

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

In the Matter of

Ka Ulu Ana, LLC.  
dba Highland Farms  
License No.: AU-G-C-000573

ENF No.: 24-00240

\_\_\_\_\_/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On April 9, 2024, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the adult-use marijuana class C grower establishment license (AU-G-C-000573) of Ka Ulu Ana, LLC, dba Highland Farms (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 420.210(2).

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).

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 60 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](http://www.michigan.gov/cra). Check or money orders shall be made payable to the State of Michigan with enforcement number "24-00240" and license number "AU-G-C-000573" clearly displayed on the check or money order. Respondent shall mail the fine to Department of Licensing and

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2407 NORTH GRAND RIVER • P.O. BOX 30205 • LANSING, MICHIGAN 48909  
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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](mailto: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 7(1)(c) of the MRTMA, MCL 333.27957, and Mich Admin Code, R 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 16:23:44 -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 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 provided standard operating procedures promoting compliance with keeping plants its plants tagged throughout the harvest process.
  - b. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.
  - c. Respondent has been licensed as a class C grow since 2021 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.

**CONTINUED ONTO THE 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 =  
Sara.Hernandez51@michigan.gov c = US o = CRA OU = LARA  
Date: 2024.07.23 13:46:55 -0400

Sara Hernandez, CSD Director  
or her designee  
Cannabis Regulatory Agency

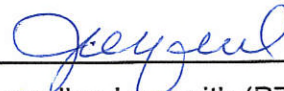
Dated: 07/23/2024

AGREED TO BY:



Breanna Saagman, Authorized Officer  
on behalf of Respondent  
Ka Ulu Ana, LLC

Dated: 7.17.24



Jaqueline Langwith (P79600)  
Attorney for Respondent

Dated: 7-17-24

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In the Matter of

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License No.: AU-G-C-000573

ENF No.: 24-00240

FORMAL COMPLAINT

The Cannabis Regulatory Agency (“CRA”) files this formal complaint against Ka ULu Ana, 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 class C grower establishment in the state of Michigan.

4. Respondent operated at 244 South Court Street, Lapeer, Michigan 48446 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:

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- a. On January 9, 2024, a CRA Regulation Officer (RO) conducted a semi-annual inspection at Respondent's establishment and the CRA RO observed untagged marijuana products.
- b. Also on January 9, 2024, a CRA Regulation Agent (RA) and the RO reviewed the Respondent's surveillance video of January 5, 2024, which showed employees removing flower from the grow room.
- c. Specifically, the RO and RA observed employees placed the flowers on rolling racks, which they transported into the dry room, then cut the tags off the plants, and hung the plants on all four racks.
- d. On January 31, 2024, both the RA and the RO made an unannounced visit to Respondent's establishment and spoke with Compliance Director, N.H.
- e. The CRA RA asked N.H. whether the untagged marijuana products observed by the CRA RO were still onsite. N.H. showed the CRA RA a dry room, where the CRA RA observed plants hanging on racks to dry, with blue statewide monitoring system (Metrc) tags affixed to them.
- f. The CRA RA observed that the "Drying Key" outside of the drying room, showed plants hanging without Metrc tags, and that the strain names on the key coincide with the data reviewed in Metrc, and the strains observed in the totes.
- g. On January 31, 2024, the CRA RA requested the current standard operating agreement (SOP) related to Harvesting/Drying/Curing. Respondent provided the SOP and stated that updates to practices were being reviewed based on the CRA RA's guidance.
- h. Respondent's SOP further outlined that the cultivation team identifies, consolidates, and chops plants to harvest by strain, which are loaded with hangers onto rails that are held by the rolling racks. Respondent stated that plants are labeled and transported to the Dry Room once the rails are full. Additionally, Respondent stated that plants are kept with the plants

associated with them to maintain harvest accuracy, and plants that have been already weighed and recorded should already be labeled.

- i. Respondent's SOP indicates that Metrc tags are to remain with the plants while drying, but Respondent did not follow the SOP regarding plants at issue.

### **Count I**

Respondent's actions as described above in paragraphs a, b, c, d, and e demonstrate a violation of Mich Admin Code, R 420.210(2), which states except for a designated consumption establishment or temporary marihuana event licensed under the MRTMA, a marihuana business must not have any marihuana 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.

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](mailto: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](mailto:CRA-LegalHearings@michigan.gov).

Dated: 4/9/24

By: Alyssa A. Grissom  
Digitally signed by Alyssa A. Grissom  
Date: 2024.04.09 13:59:46 -04'00'

Alyssa A. Grissom  
Legal Section Manager  
Cannabis Regulatory Agency