

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

In the Matter of

Alvarez Cultivation LLC
License No.: AU-R-000327

ENF No.: 24-01396

/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On January 22, 2025, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the adult-use marijuana retailer establishment license (AU-R-000327) of Alvarez Cultivation LLC (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 420.203(2)(f)(i)(A), R 420.203(2)(f)(i)(B), R 420.203(2)(f)(i)(C), R 420.203(2)(f)(i)(D), R 420.203(2)(f)(i)(E), R 420.203(2)(f)(i)(F), R 420.203(2)(f)(ii), and R 420.203(2)(f)(iii).

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 some of the allegations contained in the formal complaint are true and that Respondent violated Mich Admin Code, R 420.203(2)(f)(i)(C), R 420.203(2)(f)(i)(D), R 420.203(2)(f)(i)(E), R 420.203(2)(f)(ii), and R 420.203(2)(f)(iii).

Accordingly, for these violations, IT IS ORDERED:

1. Respondent must pay a fine in the amount of five thousand three hundred seventy-five and 00/100 dollars (\$5,375.00). This fine shall be paid within 60 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

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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 “24-01396” and license number “AU-R-000327” 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. The alleged violations of Mich Admin Code R 420.203(2)(f)(i)(A), R 420.203(2)(f)(i)(B), and R 420.203(2)(f)(i)(F) are DISMISSED.
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, R 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.

CONTINUED ONTO NEXT PAGE

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: 6/6/2025

By: Brian Hanna

Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email = hannaab@michigan.gov C =
US O = CRA OU = CRA
Date: 2025.06.06 11:16:37 -04'00'

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. Respondent stated that its employees unknowingly disposed of invoices and documents necessary to maintain a general ledger.
 - b. Respondent stated that it now retains physical copies of all invoices.
 - c. Respondent stated it has implemented a 7-year retention schedule for all invoices.
 - d. Respondent stated it has updated its standard operating procedures and has completed employee training.

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- e. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.
4. The CRA's legal division 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 legal division 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: 2025.06.05 12:09:46 -04'00'

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

Dated: 6/5/2025

AGREED TO BY:



Del Charbonier, Authorized Officer
on behalf of Respondent
Alvarez Cultivation LLC.

Dated: 5/29/25



Kristina Munsters, P74507
Attorney for Respondent

Dated: 5/30/2025

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

In the Matter of

Alvarez Cultivation LLC
License No.: AU-R-000327

ENF No. 24-01396

FORMAL COMPLAINT

The Cannabis Regulatory Agency (CRA) files this formal complaint against Alvarez Cultivation, 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 retailer establishment in the state of Michigan.

4. Respondent operated at 26324 US-12, Edwardsburg, Michigan 49112, 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. During a fiscal year (FY) 2024 Annual Financial Statement (AFS) review by the CRA Financial Compliance Section (FCS), a CRA FCS Financial Analyst (FA) found that Respondent failed to maintain its general ledger and invoices as required by the administrative rules.
- b. In Section E5- Schedule of Expenditures - Service Vendors of the AFS report, Respondent's CPA, R.K, could not find invoices for 58 disbursements. Three disbursements could not be traced to the bank statement. The disbursement amounts could not be confirmed by CRA FCS.
- c. In Section E6- Schedule of Expenditures - Other Vendors of the AFS report, R.K. could not find invoices for 82 disbursements. One disbursement could not be traced to the bank statement. The disbursement amount could not be confirmed by CRA FCS.
- d. The CRA FA requested additional information from Respondent regarding a vendor (Unique Vac/Rep) on Section E6 of the FY 2024 AFS, a marijuana supply wholesaler. The CRA FCS was not able to verify this vendor as a licensed facility.
- e. Respondent did not have any information about Unique Vac/Rep since the invoices were destroyed when Respondent moved out of its grow location.
- f. Respondent was unsure what items it purchased from Unique Vac/Rep. Respondent was also unsure of the amount they paid to Unique Vac/Rep.
- g. Respondent claimed it had hard copies of the invoices but disposed of the invoices and were unable to provide them to the CRA.
- h. The CRA FA reviewed a statewide monitoring system (Metrc) report and found there were vendors in the Metrc report that were not reported in Respondent's FY 2024 AFS.

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- i. These vendors should have been in the Top 30 Vendors Section of the AFS based on the number of products received from the Metrc report during the reporting period.
- j. The following vendors in Metrc should have been reported in the AFS:
 - i. Ferndale Maize showed the amount of \$81,992.55 in Metrc.
 - ii. Sapphire Farms showed the amount of \$37,847.
 - iii. RWB Michigan showed the amount of \$33,500.
 - iv. Total Health Cultivation showed the amount of \$30,000.
 - v. SBCMI showed the amount of \$24,577.05.
 - vi. WYLD showed the amount of \$24,300.
 - vii. Progressive Treatment Solutions Warren showed the amount of \$21,766.
 - viii. RKive showed the amount of \$20,473.
 - ix. Farnan Farms showed the amount of \$20,175.
 - x. Premier Concentrates showed the amount of \$16,506.
- k. Respondent stated that the vendors in the Metrc transfer report were added into the AFS because those vendors were not on the list which Respondent kept. Respondent's CPA was unaware those vendors were not on the general ledger.

Count I

Respondent's actions as described above in paragraphs a through g, demonstrate a violation of Mich Admin Code, R 420.203(2)(f)(i)(A), which states, A licensee shall maintain accurate and comprehensive financial records for each license that clearly documents the licensee's income and expenses. Applicable supporting source documentation must be maintained, including, but not limited to, all of the following:

(A) Cash logs.

Count II

Respondent's actions as described above in paragraphs a through g, demonstrate a violation of Mich Admin Code, R 420.203(2)(f)(i)(B), which states, A licensee shall maintain accurate and comprehensive financial records for each license that clearly documents the licensee's income and expenses. Applicable supporting source documentation must be maintained, including, but not limited to, all of the following:
(B) Sales records.

Count III

Respondent's actions as described above in paragraph f demonstrate a violation of Mich Admin Code, R 420.203(2)(f)(i)(C), which states, A licensee shall maintain accurate and comprehensive financial records for each license that clearly documents the licensee's income and expenses. Applicable supporting source documentation must be maintained, including, but not limited to, all of the following:
(C) Purchase of inventory.

Count IV

Respondent's actions as described above in paragraphs a through k, demonstrate a violation of Mich Admin Code, R 420.203(2)(f)(i)(D), which states, A licensee shall maintain accurate and comprehensive financial records for each license that clearly documents the licensee's income and expenses. Applicable supporting source documentation must be maintained, including, but not limited to, all of the following:
(D) invoices.

Count V

Respondent's actions as described above in paragraphs a through k, demonstrate a violation of Mich Admin Code, R 420.203(2)(f)(i)(E), which states, A licensee shall maintain accurate and comprehensive financial records for each license that clearly documents the licensee's income and expenses. Applicable supporting source

documentation must be maintained, including, but not limited to, all of the following:
(E) Receipts.

Count VI

Respondent's actions as described above in paragraphs a through k, demonstrate a violation of Mich Admin Code, R 420.203(2)(f)(i)(F), which states, A licensee shall maintain accurate and comprehensive financial records for each license that clearly documents the licensee's income and expenses. Applicable supporting source documentation must be maintained, including, but not limited to, all of the following:
(F) Deposit slips.

Count VII

Respondent's actions as described above in paragraphs a, d, e, f, and g, demonstrate a violation of Mich Admin Code, R 420.203(2)(f)(ii), which states, A licensee shall maintain accurate and comprehensive financial records for each license that clearly documents the licensee's income and expenses. Applicable supporting source documentation must be maintained, including, but not limited to, all of the following: Bulk financial deposits or transactions must be traceable to the individual transactions that compromise the bulk deposit or transaction.

Count VIII

Respondent's actions as described above in paragraphs e, f, and g, demonstrate a violation of Mich Admin Code, R 420.203(2)(f)(iii), which states, A licensee shall maintain accurate and comprehensive financial records for each license that clearly documents the licensee's income and expenses. Applicable supporting source documentation must be maintained, including, but not limited to, all of the following: Licensee records must be maintained for at least 4 years, except in instances of investigation or inspection by the agency in which case the licensee shall retain records until such time as the agency notifies the licensee that the recordings may be destroyed.

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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

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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: 1/22/25

By: Alyssa A. Grissom

Digitally signed by Alyssa
A. Grissom
Date: 2025.01.22
13:50:56 -05'00'

Alyssa A. Grissom
Legal Section Manager
Cannabis Regulatory Agency

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