



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
LANSING

MARLON I. BROWN, DPA  
DIRECTOR

## CANNABIS REGULATORY AGENCY

In the Matter of

Emerald Bay Provisionary, LLC  
dba Diamond Cannabis Company  
License No: AU-R-000532  
ENF No.: 23-00116

Docket No.: 24-014375

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### FINAL ORDER

The Cannabis Regulatory Agency (CRA), by its authorized representative, Executive Director Brian Hanna, issues this final order in the above-referenced matter finding that:

1. On April 3, 2023, the CRA issued a formal complaint against the retailer establishment license (no. AU-R-000532) of Emerald Bay Provisionary, LLC dba Diamond Cannabis Company (Respondent) under the Michigan Regulation and Taxation of Marihuana Act (MRTMA), MCL 333.27951 *et seq.*, and administrative rules promulgated thereunder.

2. The complaint alleged Respondent violated Mich Admin Codes, R 420.104(3)(b), R 420.206a(1), R 420.206a(2), R 420.206a(3), R 420.209(6)(a)(i), R 420.209(6)(a)(ii), R 420.209(11), R 420.209(12), R 420.209(13), R 420.209(14)(a), R 420.209(14)(b), R 420.212(1), and R 420.212(8).

3. A contested case hearing was held on July 10, 2024 before an administrative law judge (ALJ) within the Michigan Office of Administrative Hearings and Rules (MOAHR).

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4. On August 21, 2024, the ALJ issued a proposal for decision recommending that the Executive Director of the CRA issue a final order finding that Respondent violated Mich Admin Codes, R 420.104(3)(b), R 420.206a(1), R 420.206a(2), R 420.206a(3), R 420.209(6)(a)(i), R 420.209(6)(a)(ii), R 420.209(11), R 420.209(12), R 420.209(13), R 420.209(14)(a), R 420.209(14)(b), R 420.212(1), and R 420.212(8).

5. A copy of the ALJ's proposal for decision is attached and is incorporated consistent with the findings and conclusions of this order.

6. Having reviewed the whole record before it, the CRA makes the following findings of fact and conclusions of law:

a. Findings of Fact:

1. The CRA accepts the ALJ's findings of fact as set forth in the proposal for decision.

b. Conclusions of Law:

1. The CRA accepts the ALJ's conclusions of law as set forth in the proposal for decision.

7. Based on the above, the CRA finds that Respondent violated Mich Admin Codes, R 420.104(3)(b), R 420.206a(1), R 420.206a(2), R 420.206a(3), R 420.209(6)(a)(i), R 420.209(6)(a)(ii), R 420.209(11), R 420.209(12), R 420.209(13), R 420.209(14)(a), R 420.209(14)(b), R 420.212(1), and R 420.212(8).

8. Pursuant to MCL 333.27957, Executive Reorganization Order No. 2019-2, MCL 333.27001, and Mich Admin Code, R 420.806, the Executive Director has the authority to impose sanctions.

9. THEREFORE, IT IS ORDERED THAT:

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- a. Respondent's license, AU-R-000532, is currently closed. As a result, the formal complaint for ENF-23-00116 is dismissed. If any of Respondent's supplemental applicants apply for future licensing for a marijuana facility and/or establishment, this alleged non-compliance will be reviewed and taken into consideration with making the license determination.

This final order is a public record that will be published on the CRA's website and is subject to disclosure under the Freedom of Information Act, MCL 15.231 *et seq.*

This order shall be effective on the date signed by the CRA's Executive Director or his designee, as set forth below.

Dated: 10/24/24

**Brian Hanna**  
Digitally signed by: Brian Hanna  
DN: CN = Brian Hanna email =  
hannab@michigan.gov C = US O = CRA OU = CRA  
Date: 2024.10.24 08:50:22 -04'00'

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Brian Hanna, Executive Director  
Or his designee  
Cannabis Regulatory Agency

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

In the Matter of

Emerald Bay Provisionary, LLC  
dba Diamond Cannabis Company  
License No.: AU-R-000532

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ENF No: 23-00116

FORMAL COMPLAINT

The Cannabis Regulatory Agency (“Complainant”) files this formal complaint against Emerald Bay Provisionary, LLC dba Diamond Cannabis Company (“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 rule 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 retailer establishment in the state of Michigan.
4. Respondent operated at 816 Washington Ave. Suite 303, Bay City, Michigan 48708, at all times relevant to this complaint.
5. Following an investigation, the CRA determined that Respondent violated the

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MRTMA and/or administrative rules promulgated thereunder as set forth below:

- a. On January 11, 2023, a CRA regulation agent and regulation officer conducted a follow-up compliance visit at Respondent's adult use retailer establishment.
- b. The CRA discovered no sales transactions had been recorded in the statewide monitoring system (Metrc) between December 26, 2022, and January 9, 2023. The point-of-sale (POS) system did register all sales transactions, but they were not uploaded in Metrc.
- c. The CRA then asked to review the video surveillance system. Respondent did not have an individual at the establishment with access to the video surveillance system. On January 12, 2023, the CRA returned and was still not able to gain access to the area containing the video surveillance system.
- d. On January 17, 2023, the CRA returned to Respondent's adult use retailer establishment and discovered there was no video surveillance retention prior to January 10, 2023. The CRA also confirmed that there was no video log maintained or available for review.
- e. Respondent also did not have any standard operating procedures (SOP's) for the establishment.
- f. Respondent had three boxes of expired marijuana edible products (a mixture of adult-use and medical market products) containing 794 individual items stored in a basement. These products were neither on the approved marijuana business floor plan or covered by the video surveillance system.

### **Count I**

Respondent's actions as described above in paragraph b demonstrate a violation of Mich Admin Code, R 420.104(3)(b), which states a marijuana retailer shall comply with all of the following: (b) 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 paragraph e demonstrate a violation of Mich Admin Code, R 420.206a(1), which states a marihuana business must have up-to-date written standard operating procedures on site at all times.

### **Count III**

Respondent's actions as described above in paragraph e demonstrate a violation of Mich Admin Code, R 420.206a(2), which states standard operating procedures must be made available to the agency upon request.

### **Count IV**

Respondent's actions as described above in paragraph e demonstrate a violation of Mich Admin Code, R 420.206a(3), which states standard operating procedures must detail the marihuana business operations and activities necessary for the marihuana business to comply with the acts and these rules.

### **Count V**

Respondent's actions as described above in paragraphs c and d demonstrate a violation of Mich Admin Code, R 420.209(6)(a)(i), which states a licensee shall ensure the video surveillance system does all the following: (a) Records, at a minimum, the following areas: (i) Any areas where marihuana products are weighed, packed, stored, loaded, and unloaded for transportation, prepared, or moved within the marihuana business.

### **Count VI**

Respondent's actions as described above in paragraphs c and d demonstrate a violation of Mich Admin Code, R 420.209(6)(a)(ii), which states a licensee shall ensure the video surveillance system does all the following: (a) Records, at a

minimum, the following areas: (ii) Limited access areas and security rooms. Transfers between rooms must be recorded.

### **Count VII**

Respondent's actions as described above in paragraphs c and d demonstrate a violation of Mich Admin Code, R 420.209(11), which states a licensee shall keep surveillance recordings for a minimum of 30 calendar days, except in instances of investigation or inspection by the agency in which case the licensee shall retain the recordings until the time as the agency notifies the licensee that the recordings may be destroyed.

### **Count VIII**

Respondent's actions as described above in paragraphs c and d demonstrate a violation of Mich Admin Code, R 420.209(12), which states surveillance recordings of the licensee are subject to inspection by the agency and must be kept in a manner that allows the agency to view and obtain copies of the recordings at the marijuana business immediately upon request.

### **Count IX**

Respondent's actions as described above in paragraphs c and d demonstrate a violation of Mich Admin Code, R 420.209(13), which states a licensee shall maintain a video surveillance system equipped with a failure notification system that provides notification to the licensee of any interruption or failure of the video surveillance system or video surveillance system storage device.

### **Count X**

Respondent's actions as described above in paragraph d demonstrate a violation of Mich Admin Code, R 420.209(14)(a), which states a licensee shall maintain a log of the recordings, which includes all of the following: (a) The identity of the employee or employees responsible for monitoring the video surveillance system.

### **Count XI**

Respondent's actions as described above in paragraph d demonstrate a violation of Mich Admin Code, R 420.209(14)(b), which states a licensee shall maintain a log of the recordings, which includes all of the following: (b) The identity of the employee who removed any recording from the video surveillance system storage device and the time and date removed.

### **Count XII**

Respondent's actions as described above in paragraph b demonstrate a violation of Mich Admin Code, R 420.212(1), which states all marijuana products must be stored at a marijuana business in a secured limited access area or restricted access area and must be identified and tracked consistently in the statewide monitoring system under these rules.

### **Count XIII**

Respondent's actions as described above in paragraph f demonstrate a violation of Mich Admin Code, R 420.212(8), which states a licensee shall ensure that any stock or storage room meets the security requirements of these rules and any other applicable requirements in the acts and 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: 4/3/23

By: Alyssa A. Grissom  
Digitally signed by Alyssa A. Grissom  
Date: 2023.04.03 13:37:31 -04'00'

Alyssa A. Grissom  
Legal Section Manager  
Cannabis Regulatory Agency

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