



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LANSING

MARLON I. BROWN, DPA
DIRECTOR

CANNABIS REGULATORY AGENCY

In the Matter of

Budbridge LLC
dba Muha Meds Ypsilanti
License No: AU-R-001233
ENF No.: 25-00795

Docket No.: 25-042892

FINAL ORDER

The Cannabis Regulatory Agency (CRA), by its authorized representative, Executive Director Brian Hanna, issues this final order in the above-referenced matter finding that:

1. On October 24, 2025, the CRA issued a formal complaint against the retailer license (no. AU-R-001233) of Budbridge LLC dba Muha Meds Ypsilanti (Respondent) under the Michigan Regulation and Taxation of Marihuana Act (MRTMA), MCL 333.27951 *et seq.*, and administrative rules promulgated thereunder.
2. The complaint alleged Respondent violated Mich Admin Codes, R 420.104(3)(b), R 420.104(3)(c), R 420.210(2), R 420.212(1), R 420.212(2), R 420.505(2), R 420.509(3) and R 420.804(1).
3. A contested case hearing was held on April 21, 2026, before an administrative law judge (ALJ) within the Michigan Office of Administrative Hearings and Rules (MOAHR).
4. On August 14, 2026, the ALJ issued a proposal for decision recommending that the Executive Director of the CRA issue a final order finding that

Respondent violated Mich Admin Codes, R 420.104(3)(b), R 420.104(3)(c), R 420.210(2), R 420.212(1), R 420.212(2), R 420.505(2) and R 420.804(1) and that Respondent did not violate Mich Admin Code, R 420.509(3).

5. A copy of the ALJ's proposal for decision is attached and is incorporated consistent with the findings and conclusions of this order.

6. On September 2, 2026, Respondent filed exceptions to the proposal for decision.

7. On September 16, 2026, the CRA filed a response to Respondent's exceptions.

8. Having reviewed the whole record before it, but not limited to testimony and evidence submitted at the contested case hearing, the CRA makes the following findings of fact and conclusions of law:

a. Findings of Fact:

1. The CRA accepts the ALJ's findings of fact as set forth in the proposal for decision.

b. Conclusions of Law:

1. The CRA accepts the ALJ's conclusions of law as set forth in the proposal for decision.

9. Based on the above, the CRA finds that Respondent violated Mich Admin Codes, R 420.104(3)(b), R 420.104(3)(c), R 420.210(2), R 420.212(1), R 420.212(2), R 420.505(2) and R 420.804(1).

10. Pursuant to MCL 333.27957, Executive Reorganization Order No. 2019-2, MCL 333.27001, and Mich Admin Code, R 420.806, the Executive Director has the authority to impose sanctions.

11. THEREFORE, IT IS ORDERED THAT:

- a. Respondent's license is revoked.
- b. Respondent must pay a fine in the amount of two hundred fifty-one thousand, two hundred fifty and 00/100 (\$251,250.00) dollars. The 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). CRA guidance on how to make compliance order payments online is available under "Tips for Licensees" at www.michigan.gov/cra/bulletins. Check or money orders shall be made payable to the State of Michigan with "ENF No. 25-00795" and "License No. AU-R-001233" 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.
- c. 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-IAS@michigan.gov.
- d. If Respondent fails to timely comply with the terms of this order, Respondent's license shall be suspended until compliance is demonstrated.
- e. Respondent shall be responsible for all costs and expenses incurred in complying with the terms and conditions of this order.

This final order is a public record that will be published on the CRA's website and is subject to disclosure under the Freedom of Information Act, MCL 15.231 *et seq.*

This order shall be effective 10 days from the date signed by the CRA's Executive Director or his designee, as set forth below.

Dated: 10/1/26

Brian Hanna
Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email =
hannab@michigan.gov C = US O =
CRA OU = CRA
Date: 2026.10.01 11:39:14 -04'00'

Brian Hanna, Executive Director
Or his designee
Cannabis Regulatory Agency

CANNABIS REGULATORY AGENCY
2407 NORTH GRAND RIVER • P.O. BOX 30205 • LANSING, MICHIGAN 48909
www.michigan.gov/cra
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**STATE OF MICHIGAN
MICHIGAN OFFICE OF ADMINISTRATIVE HEARINGS AND RULES**

IN THE MATTER OF:

Docket No.: 25-042892

**CANNABIS REGULATORY AGENCY,
Petitioner**

Case No.: ENF 25-00795

v

**Agency: Cannabis
Regulatory Agency**

**BUDBRIDGE, LLC dba MUHA MEDS,
Respondent**

**Case Type: MMF Disciplinary
Hearings**

Filing Type: Formal Complaint

_____/

**Issued and entered
this 14th day of August 2026
by: Lauren Middleton
Administrative Law Judge**

PROPOSAL FOR DECISION

Procedural History

This matter commences under authority of the Michigan Regulation and Taxation of Marihuana Act (MRTMA), MCL 333.27951 *et. seq.*, and the Administrative Rules promulgated thereunder.

On October 24, 2025, the Cannabis Regulatory Agency, Petitioner, issued a Formal Complaint against Budbridge, LLC d/b/a Muha Meds, Respondent, alleging multiple violations of the MRTMA.

On December 1, 2025, this matter was referred to the Michigan Office of Administrative Hearings and Rules (MOAHR) to conduct a contested case hearing regarding the Formal Complaint, pursuant to Mich Admin Code, Rule 420.704. On December 3, 2025, MOAHR issued a Notice of Telephone Hearing, which assigned the case to the undersigned Administrative Law Judge (ALJ) and scheduled a telephone hearing for January 12, 2026.

On January 5, 2026, Petitioner, by and through counsel, filed a Witness List, Exhibit List, and proposed exhibits.

On January 5, 2026, the parties, by and through counsel, filed a Stipulation of the Parties to Convert Telephonic Hearing to a Status Conference. On January 7, 2026, the undersigned issued an Order Converting Hearing to Telephone Prehearing Conference.

On January 12, 2026, the telephone prehearing conference was held as scheduled. An Order Following Prehearing Conference was entered on February 2, 2026, that set forth various filing deadlines and scheduled a contested case hearing for April 21, 2026, and April 22, 2026, via videoconference.

On February 2, 2026, Respondent, by and through counsel, filed a Witness List Exhibit List, and proposed exhibits.

On April 21, 2026, the hearing commenced as scheduled via videoconference. The undersigned ALJ presided. Assistant Attorneys General Erika S. Julien and Sarah E. Huyser appeared on behalf of Petitioner. Attorney Jeffrey M. Schroder appeared on behalf of Respondent. While evidentiary proofs were completed during the hearing on April 21, 2026, the undersigned ALJ indicated that the record would remain open for the parties to submit closing briefs and responses. On April 23, 2026, the undersigned ALJ issued an Order Following Hearing and Establishing Briefing Schedule, which provided briefing deadlines and indicated the record would remain open through June 12, 2026.

On May 22, 2026, Respondent filed a closing brief. On May 26, 2026, Petitioner filed a closing brief. On June 12, 2026, each party filed a response to the opposing party's brief.

Summary of Evidence

Witnesses

Petitioner offered testimony from the following witnesses at the hearing:

1. Joel Cutler, Senior Regulation Agent for Petitioner
2. Kristin Broughton, Senior Intelligence Analyst for Petitioner

Respondent offered testimony from the following witness at the hearing:

1. Aaron Baggett, Compliance Manager for Respondent

Exhibits

Petitioner offered the following exhibits, which were admitted into evidence based upon the stipulation of the parties:

- | | |
|-----------|--|
| Exhibit 1 | CRA Investigation Report: CMP-25-001111 |
| Exhibit 2 | CRA Investigation Report: CMP-25-001111 – Attachment 1 |
| Exhibit 3 | CRA Investigation Report: CMP-25-001111 – Attachment 2 |
| Exhibit 4 | CRA Investigation Report: CMP-25-001111 – Attachment 3 |

Exhibit 5	CRA Investigation Report: CMP-25-001111 – Attachment 4
Exhibit 6	CRA Investigation Report: CMP-25-001111 – Attachment 5
Exhibit 7	CRA Investigation Report: CMP-25-001111 – Attachment 6
Exhibit 8	CRA Investigation Report: CMP-25-001111 – Attachment 7
Exhibit 9	CRA Investigation Report: CMP-25-001111 – Attachment 8
Exhibit 10	CRA Investigation Report: CMP-25-001111 – Attachment 9
Exhibit 11	CRA Investigation Report: CMP-25-001111 – Attachment 10
Exhibit 12	CRA Investigation Report: CMP-25-001111 – Attachment 11
Exhibit 13	CRA Investigation Report: CMP-25-001111 – Attachment 12
Exhibit 14	CRA Investigation Report: CMP-25-001111 – Attachment 13
Exhibit 15	CRA Investigation Report: CMP-25-001111 – Attachment 14
Exhibit 16	CRA Investigation Report: CMP-25-001111 – Attachment 15
Exhibit 17	CRA Investigation Report: CMP-25-001111 – Attachment 16

Respondent offered the following exhibits, which were admitted into evidence based upon the stipulation of the parties:

Exhibit A	METRC Export Table, dated June 24, 2025
Exhibit B	METRC Export Table, dated July 7, 2025
Exhibit C	Customer Profile for Eva Lester
Exhibit D	Customer Profile for Porshe Williams

Issue

Did Respondent violate the Michigan Regulation and Taxation of Marihuana Act, MCL 333.27951 *et seq.* and the administrative rules promulgated thereunder, as alleged in the Formal Complaint?

Applicable Law

Mich Admin Code, R 420.104 provides, in relevant part:

Rule 4.

* * *

(3) A marihuana retailer shall comply with all of the following:

* * *

- (b) Accurately enter all transactions, current inventory, and other information into the statewide monitoring system as required in these rules.
- (c) Before selling or transferring marihuana to an individual 21 years of age or older, verify the individual appears to be 21 years of age or older by means of government-issued photographic identification containing a date of birth and that the sale or transfer will not exceed the single transaction limit in these rules.

Mich Admin Code, R 420.210 states, in pertinent part:

Rule 10.

* * *

- (2) 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 a product as provided in these rules.

* * *

Mich Admin Code, R 420.212 provides, in relevant part:

Rule 12.

- (1) 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.
- (2) All containers used to store marihuana products for transfer or sale between marihuana businesses must be clearly marked, labeled, or tagged, if applicable, and enclosed on all sides in secured containers. The secured containers must be latched or locked in a manner to keep all contents secured within. Each secured container must be identified and tracked in accordance with the acts and these rules.

* * *

Mich Admin Code, R 420.505 states, in pertinent part:

Rule 5.

* * *

- (2) A marihuana sales location shall enter all transactions, current inventory, and other information required by these rules in the statewide monitoring system. The marihuana sales location shall maintain appropriate records of all sales or transfers under the acts and these rules and make them available to the agency upon request.

* * *

Mich Admin Code, R 420.509 states, in pertinent part:

Rule 9.

* * *

- (3) A licensee shall record the transfer of an internal product sample in the statewide monitoring system.

* * *

Mich Admin Code, R 420.804 provides, in relevant part:

Rule 4.

- (1) 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.

* * *

Findings of Fact

The following findings of fact are established based on the entire record in this matter, including the witness testimony and admitted exhibits:

1. At all times relevant to the Formal Complaint, Respondent held an active state license under MRTMA to operate as an adult-use retailer in the state of Michigan. Respondent operated its business at 19 N. Hamilton Street, Ypsilanti, MI 48197. [Joel Cuter Hearing Testimony; Pet. Exh. 1].
2. On May 30, 2025, Petitioner received an anonymous complaint from one of Respondent's former employees through Petitioner's online portal. The complaint alleged Respondent engaged in significant non-compliant activity, including employees giving away 5,000 – 20,000 bulk vapes cartridges, utilizing a fictitious

point-of-sale profile named “Chris Peterson”, making inaccurate Metrc¹ adjustments, and failing to verify customer identification. The complaint also included photos of Respondent’s facility and screenshots of text message conversations with Respondent’s Compliance Manager, Aaron Baggett, to support the complaint. [Cutler Hrg. Testimony; Pet. Exhs. 1 and 2].

3. On June 4, 2025, Petitioner processed the anonymous complaint and opened an investigation. Senior Regulation Agent Joel Cutler was assigned to investigate the complaint. [Cutler Hrg. Testimony; Pet. Exh. 1].
4. On July 16, 2025, Agent Cutler conducted an onsite inspection of Respondent’s facility and met with Respondent’s General Manager Lavinia Hermiz. [Cutler and Aaron Baggett Hrg. Testimony; Pet. Exh. 1].
5. Respondent utilizes the point-of-sale (POS) system Dutchie to track sales and export Respondent’s inventory and sales to Metrc. The Dutchie POS system prohibits individual sales over the state of Michigan’s maximum purchase limit of 15 grams of marijuana concentrate or 2.5 ounces of marijuana flower per transaction. [Cutler and Aaron Baggett Hrg. Testimony; Pet. Exh. 1].
6. When Agent Cutler asked Ms. Hermiz about a POS profile under the name “Chris Peterson”, Ms. Hermiz acknowledged that Respondent utilized three separate related profiles under the names of “Chris Peterson”, “Chris Peterson Two”, and “Chris Peterson 3”. [Cutler and Aaron Baggett Hrg. Testimony; Pet. Exh. 1].
7. Each of the Chris Peterson accounts contained thousands of product transfers, totaling approximately 175,000 transactions between the three accounts. The accounts were used to track products Respondent gave away for free, including Buy One Get One (BOGO) or giveaway promotions to customers, internal samples for employees, trade samples, giftbag promotions, and anonymous customer transactions, rather than tracking the transfers in the actual associated customer or employee profiles. For the transactions, Respondent’s employees would “penny out” the transaction as a way to track products that were given away that were not otherwise recorded on customer receipts or in the customer’s profiles. Ms. Hermiz acknowledged to Agent Cutler that they could not track sales in a compliant manner utilizing this method and stated they would look into changing their procedures. [Cutler and Baggett Hrg. Testimony; Pet. Exhs. 1, 3, 4, and 5].
8. Ms. Hermiz also admitted to Agent Cutler that Respondent had previously received a warning system from Metrc for the oversale of trade samples in the past and,

¹ Metrc is the statewide monitoring system for the state of Michigan.

therefore, stopped entering trade sales into the Chris Peterson accounts. [Cutler Testimony; Pet. Exh. 1, p 5].

9. Agent Cutler performed an inspection of Respondent's facility. During the walkthrough, Agent Cutler observed approximately 75 1-gram pre-rolls in an open plastic tote located in a manager's office, which was in a secure work area. The pre-rolls lacked Metrc tags or any other identifiers. Ms. Hermiz indicated to Agent Cutler that the pre-rolls were created three days earlier using a pre-roll machine and bulk marijuana trim from a tagged bag. Both the bulk package and pre-roll machine were also located in the office. Video surveillance from July 13, 2025, confirmed employees removing material from a bulk Metrc-tagged trim bag and creating pre-rolls without Metrc tracking. Ms. Hermiz advised that the project stopped when the pre-rolls were not coming out with consistent weight. Ms. Hermiz acknowledged that she failed to tag the pre-rolls and failed to update Metrc when the bulk trim was converted to pre-rolls. [Cutler Hrg. Testimony; Pet. Exh. 6].
10. In the office, Agent Cutler also discovered a bag of marijuana flower with "25G" and "Designer Runtz" handwritten on the outside of the bag. There was not a Metrc tag or other identifier on the package. Ms. Hermiz advised Agent Cutler that the bag was the remainder of a Metrc-tagged package that had not yet been stickered due to the odd weight of the package and acknowledged she had failed to tag the new package. [Cutler Hrg. Testimony; Pet. Exhs. 1 and 7].
11. Mr. Baggett later provided Agent Cutler with photos showing emptied pre-rolls returned to bulk trim, and confirmation that the untagged Designer Runtz package was subsequently tagged and sold. [Baggett Hrg. Testimony; Pet. Exh. 8].
12. Kristin Broughton, Senior Intelligence Agent for Petitioner, reviewed the sales data for the three Chris Peterson accounts for the 30 days prior to the investigation, which coincided with the video surveillance retention period required for Respondent. This period was chosen so Petitioner could verify the purchases made with video surveillance. [Cutler and Kristin Broughton Hrg. Testimony].
13. Analyst Broughton identified that, on June 24, 2025, Respondent processed the purchase of approximately 400 two-gram vape cartridges (carts), which equated to 800g of marijuana concentrate, within approximately 23 minutes in rapid succession through numerous penny-out POS transactions under a Chris Peterson profile. In the majority of the transactions, 7 vape carts were sold for \$0.01 each, totaling \$0.07 and 14 grams of product each transaction. No singular transaction exceeded the purchase limit of 15 grams of concentrate [Broughton and Baggett Hrg. Testimony; Pet. Exhs. 1, 3, 4, 5, and 11; Resp. Exh. A].

14. Analyst Broughton identified another cluster of transactions involving approximately 487 two-gram vape cartridges that were similarly processed within approximately 45 minutes on July 7, 2025. [Broughton and Baggett Hrg. Testimony; Pet. Exh. Pet. Exhs. 1, 3, 4, 5, and 11; Resp. Exh. B].
15. On July 29, 2025, Agent Cutler returned to Respondent's facility to collect and view video surveillance related to the two sets of transactions. Agent Cutler viewed the video surveillance with Ms. Hermiz and Respondent Compliance Manager Aaron Baggett. [Cutler and Baggett Hrg. Testimony; Pet. Exh. 1].
16. While reviewing the video, Mr. Baggett acknowledged that the order on June 24, 2025, was created and packaged for social media influencer Eva Lester and included 400 2-gram vape carts that were processed over a series of sales. However, Mr. Baggett acknowledged that the transactions were not applied to Eva Lester's account but were rather applied to one of the Chris Peterson accounts. The product was scanned prior to Ms. Lester's arrival. Ms. Lester then picked up the product at one time from Respondent during a visit to the facility. Ms. Lester did not pay any money for the vape carts, but Mr. Baggett indicated that they were valued at \$5,400.00. [Cutler and Baggett Hrg. Testimony; Pet. Exhs. 1 and 15].
17. Mr. Baggett also admitted that Respondent created the order on July 7, 2025, for social media influencer Porche Williams. Mr. Baggett stated that one of Respondent's employees, Zaynab Bazzi, completed multiple consecutive transactions totaling 487 vape carts. Similar to the Eva Lester transaction, the transactions were not applied to Porche Williams's account but were applied to one of the Chris Peterson accounts. Video surveillance showed one of Respondent's employees walking all 487 vape carts out to a vehicle in the parking lot on the date in question. Ms. Williams never entered the store during the transaction. Ms. Williams did not pay for the vape carts, but Mr. Baggett valued the products at \$4,383.00. [Cutler and Baggett Hrg. Testimony; Pet. Exhs. 1 and 16].
18. Respondent's upper management decided to give the social media influencers free product so they would promote Respondent's business, which was experiencing a sales slump. [Cutler and Baggett Hrg. Testimony].
19. There was not any evidence offered to suggest that Respondent's staff checked either of the woman's identification or verified their ages during the product pickup. Mr. Baggett admitted that customer identification was not consistently verified at the time of product pickups and that employees relied on familiarity rather than checking licenses or IDs as required. Both women did have POS profiles in Respondent's Dutchie system. [Baggett Hrg. Testimony; Resp. Exhs. C and D].

20. Both of the aforementioned orders were intentionally fulfilled by scanning numerous, consecutive, compliant transactions (i.e. less than 15 grams of concentrate per transaction) to avoid triggering the oversales warnings in Dutchie, even though each order was intended for one customer as a single transfer. Neither customer was present when the orders were processed and fulfilled. [Baggett Hrg. Testimony].
21. Per Agent Culter's credible testimony, a single customer or patron is not permitted to transport the amount of marijuana product in question. The amount of vapes transferred in the Eva Lester's and Porche Williams' transactions would have needed to be transported by a secured transporter.
22. Mr. Baggett acknowledged receiving an email blast from Petitioner in April 2025, which discussed the requirement to notify Petitioner and legal authorities of diversion, theft, loss, or any other criminal activity, including possession exceeding twice the legal limit of marijuana product. However, Mr. Baggett stated that he did not interpret having possession of more than twice the legal limit of product as criminal activity and that he should have "paid better attention to it." [Cutler and Baggett Hrg. Testimony; Pet. Exh. 12].
23. Mr. Baggett also admitted on the record that, prior to Petitioner's investigation, Respondent's employees would "look away" if a customer walked out of the store with an amount of product that exceeded the legal limit.
24. There was not any evidence offered to establish that the alleged criminal activity that occurred during the Eva Lester and Porche Williams transactions were referred to authorities for criminal prosecution.
25. Per the testimony of Agent Cutler and Mr. Baggett, there was not any of Respondent's cannabis inventory that was unaccounted for in Metrc. All transactions in the Chris Peterson accounts were identified in Metrc.
26. Agent Cutler reviewed Respondents Standard Operating Procedures (SOPs) and determined that Petitioner was not following its own SOP in terms of pre-rolls, internal product testing samples, age verification, and trade samples. [Cutler Hrg Testimony; Pet. Exh. 9].
27. Following the investigation, Respondent updated their SOPs to include the missing procedures and trained staff accordingly as a remedial measure. [Cutler and Baggett Hrg. Testimony; Resp Exh 17].

28. On October 24, 2025, Petitioner, issued a Formal Complaint against Respondent alleging multiple violations of the MRTMA, including failure to accurately record transactions in Metrc, to properly tag marijuana product, to adhere to marijuana transfer and possession limits, to notify law enforcement of criminal activity, and to verify identification before transferring marijuana product.

Conclusions of Law

In this matter, Petitioner bears the burden of establishing, by a preponderance of the evidence, that sufficient grounds exist for the intended action to suspend, revoke, restrict or refuse to renew a marihuana license or to impose a fine. See Mich Admin Code R 420.704(6).

A preponderance of evidence has been defined by Michigan courts as follows: "proof by a preponderance of the evidence requires that the fact finder believe that the evidence supporting the existence of the contested fact outweighs the evidence supporting its nonexistence." *Blue Cross and Blue Shield of Michigan v Milliken*, 422 Mich 1; 367 NW2d 1 (1985). A preponderance of evidence is evidence which is of a greater weight or more convincing than evidence offered in opposition to it. It is simply that evidence which outweighs the evidence offered to oppose it. *Martucci v Detroit Commissioner of Police*, 322 Mich 270; 33 NW2d 789 (1948).

In the present case, the Formal Complaint against Respondent, dated October 24, 2025, sets forth eight counts alleging violations of the Michigan Regulation and Taxation of Marihuana Act and the Administrative Rules promulgated thereunder.

Count 1: Mich Admin Code, R 420.104(3)(b)

In Count 1 of the Formal Complaint, Petitioner alleges that Respondent violated Mich Admin Code, R 420.104(3)(b) by failing to accurately enter all transactions, current inventory, and other information into the statewide monitoring system.

Petitioner alleges that Respondent violated the administrative rules by having marijuana pre-rolls and a bag of marijuana flower that were not accurately tracked in Metrc. Specifically, Petitioner argues that the pre-rolls did not have proper tagging and were not listed in Metrc and that the bag of flower used to create pre-rolls wasn't updated in Metrc to reflect the amount that was removed for the pre-rolls. Similarly, Petitioner argues that the Designer Runtz bag was not accurately tagged or tracked in Metrc.

In its brief and response to Petitioner's brief, Respondent addresses the Chris Peterson accounts and argues that every transaction in those accounts had corresponding recordings in Metrc. However, as Petitioner does not allege that the Chris Peterson

accounts are the basis of this alleged violation, the undersigned will not address these arguments for this Count.

It is undisputed that Agent Cutler observed approximately 75 marijuana pre-rolls and a bag of marijuana flower marked "Designer Runtz" that did not have Metrc tags and were not identified in Metrc. Additionally, the bag from which the pre-rolls were derived was not adjusted in Metrc after the product for the pre-rolls was removed, even though they had been created several days prior. Therefore, Petitioner has established that Respondent failed to accurately enter all current inventory into the statewide monitoring system

Based upon consideration of the entire record, the undersigned Administrative Law Judge finds that Petitioner has established, by a preponderance of the evidence, that Respondent's actions, as described above, demonstrate a violation of Mich Admin Code, R 420.104(3)(b), as alleged in Count 1 the Formal Complaint.

Count 2: Mich Admin Code, R 420.104(3)(c)

In Count 2 of the Formal Complaint, Petitioner alleges that Respondent violated Mich Admin Code, R 420.104(3)(c), by failing to verify an individual who appears to be 21 years of age or older by means of a government-issued photographic identification containing a date of birth and that the sale will not exceed the single transaction limit, prior to selling or transferring marijuana to the individual.

It is undisputed in this matter that Respondent gave away large quantities of marijuana concentrate, in the form of vape carts, to two social media influencers. On June 24, 2025, Respondent transferred approximately 400 two-gram vape carts, which equated to approximately 800 grams of marijuana concentrate to an influencer identified as Eva Lester in a single transfer. Respondent's Compliance Manager, Aaron Baggett admitted that Respondent processed the transfer by breaking it into a series of compliant, smaller transactions to avoid an oversale alert in the POS or Metrc systems. These transactions were processed in rapid succession in a 23-minute period. Each of the transactions was under the state of Michigan's single transaction limit of 15 grams of concentrate. The individual then picked up all the 400 carts together at Respondent's facility in a single transfer.

It is also undisputed that Respondent transferred approximately 487 two-gram vape carts, totaling over 900 grams of marijuana concentrate, in a similar manner to an influencer identified as Porche Williams. The transfer was conducted by breaking the transfer down to series of small transactions to avoid an oversale trigger in the systems. One of Respondent's employees then carried all of the carts out together and put them in the car of an individual identified as Porche Williams, who was waiting in the parking lot. There

was not any evidence offered to suggest that Respondent checked either of the individuals' government IDs to confirm their identifies or that they were over the age of 21. In fact, Baggett indicated that Respondent's employees relied on person recognition of customers rather than checking identification at times.

Petitioner argues that Respondent violated the administrative rules, as alleged in Count 2, by failing to verify the identity of the individuals who picked up the marijuana product and failing to observe the sale limit of 15 grams of marijuana concentrate per transaction, as proscribed in MCL 333.27955(1)(d) and MCL 333.27965. Petitioner additionally argues that Baggett admitted that Respondent scanned the product in such a way to avoid an oversale and attributed it to the Chris Peterson account, because Respondent knew that a customer purchasing that much marijuana concentrate would constitute criminal activity.

Respondent avers that there is no requirement that an internal POS customer profile match the recipient's legal name, as long as the transaction, date, time and, quantity are accurately recorded and reconciled in Metrc. Respondent specifically notes that Metrc does not record individual customer names in the system. Respondent further argues that the question should not be how much aggregate product was transferred, but whether any single transaction exceeded the applicable transaction limit. Respondent points to the fact that Petitioner, through Agent Cutler, acknowledges that there was not one single transaction in the Chris Peterson accounts that exceeded the single transaction limit of 15 grams of marijuana concentrate.

Essentially, Respondent claims that it doesn't matter how much product is provided to a customer, whether through sale or giveaway, as long as each individual transaction of the transfer was less than 15 grams of marijuana concentrate. Mr. Baggett testified he was aware the POS system would trigger an oversale warning if scanned as one transaction, and that's why Respondent's employee intentionally scanned the transfer in smaller "penny-out" transactions. Additionally, Mr. Baggett agreed that he would not have sold the 800 grams of concentrate as one sale, because it would have been over the legal limits, and that employees would "look away" when customers left the facility with more than the legal limit of product.

Clearly, the limits for possession and transaction limits have been established in the law. To allow facilities an opportunity to circumvent these limits by simply scanning the product in a series of smaller transactions is contradictory to the unambiguous intent of the law and administrative rules. Respondent was aware of these limits and actively chose to disregard them when it transferred a large quantity of marijuana concentrate to the two social media influencers in question. Those quantities far exceeded the maximum amount for a single transfer, as established under MRTMA. Respondent's employees also chose not to consistently check government-issued identification of customers, including Eva

Lester and Porche Williams, and instead relied on their supposed recollection of the customer.

Based upon consideration of the entire record, the undersigned Administrative Law Judge finds that Petitioner has established, by a preponderance of the evidence, that Respondent's actions, as described above, demonstrate a violation of Mich Admin Code, R 420.104(3)(c), as alleged in Count 2 the Formal Complaint.

Count 3: Mich Admin Code, R 420.210(2)

In Count 3 of the Formal Complaint, Petitioner alleges that Respondent violated Mich Admin Code, R 420.210(2), by having marijuana product without a batch number or identification tag or label, outside of a designated consumption establishment or temporary marijuana event licensed under MRTMA.

Petitioner argues that Respondent violated this rule by having the marijuana pre-rolls and bag of marijuana flower that were not tagged with a Metrc number or any other type of identification tag. In both its brief and response to Petitioner's brief, Respondent addressed Count 3, by discussing alleged criminal activity and the reporting of the activity. This appears to be an oversight.

Regardless, it is undisputed that Agent Cutler observed approximately 75 pre-rolls and a bag of marijuana flower marked "Designer Runtz" that did not have a Metrc tag or any other type of identification tag. The pre-rolls had been made three days prior to the inspection. In that time, Respondent could have put Metrc tags on the pre-rolls or returned the content of the pre-rolls to the original, tagged bag of product. However, Respondent failed to do so.

Based upon consideration of the entire record, the undersigned Administrative Law Judge finds that Petitioner has established, by a preponderance of the evidence, that Respondent's actions, as described above, demonstrate a violation of Mich Admin Code, R 420.210(2), as alleged in Count 3 the Formal Complaint.

Count 4: Mich Admin Code, R 420.212(1)

In Count 4 of the Formal Complaint, Petitioner alleges that Respondent violated Mich Admin Code, R 420.212(1), by failing to store all marijuana products in a secured limited access area or restricted access area and to identify and track the product consistently in the statement monitoring system.

Petitioner argues that the untagged pre-rolls and untagged bag of marijuana flower were found in an office, did not have Metrc tags affixed, and were not accurately recorded in Metrc. Petitioner points to Ms. Hermiz's statements to Agent Cutler that Respondent failed

to identify or tag the pre-rolls and failed to track them in Metrc as support of this allegation. Respondent acknowledges that the pre-rolls were untagged but avers that the products were promptly placed back into their tagged, bulk form after discovery during the investigation and that Respondent has discontinued to on-site pre-rolling.

While the undersigned acknowledges Respondent's "no harm, no foul" argument, Respondent failed to provide any legal support that corrective action absolves Respondent of the underlying violation. It is undisputed that both the 75 pre-rolls and the bag of flower in question were not properly identified with a Metrc tag. Additionally, Ms. Hermiz admitted to Agent Cutler that Respondent had failed to adjust Metrc when it converted the marijuana product to pre-rolls. Thus, the products were not properly identified or tracked. Agent Cutler testified that the product was found in a secure office, away from public access, so the undersigned does not find merit to the argument that the products were stored in an unrestricted area.

Based upon consideration of the entire record, the undersigned Administrative Law Judge finds that Petitioner has established, by a preponderance of the evidence, that Respondent's actions, as described above, demonstrate a violation of Mich Admin Code, R 420.212(1), as alleged in Count 4 the Formal Complaint.

Count 5: Mich Admin Code, R 420.212(2)

In Count 5 of the Formal Complaint, Petitioner alleges that Respondent violated Mich Admin Code, R 420.212(2), which states all containers used to store marihuana products for transfer or sale between marihuana businesses must be clearly marked, labeled, or tagged, if applicable, and enclosed on all sides in secured containers. Additionally, the secured containers must be latched or locked in a manner to keep all contents secured within. Each secured container must be identified and tracked.

Petitioner alleges that Respondent violated this administrative rule by failing to properly tag the marijuana pre-rolls and bag of Designer Runtz flower and failing to store the products in a secure container. Respondent responds that this was a stickering omission that was immediately corrected upon discovery. However, it is undisputed that these products were not tagged properly. Additionally, the pre-rolls were not stored in a secure container. As discussed above, remediation does not cure the underlying violation.

Based upon consideration of the entire record, the undersigned Administrative Law Judge finds that Petitioner has established, by a preponderance of the evidence, that Respondent's actions, as described above, demonstrate a violation of Mich Admin Code, R 420.212(2), as alleged in Count 5 the Formal Complaint.

Count 6: Mich Admin Code, R 420.505(2)

In Count 6 of the Formal Complaint, Petitioner alleges that Respondent violated Mich Admin Code, R 420.505(2), by failing to enter all transactions, current inventory, and other required information in the statewide monitoring system, maintain appropriate record of all sales or transfers under the acts and the rules, and make the records available to the agency upon request.

Petitioner argues that accurate tracking is required to prevent oversales to customers or employees, so that statutory possession limits are not exceeded. Petitioner further opines that, by transferring almost 175,000 products under the fictitious Chris Peterson profiles, Respondents failed to engage in accurate tracking. In its brief, Respondent addresses alleged deficiencies in Respondent's SOP. As alleged deficiencies in the SOP were not addressed as a basis of a violation in either the Formal Complaint or Petitioner's brief, the undersigned will not address the issue.

The evidence in the record demonstrates that Respondent utilized the Chris Peterson accounts to track any products that were given away for free, including employee samples, trade samples, gift bag giveaways, and BOGO promotions. There was not any evidence offered to suggest or establish that any of the transactions in the Chris Peterson accounts were not recorded in Metrc or that inventory was not properly reduced in Metrc to reflect the sales. In fact, Agent Cutler confirmed that Petitioner was able to correlate all of the Chris Peterson transactions with Metrc records. Therefore, it has not been established that Respondent failed to enter all transactions into Metrc.

However, as discussed in Count 1, Petitioner has established that Respondent failed to accurately track current inventory in Metrc with the pre-rolls and Designer Runtz bag discovered by Agent Cutler during his inspection. Therefore, Petitioner has established that Respondent violated this administrative rule by failing to enter current inventory into the statewide monitoring system.

Based upon consideration of the entire record, the undersigned Administrative Law Judge finds that Petitioner has established, by a preponderance of the evidence, that Respondent's actions, as described above, demonstrate a violation of Mich Admin Code, R 420.505(2), as alleged in Count 6 the Formal Complaint.

Count 7: Mich Admin Code, R 420.509(3)

In Count 7 of the Formal Complaint, Petitioner alleges that Respondent violated Mich Admin Code, R 420.509(3), by failing to record the transfer of an internal product sample in the statewide monitoring system.

Petitioner argues that Respondent violated Administrative Rule 420.509(3) by attributing thousands of sales in its POS system to the Chris Peterson accounts and, thus, not accurately recording internal product transfers. Respondent did not specifically address Count 7 in its brief but did repeatedly argue that Petitioner conceded that every transaction in the Chris Peterson accounts had a corresponding recording in the Metrc system and that no product was transferred or sold outside of the system.

As addressed in Count 6, there was not any evidence offered to suggest or establish that any of the transactions under the Chris Peterson accounts, including those for internal product transfer, were not recorded in Metrc. As Mich Admin Code, R 420.509(3) only requires that the internal product samples be recorded in the statewide monitoring system, and Petitioner did not offer any evidence of transactions that were not recorded in Metrc, the undersigned finds that Petitioner has failed to meet its burden.

Based upon consideration of the entire record, the undersigned Administrative Law Judge finds that Petitioner has failed to establish, by a preponderance of the evidence, that Respondent's actions, as described above, demonstrate a violation of Mich Admin Code, R 420.509(3), as alleged in Count 7 the Formal Complaint.

Count 8: Mich Admin Code, R 420.804(1)

In Count 8 of the Formal Complaint, Petitioner alleges that Respondent violated Mich Admin Code, R 420.804(1), by failing to notify the agency and local law enforcement authorities within 24 hours of becoming aware of or when it should have been aware of criminal activity at its business.

As discussed above, it is undisputed that Respondent transferred an amount of marijuana concentrate to the individuals identified as Eva Lester and Porche Williams that far exceeded twice the legal limit allowed to be possessed by an individual by MRTMA. It is also undisputed that Respondent did not report any criminal activity to either Petitioner or law enforcement in relation to the transactions with those individuals. Petitioner argues that Respondent should have reported Eva Lester's and Porche Williams' possession of an amount of marijuana concentrate that exceeded the legal limit. Petitioner opines that Baggett acknowledged that he knew having 800 grams of marijuana concentrate constituted criminal possession but then testified that employees would "look away" when customers would leave Respondent's facility with amounts of concentrate that were criminal to possess.

Respondent relies on the fact that Petitioner did not inevitably report the activity to law enforcement as an indication that there was no criminal activity that occurred. Respondent further avers that Agent Cutler acknowledged that there was not any evidence of diversion of product or missing or unreconciled inventory. Respondent also argues that, even if there was criminal activity, there was no evidence that Respondent

was aware or should have been aware of the criminal activity. Respondent highlights Mr. Baggett's testimony that Petitioner normally conducts education sessions when there is a rule change, rather than sending out an email blast, and that Mr. Baggett had misinterpreted the rule regarding possession of a quantity of marijuana that exceeded two times the legal transaction amount and the duty to report.

Respondent's argument is unpersuasive and contradicted by its own witness' testimony. Mr. Baggett acknowledged that Respondent received the April 2025 email that reminded facilities to report individual possession that exceeded twice the amount of marijuana allowed under MRTMA (i.e. exceeded 30 grams of concentrate). While Respondent attempts to question the delivery manner of the information, Respondent did not provide any legal support that Petitioner is mandated to provide reminders of the law in any specific manner. Further, Mr. Baggett acknowledged during his testimony that he would not have processed an individual sale for 800 grams of concentrate, because he knew it's beyond the legal limit. In this matter, Respondent was aware that it was transferring an amount of marijuana product that exceeded the legal possession limit to Eva Lester and Porche Williams and that it had a duty to report criminal activity, including criminal possession. Respondent failed to report the activity and, thus, violated this rule.

Based upon consideration of the entire record, the undersigned Administrative Law Judge finds that Petitioner has established, by a preponderance of the evidence, that Respondent's actions, as described above, demonstrate a violation of Mich Admin Code, R 420.804(1), as alleged in Count 8 the Formal Complaint.

Proposed Decision

Based on the above Findings of Fact and Conclusions of Law, the undersigned Administrative Law Judge proposes that the Executive Director of the Cannabis Regulatory Agency issue a Final Order finding that Respondent did not violate Mich Admin Code, R 420.509(3), as alleged in Count 7 of the Formal Complaint but has violated Mich Admin Code R 420.104(3)(b), R 420.104(3)(c), R 420.210(2), R 420.212(1), R 420.212(2), R 420.505(2), and R 420.804(1), as alleged in Counts 1, 2, 3, 4, 5, 6, and 8 the Formal Complaint, dated October 24, 2025, and issue reasonable sanctions in proportion to the nature of the violations, as authorized by the MRTMA and Mich Admin Code, R 420.806.



Lauren Middleton
Administrative Law Judge

Exceptions:

The parties may file Exceptions to this Proposal for Decision within twenty-one (21) days after it is issued and entered. An opposing party may file a Response to Exceptions within fourteen (14) days after initial Exceptions are filed (see computation of filing time at Mich Admin Code, R 792.10104). For any Exceptions and Responses to Exceptions, a party must:

- 1) State the **case name and docket number** as shown on the first page of this Proposal for Decision;
- 2) File with the Michigan Office of Administrative Hearings and Rules-General Adjudication, by **e-mail (preferred)**: MOAHR-GA@michigan.gov; **fax**: 517-763-0148; **regular mail**: MOAHR-GA, P.O. Box 30695, Lansing, Michigan 48909-8195; or **overnight carrier delivery (UPS, FedEx, DHL)**: MOAHR-GA, c/o Department of Licensing and Regulatory Affairs, Mail Services, 2407 N. Grand River Avenue, Lansing, Michigan 48906; and
- 3) **Serve a copy on all parties** to the proceeding at the email/regular mail addresses shown on the attached Proof of Service.

Notice to Agency to Provide MOAHR with Subsequent Agency or Court Orders

The state agency that is a party to this matter, and/or referred this matter to MOAHR, shall serve MOAHR with any subsequent orders entered as a result of this ALJ's decision or proposed decision, including but not limited to the agency's final order, order to remand the matter to MOAHR for further proceedings, or order on appeal, as soon as practicable following entry of the order to:

Michigan Office of Administrative Hearings and Rules, General Adjudication, by **email (preferred)** to: MOAHR-GA@michigan.gov; **or by regular mail** to: MOAHR-GA, P.O. Box 30695, Lansing, Michigan 48909-8195.

See: Mich Admin Code, R 792.10120(2)(i).

PROOF OF SERVICE

I certify that I served a copy of the foregoing document upon all parties and/or attorneys, to their last-known addresses in the manner specified below, this 14th day of August 2026.

S. Reynolds

S. Reynolds
Michigan Office of Administrative
Hearings and Rules

VIA FIRST CLASS-ELECTRONIC
MAIL

BUDBRIDGE, LLC DBA
MUHA MEDS
19 N HAMILTON ST
YPSILANTI, MI 48197
ALAN@MGMT10.COM

VIA ELECTRONIC MAIL

ALYSSA GRISSOM
CANNABIS REGULATORY
AGENCY
2407 NORTH GRAND RIVER
PO BOX 30205
LANSING, MI 48909
GRISSOMA1@MICHIGAN.GOV

BUDBRIDGE, LLC DBA
MUHA MEDS
19 N HAMILTON ST
YPSILANTI, MI 48197
LHERMIZ@MUHAMEDS.COM

CANNABIS REGULATORY
AGENCY
2407 N GRAND RIVER
PO BOX 30205
LANSING, MI 48909
CRA-
LEGALHEARINGS@MICHIGAN.
GOV

ERIKA S. JULIEN
ASSISTANT ATTORNEY
GENERAL
PO BOX 30758
LANSING, MI 48909
JULIENE3@MICHIGAN.GOV

JEFFREY M. SCHRODER, ESQ.
PLUNKETT COONEY
38505 WOODWARD AVENUE
SUITE 100
BLOOMFIELD HILLS, MI 48304
JSCHRODER@PLUNKETTCOON
EY.COM