 41739 and 43269 upon request.

66. AB indicated that the lack of video appeared to be a result of a camera system malfunction.

67. AB later explained that recordings from the cameras in the extraction pod may not be available because the cameras are motion activated and there may not have been anyone in the booths during the relevant time periods. However, other video during that time frame shows individuals going into and out of the extraction booths.

68. During a sampling event conducted by Therapeutic Health Choice on April 5, surveillance video shows that Respondent provided two 1-gallon jars for sampling that appear to be distillate with package numbers 1A4050300018511000041681 (41681) and 1A4050300018511000041682 (41682).

- a. At the time of sampling, package 41681 was listed as weighing 57,636 grams (127.06 pounds) and package 41682 was listed as weighing 58,279 grams (128.48 pounds).
- b. A one-gallon jar is insufficient in size to hold that much distillate. However, no other jars were provided to the sampling technicians.

#### COUNT 27

Respondent's actions as described above demonstrate a violation of Rule 420.214a(7), which states that any batch of marijuana or a marijuana product that has undergone internal analytical testing must undergo full safety compliance testing, with passing test results entered into the statewide monitoring system, prior to being sold or transferred.

#### COUNT 28

Respondent's actions as described above demonstrate a violation of Rule 420.206(4), which states that the agency shall publish a list of banned chemical residue active ingredients that are prohibited from use in the cultivation and production of marijuana plants and marijuana products to be sold or transferred in accordance with the acts or the rules.

#### COUNT 29

Respondent's actions as described above demonstrate a violation of Rule 420.303(6), which states that after a producer has processed the material from a cultivator, the producer shall have the sample tested for all required safety tests.

#### COUNT 30

Respondent's actions as described above demonstrate a violation of Rule 420.303a(2), which states that a producer of a marijuana product in its final form shall have the sample tested, shall quarantine products from all other products when the product has test results pending, and shall not transfer or sell a marijuana product to a marijuana sales location until after test results entered into the statewide monitoring system indicate a passed result for all required safety tests.

#### COUNT 31

Respondent's actions as described above demonstrate a violation of Rule 420.304(2)(a), (g), (h), (j), and (k), which relevantly state that a marijuana business shall not interfere or prevent a laboratory collecting samples of marijuana from complying with all of the following requirements:

- (a) The laboratory shall physically collect the sample of the marijuana product from another marijuana business to be tested at the laboratory.
- (g) An employee of the marijuana business from which marijuana product test samples are collected shall be physically present to observe the laboratory employee collect the sample of marijuana product for testing and shall ensure that the sample increments are taken from throughout the batch.



- (h) An employee of a marihuana business shall neither assist the laboratory employee nor touch the marihuana product or the sampling equipment while the laboratory employee is obtaining the sample.
- (j) A marihuana business shall enter in the statewide monitoring system the marihuana product test sample that is collected by a licensed laboratory, including the date and time the marihuana product is collected and transferred.
- (k) If a testing sample is collected from a marihuana business for testing in the statewide monitoring system, that marihuana business shall quarantine the marihuana product that is undergoing the testing from any other marihuana product at the marihuana business. The quarantined marihuana product may not be packaged, transferred, or sold until passing test results are entered into the statewide monitoring system.

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 333.27957(1)(c) and Rule 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 Rule 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.

Hearing and compliance conference requests must be submitted in writing by one of the following methods, with a copy provided to the assistant attorneys general named below:

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](mailto: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 undersigned assistant attorneys general.

Respectfully submitted,

/s/

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Dated: