

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

In the Matter of

Flourish Michigan Inc.
License No.: AU-G-C-000758

ENF No.: 23-00931

CONSENT ORDER AND STIPULATION

CONSENT ORDER

On December 15, 2023, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the adult-use marijuana class C grower establishment license (AU-G-C-000758) of Flourish Michigan Inc. (Respondent) under the Michigan Regulation and Taxation of Marijuana Act (MRTMA), MCL 333.27951 *et seq.*, and the administrative rules promulgated thereunder. The formal complaint alleged Respondent violated Mich Admin Code, R 420.102(7), R 420.112a(2), R 420.203(2)(e), R 420.209(6)(a)(i), R 420.212(1), R 420.602(1), R 420.602(2)(b), and R 420.802(3)(f).

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 420.102(7), R 420.112a(2), R 420.203(2)(e), R 420.209(6)(a)(i), R 420.212(1), R 420.602(1), R 420.602(2)(b), and R 420.802(3)(f).

Accordingly, for these violations, IT IS ORDERED:

1. Respondent must pay a fine in the amount of thirty-one thousand and 00/100 dollars (\$31,000.00). 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

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orders shall be made payable to the State of Michigan with enforcement number "23-00931" and license number "AU-G-C-000758" 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. Within 30 days of the effective date on the consent order Respondent must complete all of the following:
 - a. Respondent will provide standard operating procedures (SOP) related to reporting form and amendment submission and reporting requirements to the CRA.
3. If Respondent fails to timely comply with the terms of this order, Respondent's license shall be suspended until compliance is demonstrated.
4. 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.
5. Respondent shall be responsible for all costs and expenses incurred in complying with the terms and conditions of this consent order.
6. 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, 420.808.
7. 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.

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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: 1/9/2025

By: Brian Hanna

Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email =
hannab@michigan.gov C = US O = CRA OU = CRA
Date: 2025.01.09 10:18:41 -05'00'

Brian Hanna, Executive Director
or his designee
Cannabis Regulatory Agency

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. The management service agreement related to the formal complaint was subsequently submitted and approved.
 - b. The cultivation tent observed during the investigation had external camera coverage, but not internal surveillance. All plants were removed from the tent and the tent was removed from use during the investigation.
 - c. Respondent provided updated standard operating procedures (SOP) expressly prohibiting cultivation tents without proper surveillance.

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d. Statewide monitoring system (Metrc) inaccuracies related to prerolls were due to prerolls being midway through the manufacturing process.

- i. Respondent stated that within one large batch, some buds are moister than others, so prerolls were created from buds with ideal moisture and others are allowed to dry.
- ii. Once all buds were used for prerolls, Respondent would update Metrc to reflect the new package type.
- iii. Respondent stated that to ensure future compliance, its new process is to tube prerolls, pre-count them into their boxes, add the package tag, and then add them to Metrc at the end of the day.

e. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.

f. Respondent has been licensed as a class C grower since 2022 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.

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By signing this stipulation, the parties confirm that they have read, understand, and agree with the terms of the consent order.

AGREED TO BY:

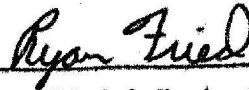
Sara Hernandez

Digitally signed by: Sara Hernandez
DN: CN = Sara Hernandez email =
HernandezS1@michigan.gov C = US O = CRA OU =
LARA
Date: 2024.12.22 16:46:13 -0500

Sara Hernandez, CSD Director
or her designee
Cannabis Regulatory Agency

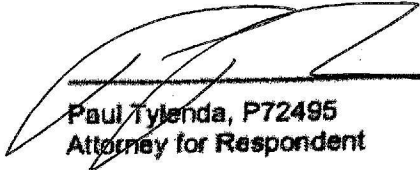
Dated: 12/22/2024

AGREED TO BY:



Ryan Fried, Authorized Officer
on behalf of Respondent
Flourish Michigan Inc.

Dated: 12.18.24



Paul Tylanda, P72495
Attorney for Respondent

Dated: 12/18/24

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

In the Matter of

Flourish Michigan, Inc
License No.: AU-G-C-000758

ENF No: 23-00931

FORMAL COMPLAINT

The Cannabis Regulatory Agency (“Complainant”) files this formal complaint against Flourish Michigan, Inc (“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 42279 Irwin Drive, Harrison Township, Michigan 48045, 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 February 1, 2023, Respondent entered into a management services agreements with Amplify, LLC. Respondent did not disclose a management agreement to the CRA nor did Respondent follow through with the CRA RA's request to submit the management service agreement as of August 31, 2023.
- b. On August 28, 2023, a CRA Regulation Agent (RA) conducted a site visit at Respondent's establishment and found multiple deficiencies.
- c. The CRA RA observed one, untagged mature marijuana plant.
- d. The CRA RA also found that there was approximately 9,547 grams of untagged marijuana product in pre-rolls. The product was not tracked accurately in the statewide monitoring system (Metrc) by Respondent.
- e. The CRA RA found that the pre-rolls onsite were listed in Metrc as buds bulk flower.
- f. The weight of the product found onsite did not match the weights that were listed in Metrc.
- g. Respondent had 56 vegetative marijuana plants inside a cultivation tent. The investigation showed that there was inadequate surveillance coverage in that specific location. The vegetative marijuana plants were not visible on the video surveillance.
- h. From July 10, 2023 to August, 15, 2023, Respondent had unaccompanied visitors at the establishment. The CRA RA reviewed the visitor log and found that there were individuals who entered the establishment but were not listed on the visitor log.
- i. Based on observations during the investigation, the CRA RA requested Respondent to submit floor plan changes and their management agreement as required by the administrative rules.
- j. As of August 31, 2023, Respondent has not submitted floor plan changes and its management agreement resulting in unreported material changes.

- k. Respondent did not complete employee background checks for four individuals who were working unsupervised during the site visit of August 28, 2023.
- l. Respondent did not enter three employees into Metrc within seven business days of hiring them. The employees were added on August 29, 2023, but reportedly worked at Respondent's establishment for at least one month.

Count I

Respondent's actions as described above in paragraphs c, d, e, and 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 paragraph a demonstrates a violation of Mich Admin Code, R 420.112a(2), which states a licensee shall submit a complete, unredacted, signed copy of the licensing, management, or other agreement to the agency for review and approval prior to performance under the agreement. Approval by the agency indicates an agency determination that it does not appear based upon the information provided that the other party meets the definition of applicant.

Count III

Respondent's actions as described above in paragraph h demonstrates a violation of Mich Admin Code, R 420.203(2)(e) which states access to a marihuana business's restricted and limited access areas is restricted to the licensee, employees of the license, escorted visitors, and the agency.

Count IV

Respondent's actions as described above in paragraph g demonstrates 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 V

Respondent's actions as described above in paragraphs b, c, and d, demonstrate a violation of Mich Admin Code, R 420.212(1), which states all marihuana products must be stored at a marihuana 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 VI

Respondent's actions as described above in paragraph j demonstrate a violation of Mich Admin Code, R 420.602(1), which states a licensee shall conduct a criminal history background check on any prospective employee before hiring that individual. A licensee shall keep records of the results of the criminal history background checks for the duration of the employee's employment with the licensee. A licensee shall record confirmation of criminal history background checks and make the confirmation available for inspection upon request by the agency.

Count VII

Respondent's actions as described above in paragraph k and l demonstrates a violation of Mich Admin Code, R 420.602(2)(b), which states a licensee shall comply with all of the following: Enter in the statewide monitoring system an employee's information and level of statewide monitoring system access within 7 business days of hiring for the system to assign an employee identification number. The licensee shall update in the statewide monitoring system employee information and changes in status or access within 7 business days.

Count VIII

Respondent's actions as described above in paragraphs a and i demonstrate a violation of Mich Admin Code, R 420.802(3)(f), 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: 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:

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:

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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

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: 12/15/2023

By: Alyssa A. Grissom
 Digitally signed by Alyssa A. Grissom
Date: 2023.12.15 15:16:00 -05'00'

Alyssa A. Grissom
Legal Section Manager
Cannabis Regulatory Agency