

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

In the Matter of

Alternative Gardens, LLC
dba Green Door Alternative
License No.: PC-000349

ENF No.: 22-00179

_____/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On May 1, 2023, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the medical marijuana provisioning center facility license (PC-00349) of Alternative Gardens, 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 420.210(2), R 420.211(4), R 420.211(6), R 420.505(2), R 420.802(3)(f)(i), R 420.802(3)(f)(iii), and R 420.802(3)(f)(v).

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 all of the allegations contained in the formal complaint are true and that Respondent violated Mich Admin Code, R 420.210(2), R 420.211(4), R 420.211(6), R 420.505(2), R 420.802(3)(f)(i), 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 twenty-eight thousand and 00/100 dollars (\$28,000.00). 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). 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

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orders shall be made payable to the State of Michigan with enforcement number “22-00179” and license number “PC-000349” 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. 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 shall be subject to fines and/or other sanctions under section 407(1) of the MMFLA, MCL 333.27407(1), and Mich Admin Code, 420.808.
6. 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: 7/26/2024

By: **Brian Hanna**
Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email = hannab@michigan.gov
C = US O = CRA OU = CRA
Date: 2024.07.26 16:53:21 -04'00'

Brian Hanna, Executive Director
or his designee
Cannabis Regulatory Agency

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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 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 provided ten updated standard operating procedures promoting its compliance with inventory.
 - b. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.
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.

CONTINUED ONTO NEXT PAGE

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 13:57:38 -04'00'

Sara Hernandez, CSD Director
or her designee
Cannabis Regulatory Agency

Dated: 07/23/2024

AGREED TO BY:



Larry Hanna, Authorized Officer
on behalf of Respondent
Alternative Gardens, LLC

Dated: 7/17/2024

/s/ John Fraser

John Fraser, P79908
Attorney for Respondent

Dated: 7-18-24

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DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
CANNABIS REGULATORY AGENCY

In the Matter of

Alternative Gardens, LLC dba Green Door Alternative
License No(s): PC-000349

ENF No: 22-00179

_____ /

FORMAL COMPLAINT

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

1. The CRA 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 CRA’s authority to impose sanctions on the license.

FACTUAL ALLEGATIONS AND INTENDED ACTION OF THE CRA

3. Respondent holds an active state operating license under the MMFLA to operate a medical marijuana provisioning center in the state of Michigan.

4. Respondent operated at 7304 Michigan Ave., Detroit, Michigan 48210, at all times relevant to this complaint.

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

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- a. While reviewing Respondent's Annual Financial Statement (AFS) and supporting documentation for FY 2020, CRA investigators discovered Respondent miscategorized \$9,659,918.85 worth of marijuana product as accessories between October 1, 2019, and September 30, 2020.
- b. Per the AFS, Respondent reported \$4,717,424.69 of marijuana revenue per the statewide monitoring system (Metrc), \$4,943,297.00 of marijuana product revenue per its point of sale (POS) system, and \$10,893,711.00 of accessories revenue per its POS system. Respondent's reported accessories revenue accounted for about 69% of its total revenue (\$15,837,008.00) per its POS system.
- c. CRA investigators observed the following while reviewing Respondent's monthly accessory sales report:
 - i. 477 of the accessories were identified as product names.
 - ii. 133 of the product names were identified in Respondent's Metrc reports.
 - iii. 295 of the product names were identified as marijuana strain names.
 - iv. 43 of the product names were unclear based on the cost of the item and/or the discount name listed on the report.
- d. On April 11, 2022, CRA regulation agents visited Respondent's facility to conduct a compliance check. The CRA investigators met with manager, A.D. Manager, A.D. was unable to provide an answer to why several marijuana products and strains were miscategorized as accessories.
- e. While onsite, the CRA regulation agents observed a blue bin that was a quarter full of what appeared to be marijuana shake/trim located in a loft storage area at the facility. No Metrc information was located on or near the blue bin.
- f. After the compliance check on April 11, 2022, one of the CRA regulation agents emailed compliance manager, J.S., for answers regarding the

untagged marijuana product located in the blue bin in the loft storage area. J.S. responded that the blue bin contained mixed product waste from various strains that had not yet been destroyed. J.S. provided the Metrc tag numbers for the product waste in the blue bin. The CRA regulation agent observed in Metrc that one of the Metrc tag numbers provided by J.S. 1A4050100011AD1000000367, was recorded in Metrc as being located on the sales floor.

- g. On April 14, 2022, a CRA regulation agent reviewed Respondent's facility site plan and did not observe the loft storage area included in the site plan. The CRA regulation agent discovered that the loft storage area was an addition to the marijuana facility that Respondent failed to have inspected by the CRA or receive CRA approval prior to using it as a part of its marijuana business.
- h. On May 3, 2022, CRA regulation agents conducted an audit of the loft storage area. CRA regulation agents observed multiple packages of marijuana hash in a refrigerator surrounded by non-marijuana food and drinks located in the loft storage area.
- i. On May 31, 2022, CRA regulation agents conducted a follow up audit to review progress. CRA regulation agents observed compliant labeling and locations updated in Metrc; however, Respondent continued to have point of sale issues communicating with Metrc. Respondent had an open ticket with Metrc to address those communication issues.

Count I

Respondent's actions as described above in paragraph(s) e demonstrate a violation of Mich Admin Code, R 420.210(2) which states except for a designated consumption establishment or temporary marijuana event licensed under the MRTMA, a marijuana business must not have any marijuana product without a batch number or identification tag or label pursuant to these rules. A licensee shall immediately tag, identify, or record as part of a batch in the statewide monitoring

system any marihuana product as provided in these rules.

Count II

Respondent's actions as described above in paragraph(s) d, e, and f demonstrate a violation of Mich Admin Code, R 420.505(2) which states a marihuana sales location shall enter all transactions, current inventory, and other information required by these rules in the statewide monitoring system. The marihuana sales location shall maintain appropriate records of all sales or transfers under the acts and these rules and make them available to the agency upon request.

Count III

Respondent's actions as described above in paragraph(s) g and h demonstrate a violation of Mich Admin Code, R 420.802(3): which states in part, 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 preinspected, 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.(iii) Increase or decrease in the size or capacity of the marihuana business. (v) Changes that impact security, fire safety, and building safety.

Count IV

Respondent's actions as described above in paragraphs d and e, demonstrate a violation of Mich Admin Code, R 420.211(4) which states a marihuana product rendered unusable and unrecognizable and, therefore, considered waste, and marihuana plant waste must be recorded in the statewide monitoring system.

Count V

Respondent's actions as described above in paragraph f demonstrates a violation of Mich Admin Code, R 420.211(6) in which 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.

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.

Under MCL 333.27407(4) 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 MMFLA 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

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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 at (517) 284-8599 or CRA-LegalHearings@michigan.gov.

Dated: 5/1/2023

By: Alyssa A. Grissom
Digitally signed by Alyssa A. Grissom
Date: 2023.05.01 14:49:02 -04'00'

Alyssa A. Grissom
Legal Section Manager
Cannabis Regulatory Agency