

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

In the Matter of

Shatter House Detroit LLC
dba Shatter House
License No.: AU-P-000280

ENF No.: 24-00284

/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On April 30, 2024, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the adult-use marijuana processor establishment license (AU-P-000280) of Shatter House Detroit LLC dba Shatter House (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 420.403(1), R 420.403(3), R 420.404, and R 420.507(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 420.403(1), R 420.403(3), R 420.404, and R 420.507(2).

Accordingly, for these violations, IT IS ORDERED:

1. Respondent must pay a fine in the amount of fifteen-thousand and 00/100 dollars (\$15,000.00). 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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00284” and license number “AU-P-000280” 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, 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: 1/23/2025

By: Brian Hanna  Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email = hanna@michigan.gov C
= US O = CRA OU = CRA
Date: 2025.01.23 11:59:18 -05'00'

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 stated that compliance stickers were provided to all retail transferees of the non-compliantly labeled marijuana product on the same day as the Regulation Agent conducted a site visit to verify the updated sticker.
 - b. Respondent provided verification from all retail transferees that updated stickers were provided by Respondent. This correspondence indicated that Respondent delivered the compliance stickers to these retailers to update the non-compliant product and that the labels were applied to the appropriate product.
 - c. Respondent provided standard operating procedures (SOP) detailing a process that includes labeling proper serving sizes for the product.
 - d. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.
 - e. Respondent has been licensed as a processor since 2022 and has no prior discipline against its license.

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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.

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: 2025.01.22 07:38:27 -05'00'

Sara Hernandez, CSD Director
or her designee
Cannabis Regulatory Agency

Dated: 1/22/2025

AGREED TO BY:


Arlando yaldao (Jan 20, 2025 10:47 EST)

Arlando Yaldao, Authorized Member
on behalf of Respondent
Shatter House Detroit LLC
dba Shatter House

Dated: 01/20/25



Salam Elia, P76593
Attorney for Respondent

Dated: 01/20/25

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

In the Matter of

Shatter House Detroit, LLC
dba Shatter House
License No.: AU-P-000280

ENF No.: 24-00284

FORMAL COMPLAINT

The Cannabis Regulatory Agency (CRA) files this formal complaint against Shatter House Detroit, LLC dba Shatter House (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 processor in the state of Michigan.
4. Respondent operated at 5920 South Pennsylvania Avenue, Lansing, Michigan 48911, 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 21, 2024, a CRA Regulation Agent (RA) visited licensee Vibe Inkster's establishment and observed a jar in a refrigerator which had a blue liquid inside and was labeled for display. The display showed the following:
 - i. A label with "100mg THC Infused Drink Mix" printed on the front listing one serving of 100mg per container.
 - ii. Four flavors of the Nug Nectar infused edibles.
 - i. The Nug Nectar infused edibles were placed in a glass jar with a pre-roll container inside. The pre-roll container contained the infused drink mix.
 - ii. There was no serving information on the black container inside the jar.
- b. On January 21, 2024, the CRA RA communicated with Respondent's Employee, A.Y., by telephone. A.Y. admitted that Respondent was aware of the inaccurate serving information on Nug Nectar products transferred to licensee Vibe Inkster. A.Y. stated that the initial batch of the product was improperly labeled, and all subsequent batches were correctly labeled. A.Y. confirmed that the product contained approximately 100mg of THC and had 10 servings.
- c. On January 23, 2024, the CRA RA spoke with A.Y. by telephone and requested documents regarding Nug Nectar products. A.Y. stated that he was unable to do so at the time because the Metrc compliance manager was unavailable. The CRA RA granted A.Y. an extension.
- d. On January 24, 2024, the CRA RA went to two adult use retailers, Mood (AU-R-000756) and Puff AU-R-000542) and found Nug Nectar products. The Nug Nectar jars had the same incorrect dose information. Each label indicated there was 1 serving and the serving size was 100mg.

- e. On January 31, 2024, the CRA RA received a telephone call from A.Y, who stated that Respondent created a dosing information label on the pre-roll tube which contains the infused powder. The dosing information advises the consumer to weigh out a portion of the powder for a 10mg serving.
- f. On February 2, 2024, the CRA RA received an email from A.Y. and stated that Respondent made 45,516 units of Nug Nectar, which entered the sales market on June 13, 2023.
- g. On February 21, 2024, the CRA RA conducted a site visit at Respondent's establishment. A.Y. showed the CRA RA an updated sticker that Respondent planned to send to the retailers and put on the products that were still onsite.
- h. Respondent indicated that between February 21, 2024, to February 28, 2024, it contacted each sales location which had the noncompliant label and sent the corrected stickers to licensees.

Count I

Respondent's actions as described above in paragraphs b, d, e and f demonstrate a violation of Mich Admin Code R 420.403(1), which states a producer shall package and properly label marihuana-infused products before sale or transfer.

Count II

Respondent's actions as described above in paragraphs a, b, d, e and f demonstrate a violation of Mich Admin Code, R 420.403(3), which states a producer of marihuana-infused products shall list and record the THC concentration and CBD concentration of marihuana-infused products, as provided in R 420.305 and R 420.404, in the statewide monitoring system and indicate the THC concentration and CBD concentration on the label along with the tag identification as required under these rules.

Count III

Respondent's actions as described above in paragraphs a, b, d, e and f demonstrate a violation of Mich Admin Code, R 420.404, which states a marihuana sales location shall not sell or transfer marihuana-infused products that exceed the maximum THC concentrations established by the agency by more than 10%. For the purposes of maximum THC concentrations for marihuana-infused products, the agency shall publish a list of maximum THC concentrations and serving size limits.

Count IV

Respondent's actions as described above in paragraphs a, b, d, f demonstrate a violation of Mich Admin Code, R 420.507(2), which states a licensee may not advertise a marihuana product in a way that is deceptive, false, or misleading, or make any deceptive, false, or misleading assertions or statements on any marihuana product, sign, or document provided.

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

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: 4/30/24

By: Alyssa A. Grissom Digitally signed by Alyssa A. Grissom
Date: 2024.04.30 08:30:08 -04'00'

Alyssa A. Grissom
Legal Section Manager
Cannabis Regulatory Agency