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

In the Matter of

AEY Capital, LLC dba Gage Cannabis Company **ENF No. 23-00037**
License No. AU-P-000138

/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On May 8, 2023, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the adult-use marijuana processor license (No. AU-P-000138) of AEY Capital, LLC dba Gage Cannabis Company (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 420.802(3)(f)(i), R 420.802(3)(f)(ii), R 420.802(3)(f)(iii), and R 420.802(3)(f)(v).

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 420.802(3)(f)(i), R 420.802(3)(f)(ii), R 420.802(3)(f)(iii), and R 420.802(3)(f)(v).

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, 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. 23-00037" and "License No. AU-P-000138" clearly displayed on the check or money order and mailed to: Department of Licensing and Regulatory Affairs, Cannabis Regulatory Agency, P.O. Box 30205, Lansing, Michigan 48909.

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

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

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

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

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

CANNABIS REGULATORY AGENCY

Signed on: 2/6/24

By: Brian Hanna
Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email = hannab@michigan.gov C = US O = CRA OU = CRA
Date: 2024.02.06 15:47:21 -05'00'

Executive Director Brian Hanna
or Designee
Cannabis Regulatory Agency

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) Respondent acknowledges that it is responsible for familiarizing itself with, understanding, and complying with all statutory requirements and rules applicable to its business.

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

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:

Desmond Mitchell

Digitally signed by: Desmond Mitchell
DN: CN = Desmond Mitchell email = Mitchelld6@michigan.gov C = US O = Cannabis Regulatory Agency OU = Directors Office
Date: 2024.02.05 16:48:36 -05'00'

Desmond Mitchell
Operations Director
Cannabis Regulatory Agency

Dated: 2/5/24

/s/ Risa Hunt-Scully

Risa Hunt-Scully (P58239)
Assistant Attorney General
Attorney for Cannabis Regulatory Agency
Dated: February 5, 2024

AGREED TO BY:

Lynn Gefen

Lynn Gefen
Authorized Representative
On behalf of Respondent
AEY Capital, LLC
dba Gage Cannabis Company
Dated: 2/2/2024

Peter Grace

Peter Grace (P83814)
Attorney for Respondent

Dated: 2/2/2024

LF: 2023-0378368-A\AEY Capital, LLC dba Gage Cannabis Co., 23-00037\Pleading – Consent Order – 2024-01-31

Signature: Lynn Gefen
Lynn Gefen (Feb 5, 2024 08:27 EST)

Email: lgefen@terrascend.com

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

In the Matter of

AEY Capital, LLC dba Gage Cannabis Company ENF No: 23-00037
License No.: AU-P-000138
_____/

FORMAL COMPLAINT

The Cannabis Regulatory Agency ("Complainant") files this formal complaint against AEY Capital, 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 rule 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 processor in the state of Michigan.

4. Respondent operated at 41455 Production Drive, Harrison Township, Michigan 48045, 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:

a. On October 10, 2022, the Bureau of Fire Services (BFS) conducted a semi-annual inspection at Respondent.
b. The BFS inspector observed that Respondent's processing area had been renovated into offices without prior approval.

Count I

Respondent's actions as described above in paragraphs a and b demonstrate a violation of Mich Admin Code R 420.802(3)(f)(i) which states that licensees shall report to the agency any proposed material changes to the marihuana business before making a material change. A proposed material change is any action that would result in alterations or changes being made to the marihuana business to effectuate the desired outcome of a material change. Material changes, include, but are not limited to, the following: (f) any change or modification to the marihuana business before or after licensure that was not pre-inspected, inspected, or part of the marihuana business location plan or final inspection, including, but not limited to, all of the following: (i) Operational or method changes requiring inspection under these rules.

Count II

Respondent's actions as described above in paragraph a and b demonstrate a violation of Mich Admin Code R 420.802(3)(f)(ii) which states that licensees shall report to the agency any proposed material changes to the marihuana business before making a material change. A proposed material change is any action that would result in alterations or changes being made to the marihuana business to effectuate the desired outcome of a material change. Material changes, include, but are not limited to, the following: (f) any change or modification to the marihuana business before or after licensure that was not pre-inspected, inspected, or part of the marihuana business location plan or final inspection, including, but not limited to, all of the following: (ii) Additions or reductions in equipment or processes.

Count III

Respondent's actions as described above in paragraphs a and b demonstrate a violation of Mich Admin Code R 420.802(3)(f)(iii) which states that licensees shall report to the agency any proposed material changes to the marihuana business before making a material change. A proposed material change is any action that would result in alterations or changes being made to the marihuana business to effectuate the desired outcome of a material change. Material changes, include, but are not limited to, the following: (f) any change or modification to the marihuana business before or after licensure that was not pre-inspected, inspected, or part of the marihuana business location plan or final inspection, including, but not limited to, all of the following: (iii) Increase or decrease in the size or capacity of the marihuana business.

Count IV

Respondent's actions as described above in paragraph a and b demonstrate a violation of Mich Admin Code R 420.802(3)(f)(v) which states that licensees shall report to the agency any proposed material changes to the marihuana business before making a material change. A proposed material change is any action that would result in alterations or changes being made to the marihuana business to effectuate the desired outcome of a material change. Material changes, include, but are not limited to, the following: (f) any change or modification to the marihuana business before or after licensure that was not pre-inspected, inspected, or part of the marihuana business location plan or final inspection, including, but not limited to, all of the following: (v) Changes that impact security, fire safety, and building safety.

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.

Pursuant to 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 administrative rules. A compliance conference request must be submitted to the CRA in writing.

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

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

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

By Email: CRA-LegalHearings@michigan.gov

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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: 5/8/23

By: Alyssa A. Grissom Digitally signed by Alyssa A. Grissom Date: 2023.05.08 08:29:17 -04'00'

Alyssa A. Grissom
Legal Section Manager
Cannabis Regulatory Agency