

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

In the Matter of

Iosco PR, LLC
License No. AU-G-C-000927

ENF No. 23-00006

_____/ **CONSENT ORDER AND STIPULATION**

CONSENT ORDER

On January 18, 2023, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the adult-use marijuana class C grower license (no. AU-G-C-000927) of Iosco PR, LLC (Respondent) under the Michigan Regulation and Taxation of Marihuana Act (MRTMA), MCL 333.27951 *et seq.*, and administrative rules promulgated thereunder. The complaint alleged Respondent violated Mich Admin Code, R 420.102(7) and R 420.303(2).

The executive director or designee reviewed the stipulation contained in this document and agrees the public interest is best served by resolution of the complaint. Therefore, the executive director or designee finds that the allegations contained in the complaint are true and that Respondent violated Mich Admin Code, R 420.102(7) and R 420.303(2).

Accordingly, for these violations, IT IS ORDERED:

1. Respondent must pay a fine in the amount of five thousand and 00/100 dollars (\$5,000.00). This fine shall be paid within 30 days of the effective date of this order by check, money order, or online through Accela Citizen Access (ACA). CRA guidance on how to make compliance payments online is available under

“Tips for Licensees” at www.michigan.gov/cra/bulletins. Checks or money orders shall be made payable to the State of Michigan with “ENF No. 23-00006” and “License No. AU-G-C-000927” clearly displayed on the check or money order and mailed to: Department of Licensing and Regulatory Affairs, Cannabis Regulatory Agency, P.O. Box 30205, Lansing, Michigan 48909.

2. If Respondent fails to timely comply with the terms of this order, Respondent’s license shall be suspended until compliance is demonstrated.

3. Unless otherwise specified in this order, Respondent shall direct any communications to the CRA that are required by the terms of this order to CRA-CSS@michigan.gov.

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

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

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

Signed on: 8/19/2024

CANNABIS REGULATORY AGENCY

By: **Brian Hanna**
Executive Director Brian Hanna
or Designee
Cannabis Regulatory Agency

Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email =
hannab@michigan.gov C = US O = CRA OU
= CRA
Date: 2024.08.19 13:07:35 -04'00'

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 MRTMA.
2. Respondent understands and intends that by signing this stipulation, Respondent is waiving the right under the MRTMA, administrative rules promulgated thereunder, and the Administrative Procedures Act of 1969, MCL 24.201 *et seq.*, to require the CRA to prove the charges set forth in the complaint by presentation of evidence and legal authority and to present a defense to the charges.
3. The parties considered the following in reaching this agreement:
 - a. This consent order and stipulation is part of a comprehensive resolution of six pending formal complaints (ENF nos. 22-00687, 22-00688, 22-00689, 22-00690, 23-00006, and 23-00007) and related administrative matters involving Iosco PR's medical and adult-use marijuana business licenses located at 4611 Turtle Road in Turner, Michigan.
 - b. Three of Iosco PR's licenses at the Turtle Road address are closed/void: AU-G-C-000927 (expired August 2, 2023), AU-G-C-000985 (expired May 31, 2023), and PR-000294 (expired April 26, 2023). Iosco PR's remaining three licenses at the location (AU-G-C-000983, AU-G-C-000984, and AU-P-000299) expired on May 31, 2023, and are the subject of pending notices of nonrenewal.
 - c. The above-referenced formal complaints center on unapproved research and development (R&D) processing operations and associated violations discovered at Iosco PR's Turtle Road location in late 2022. The noncompliant R&D operations were conducted by A.K., who was operating the business without CRA approval. Rather than submitting the extraction method at issue to the CRA for review and approval, Iosco PR ultimately elected to discontinue its use of the method.

- d. On March 1, 2023, the CRA denied Iosco PR's amendment application (no. CA-0011333) to add A.K. as an owner of the business. Iosco PR withdrew amendment application no. CA-0011333 in its entirety on April 4, 2024. Iosco PR represented that it terminated all business relationships with A.K. and no longer was seeking to add A.K. as an owner or supplemental applicant on its licenses.
- e. Iosco PR voluntarily transferred or destroyed all marijuana and marijuana products remaining at the Turtle Road location, ceased operations under all licenses at the location, and submitted requests to close license numbers AU-G-C-000983, AU-G-C-000984, and AU-P-000299 on or around July 15, 2024.
- f. Iosco PR wishes to resolve these matters without the need for and expense of administrative hearings. Accordingly, and consistent with its requests to close the remaining licenses, Iosco PR further specifies that its request for a hearing on the notices of nonrenewal of license numbers AU-G-C-000983, AU-G-C-000984, and AU-P-000299 is withdrawn.
- g. The CRA confirmed on or around July 17, 2024, that Iosco PR satisfactorily completed the inventory reconciliation process in the statewide monitoring system in anticipation of the closure of its remaining licenses.
- h. Iosco PR acknowledges that the violations referenced in the formal complaints stemmed from its own misunderstandings, as well as those of its staff and A.K., regarding the rules at issue.
- i. Iosco PR intends and agrees that this consent order and stipulation resolves all pending matters and any claims involving its operations at the Turtle Road location.

4. The CRA's operations director or designee must approve this proposed agreement before it is forwarded to the CRA's executive director or designee for review and issuance of the above consent order. The parties reserve the right to proceed to an administrative hearing without prejudice to either party, should the CRA's operations director, executive director, or designees reject the proposed consent order.

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

AGREED TO BY:

Sara Hernandez

Digitally signed by: Sara Hernandez
DN: CN = Sara Hernandez email =
HernandezS1@michigan.gov C = US O = CRA OU
= LARA
Date: 2024.08.16 14:06:42 -04'00'

Desmond Mitchell
Operations Director
or Designee
Cannabis Regulatory Agency
Dated: 8/16/2024

AGREED TO BY:



Craig Terrell
Authorized Representative
On behalf of Respondent
Iosco PR, LLC
Dated: 8.12.24

/s/ Erika N. Marzorati

Erika N. Marzorati (P78100)
Assistant Attorney General
Attorney for Cannabis Regulatory Agency
Dated: 08/14/2024



Allison Ireton (P70467)
Attorney for Respondent

Dated: 8/12/24

LF: 2023-0369495-A / Iosco PR (AU-G-C-000927), ENF 23-00006 / Consent Order and Stipulation, 2024-0805

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

In the Matter of

Iosco PR, LLC
License No.: AU-G-C-000927

ENF No: 23-00006

FORMAL COMPLAINT

The Cannabis Regulatory Agency (“Complainant”) files this formal complaint against Iosco PR, LLC (“Respondent”) alleging upon information and belief as follows:

1. The Cannabis Regulatory Agency (CRA) is authorized under the Michigan Regulation and Taxation of Marihuana Act (MRTMA), MCL 333.27951, *et seq.*, and Executive Reorganization Order No.2019-2, MCL 333.27001, to investigate alleged violations of the MRTMA 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 MRTMA or administrative rules.
2. Section 8(1)(d) of the MRTMA provides that the administrative rules must ensure the health, safety, and security of the public and integrity of the marijuana establishment operations.

FACTUAL ALLEGATIONS AND INTENDED ACTION OF THE CRA

3. Respondent holds an active state license under the MRTMA to operate an adult use marijuana class C grower establishment in the state of Michigan.
4. Respondent operated at 4611 Turtle Rd., Turner, Michigan 48765, at all times relevant to this complaint.
5. Following an investigation, the CRA determined that Respondent violated the MRTMA and/or administrative rules promulgated thereunder as set forth below:

CANNABIS REGULATORY AGENCY
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www.michigan.gov/CRA
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- a. On September 8, 2022, a CRA investigator conducted a site visit at Respondent's grower establishment and met with manager, B.B. The CRA investigator observed plants taller than 8 inches with statewide monitoring system (Metrc) tags located in the outdoor grow area. B.B. stated to the CRA investigator that he had not yet entered the 400 plants into Metrc as he was unsure how to properly enter the plants. The CRA investigator observed that the plants were not entered in Metrc.
- b. On the afternoon of September 8th, B.B. emailed the CRA investigator and Metrc Support for assistance. B.B. stated in the email that earlier on September 8th, Respondent's grower establishment brought 400 plants into its inventory that were in the vegetative plant stage, but that he entered them into Metrc as seed packages and immature plants. B.B. provided Metrc screenshots, which showed that the plants were entered into Metrc on September 8th as seed packages and immature plants.

Count I

Respondent's actions as described in paragraphs a and b demonstrate a violation of Mich Admin Code, R 420.102(7), which states a marihuana grower must accurately enter all transactions, current inventory, and other information into the statewide monitoring system as required in these rules.

Count II

Respondent's actions as described in paragraph a demonstrate a violation of Mich Admin Code, R 420.303(2), which states a cultivator shall tag each individual plant that is greater than 8 inches in height from the growing or cultivating medium or more than 8 inches in width with an individual plant tag and record the identification information in 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.

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Under MCL 333.27957 (1)(c) and Mich Admin Code, R 420.704(2), any party aggrieved by an action of the CRA suspending, revoking, restricting, or refusing to renew a license, or imposing a fine, shall be given a hearing upon request. A request for a hearing must be submitted to the CRA in writing within 21 days after service of this complaint. Notice served by certified mail is considered complete on the business day following the date of the mailing.

Respondent also has the right to request a compliance conference under Mich Admin Code, R 420.704(1). A compliance conference is an informal meeting at which Respondent has the opportunity to discuss the allegations in this complaint and demonstrate compliance under the MRTMA and/or the Emergency Rules. A compliance conference request must be submitted to the CRA in writing.

Hearing and compliance conference requests must be submitted in writing by one of the following methods:

By Mail: Department of Licensing & Regulatory Affairs
Cannabis Regulatory Agency
P.O. Box 30205
Lansing, Michigan 48909

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

By Email: CRA-LegalHearings@michigan.gov

If Respondent fails to timely respond to this formal complaint, a contested case hearing will be scheduled to resolve this matter.

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

Dated: 1/18/23

By: Alyssa A. Grissom

Digitally signed by Alyssa A. Grissom
Date: 2023.01.18 11:45:24 -05'00'

Alyssa A. Grissom
Legal Section Manager
Cannabis Regulatory Agency

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