

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

In the Matter of

Hello Farms Licensing MI, LLC
License No.: GR-C-000514

ENF No.: 23-00237

/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On October 6, 2023, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the medical marijuana class C grower facility license (GR-C-000514) of Hello Farms Licensing MI, 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 420.802(2), R 420.802(3)(a), and R 420.803(1).

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 the allegations contained in the formal complaint are true and that Respondent violated Mich Admin Code, R 420.802(2), R 420.802(3)(a), and R 420.803(1).

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 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 "23-00237" and license number "GR-C-000514" clearly displayed on the check or

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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: 6/10/24

By: Brian Hanna
Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email = hannab@michigan.gov C = US O = CRA OU = CRA
Date: 2024.06.10 13:05:41 -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 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: 2024.05.17 09:35:41 -04'00'

Sara Hernandez, CSD Director
or her designee
Cannabis Regulatory Agency

Dated: 5/17/24

AGREED TO BY:



Brian Farah, Authorized Officer
on behalf of Respondent
Hello Farms Licensing MI, LLC

Dated: 4-29-2024



Hassan Zaarour & P 83043
Attorney for Respondent

Dated: 5/2/2024

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

In the Matter of

Hello Farms Licensing MI, LLC
License No.: GR-C-000514

ENF No: 23-00237

FORMAL COMPLAINT

The Cannabis Regulatory Agency (“CRA”) files this formal complaint against Hello Farms Licensing MI, 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 class C grower facility in the state of Michigan.
4. Respondent operated at 580 Shenfield Road, Au Gres Township, Michigan 49703, 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. On July 14, 2022, the CRA reviewed Respondent's Annual Financial Statement (AFS) for FY2021 and discovered Respondent made a material change in ownership without giving notice to or receiving approval from the CRA.
- b. The ownership structure the CRA had on file showed F.D.J at 2.5% and M.S. at 2.5%. The AFS for FY2021 lists Four Holdings LLC (F.D.J) at 2.5% and Selimo & Co. LLC (M.S. and K.S) at 2.5%. The transfer of individual interest to a holding company requires a change of ownership forms/disclosures to the CRA.
- c. On August 22, 2022, a representative of Respondent stated an operating agreement placing the entities in the company structure as holding companies for each individual's interest had been established; the required amendments and disclosures were being prepared and would be submitted by Respondent.

Count I

Respondent's actions as described above in paragraphs a, b and c demonstrate a violation of Mich Admin Code, R 420.802(2), shall report to the agency any changes to the marihuana business operations that are required in the acts and these rules, as applicable.

Count II

Respondent's actions as described above in paragraphs a, b and c demonstrate a violation of Mich Admin Code, R 420.802(3)(a), which states 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: (a) Change in owners, officers, members, or managers.

Count III

Respondent's actions as described above in paragraphs a, b and c demonstrate a violation of Mich Admin Code, R 420.803(1), which states any change or modification to the marihuana business after licensure is governed by the standards and procedures set forth in these rules and any regulations adopted pursuant to the acts. Any material change or modification to the marihuana business must be approved by the agency before the change or modification is made.

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: 10/6/23

Alyssa A. Grissom
By: Grissom

Digitally signed by Alyssa
A. Grissom
Date: 2023.10.06
10:45:39 -04'00'

Alyssa A. Grissom
Legal Section Manager
Cannabis Regulatory Agency

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