

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

In the Matter of

Jefe Farms LLC
License No.: GR-C-002363

ENF No.: 24-01362

/ **CONSENT ORDER AND STIPULATION**

CONSENT ORDER

On January 9, 2025, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the medical marijuana class C grower facility license (GR-C-002363) of Jefe Farms LLC (Respondent) under the Medical Marijuana Facilities Licensing Act (MMFLA), MCL 333.27101 *et seq.*, and the administrative rules promulgated thereunder. The formal complaint alleged Respondent violated Mich Admin Code, R 420.108(8), R 420.206(1)(b)(ii), R 420.209(6)(a)(i), R 420.209(7) R 420.210(1), R 420.210(2), R 420.212(1), R 420.303(2), R 420.303(3), R 420.602(5), R 420.802(2), R 420.802(3)(f)(i), R 420.802(3)(f)(ii), R 420.802(3)(f)(v), and R 420.803(1).

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 420.108(8), R 420.209(6)(a)(i), R 420.209(7) R 420.210(1), R 420.210(2), R 420.212(1), R 420.303(2), R 420.303(3), R 420.602(5), R 420.802(2), R 420.802(3)(f)(i), R 420.802(3)(f)(ii), R 420.802(3)(f)(v), and R 420.803(1).

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Accordingly, for these violations, IT IS ORDERED:

1. Respondent must pay a fine in the amount of six hundred and ninety-seven and 67/100 dollars (\$697.67). 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 "24-01362" and license number "GR-C-002363" 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 of the consent order, Respondent must submit to the CRA a standard operating procedure (SOP) detailing all the procedures implemented to ensure all marijuana plants recorded within the license's state-wide monitoring system (Metrc) inventory have a Metrc tag adhered to them in compliance with the timelines defined by rule.
3. If Respondent fails to timely comply with the terms of this order, Respondent's license shall be suspended until compliance is demonstrated.
4. The alleged violation of Mich Admin Code R 420.206(1)(b)(ii) is DISMISSED.
5. 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.
6. Respondent shall be responsible for all costs and expenses incurred in complying with the terms and conditions of this consent order.

7. If Respondent violates any term or condition set forth in this order, Respondent shall be subject to fines and/or other sanctions under section 407(1) of the MMFLA, MCL 333.27407(1), and Mich Admin Code, R 420.808.
8. 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: 5/1/2025

By: Brian Hanna

Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email =
hannab@michigan.gov C = US O = CRA OU = CRA
Date: 2025.05.01 20:40:49 -0400

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 MMFLA.
2. Respondent understands and intends that by signing this stipulation, Respondent is waiving the right under the MMFLA, 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 was not trimming product outdoors in violation of rule. The activities observed by the CRA during the onsite inspection were part of the harvesting process.
 - b. The necessary state-wide monitoring system (Metrc) plant tags, which were not adhered to marijuana plants at the time of the CRA onsite inspection, were received by the Respondent via the mail a day later. The Respondent successfully applied all required Metrc tags to plants within 24 hours of the CRA onsite inspection.
 - c. Respondent stated that, despite the lack of adhered Metrc tags, the marijuana plants were being tracked by the Respondent via the plants' batch numbers.
 - d. 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.

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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:

Alyssa A. Grissom

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Date: 2025.04.18 13:03:29 -04'00'

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


Dated: 4/18/2025

AGREED TO BY:



Mike Haddad, Authorized Officer
on behalf of Respondent
Jefe Farms LLC.

Dated: 4-17-25



Heather Cude, P79914
Attorney for Respondent

Dated: 4-14-25

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

In the Matter of

Jefe Farms, LLC
License No.: GR-C-002363

ENF No: 24-01362

FORMAL COMPLAINT

The Cannabis Regulatory Agency (CRA) files this formal complaint against Jefe Farms, LLC (Respondent) alleging upon information and belief as follows:

1. The CRA is authorized under the Medical Marihuana Facilities Licensing Act (MMFLA), MCL 333.27101 *et seq.*, and Executive Reorganization Order No.2019-2, MCL 333.27001, to investigate alleged violations of the MMFLA 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 MMFLA or administrative rules.

2. Section 402(12) of the MMFLA provides that the expiration of a license does not terminate the CRA's authority to impose sanctions on the license.

FACTUAL ALLEGATIONS AND INTENDED ACTION OF THE CRA

3. Respondent holds an active state operating license under the MMFLA to operate a medical marijuana class C grower facility in the state of Michigan.

4. Respondent operated at 1850 Parmenter Road, Corunna, Michigan 48817, at all times relevant to this complaint.

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

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- a. On September 10, 2024, a CRA Regulation Officer (RO) conducted an unannounced inspection at Respondent's facility.
- b. While there, the CRA RO observed thousands of mature marijuana plants without statewide monitoring system (Metrc) tags located in Respondent's outdoor cultivation area. The CRA RO spoke with Respondent's Lead Grower, A.K., via telephone, who confirmed that Respondent had a total of 10,287 mature plants without Metrc tags located in Respondent's outdoor cultivation area.
- c. A.K. provided the CRA RO an invoice indicating that Metrc tags were ordered on September 4, 2024. A.K informed the CRA RO that the Metrc tags were set to be delivered on September 10, 2024.
- d. On September 11, 2024, a CRA Regulation Agent (RA) visited Respondent's facility and met with the CRA RO and Respondent's Irrigation Specialist, D.G. The CRA RA and CRA RO observed Respondent's employees placing Metrc plant tags on the mature plants located in the outdoor cultivation area.
- e. On November 1, 2024, two CRA ROs conducted a semi-annual inspection at Respondent's facility and met with A.K.
- f. The CRA ROs observed several of Respondent's employees trimming marijuana plants outdoors at Respondent's facility.
- g. The CRA ROs also observed several of Respondent's employees drinking coffee during the trimming process. Additionally, the CRA ROs observed spilled coffee on several marijuana plants lying on the ground.
- h. During the inspection, the CRA ROs observed that Respondent was storing harvested marijuana plants in a non-CRA approved structure on the premises. The CRA ROs also observed that the marijuana plants in the structure were not under video surveillance.

Count I

Respondent's actions as described above in paragraph f demonstrate a violation of Mich Admin Code, R 420.206(1)(b)(ii), which states a cultivator shall not operate a marihuana business unless either of the following conditions is met: (b) the cultivator operations are within a building, except that cultivation may occur in an outdoor area, if all of the following conditions are met: (ii) after the marihuana is harvested, all drying, trimming, curing, or packaging of marihuana occurs inside the building meeting all the requirements under these rules.

Count II

Respondent's actions as described above in paragraph h 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 III

Respondent's actions as described above in paragraph h demonstrate a violation of Mich Admin Code, R 420.209(7), which states a licensee shall ensure that each camera is permanently mounted and in a fixed location. Each camera must be placed in a location that allows the camera to clearly record activity occurring within 20 feet of all points of entry and exit on the marihuana business and allows for the clear and certain identification of any person, including facial features, and activities, including sales or transfers, in all areas required to be recorded under these rules.

Count IV

Respondent's actions as described above in paragraph b demonstrate a violation of Mich Admin Code, R 420.210(2), which states except for a designated

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consumption establishment or temporary marihuana event licensed under the MRTMA, a marihuana business must not have any marihuana product without a batch number or identification tag or label pursuant to these rules. A licensee shall immediately tag, identify, or record as part of a batch in the statewide monitoring system any marihuana product as provided in these rules.

Count V

Respondent's actions as described above in paragraph b demonstrate a violation of Mich Admin Code, R 420.303(2), which states, in part, a cultivator shall tag each individual plant that is greater than 8 inches in height from the growing or cultivating medium or more than 8 inches in width with an individual plant tag.

Count VI

Respondent's actions as described above in paragraph b demonstrate a violation of Mich Admin Code, R 420.303(3), which states, in part, a cultivator shall separate the plants as the plants go through different growth stages and ensure that the plant tag is always identified with the plant throughout the growing cycle so that all plants can be easily identified and inspected.

Count VII

Respondent's actions as described above in paragraph g demonstrate a violation of Mich Admin Code, R 420.602(5), which states consumption of food and beverages by employees or visitors is prohibited where marihuana product is stored, processed, or packaged or where hazardous materials are used, handled, or stored. The marihuana business may have a designated area for the consumption of food and beverages that includes, but is not limited to, a room with floor to ceiling walls and a door that separates the room from any marihuana product storage, processing, or packaging.

Count VIII

Respondent's actions as described above in paragraph h demonstrate a violation of Mich Admin Code, R 420.802(2), which states licensees shall report to the agency any changes to the marihuana business operations that are required in the acts and these rules, as applicable.

Count IX

Respondent's actions as described above in paragraph h demonstrate a violation of Mich Admin Code, R 420.802(3)(f)(i), 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: (f) 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: (i) operational or method changes requiring inspection under these rules.

Count X

Respondent's actions as described above in paragraph h demonstrate a violation of Mich Admin Code, R 420.802(3)(f)(ii), 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: (f) 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: (ii) additions or reductions in equipment or processes.

Count XI

Respondent's actions as described above in paragraph h demonstrate a violation of Mich Admin Code, R 420.802(3)(f)(v), 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: (f) 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: (v) changes that impact security, fire safety, and building safety.

Count XII

Respondent's actions as described above in paragraph h demonstrate a violation of Mich Admin Code, R 420.803(1), which states, in part, any material change or modification to the marihuana business must be approved by the agency before the change or modification is made.

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.

Under MCL 333.27407(4) and 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

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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 MMFLA 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 at (517) 284-8599 or CRA-LegalHearings@michigan.gov.

Dated: 1/9/25

By: Alyssa A. Grissom
Digitally signed by Alyssa A. Grissom
Date: 2025.01.09 13:33:03 -05'00'

Alyssa A. Grissom
Legal Section Manager
Cannabis Regulatory Agency

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