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

In the Matter of

Lansing Gallery, Inc. ENF No.: 23-00589
dba Herbana
License No.: AU-R-000708
_____/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On September 19, 2023, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the adult-use marijuana retailer establishment license (AU-R-000708) of Lansing Gallery, Inc. ("Respondent") under the Michigan Regulation and Taxation of Marihuana Act (MRTMA), MCL 333.27951 *et seq*., and the administrative rules promulgated thereunder. The formal complaint alleged Respondent violated Mich Admin Code, R 420.211(1), R 420.211(6), R 420.502(1), R 420.504(1)(i), and R 420.505(1)(f).

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 some of the allegations contained in the formal complaint are true and that Respondent violated Mich Admin Code, R 420.211(1), R 420.502(1), R 420.504(1)(i), and R 420.505(1)(f).

Accordingly, for these violations, IT IS ORDERED:

1. Respondent must pay a fine in the amount of eight thousand five hundred and 00/100 dollars ($8,500.00). 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). Instructions on how to make online payments can be found under the Tips for Licensees bulletin section at www.michigan.gov/cra. Check or money orders shall be made payable to the State of Michigan with enforcement number

"23-00589" and license number "AU-R-000708" clearly displayed on the check or money order. Respondent shall mail the fine to Department of Licensing and Regulatory Affairs, Cannabis Regulatory Agency, PO BOX 30205, Lansing, Michigan 48909.

2. Respondent must provide the following standard operating procedures (SOPs) within 30 days of the effective date of this order:
    a. A SOP regarding Respondent's waste processes specifically detailing the role of the waste bin in the basement of the establishment.
    b. A SOP regarding the labeling of marijuana product processes that promotes compliance with the administrative rules.

3. The CRA will review the SOP(s) and, if necessary, issue a deficiency notice. Respondent must correct any deficiencies identified by the CRA within 30 days of receipt of the deficiency notice unless agreed upon by the CRA in writing.

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

5. The alleged violation of Mich Admin Code, R 420.211(6), is DISMISSED.

6. 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.

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

8. If Respondent violates any term or condition set forth in this order, Respondent shall be subject to fines and/or other sanctions under section7(1)(c) of the MRTMA, MCL 333.27957, and Mich Admin Code, R 420.808.

9. Upon timely compliance of the terms of this order 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 30 days after the date signed by the CRA's executive director or his designee, as set forth below.

CANNABIS REGULATORY AGENCY

Signed on: 2/15/2024

By: Brian Hanna

Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email = hannab@michigan.gov C = US O = CRA OU = CRA
Date: 2024.02.15 10:28:06 -05'00'

Brian Hanna, Executive Director
or his designee
Cannabis Regulatory Agency

STIPULATION

The parties stipulate to the following:

1. Some of 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 violations set forth in the formal complaint by presentation of evidence and legal authority, and to present a defense to the violations.

3. The parties considered the following in reaching this agreement:
    a. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.
    b. Respondent has been licensed as a retailer since 2022 and has no prior discipline against its license.

4. The CRA's centralized services director or her designee must approve this proposed agreement before it is forwarded to the CRA'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 CRA's centralized services director, executive director, or their 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: 2024.02.14 13:46:15 -05'00'

Sara Hernandez, CSD Director
or her designee
Cannabis Regulatory Agency

Dated: 2/14/2024

AGREED TO BY:

Brian Doelle, Authorized Officer
on behalf of Respondent
Lansing Gallery, Inc

Dated: 2/7/24

Benjamin Joffe, P77134
Attorney for Respondent

Dated: 2/13/24

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

In the Matter of

Lansing Gallery, Inc. dba Herbana ENF No: 23-00589
License No.: AU-R-000708
_____/

FORMAL COMPLAINT

The Cannabis Regulatory Agency ("Complainant") files this formal complaint against Lansing Gallery, Inc. dba Herbana ("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 retailer establishment in the state of Michigan.

4. Respondent operated at 2001 West Saginaw Street, Lansing, Michigan 48915, 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 April 4, 2023, a complainant emailed the CRA alleging that Respondent had an unlocked dumpster onsite and allowed its employees to consume marijuana on the premises.
b. On May 18, 2023, a CRA Regulation Agent (RA) visited Respondent's establishment and met with Respondent's General Manager, A.C.
c. The CRA RA observed 38 packages of Devil Driver prepackaged marijuana flower, statewide monitoring system (Metrc) tag number 1A405030002F441000000350 (tag number ending -0350), on Respondent's sales floor that were missing the required universal symbol. A.C. admitted that packages of tag number ending -0350 were sold to marijuana customers without the universal symbol on the packaging. A.C. provided the CRA RA a printout from Respondent's point-of-sale system showing that at least 30 packages of tag number ending -0350 were sold to customers without the universal symbol on the packaging between May 16, 2023 – May 18, 2023. The CRA RA verified the transactions in Metrc. A.C. removed the remaining 38 packages of tag number ending -0350 from the sales floor so that the universal symbol could be added to the product packaging.
d. The CRA RA also observed a single bud of marijuana flower in its packaging inside of Respondent's dumpster. The dumpster was unlocked and located on a side street, fully accessible to the public.

Count I

Respondent's actions as described above in paragraph d demonstrate a violation of Mich Admin Code, R 420.211(1), which states a marihuana 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 marihuana 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-marihuana product waste: (a) paper waste. (b) plastic waste.

(c) cardboard waste. (d) food waste. (e) grease or other compostable oil waste. (f) fermented organic matter or other compost activators. (g) soil. (h) other waste approved in writing by the agency.

Count II

Respondent's actions as described above in paragraph d demonstrate a violation of Mich Admin Code, R 420.211(6), which states a licensee shall dispose of marihuana product waste and marihuana plant waste in a secured waste receptacle using 1 or more of the following methods that complies with applicable state and local laws and regulations: (a) a licensed municipal solid waste landfill. (b) a registered composting facility that has specific approval under part 115 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.11501 to 324.11554, to accept the material. (c) an anaerobic digester that has specific approval under part 115 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.11501 to 324.11554, to accept the material. (d) an in-state municipal solid waste or hazardous waste incinerator that has been permitted under part 55 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.5501 to 324.5542.

Count III

Respondent's actions as described above in paragraph c demonstrate a violation of Mich Admin Code, R 420.502(1), which states each marihuana products sold or transferred must be clearly labeled with the tracking identification numbers assigned by the statewide monitoring system affixed, tagged, or labeled and recorded, and any other information required by the agency, the acts, and these rules.

Count IV

Respondent's actions as described above in paragraph c demonstrate a violation of Mich Admin Code, R 420.504(1)(i), which states before a marihuana product is sold or transferred to or by a marihuana sales location, the container, bag, or

product holding the marihuana product must be sealed and labeled with all of the following information: (i) the universal symbol for marihuana product published on the agency's website.

Count V

Respondent's actions as described above in paragraph c demonstrate a violation of Mich Admin Code, R 420.505(1)(f), which states a marihuana sales location shall verify all of the following prior to selling or transferring marihuana or a marihuana product to a marihuana customer: (f) the marihuana product is labeled and packaged for sale or transfer in accordance with R 420.504.

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

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: 9/19/23

By: Alyssa A. Grissom Digitally signed by Alyssa A. Grissom Date: 2023.09.19 08:28:54 -04'00'

Alyssa A. Grissom
Legal Section Manager
Cannabis Regulatory Agency