

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS¹
MARIJUANA REGULATORY AGENCY

In the Matter of

CCG Holdings Group, LLC
ERG No.: 002365
License No.: GR-A-000136
ENF No.: 21-00139

CMP No.: 21-000263

/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On August 30, 2021, the Marijuana Regulatory Agency (MRA) issued a formal complaint against the medical marijuana class A grower facility license (GR-A-000136) of CCG Holdings Group, LLC (“Respondent”) under the Medical Marijuana Facilities Licensing Act (MMFLA), MCL 333.27101 *et seq.*, and the administrative rules promulgated thereunder. The formal complaint alleged Respondent violated Mich Admin Code, R 420.303(4).

The executive director reviewed the stipulation contained in this document and agrees the public interest is best served by resolution of the formal complaint. Therefore, the executive director finds that the allegations contained in the formal complaint are true and that Respondent violated Mich Admin Code, R 420.303(4).

Accordingly, for these violations, IT IS ORDERED:

1. Respondent must pay a fine in the amount of two thousand and 00/100 dollars (\$2,000.00). This fine shall be paid within 30 days of the effective date of this order by check or money order made payable to the State of Michigan with enforcement number “21-00139” clearly displayed on the check or money order. Respondent

¹ Executive Reorganization Order 2019-2 created the Marijuana Regulatory Agency (MRA) as a Type I agency within the Department of Licensing and Regulatory Affairs (LARA). MCL 333.27001(1)(a)(d). The MRA exercises its statutory powers, duties, and functions independent of LARA’s direction. MCL 16.103.

shall mail the fine to Department of Licensing and Regulatory Affairs, Marijuana Regulatory Agency, PO BOX 30205, Lansing, Michigan 48909.

2. If Respondent fails to timely pay the fine, Respondent's license shall be suspended until payment is received.
3. The product placed on administrative hold in this matter shall be removed from administrative hold for the purposes of transferring the product to Evo Pharms, LLC (an adult-use marijuana processor) where the product will be placed on hold until proof of extraction is provided.
4. Unless otherwise specified in this order, Respondent shall direct any communications to the MRA that are required by the terms of this order to MRA-LegalHearings@michigan.gov.
5. Respondent shall be responsible for all costs and expenses incurred in complying with the terms and conditions of this consent order.
6. If Respondent violates any term or condition set forth in this order, Respondent will be subject to fines and/or other sanctions under section 407(1) of the MMFLA, MCL 333.27407(1), and Mich Admin Code, R 420.806.
7. Upon timely payment of the fine by Respondent, the matters set forth in the formal complaint shall be deemed resolved and closed subject to this Consent Order.

This order shall be effective on the date signed by the MRA's executive director or his designee, as set forth below.

Signed on: 3/21/22

By: Andrew Brisbo
Andrew Brisbo, Executive Director
Marijuana Regulatory Agency

Digitally signed by: Andrew Brisbo
DN: CN = Andrew Brisbo email =
brisboa@michigan.gov C = US O =
Marijuana Regulatory Agency OU =
Executive Director
Date: 2022.03.21 14:11:16 -0400'

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STIPULATION

The parties stipulate to the following:

1. The facts alleged in the formal complaint are true and constitute a violation of the administrative rules promulgated under the MMFLA.
2. Respondent understands and intends that by signing this stipulation, Respondent is waiving the right under the MMFLA, administrative rules promulgated thereunder, and the Administrative Procedures Act of 1969, MCL 24.201 *et seq.*, to require the MRA to prove the charges set forth in the formal 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. Respondent provided documentation that this was its first harvest and first processing of a harvest in the statewide monitoring system.
 - b. Respondent provided documentation that the marijuana that was mixed into the batches was the same strain, grown under the same circumstances other than the growth medium.
 - c. Respondent also provided documentation that some of the marijuana that was mixed was the same strain, grown under the same circumstances, grown in the same growth medium, and harvested on consecutive dates.
 - d. Respondent provided its updated standard operating procedures for harvesting marijuana plants and prevent non-compliance in the future.
 - e. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.
 - f. Respondent has been licensed as a class A marijuana grower since October 2020 and has no prior discipline against its license.
4. The MRA's enforcement division director or her designee must approve this proposed agreement before it is forwarded to the MRA's executive director or his designee for review and issuance of the above consent order. The parties reserve the right to proceed to an administrative hearing without prejudice to either party, should the MRA's enforcement division director, executive director, or their designees reject the proposed consent order.

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By signing this stipulation, the parties confirm that they have read, understand, and agree with the terms of the consent order.

AGREED TO BY:

Julie Kluytman

Digitally signed by: Julie Kluytman
DN: CN = Julie Kluytman email =
kluytmanj@michigan.gov C = US O =
Marijuana Regulatory Agency
Date: 2022.03.21 10:31:28 -0400'

Julie Kluytman, Director
Enforcement Division
Marijuana Regulatory Agency

Dated: 3/21/22

AGREED TO BY:



Dan Reynolds, Authorized Officer
On behalf of Respondent
CCG Holdings Group, LLC

Dated: 3-18-2022



Travis Copenhaver (P77902)
Attorney for Respondent

Dated: 3/18/22

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DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
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FORMAL COMPLAINT

The Marijuana Regulatory Agency (“Complainant”) files this formal complaint against CCG Holdings Group, LLC (“Respondent”) alleging upon information and belief as follows:

1. The Marijuana Regulatory Agency (MRA) 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 MRA’s authority to impose sanctions on the license.
3. Section 206(c) of the MMFLA provides that the administrative rules must ensure the health, safety, and security of the public and integrity of the marihuana facility operations.
4. Respondent’s conduct as described below is a risk to public health and safety and/or the integrity of marihuana facility operations.

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FACTUAL ALLEGATIONS AND INTENDED ACTION OF THE MRA

5. Respondent holds an active state operating license under the MMFLA to operate a medical marijuana class A grower facility in the state of Michigan.

6. Respondent operated at 3049 South Dog Track, Baldwin, Michigan, 49034 at all times relevant to this complaint.

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

- a. On January 21, 2021, Respondent created statewide monitoring system (METRC) package tag number for 1A4050100010299000000219 (tag #219) by combining the following packages/harvests:
 - I. 1A4050100010299000000164 (tag #164)
Harvested on 12/30/2020
 - II. 1A4050100010299000000214 (tag #214)
Harvested on 1/21/21
- b. Neither tag #164 nor tag #214 had been submitted for testing at the time they were combined to create tag #219.
- c. Tag #219 was sampled on January 29, 2021 and failing safety compliance test results were entered into METRC on February 10, 2021.
- d. On February 8, 2021, Respondent created METRC package tag number 1A4050100010299000000271 (tag #271) from METRC package tag number 1A4050100010299000000240 (tag #240).
- e. Tag # 240 was created from the following packages/harvests:
 - I. 1A4050100010299000000156 (tag # 156) Deluxe Slurbert 3 Buds
Harvested on 12/30/2020 Room 1
 - II. 1A4050100010299000000217 (tag # 217) Deluxe Slurbert D Buds
Harvested on 1/11/2021 Room 2

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- III. 1A4050100010299000000220 (tag #220) Deluxe Slurbert Buds
Harvested on 1/11/2021 Room 2
- IV. 1A4050100010299000000225 (tag #225) Deluxe Slurbert Buds
Harvested on 1/11/2021 Room 2
- f. Tags #156, #217, #220, and #225 had not been submitted for testing prior to them being combined to create package tag #240 and subsequently package tag #271.
- g. Tag #240 was sampled on January 29, 2021 and failing safety compliance tests results were entered into METRC on February 4, 2021.
- h. Respondent failed to quarantine harvest batches and keep them easily distinguishable so that the harvest batch could be sampled in violation of Mich Admin Code, R 420.303(4).

THEREFORE, based on the above, the MRA 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 MRA 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 MRA 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 MRA 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
Marijuana Regulatory Agency
P.O. Box 30205
Lansing, Michigan 48909

In Person: Department of Licensing & Regulatory Affairs
Marijuana Regulatory Agency
2407 North Grand River
Lansing, Michigan 48906

By Email: MRA-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 Marijuana Regulatory Agency at (517) 284-8599 or MRA-LegalHearings@michigan.gov.

Dated: 8/30/21

MARIJUANA REGULATORY AGENCY

By: **Claire Patterson** Digitally signed by Claire Patterson
Date: 2021.08.30 20:19:27 -04'00'

Claire Patterson, Scientific and Legal Section
Manager
Enforcement Division