

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

In the Matter of

123 Grow LLC
License No.: AU-G-C-001409

ENF No.: 24-01167

/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On February 28, 2025, the Cannabis Regulatory Agency (CRA) issued an amended formal complaint against the adult-use marijuana class C grower establishment license (AU-G-C-001409) of 123 Grow LLC (Respondent) under the Michigan Regulation and Taxation of Marihuana Act (MRTMA), MCL 333.27951 *et seq.*, and the administrative rules promulgated thereunder. The amended formal complaint alleged Respondent violated Mich Admin Code, R 420.102(7), R 420.304(2)(b), and R 420.304(2)(c).

The executive director reviewed the stipulation contained in this document and agrees the public interest is best served by resolution of the amended formal complaint. Therefore, the executive director finds that all of the allegations contained in the amended formal complaint are true and that Respondent violated Mich Admin Code, R 420.102(7), R 420.304(2)(b), and R 420.304(2)(c).

Accordingly, for these violations, IT IS ORDERED:

1. Respondent must pay a fine in the amount of six thousand and 00/100 dollars (\$6,000.00). This fine shall be paid within 90 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 "24-

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01167” and license number “AU-G-C-001409” 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 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 amended 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: 4/8/2025

By: Brian Hanna

Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email = hannaab@michigan.gov C =
US O = CRA OU = CRA
Date: 2025.04.08 11:13:25 -04'00'

Brian Hanna, Executive Director
or his designee
Cannabis Regulatory Agency

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STIPULATION

The parties stipulate to the following:

1. Respondent does not contest the allegations of fact and law in the formal complaint. By pleading no contest, Respondent does not admit the truth of the allegations but agrees that the CRA's executive director or designee may enter an order treating the allegations as true for purposes of resolving the formal complaint.
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 amended 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. The violation occurred in the first two months of Respondent's operations. Respondent stated it was during one of its first harvests.
 - b. Respondent stated that standard operating procedures (SOPs) were updated after this violation, and employees received additional Metrc training.
 - c. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.
 - d. Respondent has been licensed as a class C grower since 2024 and has no prior discipline against its license.
4. The CRA's discipline resolution section manager 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

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either party, should the CRA's discipline resolution section manager, 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:

Alyssa A. Grissom

Digitally signed by Alyssa A. Grissom
Date: 2025.04.04 10:44:45 -04'00'

Alyssa Grissom,
Legal Division Director
or her designee
Cannabis Regulatory Agency

Dated: 4/4/2025

AGREED TO BY:

DocuSigned by:

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Dominic Bacall, Authorized Officer
on behalf of Respondent
123 Grow LLC

Dated: 4/3/2025



Noah Harfouch, P76362
Attorney for Respondent

Dated: 4/3/2025

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

In the Matter of

123 Grow LLC
License No: AU-G-C-001409

ENF No: 24-01167

FORMAL COMPLAINT

The Cannabis Regulatory Agency (CRA) files this formal complaint against 123 Grow LLC (Respondent) alleging upon information and belief as follows:

1. The 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 1234 North Center Road, Burton, Michigan, 48509, at all times relevant to this complaint.

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

- a. On August 12, 2024, a data specialist from the CRA Operations Support Section (OSS) identified two entry errors during a compliance monitoring audit from Metrc tag numbers each ending in -1162 and -1163.
- b. On August 8, 2024, Respondent's compliance director, K.J., discovered two totes from prior harvests during a routine audit of the establishment.
- c. The first tote contained 8.4 pounds of "Runtz Trim", statewide monitoring system (Metrc) tag # 1A4050300048ECD000001162 (tag number ending in -1162), and the second tote contained 10 pounds of "Lemon Cherry Gelato Trim", Metrc tag # 1A4050300048ECD000001163 (tag number ending in -1163).
- d. K.J. then added the products from the totes to the original batch tags, -1162 and -1163.
- e. CRA OSS found the Metrc entries of -1162 and -1163 did not have the correct sample sizes and were not accurately entered into Metrc.
- f. The following Metrc tags provided by Metrc Support showed Respondent adjusting the weight in Metrc:
 - i. Metrc tag number ending -1162 was created at 27.24 pounds. Respondent adjusted the weight in Metrc upward by 8.4 pounds after testing.
 - ii. Metrc tag number ending -1163 was created at 14.8 pounds. Respondent adjusted the weight in Metrc upward by 10 pounds after testing.
- g. Additionally, two of the packages, the lab sampling batch tags #1A4050300048ECD000001165 (tag number ending in -1165) and #1A4050300048ECD000001167 (tag number ending in -1167) were not sampled compliantly due to Respondent's post-testing weight adjustment.

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- h. The following Metrc tags provided by Metrc Support showed Respondent failed to sample at least 0.5% of the weight of the harvest batches:
- i. Sample tag number ending -1165 had a weight of 35.07 grams. Respondent should have sampled at least 562.45 grams. Instead, Respondent only sampled 35.07 grams, which is less than 0.5% of the weight of the harvest batch.
 - ii. Sample tag number ending -1167 had a weight of 64.38 grams. Respondent should have sampled at least 808.30 grams. Instead, Respondent only sampled 64.38 grams, which is less than 0.5% of the weight of the harvest batch.

Count I

Respondent's actions as described above in paragraphs b through f, demonstrate a violation of Mich Admin Code, R 420.102(7), which states, a marihuana grower must accurately enter all transactions, current inventory, and other information into the statewide monitoring system as required in these rules.

Count II

Respondent's actions as described above in paragraphs g and h, demonstrate a violation of Mich Admin Code, R 420.304(2)(b), which states (2) A laboratory shall collect samples of a marihuana product from another marihuana business, and that marihuana business shall not interfere or prevent the laboratory from complying with all of the following requirements: (b) Except otherwise required by the agency, the laboratory shall collect a sample size that is sufficient to complete all required analyses, and not less than 0.5% of the weight of the harvest batch.

Count III

Respondent's actions as described above in paragraphs g and h, demonstrate a violation of Mich Admin Code, R 420.304(2)(c), which states (2) A laboratory shall collect samples of a marihuana product from another marihuana business, and that

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marihuana business shall not interfere or prevent the laboratory from complying with all of the following requirements: (c) The maximum harvest batch is 50 pounds. At least 50% of the sample taken must be homogenized for testing. The agency may publish sample sizes for marihuana products being tested.

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

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

Dated: 12/9/24

By: Alyssa A. Grissom

Digitally signed by Alyssa
A. Grissom
Date: 2024.12.09
13:18:28 -05'00'

Alyssa A. Grissom
Legal Section Manager
Cannabis Regulatory Agency

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