

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

In the Matter of

BR Laboratory of Chesaning, LLC
License No: AU-P-000146

ENF No: 24-00411

/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On June 6, 2024, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the adult-use marijuana processor establishment license (AU-P-000146) of BR Laboratory of Chesaning, 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 420.103(3), R 420.508(3) & R 420.508(7).

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 420.103(3).

Accordingly, for these violations, IT IS ORDERED:

1. Respondent must pay a fine in the amount of eight thousand and 00/100 dollars (\$8,000.00). 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 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 "24-00411" and license number "AU-P-000146" clearly displayed on the check or

CANNABIS REGULATORY AGENCY
2407 NORTH GRAND RIVER • P.O. BOX 30205 • LANSING, MICHIGAN 48909
www.michigan.gov/CRA
LARA is an equal opportunity employer/program

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 420.508(3) & R 420.508(7) 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, 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: 3/6/2025

By: Brian Hanna
Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email =
bhanna@micrigan.gov C = US O = CRA OU = CRA
Date: 2025.03.06 08:38:23 -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. Respondent stated that its accountant incorrectly marked promotional product as trade samples when filing its annual financial statement (AFS).
 - b. Respondent stated that no trade samples were sold to customers.
 - c. Respondent stated that it now creates separate manifests for trade samples to ensure compliance and accurate tracking in the statewide monitoring system (Metr).

CANNABIS REGULATORY AGENCY
2407 NORTH GRAND RIVER • P.O. BOX 30205 • LANSING, MICHIGAN 48909
www.michigan.gov/CRA
LARA is an equal opportunity employer/program

- d. Respondent provided updated standard operating procedures (SOPs) related to inventory tracking and trade samples.
 - e. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.
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 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: 2025.02.27 21:49:27 -05'00'

Alyssa Grissom, DRS Manager
or her designee
Cannabis Regulatory Agency

Dated: 2/27/2025

AGREED TO BY:

John Taylor

John Taylor, Authorized Officer
on behalf of Respondent
BR Laboratory of Chesaning, LLC

Dated: Feb 19 2025 18:20 EST

Scott Roberts

Scott Roberts P74324
Attorney for Respondent

Dated: Feb 06 2025 17:49 EST

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

In the Matter of

BR Laboratory of Chesaning, LLC
License No: AU-P-000146

ENF No: 24-00411

FORMAL COMPLAINT

The Cannabis Regulatory Agency (CRA) files this formal complaint against BR Laboratory of Chesaning, 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 processor establishment in the state of Michigan.

4. Respondent operated at 795 Eden Way Suite B, Chesaning, Michigan, 48616, at all times relevant to this complaint.

CANNABIS REGULATORY AGENCY
2407 NORTH GRAND RIVER • P.O. BOX 30205 • LANSING, MICHIGAN 48909
www.michigan.gov/CRA
LARA is an equal opportunity employer/program

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

- a. On January 11, 2024, CRA Operations Support Section (OSS) made a referral that was sent to CRA Enforcement stating that Respondent did not properly identify trade samples in the statewide monitoring system (Metrc).
- b. It was determined by CRA OSS and CRA Financial Compliance Section (FCS), that the trade samples were sold to multiple licensees.
- c. On March 6, 2024, a CRA Regulation Agent (RA) contacted Respondent's manager by email to discuss the trade samples that were not properly identified in Metrc.
- d. The CRA RA asked Respondent's manager why there was marijuana product that exceeded the trade sample limits.
- e. Respondent's manager admitted that the marijuana product packages were only marked internally as trade samples but were not placed in Metrc. The items that were designated as internal trade samples were wholesale transfers for nominal value and was not counted towards the trade sample limits. This resulted in respondent failing to accurately track their inventory in Metrc.
- f. On May 1, 2024, the CRA RA conducted an onsite visit at Respondent's establishment to talk about the trade samples that were offered to other licensees as well as the improper labeling of the internal trade samples with Respondent's Chief Operating Officer, B.B. B.B. was unsure of the issue but stated that the transactions that were made were not trade samples, but promotional items.
- g. The CRA RA then discussed the inaccurate manifests with Respondent's Metrc Administrator, A.W., and Respondent's Fulfillment Manager, B.B.
- h. A.W. admitted that the trade samples were documented on the manifest in the amount of one cent (\$0.01).

CANNABIS REGULATORY AGENCY
2407 NORTH GRAND RIVER • P.O. BOX 30205 • LANSING, MICHIGAN 48909
www.michigan.gov/CRA
LARA is an equal opportunity employer/program

- i. B.B. admitted that some of the marijuana products were not labeled as trade samples on the manifests.

Count I

Respondent's actions as described above in paragraphs d, e, g, and h, demonstrate a violation of Mich Admin Code R 420.103(3) which states a marihuana processor 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 b demonstrates a violation of Mich Admin Code R 420.508(3) trade samples must not be sold or transferred by the receiving producer or marihuana sales location to another producer or marihuana sales location or to a consumer.

Count III

Respondent's actions as described above in paragraph i demonstrates a violation of Mich Admin Code R 420.508(7) which states in addition to the information required in R 420.403, a trade sample must have a label containing the statement "TRADE SAMPLE NOT FOR RESALE" in bold, capital letters attached to the trade sample.

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

CANNABIS REGULATORY AGENCY
2407 NORTH GRAND RIVER • P.O. BOX 30205 • LANSING, MICHIGAN 48909
www.michigan.gov/CRA

LARA is an equal opportunity employer/program

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.

CONTINUED ONTO NEXT PAGE

CANNABIS REGULATORY AGENCY
2407 NORTH GRAND RIVER • P.O. BOX 30205 • LANSING, MICHIGAN 48909
www.michigan.gov/CRA
LARA is an equal opportunity employer/program

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: 6/6/24

By: Alyssa A. Grissom

Digitally signed by Alyssa
A. Grissom
Date: 2024.06.06
15:24:22 -04'00'

Alyssa A. Grissom
Legal Section Manager
Cannabis Regulatory Agency

CANNABIS REGULATORY AGENCY
2407 NORTH GRAND RIVER • P.O. BOX 30205 • LANSING, MICHIGAN 48909
www.michigan.gov/CRA

LARA is an equal opportunity employer/program