

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
CANNABIS REGULATORY AGENCY¹

In the Matter of

3843 Euclid, LLC
ERG No. 000187 / AU-ER No. 000213
License No. PR-000098 / AU-P-000106
CMP Nos.: 21-000489 and 21-000843

ENF No. 21-00266 and 21-00267

_____/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On July 12, 2021, the Cannabis Regulatory Agency (CRA) filed a formal complaint and issued an order of summary suspension against the medical marijuana processor license (PR-000098) and adult-use marijuana processor license (AU-P-000106) of 3843 Euclid, LLC (Respondent) under the Medical Marijuana Facilities Licensing Act (MMFLA), MCL 333.27101 *et seq.*, Michigan Regulation and Taxation of Marijuana Act (MRTMA), MCL 333.27951 *et seq.*, and administrative rules promulgated thereunder. The parties participated in a contested case hearing to determine whether the summary suspension order should be dissolved and whether Respondent violated the rules as alleged in the formal complaint. The hearing commenced on July 28, 2021, and continued on July 30, 2021. At the conclusion of the July 30, 2021 hearing, an administrative law judge in the

¹ The Marijuana Regulatory Agency was renamed the Cannabis Regulatory Agency under Executive Reorganization Order No. 2022-1, effective April 13, 2022. MCL 333.27002(1)(a).

Michigan Office of Administrative Hearings and Rules issued an order dissolving the summary suspension of Respondent's licenses.

Following additional investigation, on September 28, 2021, the CRA filed a first superseding formal complaint against Respondent. The first superseding formal complaint alleged that Respondent violated Mich Admin Code, R 420.203(2)(b)(i), R 420.203(2)(b)(ii), R 420.210(2), R 420.304(2)(b), R 420.304(2)(c), R 420.304(2)(d), R 420.403(8)(a), R 420.403(8)(c), and R 420.403(9)(c).²

The above-referenced hearing continued on August 10, 2022, September 28, 2022, and December 8, 2022, to address the remaining allegations in the first superseding formal complaint. On February 23, 2023, the administrative law judge issued a proposal for decision. On March 6, 2023, the administrative law judge issued an amended proposal for decision.

On December 27, 2023, the CRA issued a final order. Respondent thereafter filed an appeal of the CRA's final order in Ingham County Circuit Court (Case No. 2024-000194-AA). The parties now wish to resolve the first superseding formal complaint without the need for and expense of the appeal.

The executive director or designee reviewed the stipulation contained in this document and agrees the public interest is best served by resolution of the first

² All references to the CRA's administrative rules throughout this consent order and stipulation refer to the rules filed with the Secretary of State on June 22, 2020, which were in effect at all times relevant to the conduct at issue in the first superseding formal complaint.

superseding formal complaint. Accordingly, based on the stipulation of the parties,
IT IS ORDERED:

1. The final order is set aside and replaced by the terms of this consent order and stipulation.
2. Respondent violated Mich Admin Code, R 420.203(2)(b)(i), R 420.210(2), R 420.304(2)(c), R 420.304(2)(d), R 420.403(8)(a), and R 420.403(8)(c) as alleged in the first superseding formal complaint.
3. Respondent must pay a total fine in the amount of sixty thousand and 00/100 dollars (\$60,000.00), to be divided as follows: License No. PR-000098 shall pay \$30,000.00, and License No. AU-P-000106 shall pay \$30,000.00. This fine shall be paid within 180 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 and mailed to: Department of Licensing and Regulatory Affairs, Cannabis Regulatory Agency, P.O. Box 30205, Lansing, Michigan 48909. Each check or money order must have "ENF Nos. 21-00266 and 21-00267".
4. The violations of Mich Admin Code, R 420.203(2)(b)(ii), R 420.304(2)(b), and R 420.403(9)(c) alleged in the first superseding formal complaint are dismissed.
5. If Respondent fails to timely comply with the terms of this order, Respondent's licenses shall be suspended until compliance is demonstrated.

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 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.

Signed on: 07/23/2024

CANNABIS REGULATORY AGENCY

Adam
By: Sandoval
Executive Director Brian Hanna
or Designee
Cannabis Regulatory Agency

Digitally signed by Adam Sandoval
Date: 2024.07.23 14:48:29 -04'00'

STIPULATION

The parties stipulate to the following:

1. The facts alleged in the first superseding formal complaint are true and constitute a violation of the administrative rules promulgated under the MMFLA and MRTMA.
2. The parties considered the following in reaching this agreement:
 - a. Respondent implemented new standard operating procedures regarding good manufacturing practices and research and development activities that are intended to prevent future recurrences.
 - b. Respondent also submitted revised records of formulation regarding its grape, cherry, and strawberry THC-infused syrups. The CRA approved the records of formulation on June 21, 2024.
 - c. Respondent was cooperative and wishes to resolve the allegations without the continued need for and expense of an appeal.
3. 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.
4. If approved, Respondent agrees to dismiss its appeal pending in Ingham County Circuit Court under Case No. 2024-000194-AA within five (5) business days after the date signed by the CRA's executive director or designee. Respondent reserves the right to continue its appeal under Case No. 2024-000194-AA should the CRA's operations director, executive director, or their designees reject this 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: 2024.07.23 13:40:42 -0400'

Desmond Mitchell
Operations Director
or Designee
Cannabis Regulatory Agency
Dated: 07/23/2024

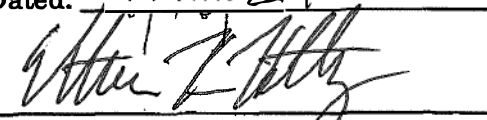
/s/ Adam M. Leyton

Adam M. Leyton (P80646)
Assistant Attorney General
Attorney for Cannabis Regulatory Agency
Dated: 07/18/2024

AGREED TO BY:



Brandon Dabish
Authorized Representative
On behalf of Respondent
3843 Euclid, LLC
Dated: 7/16/24



Ethan R. Holtz (P71884)
Attorney for Respondent
Dated: 7/16/24

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

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3843 Euclid, LLC
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License No.: PR-000098 / AU-P-000106
ENF No.: 21-00266 & 21-00267

CMP Nos.: 21-000489 & 21-000843

FORMAL COMPLAINT

The Marijuana Regulatory Agency (“Complainant”) files this formal complaint against 3843 Euclid, 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., Michigan Regulation and Taxation of Marihuana Act (MRTMA), 2018 IL1, *et seq.*, and Executive Reorganization Order No.2019-2, MCL 333.27001, to investigate alleged violations of the MMFLA, 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 MMFLA, MRTMA, or Administrative Rules.

2. Section 206(c) of the MMFLA and Section 8(1)(d) of the MRTMA provide that the Administrative Rules must ensure the health, safety, and security of the public and integrity of the marihuana establishment operations.

3. Respondent’s conduct as described below is a risk to public health and safety and/or the integrity of marihuana establishment operations.

MARIJUANA REGULATORY AGENCY
2407 NORTH GRAND RIVER P.O. BOX 30205 LANSING, MICHIGAN 48909
www.michigan.gov/MRA

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FACTUAL ALLEGATIONS AND INTENDED ACTION OF THE MRA

4. Respondent holds active marihuana licenses to operate a medical marijuana processor facility under the MMFLA and an adult-use marijuana processor establishment under MRTMA in the state of Michigan.

5. At all times relevant to this complaint, Respondent's licenses operated at 3843 N. Euclid, Bay City, Michigan 48706.

7. On August 31, 2020, the Marijuana Regulatory Agency entered a final order against Respondent. The final order was based on allegations that Respondent's employees contaminated pre-rolled marijuana products with human saliva. Respondent's license was suspended from August 6, 2020, until the issuance of the final order. Pursuant to the final order, Respondent's license was suspended for an additional ten days and until Respondent terminated specific employees, employed an on-site supervisor and on-site compliance officer, updated their quality control manual, complete an employee training manual, and proof of compliance with all relevant rules, procedures, and restrictions. Respondent's licenses are also subject to additional restrictions and conditions until August 31, 2021.

8. Following an investigation, the MRA determined that Respondent violated the MMFLA, MRTMA and/or Administrative Rules promulgated thereunder as set forth below:

- a. On March 23, 2021, Respondent had marijuana infused / edible marijuana product (Covert Cups) sampled for safety compliance testing at its business.
- b. The product is identified in the statewide monitoring system (METRC) as follows:
 - I. 1A4050100005016000013389 - Covert Cups - Peanut Butter Cups (tag #13389)
 - II. 1A4050100005016000013390 - Covert Cups - S'mores Cups (tag #13390)
 - III. 1A4050100005016000013391 - Covert Cups - Strawberry & Cream (tag #13391)
 - IV. 1A4050100005016000013392 - Covert Cups - Take 420 (tag # 13392)
 - V. 1A4050100005016000013393 - Covert Cups - Banana Cream (tag #13393)

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- c. On March 29, 2021, passing compliance test results were entered into METRC for the five products listed above.
- d. On April 2, 2021, the MRA performed a compliance check of Respondent's business.
- e. During the compliance check, the MRA observed approximately 10,000 Covert Cups in the Safe Room Vault area that were in non-opaque yellow, clear, or silver final consumer packaging, in violation of Mich Admin Code, R 420.403(9)(c).
- f. The Covert Cups were stored in approximately 21 black plastic bins. Neither the packaging, nor the bins had METRC tags affixed, in violation of Mich Admin Code, R 420.210(2).
- g. Review of the Certificate of Analysis for Covert Cups only shows photographs of the product in the yellow consumer packaging, not the clear or silver packaging. This sample was not representative of the entire production batch. Respondent did not provide the lab with access to the entire production batch for sampling, in violation of Mich Admin Code, R 420.304(2)(b).
- h. Video footage also showed that no one from Respondent's business observed the sampling process. Specifically, Respondent's Employee M.S., who is assigned to monitor sampling events, was not present during the sampling event, in violation of Mich Admin Code, R 420.304(2)(c).
- i. Additionally, the video showed that Respondent's employees did not follow Current Good Manufacturing Practices in the production of marijuana infused products and edible marijuana products, specifically:
 - I. Employees are observed on video wearing only their street clothing while producing marijuana infused and/or edible marijuana products, contrary to 21 CFR 117.10(b)(1), in violation of Mich Admin Code, R 420.403(8)(a).
 - II. Employees are observed on video using cellphones with gloved hands and not changing their gloves afterwards, contrary to 21 CFR 117.10(a)(3), 117.10(a)(5), and 117.10(a)(9), in violation of Mich Admin Code, R 420.403(8)(a).

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- III. No employee washed their hands while engaging in the production of marijuana infused and/or edible marijuana products, contrary to 21 CFR 117.10(a)(3), in violation of Mich Admin Code, R 420.403(8)(a).
- IV. A female employee dropped an ingredient onto the floor, causing it to splash onto the floor and surrounding area. The employee used her gloved hands to wipe the ingredient from the floor and surrounding area. Then, without changing gloves, she continued to make the product. This behavior is contrary to 21 CFR 117.10(a)(5), 117.10(a)(9), 117.35(d)(2), and 117.35(e), in violation of Mich Admin Code, R 420.403(8)(a).
- V. After opening an ingredient for use, the same female employee, still without changing gloves after cleaning the floor area, placed her gloved finger into the product, pulled down her face mask, and placed her finger in her mouth. This behavior is contrary to 21 CFR 117.10(a)(5), 117.10(a)(9), and 117.35(d)(2), in violation of Mich Admin Code, R 420.403(8)(a).
- VI. On at least eight occasions, the female employee repeated the behavior of tasting the product with her gloved finger while wearing the same gloves she used to wipe the floor and surrounding area, contrary to 21 CFR 117.10(a)(5), 117.10(a)(9), and 117.35(d)(2), in violation of Mich Admin Code, R 420.403(8)(a).
- VII. On at least two occasions, the female employee licked the spatula that she used to stir the product and then put the licked spatula back into the product, contrary to 21 CFR 117.10(a)(9) and 117.35(d)(2), in violation of Mich Admin Code, R 420.403(8)(a).
- IX. The female employee manufactured and processed the infused product and/or edible marijuana product contrary to 21 CFR 117.80(a)(1), 117.80(a)(4), 117.80(a)(6), and 117.80(c)(2), in violation of Mich Admin Code, R 420.403(8)(a).

- j. The female employee consumed food product and/or edible marijuana product inside of Respondent's marijuana business in violation of Mich Admin Code, R 420.203(2)(b)(i), (ii).
- k. As of July 7, 2021, Respondent failed to maintain adequate records of formulation in violation of Mich Admin Code, R 420.403(8)(c).

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), 333.27957 (1)(c) 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 MRTMA and/or the Emergency 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

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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's legal section at (517) 284-8599 or MRA-LegalHearings@michigan.gov.

Dated: 7/12/21

MARIJUANA REGULATORY AGENCY

By: **Claire Patterson**  Digitally signed by Claire Patterson
Date: 2021.07.12 13:27:23 -04'00'

Claire Patterson, Scientific and Legal Section Manager

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