CANNABIS REGULATORY AGENCY

In the Matter of

GP Holdings LLC
dba Millie Montana Industries
License Nos: GR-C-000901, GR-C-000906, GR-C-000907, GR-C-000908, GR-C-000909, GR-C-000910, GR-C-000911, GR-C-000912, GR-C-000913, GR-C-000914, GR-C-000915, GR-C-000916, GR-C-000917, GR-C-000918, GR-C-000919, GR-C-000920, GR-C-000921, GR-C-000922, GR-C-000923, GR-C-000924
ENF No.: 22-00419
_____/

Docket No.: 25-014372

FINAL ORDER

The Cannabis Regulatory Agency (CRA), by its authorized representative, Executive Director Brian Hanna, issues this final order in the above-referenced matter finding that:

1. On August 16, 2022, the CRA issued a first superseding formal complaint against the class C grower license (nos. GR-C-000901, GR-C-000906, GR-C-000907, GR-C-000908, GR-C-000909, GR-C-000910, GR-C-000911, GR-C-000912, GR-C-000913, GR-C-000914, GR-C-000915, GR-C-000916, GR-C-000917, GR-C-000918, GR-C-000919, GR-C-000920, GR-C-000921, GR-C-000922, GR-C-000923, GR-C-000924) of GP Holdings LLC dba Millie Montana Industries (Respondent) under the Medical Marihuana Facilities Licensing Act (MMFLA), MCL 333.27101 *et seq.*, and administrative rules promulgated thereunder.

2. The complaint alleged Respondent violated Mich Admin Codes, R 420.108(7), R 420.108(8), R 420.206(1)(b)(i), R 420.206a(1), R 420.206a(2), R 420.209(3), R 420.209(4), R 420.209(6)(a)(iv), R 420.209(7), R 420.209(11), R

420.210(1), R 420.210(2), R 420.211(2)(a), (b), (c), and (d), R 420.211(4), R 420.211(6)(a), (b), (c), and (d), R 420.211(8), R 420.212(1), R 420.212(2), R 420.303(1), R 420.303(3), R 420.303(4), R 420.303(6), R 420.602(1), 420.602(2)(b), R 420.802(3)(b), R 420.802(3)(f)(i), R 420.802(3)(f)(v) and R 420.803(1).

3. A contested case hearing was held on October 14, 2025, before an administrative law judge (ALJ) within the Michigan Office of Administrative Hearings and Rules (MOAHR).

4. On January 13, 2026, the ALJ issued a proposal for decision recommending that the Executive Director of the CRA issue a final order finding that Respondent violated Mich Admin Codes, R 420.108(7), R 420.108(8), R 420.206(1)(b)(i), R 420.206a(1), R 420.206a(2), R 420.209(3), R 420.209(4), R 420.209(6)(a)(iv), R 420.209(7), R 420.209(11), R 420.210(1), R 420.210(2), R 420.211(2)(a), (b), (c), and (d), R 420.211(4), R 420.211(6)(a), (b), (c), and (d), R 420.211(8), R 420.212(1), R 420.212(2), R 420.303(1), R 420.303(3), R 420.303(4), R 420.303(6), R 420.602(1), 420.602(2)(b), R 420.802(3)(b), R 420.802(3)(f)(i), R 420.802(3)(f)(v) and R 420.803(1).

5. A copy of the ALJ's proposal for decision is attached and is incorporated consistent with the findings and conclusions of this order.

6. Having reviewed the whole record before it, but not limited to testimony and evidence submitted at the contested case hearing, the CRA makes the following findings of fact and conclusions of law:

a. Findings of Fact:

1. The CRA accepts the ALJ's findings of fact as set forth in the proposal for decision.

b. Conclusions of Law:

1. The CRA accepts the ALJ's conclusions of law as set forth in the proposal for decision.

7. Based on the above, the CRA finds that Respondent violated Mich Admin Codes, R 420.108(7), R 420.108(8), R 420.206(1)(b)(i), R 420.206a(1), R 420.206a(2), R 420.209(3), R 420.209(4), R 420.209(6)(a)(iv), R 420.209(7), R 420.209(11), R 420.210(1), R 420.210(2), R 420.211(2)(a), (b), (c), and (d), R 420.211(4), R 420.211(6)(a), (b), (c), and (d), R 420.211(8), R 420.212(1), R 420.212(2), R 420.303(1), R 420.303(3), R 420.303(4), R 420.303(6), R 420.602(1), 420.602(2)(b), R 420.802(3)(b), R 420.802(3)(f)(i), R 420.802(3)(f)(v) and R 420.803(1).

8. THEREFORE, IT IS ORDERED THAT:

a. All licenses are revoked.

b. Respondent must pay a fine in the amount of two million and 00/100 ($2,000,000.00) dollars. The 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). CRA guidance on how to make compliance order payments online is available under "Tips for Licensees" at www.michigan.gov/cra/bulletins.Check or money orders shall be made payable to the State of Michigan with "ENF No. 22-00419" and "License Nos. GR-C-000901, GR-C-000906, GR-C-000907, GR-C-000908, GR-C-000909, GR-C-000910, GR-C-000911, GR-C-000912, GR-C-000913, GR-C-000914, GR-C-000915, GR-C-000916, GR-C-000917, GR-C-000918, GR-C-000919, GR-C-000920, GR-C-000921, GR-C-000922, GR-C-000923, GR-C-000924" clearly displayed on the check or money order and mailed to: Department of Licensing and Regulatory Affairs, Cannabis Regulatory Agency, P.O. Box 30205, Lansing, Michigan 48909.

c. Respondent's licenses, GR-C-000901, GR-C-000906, GR-C-000907, GR-C-000908, GR-C-000909, GR-C-000910, GR-C-000911, GR-C-000912, GR-C-000913, GR-C-000914, GR-C-000915, GR-C-000916, GR-C-000917, GR-C-000918, GR-C-000919, GR-C-000920, GR-C-000921, GR-C-000922, GR-C-000923, GR-C-000924, are currently closed. If any of the Respondent's supplemental applicants apply for future licensing for a marijuana facility and/or establishment, this alleged non-compliance will be reviewed and taken into consideration with making the license determination.

d. 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-IAS@michigan.gov.

e. If Respondent fails to timely comply with the terms of this order, Respondent's license shall be suspended until compliance is demonstrated.

f. Respondent shall be responsible for all costs and expenses incurred in complying with the terms and conditions of this order.

This final order is a public record that will be published on the CRA's website and is subject to disclosure under the Freedom of Information Act, MCL 15.231 *et seq*.

This order shall be effective 30 days from the date signed by the CRA's Executive Director or his designee, as set forth below.

Dated: 6/12/26

Brian Hanna

Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email = hannab@michigan.gov C = US O = CRA OU = CRA
Date: 2026.06.12 16:17:13 -04'00'

Brian Hanna, Executive Director
Or his designee
Cannabis Regulatory Agency

STATE OF MICHIGAN
MICHIGAN OFFICE OF ADMINISTRATIVE HEARINGS AND RULES

IN THE MATTER OF:	**Docket No.: 25-014372**
CANNABIS REGULATORY AGENCY, **Petitioner**	**Case No.: 22-00412, 22-00417 22-00419, 22-00527, 22-00533, 22-00534, 22-00535, 22-00536, 22-00537**
v	
GP HOLDINGS, LLC dba MILLIE MONTANA INDUSTRIES, **Respondent**	**Agency: Cannabis Regulatory Agency**
	Case Type: MMF Disciplinary Hearings
	Filing Type: Formal Complaint

_____/

Issued and entered
this 13th day of January 2026
by: Lindsay Wilson
Administrative Law Judge

PROPOSAL FOR DECISION

Procedural History

This matter commences under authority of the Medical Marihuana Facilities Licensing Act (MMFLA), MCL 333.27101 *et. seq.*, and the administrative rules promulgated thereunder.

On August 16, 2022, the Cannabis Regulatory Agency (CRA), Petitioner, filed a First Superseding Formal Complaint against GP Holdings, LLC d/b/a Millie Montana Industries, Respondent, alleging violations of the MMFLA and/or the administrative rules.

On April 24, 2025, this matter was forwarded to the Michigan Office of Administrative Hearings and Rules (MOAHR) to schedule a hearing on the First Superseding Formal Complaint.

On April 24, 2025, MOAHR scheduled a telephone hearing on the First Suspending Formal Complaint for June 9, 2025.

On June 2, 2025, Attorney Craig Aronoff, on behalf of Respondent, requested an adjournment of the June 9, 2025 hearing.

On June 10, 2025, an Order Granting Adjournment was issued to the parties, which rescheduled the hearing for August 20, 2025 and August 21, 2025.

On August 14, 2025, Assistant Attorney General (AAG) Risa Hunt-Scully filed a request to convert the contested case hearing to a prehearing conference.

On August 15, 2025, an Order Converting Hearing to Telephone Prehearing Conference was issued to the parties, which scheduled the telephone prehearing for August 20, 2025.

On August 20, 2025, the prehearing conference was held as scheduled. On August 21, 2025, an Order Following Prehearing Conference and Re-Notice of Hearing was issued to the parties, which rescheduled the hearing for October 14, 2025.

On October 14, 2025, the telephone hearing was held as scheduled. AAG Hunt-Scully appeared on behalf of Petitioner. Attorney Aronoff appeared on behalf of Respondent.

At the commencement of the hearing, Respondent stipulated to all of the factual allegations contained in the August 16, 2022 First Superseding Formal Complaint as true and proven and stipulated that those factual allegations constitute violations of the MMFLA and/or the administrative rules promulgated thereunder. Respondent indicated an intention to present testimony for the record on the issue of mitigation only. Amelia Yousif testified on behalf of Respondent. No other witnesses were called to testify. No exhibits were offered into evidence on behalf of either party.

The record was closed at the conclusion of the hearing on October 14, 2025.

Issue and Applicable Law

The issue is whether Respondent violated the MMFLA and the administrative rules promulgated thereunder as alleged in the First Superseding Formal Complaint dated August 16, 2022.

MCL 333.27206 provides, in relevant part:

The marijuana regulatory agency shall promulgate rules and emergency rules as necessary to implement, administer, and enforce this act. The rules must ensure the safety, security, and integrity of the operation of marihuana facilities, and must include rules to do the following:

* * *

(c) Establish operating regulations for each category of license to ensure the health, safety, and security of the public and the integrity of marihuana facility operations.

* * *

MCL 333.27402 provides, in relevant part:

Sec. 402.

* * *

(12) License expiration does not terminate the marijuana regulatory agency's authority to impose sanctions on a licensee whose license has expired.

* * *

Mich Admin Code R 420.108 states the following, in relevant part:

Rule 8.

* * *

(7) To be eligible for a grower license, the applicant and each investor in the grower must not have an interest in a secure transporter or safety compliance facility. [1]

(8) A grower shall accurately enter all transactions, current inventory, and other information into the statewide monitoring system as required in the MMFLA, these rules, and the marihuana tracking act.

* * *

[1] The CRA's Administrative Rules were updated and took effect on March 7, 2022. The updated rule, Mich Admin Code, R 420.108(8), is substantially similar to the prior rule.

Mich Admin Code R 420.206 states the following, in relevant part:

> Rule 6.
>
> (1) 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:
>
> (i) The outdoor area containing the cultivation of marihuana plants is contiguous with the building, fully enclosed by fences or barriers that ensure that the plants are not visible from a public place without the use of binoculars, aircraft, or other optical aids, and the fences are secured and comply with the applicable security measures in these rules, including, but not limited to, locked entries only accessible to authorized persons or emergency personnel.
>
> * * *

Mich Admin Code R 420.206a states the following, in relevant part:

> Rule 6a.
>
> (1) A marihuana business must have up-to-date written standard operating procedures on site at all times.
>
> (2) Standard operating procedures must be made available to the agency upon request.
>
> * * *

Mich Admin Code, R 420.209 states the following, in relevant part:

> Rule 9.

* * *

(3) A licensee shall securely lock the marihuana business, including interior rooms as required by the agency, windows, and points of entry and exits, with commercial-grade, nonresidential door locks or other electronic or keypad access. Locks on doors that are required for egress must meet the requirements of NFPA 1, local fire codes, and the Michigan building code, R 408.30401 to R 408.30499.

(4) A licensee shall maintain an alarm system at the marihuana business. Upon request, a licensee shall make available to the agency all information related to the alarm system, monitoring, and alarm activity.

* * *

(6) A licensee shall ensure the video surveillance system does all the following:

(a) Records, at a minimum, the following areas:

* * *

(iv) The entrances and exits to the building, which must be recorded from both indoor and outdoor vantage points.

* * *

(7) 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.

* * *

(11) A licensee shall keep surveillance recordings for a minimum of 30 calendar days, except in instances of investigation or inspection by the agency in which case the licensee shall retain the recordings until the time as the agency notifies the licensee that the recordings may be destroyed.

(12) Surveillance recordings of the licensee are subject to inspection by the agency and must be kept in a manner that allows the agency to view and obtain copies of the recordings at the marihuana business immediately upon request. The licensee shall also send or otherwise provide copies of the recordings to the agency upon request within the time specified by the agency.

* * *

Mich Admin Code R 420.210 states the following, in relevant part:

Rule 10.

(1) Except for designated consumption establishments or temporary marihuana events licensed under the MRTMA, a marihuana business must not have marihuana products that are not identified and recorded in the statewide monitoring system pursuant to these rules. A licensee shall not transfer or sell a marihuana product that is not identified in the statewide monitoring system pursuant to these rules.

(2) Except for a designated 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.

* * *

Mich Admin Code R 420.211 states the following, in relevant part:

Rule 11.

* * *

(2) Marihuana plant waste, including roots, stalks, leaves, and stems that have not been processed with a solvent must be rendered into an unusable and unrecognizable form through grinding or another method as determined by the agency that incorporates the marihuana plant waste with 1 or more of the following types of compostable waste so that the resulting mixture is not less than 50% non-marihuana plant waste:

(a) Food waste.

(b) Yard waste.

(c) Vegetable based grease or oils.

(d) Other compostable wastes approved by the agency.

(4) A marihuana product rendered unusable and unrecognizable and, therefore, considered waste, and marihuana plant waste must be recorded in the statewide monitoring system.

* * *

(6) A licensee shall dispose of marihuana product waste and marihuana plant waste in a secured waste receptacle using 1 or more of the following methods that complies with applicable state and local laws and regulations:

(a) A licensed municipal solid waste landfill.

(b) A registered composting facility that has specific approval under part 115 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.11501 to 324.11554, to accept the material.

(c) An anaerobic digester that has specific approval under part 115 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.11501 to 324.11554, to accept the material.

(d) An in-state municipal solid waste or hazardous waste incinerator that has been permitted under part 55 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.5501 to 324.5542.

* * *

(8) A licensee shall maintain accurate and comprehensive records regarding marihuana product waste, and marihuana plant waste that accounts for, reconciles, and evidences all waste activity related to the disposal. The agency may publish guidance on marihuana product

waste management.

Mich Admin Code, R 420.212 states the following, in relevant part:

> Rule 12.
>
> (1) 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.
>
> (2) All containers used to store marihuana products for transfer or sale between marihuana businesses must be clearly marked, labeled, or tagged, if applicable, and enclosed on all sides in secured containers. The secured containers must be latched or locked in a manner to keep all contents secured within. Each secured container must be identified and tracked in accordance with the acts and these rules.
>
> * * *

Mich Admin Code R 420.303 states the following, in relevant part:

> Rule 3.
>
> (1) A cultivator shall uniquely identify each immature plant batch with a single batch name and record the information in the statewide monitoring system. Each immature plant batch must consist of no more than 100 immature plants. [2]
>
> * * *
>
> (3) 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. A cultivator shall ensure that identification information is recorded in the statewide monitoring system in accordance with the acts, the marihuana tracking act, and these rules.
>
> (4) A cultivator shall destroy the individual plant tag prior to packaging. Once a tagged plant is harvested, it is part of a harvest batch so that a

[2] The CRA's Administrative Rules were updated and took effect on March 7, 2022. The updated rule, Mich Admin Code, R 420.303(1), is substantially similar to the prior rule.

sample of the harvest batch can be tested by a licensed laboratory as provided in R 420.304 and R 420.305. A cultivator shall separate the harvest batch by product type and quarantine the harvested batch from all other marihuana and marihuana products when the marihuana batch has test results pending. A harvest batch must be easily distinguishable from other harvest batches until the batch is broken down into packages. A cultivator may not combine harvest batches.

* * *

(6) A cultivator may transfer or sell marihuana to a producer without first being tested by a laboratory if the marihuana product will be processed. After the producer has processed the material, the producer shall have the sample tested for all required safety tests pursuant to R 420.304 and R 420.305. A producer that received a package under this rule that has not been processed may transfer that package to another producer without having the package first tested by a laboratory for extraction.[3]

* * *

Mich Admin Code R 420.602 states the following, in relevant part:

Rule 2.

(1) 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.

(2) A licensee shall comply with all of the following:

* * *

(b) 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

[3] The CRA's Administrative Rules were updated and took effect on March 7, 2022. The updated rule, Mich Admin Code, R 420.303(6), is substantially similar to the prior rule.

number. The licensee shall update in the statewide monitoring system employee information and changes in status or access within 7 business days.

* * *

Mich Admin Code R 420.802 states the following, in relevant part:

(3) 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:

* * *

(b) Change of processing machinery or equipment.

* * *

(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.

* * *

(v) Changes that impact security, fire safety, and building safety.

* * *

Mich Admin Code R 420.803 states the following, in relevant part:

Rule 3.

(1) Any change or modification to the marihuana business after licensure is governed by the standards and procedures set forth in these rules and any regulations adopted pursuant to the acts. Any material change or

modification to the marihuana business must be approved by the agency before the change or modification is made.

* * *

Mich Admin Code R 420.704 states in pertinent part:

Rule 4.

(1) A licensee who has been notified of a marihuana license violation, or of the agency's intent to suspend, revoke, restrict, or refuse to renew a marihuana license or impose a fine, may be given an opportunity to show compliance with the requirements before the agency takes action as prescribed by these rules.

(2) A licensee aggrieved by an action of the agency to suspend, revoke, restrict, or refuse to renew a marihuana license, or to impose a fine, may request a contested case hearing in writing within 21 days after service of notice of the intended action.

(3) Upon receipt of a timely request, the agency shall provide the licensee an opportunity for a contested case hearing in accordance with sections 71 to 87 of the administrative procedures act, MCL 24.271 to 24.287, and the MAHS general hearing rules.

(4) The contested case hearing must be conducted by an administrative law judge within the MOAHR.

* * *

(6) The agency has the burden of proving, by a preponderance of the evidence, that sufficient grounds exist for the intended action to suspend, revoke, restrict, or refuse to renew a marihuana license, or to impose a fine.

Findings of Fact

Based on the entire record in this matter, including the allegations in the First Superseding Formal Complaint established by stipulation and the witness testimony, the following findings of fact are established:

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 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 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.

3. Section 206(c) of the MMFLA provides that the administrative rules must ensure the health, safety, and security of the public and integrity of the marihuana facility operations.

4. Respondent's conduct as described below is a risk to public health and safety and/or the integrity of marihuana facility operations.

5. Respondent holds an active state operating license under the MMFLA to operate multiple medical marihuana Class C grower facilities in the state of Michigan.

6. At all times relevant, Respondent operated at 9684 Russell Rd., Clare, Michigan 48617.

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

   ENF 22-00412

   a. On March 24, 2022, the CRA emailed Respondent requesting that it provide the surveillance recordings for a transfer that initiated at its facility on February 25, 2022.

   b. On March 28, 2022, Respondent responded that it would provide the surveillance recordings.

   c. On March 29, 2022, Respondent emailed the CRA stating that it could not provide the recordings as it was outside the 30-day retention period.

   d. On March 31, 2022, the CRA conducted an inspection at Respondent's facility where the CRA discovered Respondent's surveillance recording system only had a 14-day retention period.

   e. On April 12, 2022, the CRA visited Respondent's facility where Respondent admitted that it did not think the surveillance recording system was working on February 25, 2022.

ENF 22-00417

a. On January 19, 2022, Respondent transferred multiple packages of shake/trim and flower (bud) to a medical marijuana processor facility via statewide monitoring system (Metrc) manifest numbers 0001078613, 0001078904, 0001078609, 0001078605, 0001078460, 0001078710.

b. On February 25, 2022, Respondent transferred multiple packages of shake/trim and flower (bud) to the same medical marijuana processor facility via Metrc manifest numbers 0001148002 and 0001147710.

c. On March 21, 2022, Respondent transferred mulch to the same medical marijuana processor facility via Metrc manifest number 0001194528.

d. On March 29, 2022, Respondent transferred mulch to the same medical marijuana processor facility via Metrc manifest number 0001212566.

e. After an investigation was conducted at the receiving medical marijuana processor facility, the CRA determined that the January 19th and February 25th manifests Respondent transferred were incorrect since the weights listed on the manifests for the packages were significantly higher in comparison to the package weight at the receiving processor facility.

f. Additionally, the January 19th and February 25th manifests indicated that Respondent transferred only flower (bud). However, the CRA observed while visiting the receiving processor facility that Respondent also transferred shake/trim as well as flower.

g. The CRA also determined that the March 21st and March 29th manifests were incorrect since they indicated that Respondent transferred flower (bud). However, the CRA observed while visiting the receiving processor facility that Respondent also transferred mulch.

h. On April 12, 2022, the CRA conducted an onsite investigation at Respondent's facility.

i. Respondent admitted to the CRA that it was unfamiliar with how to enter product weight into Metrc. Respondent also admitted to the CRA that it did not weigh the product associated with the March 21st and March 29th manifests for accuracy.

j. Additionally, Respondent admitted to not having a Standard Operating Procedure (SOP) regarding its drying process.

k. The CRA observed six storage units outside where marijuana and materials were kept.

l. Storage unit number 2 contained three large white bags of untagged marijuana flower with stems.

m. Storage unit number 4 contained untagged black and yellow bins filled with untagged flower and mulch as well as three untagged 55-gallon barrels that contained untagged flower and mulch.

n. Storage unit number 5 contained untagged black and yellow bins filled with untagged flower and mulch as well as two garbage bags filled with untagged flower and mulch.

ENFs 22-00419, 22-00527, 22-00533, 22-00534, 22-00535, 22-00536, and 22-00537

a. On March 31, 2022, a semi-annual inspection was conducted at Respondent's facility, which resulted in several deficiencies.

b. Respondent admitted to moving additional storage units onto the facility grounds without CRA approval.

c. Respondent also admitted to bringing in an industrial hemp dryer and industrial grinder from an out of state hemp farm without CRA approval.

d. Respondent admitted to the CRA that its third-party integrator "Flourish" was not interfacing accurately with the statewide monitoring system (Metrc), resulting in syncing errors and reversed entries in Metrc.

e. Respondent stated that it never contacted the CRA or Metrc support to resolve these issues.

f. Respondent stated that it placed mulched biomass into garbage bags in boxes, fabric bags, bins, and barrels and placed them into bins in the storage units on the facility grounds.

g. The CRA observed untagged ground plants and biomass in bags and untagged bins inside storage unit numbers 1, 2, and 4.

h. Respondent also stated to the CRA that when it harvested these plants, Respondent inaccurately combined several plants, averaged the weight, and entered that number into Metrc as plant weight instead of weighing each plant individually and entering that number into Metrc.

i. During the inspection, Respondent admitted to not receiving approval from the CRA before transferring 43 untested marijuana packages to a medical marijuana processor for extraction.

j. The CRA observed a missing privacy screen on the perimeter fence facing a public roadway, leaving the facility open for public view. Respondent stated the privacy screen had fallen off and was not put back on.

k. The CRA observed that the storage units used for storing marijuana product did not have commercial-grade, nonresidential locks. The CRA also observed a rag had been placed in a hole through an office door. The door did not contain a lock.

l. Respondent stated to the CRA that the original locks were not commercial-grade and had been removed and not yet replaced.

m. The CRA observed that there were no alarm systems in any of the six storage units.

n. The CRA observed Respondent's storage units did not have proper surveillance coverage that clearly recorded activity within 20 feet of all points of entry and exit of the storage units.

o. Respondent was only able to provide 14 days of surveillance recordings (March 18, 2022 – March 31, 2022).

p. Respondent stated to the CRA that it did not generate any waste associated with the 30,000 plants it grew. However, Respondent also stated that 4,000 clones did not survive cultivation. Respondent was unable provide how those 4,000 clones were disposed of.

q. Respondent was unable to provide to the CRA a waste disposal plan.

r. Respondent was unable to provide the CRA with written Standard Operating Procedures (SOPs).

s. Respondent did not have any employee files available for review during the inspection.

t. As a result of the inspection and investigation, the CRA conducted further research and analysis into Respondent's Metrc activity.

u. During the March 31, 2022 inspection, Respondent stated that it received its facility licenses on August 20, 2021 and obtained 30,000 clones one or two days after licensure.

v. Per Metrc, Respondent's licenses were not registered and credentialed in Metrc until August 26, 2021 and August 27, 2021, 4 to 5 days after Respondent brought the 30,000 clones into its facility. Respondent was unable to enter the clones into Metrc as soon as it brought them in.

w. On September 13, 2021, Respondent received its orders of Metrc plant and package tags.

x. The CRA observed in Metrc that manifest number 0000843716 was created on September 13, 2021 for immature plant package tag #1A4501000213A5000000001 (tag #00001) under license GR-C-000901, which contained 1,500 immature plants/clones (broken out into 15, 100-each plant batches).

y. Because package tag #00001 (GR-C-000901) was a portion of the 30,000 clones brought in between August 21, 2022 and August 22, 2022, but was not entered into Metrc until September 13, 2021, 1,500 clones were physically at Respondent's facility but were not consistently being tracked in Metrc for approximately 23 days.

z. Respondent's remaining 19 grower licenses (GR-C-000906 through GR-C-000924) each had one immature plant package containing 1,500 immature plants that were not entered into Metrc until October 11, 2021.

aa. During the March 31, 2022 inspection, Respondent also stated it began planting on August 26, 2021 or August 27, 2021. However, the CRA observed in Metrc that Respondent recorded its planting dates between September 13, 2022 and September 15, 2022.

bb. The CRA discovered while reviewing the package history in Metrc that under GR-C-000914, plant batch "Millie Montana OG145" was created with 500 plants, exceeding the maximum number of 100 plants per batch.

cc. The CRA also discovered while reviewing the package history in Metrc that under GR-C-000924, plant batch "Auto Flower" was created with 1,500 plants, exceeding the maximum number of 100 plants per batch.

dd. During the April 14, 2022 follow-up investigation at Respondent's facility, Respondent stated to the CRA that 8 to 12 employees assisted with planting during the cultivation season in 2021.

ee. Respondent also stated that planting began on either August 26 or 27, 2021 and ended around September 4 or 5, 2021.

ff. The CRA observed while reviewing Metrc that only four employees (not 8 to 12) were entered into Metrc between August 27, 2021 and August 31, 2021.

gg. Per Metrc, the remaining employees were entered into Metrc between October 13 and 27, 2021, over a month after the planting season began.

hh. During the March 31, 2022 onsite inspection and the April 12, 2022 follow-up visit, Respondent stated that the plants that were no longer viable for tagging and planting were replaced with auto seeds.

ii. Respondent admitted to replacing about 4,000 non-viable immature plants with auto seeds without creating external transfer manifests to account for the 4,000 auto seeds brought into the facility.

jj. Respondent recorded in Metrc that 1,499 plants under GR-C-000924 were in the vegetative phase of growth beginning on March 28, 2022.

kk. However, during the March 31, 2022 inspection and April 12, 2022 follow-up visit, the CRA did not observe any plants growing on the facility grounds.

ll. During the April 12, 2022 follow-up visit, Respondent stated to the CRA that it began harvesting its plants in mid-October 2021 and the auto seed plants in mid-November 2021. However, the harvest activity was not entered into Metrc until January 17, 2022 continuing through March 28, 2022.

mm. Additionally, a Bureau of Fire Services (BFS) inspection report dated October 19, 2021 stated that Respondent's facility was "Seasonal operation, closed until Spring 2022."

nn. On March 28, 2022, the BFS inspector confirmed to the CRA that he did not observe any plants in the ground at the facility on October 19th and that Respondent's facility was closed until Spring 2022, indicating that Respondent did not harvest its plants in mid-October 2021 and the auto seed plants in mid-November 2021. On May 2, 2022, the CRA observed in Metrc that Respondent recorded its harvest dates between January 17, 2022 and March 28, 2022.

oo. On March 29, 2022, Respondent transferred Metrc package tag numbers 1A4050100021666000000005, 1A4050100021666000000006, and 1A4050100021666000000007 to a medical marijuana processor facility.

pp. On April 1, 2022, the CRA reached out to a medical marijuana safety compliance facility to conduct a safety compliance audit on the abovementioned packages, which were currently located at the processor facility. On April 3, 2022, the safety compliance facility sampled the abovementioned packages at the processor facility.

qq. The results of the audit indicated that no THC was present in the raw plant material samples. However, the transfer manifest indicated that Respondent transferred flower (bud) to the processor facility. The CRA observed pictures of samples taken by the safety compliance facility, which resembled and had the consistency of dirt and mulch.

rr. On February 25,2022, March 21, 2022, and March 29, 2022, Respondent transferred Metrc package tag numbers 1A405010002166A000000014, 1A405010002166A000000012, 1A4050100021666000000004, 1A4050100021666000000002, 1A4050100021664000000011, 1A4050100021664000000007, 1A4050100021666000000003, 1A405010002166A000000010, 1A405010002166A000000006, and 1A405010002166A000000013 to a medical marijuana processor facility.

ss. On April 19, 2022, the CRA reached out to a medical marijuana safety compliance facility to conduct a safety compliance source package sample audit on the abovementioned packages, which were currently located at the processor facility. On April 27, 2022, the safety compliance facility released the test results.

tt. The results of the audit indicated that the samples appeared to be shake/kief or post-harvest plant waste. However, the transfer manifests indicated that Respondent transferred flower (bud) to the processor facility.

8. At the time that Respondent became licensed by the CRA, Amelia Yousif, Owner of Respondent, was involved with the planting process in the summer of 2021. [Amelia Yousif Hearing Testimony].

9. After the planting of the product was finished in mid-September 2021, Ms. Yousif started working from home, which was approximately two hours from Respondent's farm, in anticipation of the birth of her child. As a result, Ms. Yousif

was not present at Respondent's farm between October 2021 to March 2022. [Yousif Hrg. Testimony].

10. Prior working from home, Ms. Yousif ensured Respondent's staff were trained in Respondent's operating procedures. [Yousif Hrg. Testimony].

11. Ms. Yousif relied on her fiancé to conduct the day-to-day operations at Respondent's farm while she was on maternity leave. [Yousif Hrg. Testimony].

12. While working from home, Ms. Yousif was inputting information she received from Respondent's staff into the Flourish software system. Flourish was supposed to take this information and update Metrc. [Yousif Hrg. Testimony].

13. Ms. Yousif's child was born in December 2021. [Yousif Hrg. Testimony].

14. In March 2022, Ms. Yousif returned to Respondent's farm for a scheduled inspection with the CRA. During the walk-through, Ms. Yousif and the CRA discovered that Respondent had untagged flower and mulch. Ms. Yousif also discovered that the Flourish system was not properly inputting information into Metrc. [Yousif Hrg. Testimony].

15. Ms. Yousif fully cooperated with the CRA and worked with the CRA on correcting the deficiencies. [Yousif Hrg. Testimony].

16. In 2023, Respondent expanded its operations to a second field on their farm. Respondent also obtained an additional 47 licenses, which consisted of one (1) adult use and 46 medical marijuana facility licenses. [Yousif Hrg. Testimony].

17. During inspections of Respondent by the CRA in 2023, the CRA raised no concerns about Respondent's operations and did not find Respondent to be out of compliance. [Yousif Hrg. Testimony].

18. Ms. Yousif decided to close Respondent's operations in 2025, due to the risks involved in the market. [Yousif Hrg. Testimony].

19. Ms. Yousif hopes to continue working in the industry and her goal is to work for another CRA licensed facility. [Yousif Hrg. Testimony].

Conclusions of Law

Petitioner bears the burden of establishing, by a preponderance of the evidence, that sufficient grounds exist for the intended action to suspend, revoke, restrict or refuse to renew a license or to impose a fine. See Mich Admin Code, R 420.704(6). A preponderance of evidence is evidence which is of a greater weight or more convincing

than evidence offered in opposition to it. In other words, it is evidence which outweighs the evidence offered to oppose it. *Martucci v Detroit Commissioner of Police*, 322 Mich 270; 33 NW2d 789 (1948); *Bunce v Secretary of State*, 239 Mich App 218; 607 NW2d 372 (1999).

Based upon Respondent's stipulation that the allegations in the First Superseding Formal Complaint are true and constitute violations of the MMFLA or administrative rules, Petitioner has established, by a preponderance of the evidence, Respondent's actions demonstrate the following:

Respondent's actions, as described above under ENF 22-00412, demonstrate a violation of Mich Admin Code, R 420.209(11), which states a licensee shall keep surveillance recordings for a minimum of 30 calendar days, except in instances of investigation or inspection by the agency in which case the licensee shall retain the recordings until the time as the agency notifies the licensee that the recordings may be destroyed, as alleged in Count I of the First Superseding Formal Complaint.

Respondent's actions, as described above under ENF 22-00412, demonstrate a violation of Mich Admin Code, R 420.209(12), which states surveillance recordings of the licensee are subject to inspection by the agency and must be kept in a manner that allows the agency to view and obtain copies of the recordings at the marihuana business immediately upon request. The licensee shall also send or otherwise provide copies of the recordings to the agency upon request within the time specified by the agency, as alleged in Count II of the First Superseding Formal Complaint.

Respondent's actions, as described above under ENF 22-00417, demonstrate a violation of Mich Admin Code, R 420.108(8), which states a grower shall accurately enter all transactions, current inventory, and other information into the statewide monitoring system as required in the MMFLA, these rules, and the marihuana tracking act, as alleged in Count III of the First Superseding Formal Complaint.

Respondent's actions, as described above under ENF 22-00417, demonstrate a violation of Mich Admin Code, R 420.206a(1), which states a marihuana business must have up-to-date written standard operating procedures on site at all times, as alleged in Count IV of the First Superseding Formal Complaint.

Respondent's actions, as described above under ENF 22-00417, demonstrate a violation of Mich Admin Code, R 420.210(2), which states except for a designated 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, as alleged in Count V of the First Superseding Formal Complaint.

Respondent's actions, as described above under ENF 22-00417, demonstrate a violation of Mich Admin Code, R 420.212(1), which states, in part, all marihuana products must be identified and tracked consistently in the statewide monitoring system under these rules, as alleged in Count VI of the First Superseding Formal Complaint.

Respondent's actions, as described above under ENF 22-00417, demonstrate a violation of Mich Admin Code, R 420.212(2), which states all containers used to store marihuana products for transfer or sale between marihuana businesses must be clearly marked, labeled, or tagged, if applicable, and enclosed on all sides in secured containers. The secured containers must be latched or locked in a manner to keep all contents secured within. Each secured container must be identified and tracked in accordance with the acts and these rules, as alleged in Count VII of the First Superseding Formal Complaint.

Respondent's actions, as described above under ENFs 22-00419, 22-00527, 22-00533, 22-00534, 22-00535, 22-00536, and 22-00537, demonstrate a violation of Mich Admin Code, R 420.108(7)[4], which states a grower shall enter all transactions, current inventory, and other information into the statewide monitoring system as required in the medical marihuana facilities licensing act, these rules, and the marihuana tracking act, as alleged in Count VIII of the First Superseding Formal Complaint.

Respondent's actions, as described above under ENFs 22-00419, 22-00527, 22-00533, 22-00534, 22-00535, 22-00536, and 22-00537, demonstrate a violation of Mich Admin Code, R 420.108(8), which states a grower shall accurately enter all transactions, current inventory, and other information into the statewide monitoring system as required in the MMFLA, these rules, and the marihuana tracking act, as alleged in Count IX of the First Superseding Formal Complaint.

Respondent's actions, as described above under ENFs 22-00419, 22-00527, 22-00533, 22-00534, 22-00535, 22-00536, and 22-00537, demonstrate a violation of Mich Admin Code, R 420.206(1)(b)(i), 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: (i) the outdoor area containing the cultivation of marihuana plants is contiguous with the building, fully enclosed by fences or barriers that ensure that the plants are not visible from a public place without the use of binoculars, aircraft, or other optical aids, and the fences are secured and comply with the applicable

[4] CRA Administrative Rules were updated and took effect on March 7, 2022. The updated rule, Mich Admin Code, R 420.108(8), is substantially similar to the prior rule.

security measures in these rules, including, but not limited to, locked entries only accessible to authorized persons or emergency personnel, as alleged in Count X of the First Superseding Formal Complaint.

Respondent's actions, as described above under ENFs 22-00419, 22-00527, 22-00533, 22-00534, 22-00535, 22-00536, and 22-00537, demonstrate a violation of Mich Admin Code, R 420.206a(1), which states a marihuana business must have up-to-date written standard operating procedures on site at all times, as alleged in Count XI of the First Superseding Formal Complaint.

Respondent's actions, as described above under ENFs 22-00419, 22-00527, 22-00533, 22-00534, 22-00535, 22-00536, and 22-00537, demonstrate a violation of Mich Admin Code, R 420.206a(2), which states standard operating procedures must be made available to the agency upon request, as alleged in Count XII of the First Superseding Formal Complaint.

Respondent's actions, as described above under ENFs 22-00419, 22-00527, 22-00533, 22-00534, 22-00535, 22-00536, and 22-00537, demonstrate a violation of Mich Admin Code, R 420.209(3), which states that a licensee shall securely lock the marihuana business, including interior rooms as required by the agency, windows, and points of entry and exits, with commercial-grade, nonresidential door locks or other electronic or keypad access. Locks on doors that are required for egress must meet the requirements of NFPA 1, local fire codes, and the Michigan building code, R 408.30401 to R 408.30499, as alleged in Count XIII of the First Superseding Formal Complaint.

Respondent's actions, as described above under ENFs 22-00419, 22-00527, 22-00533, 22-00534, 22-00535, 22-00536, and 22-00537, demonstrate a violation of Mich Admin Code, R 420.209(4), which states a licensee shall maintain an alarm system at the marihuana business. Upon request, a licensee shall make available to the agency all information related to the alarm system, monitoring, and alarm activity, as alleged in Count XIV of the First Superseding Formal Complaint.

Respondent's actions, as described above under ENFs 22-00419, 22-00527, 22-00533, 22-00534, 22-00535, 22-00536, and 22-00537, demonstrate a violation of Mich Admin Code, R 420.209(6)(a)(iv), which states a licensee shall ensure the video surveillance system does all the following: (a) Records, at a minimum, the following areas: (iv) The entrances and exits to the building, which must be recorded from both indoor and outdoor vantage points, as alleged in Count XV of the First Superseding Formal Complaint.

Respondent's actions, as described above under ENFs 22-00419, 22-00527, 22-00533, 22-00534, 22-00535, 22-00536, and 22-00537, 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, as alleged in Count XVI of the First Superseding Formal Complaint.

Respondent's actions, as described above under ENFs 22-00419, 22-00527, 22-00533, 22-00534, 22-00535, 22-00536, and 22-00537, demonstrate a violation of Mich Admin Code, R 420.209(11), which states a licensee shall keep surveillance recordings for a minimum of 30 calendar days, except in instances of investigation or inspection by the agency in which case the licensee shall retain the recordings until the time as the agency notifies the licensee that the recordings may be destroyed, as alleged in Count XVII of the First Superseding Formal Complaint.

Respondent's actions, as described above under ENFs 22-00419, 22-00527, 22-00533, 22-00534, 22-00535, 22-00536, and 22-00537, demonstrate a violation of Mich Admin Code, R 420.210(1), which states that except for designated consumption establishments or temporary marihuana events licensed under the MRTMA, a marihuana business must not have marihuana products that are not identified and recorded in the statewide monitoring system pursuant to these rules, as alleged in Count XVIII of the First Superseding Formal Complaint.

Respondent's actions, as described above under ENFs 22-00419, 22-00527, 22-00533, 22-00534, 22-00535, 22-00536, and 22-00537, demonstrate a violation of Mich Admin Code, R 420.210(2), which states except for a designated 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, as alleged in Count XIX of the First Superseding Formal Complaint.

Respondent's actions, as described above under ENFs 22-00419, 22-00527, 22-00533, 22-00534, 22-00535, 22-00536, and 22-00537, demonstrate a violation of Mich Admin Code, R 420.211(2)(a), (b), (c), and (d), which states marihuana plant waste, including roots, stalks, leaves, and stems that have not been processed with a solvent must be rendered into an unusable and unrecognizable form through grinding or another method as determined by the agency that incorporates the marihuana plant waste with 1 or more of the following types of compostable waste so that the resulting mixture is not less than 50% non-marihuana plant waste: (a) food waste. (b) yard waste. (c) vegetable-based grease or oils. (d) other compostable wastes approved by the agency, as alleged in Count XX of the First Superseding Formal Complaint.

Respondent's actions, as described above under ENFs 22-00419, 22-00527, 22-00533, 22-00534, 22-00535, 22-00536, and 22-00537, demonstrate a violation of Mich Admin Code, R 420.211(4), which states that a marihuana product rendered unusable and unrecognizable and, therefore, considered waste, and marihuana plant waste must be recorded in the statewide monitoring system, as alleged in Count XXI of the First Superseding Formal Complaint.

Respondent's actions, as described above under ENFs 22-00419, 22-00527, 22-00533, 22-00534, 22-00535, 22-00536, and 22-00537, demonstrate a violation of Mich Admin Code, R 420.211(6)(a), (b), (c), and (d), which states that a licensee shall dispose of marihuana product waste and marihuana plant waste in a secured waste receptacle using 1 or more of the following methods that complies with applicable state and local laws and regulations: (a) a licensed municipal solid waste landfill. (b) a registered composting facility that has specific approval under part 115 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.11501 to 324.11554, to accept the material. (c) an anaerobic digester that has specific approval under part 115 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.11501 to 324.11554, to accept the material. (d) an in-state municipal solid waste or hazardous waste incinerator that has been permitted under part 55 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.5501 to 324.5542, as alleged in Count XXII of the First Superseding Formal Complaint.

Respondent's actions, as described above under ENFs 22-00419, 22-00527, 22-00533, 22-00534, 22-00535, 22-00536, and 22-00537, demonstrate a violation of Mich Admin Code, R 420.211(8), which states a licensee shall maintain accurate and comprehensive records regarding marihuana product waste, and marihuana plant waste that accounts for, reconciles, and evidences all waste activity related to the disposal. The agency may publish guidance on marihuana product waste management, as alleged in Count XXIII of the First Superseding Formal Complaint.

Respondent's actions, as described above under ENFs 22-00419, 22-00527, 22-00533, 22-00534, 22-00535, 22-00536, and 22-00537, demonstrate a violation of Mich Admin Code, R 420.212(1), which states, in part, all marihuana products must be identified and tracked consistently in the statewide monitoring system under these rules, as alleged in Count XXIV of the First Superseding Formal Complaint.

Respondent's actions, as described above under ENFs 22-00419, 22-00527, 22-00533, 22-00534, 22-00535, 22-00536, and 22-00537, demonstrate a violation of Mich Admin Code, R 420.212(2), which states all containers used to store marihuana products for transfer or sale between marihuana businesses must be clearly marked, labeled, or tagged, if applicable, and enclosed on all sides in secured containers. The secured containers must be latched or locked in a manner to keep all contents secured within.

Each secured container must be identified and tracked in accordance with the acts and these rules, as alleged in Count XXV of the First Superseding Formal Complaint.

Respondent's actions, as described above under ENFs 22-00419, 22-00527, 22-00533, 22-00534, 22-00535, 22-00536, and 22-00537, demonstrate a violation of Mich Admin Code, R 420.303(1)[5], which states that a cultivator shall uniquely identify each immature plant batch with a single plant tag and record the information in the statewide monitoring system. Each immature plant batch must consist of no more than 100 immature plants, as alleged in Count XXVI of the First Superseding Formal Complaint.

Respondent's actions, as described above under ENFs 22-00419, 22-00527, 22-00533, 22-00534, 22-00535, 22-00536, and 22-00537, demonstrate a violation of Mich Admin Code, R 420.303(3), which states 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 growth span so that all plants can be easily identified and inspected. A cultivator shall ensure that identification information is recorded in the statewide monitoring system in accordance with the acts, the marihuana tracking act, and these rules, as alleged in Count XXVII of the First Superseding Formal Complaint.

Respondent's actions, as described above under ENFs 22-00419, 22-00527, 22-00533, 22-00534, 22-00535, 22-00536, and 22-00537, demonstrate a violation of Mich Admin Code, R 420.303(4), which states after a tagged plant is harvested, it is part of a harvest batch so that a sample of the harvest batch can be tested by a licensed laboratory as provided in R 420.304 and R 420.305. A cultivator shall quarantine a harvest batch from other plants or batches that have test results pending. A harvest batch must be easily distinguishable from other harvest batches until the batch is broken down into packages, as alleged in Count XXVIII of the First Superseding Formal Complaint.

Respondent's actions, as described above under ENFs 22-00419, 22-00527, 22-00533, 22-00534, 22-00535, 22-00536, and 22-00537, demonstrate a violation of Mich Admin Code, R 420.303(6)[6], which states a cultivator may transfer or sell marihuana to a producer without first being tested by a laboratory in order to produce fresh frozen, or if the marihuana product will be refined to a concentrate, with agency approval. After the producer has processed the material, the producer shall have the sample tested pursuant to R 420.304 and R 420.305. The agency may publish guidance for fresh frozen and concentrate production, transfer, and sale, as alleged in Count XXIX of the First Superseding Formal Complaint.

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[5] The CRA Administrative Rules were updated and took effect on March 7, 2022. The updated rule, Mich Admin Code, R 420.303(1), is substantially similar to the prior rule.

[6] The CRA Administrative Rules were updated and took effect on March 7, 2022. The updated rule, Mich Admin Code, R 420.303(6), is substantially similar to the prior rule.

Respondent's actions, as described above under ENFs 22-00419, 22-00527, 22-00533, 22-00534, 22-00535, 22-00536, and 22-00537, 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, as alleged in Count XXX of the First Superseding Formal Complaint.

Respondent's actions, as described above under ENFs 22-00419, 22-00527, 22-00533, 22-00534, 22-00535, 22-00536, and 22-00537, demonstrate a violation of Mich Admin Code, R 420.602(2)(b), which states a licensee shall comply with all of the following: (b) 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, as alleged in Count XXXI of the First Superseding Formal Complaint.

Respondent's actions, as described above under ENFs 22-00419, 22-00527, 22-00533, 22-00534, 22-00535, 22-00536, and 22-00537, demonstrate a violation of Mich Admin Code, R 420.802(3)(b), 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: (b) change of processing machinery or equipment, as alleged in Count XXXII of the First Superseding Formal Complaint.

Respondent's actions, as described above under ENFs 22-00419, 22-00527, 22-00533, 22-00534, 22-00535, 22-00536, and 22-00537, 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, as alleged in Count XXXIII of the First Superseding Formal Complaint.

Respondent's actions, as described above under ENFs 22-00419, 22-00527, 22-00533, 22-00534, 22-00535, 22-00536, and 22-00537, 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, as alleged in Count XXXIV of the First Superseding Formal Complaint.

Respondent's actions, as described above under ENFs 22-00419, 22-00527, 22-00533, 22-00534, 22-00535, 22-00536, and 22-00537, demonstrate a violation of Mich Admin Code, R 420.803(1), which states any change or modification to the marihuana business after licensure is governed by the standards and procedures set forth in these rules and any regulations adopted pursuant to the acts. Any material change or modification to the marihuana business must be approved by the agency before the change or modification is made, as alleged in Count XXXV of the First Superseding Formal Complaint.

Mitigation

It is not within the authority of this tribunal to make a recommendation as to a sanction and Petitioner did not recommend any sanctions at the hearing. At the hearing, Respondent offered evidence to explain the circumstances that led to the above-mentioned deficiencies for the Executive Director of the CRA to consider in deciding upon a penalty.

Respondent's owner, Ms. Yousif, credibly testified that following Respondent's September 2021 planting season, she went on maternity leave from October 2021 to March 2022. Ms. Yousif established that during this time she was unable to visit or oversee Respondent's operations as the farm was located two hours from her home. In her absence, Ms. Yousif relied upon Respondent's staff, which included her fiancé, to conduct Respondent's operations in compliance with their operating procedures and the CRA's rules. Ms. Yousif also relied on staff members to inform her of anything that needed to be inputted into Metrc. Ms. Yousif provided credible, unrebutted testimony that it was not until she went to Respondent's farm for the CRA's inspection in March 2022 that she learned of the deficiencies. Ms. Yousif further testified that she worked with the CRA to correct the deficiencies and that Respondent had no further issues with Respondent's compliance from 2023 to 2025, when Respondent closed the business.

Proposed Decision

Based on the above Findings of Fact and Conclusions of Law, the undersigned Administrative Law Judge proposes that the Executive Director of the Cannabis Regulatory Agency issue a Final Order as follows:

That Respondent has violated the MMFLA and/or the administrative rules promulgated thereunder as alleged in Counts I through XXXV of the First Superseding Formal Complaint, dated August 16, 2022, and impose a reasonable sanction in proportion to the nature of the violation, taking mitigating circumstances into account, as authorized by the Act and Mich Admin Code, R 420.806.

Lindsay Wilson

Lindsay Wilson
Administrative Law Judge

Exceptions

The parties may file Exceptions to this Amended Proposal for Decision on Reconsideration within twenty-one (21) days after it is issued and entered. An opposing party may file a Response to Exceptions within fourteen (14) days after initial Exceptions are filed (see computation of filing time at Mich Admin Code, R 792.10104). For any Exceptions and Responses to Exceptions, a party must:

1) State the **case name and docket number** as shown on the first page of this Proposal for Decision;

2) File with the Michigan Office of Administrative Hearings and Rules-General Adjudication, by **e-mail (preferred)**: MOAHR-GA@michigan.gov**; fax**: 517-763-0148; **regular mail**: MOAHR-GA, P.O. Box 30695, Lansing, Michigan 48909-8195; or **overnight carrier delivery (UPS, FedEx, DHL)**: MOAHR-GA, c/o Department of Licensing and Regulatory Affairs, Mail Services, 2407 N. Grand River Avenue, Lansing, Michigan 48906; and

3) **Serve a copy on all parties** to the proceeding at the email/regular mail addresses shown on the attached Proof of Service.

Notice to Agency to Provide MOAHR with Subsequent Agency or Court Orders

The state agency that is a party to this matter, and/or referred this matter to MOAHR, shall serve MOAHR with any subsequent orders entered as a result of this ALJ's decision or proposed decision, including but not limited to the agency's final order, order to remand the matter to MOAHR for further proceedings, or order on appeal, as soon as practicable following entry of the order to:

> Michigan Office of Administrative Hearings and Rules, General Adjudication, by **email (preferred)** to: MOAHR-GA@michigan.gov; **or by regular mail** to: MOAHR-GA, P.O. Box 30695, Lansing, Michigan 48909-8195.

See: Mich Admin Code, R 792.10120(2)(i).

PROOF OF SERVICE

I certify that I served a copy of the foregoing document upon all parties and/or attorneys, to their last-known addresses in the manner specified below, this 13th day of January 2026.

P. Moore

P. Moore
Michigan Office of Administrative Hearings and Rules

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

In the Matter of

GP Holdings, LLC dba Millie Montana Industries
License No(s).: GR-C-000901, GR-C-000906, GR-C-000907, GR-C-000908, GR-C-000909, GR-C-000910, GR-C-000911, GR-C-000912, GR-C-000913, GR-C-000914, GR-C-000915, GR-C-000916, GR-C-000917, GR-C-000918, GR-C-000919, GR-C-000920, GR-C-000921, GR-C-000922, GR-C-000923, GR-C-000924
_____/

ENF No: 22-00412, 22-00417, 22-00419, 22-00527, 22-00533, 22-00534, 22-00535, 22-00536, 22-00537

FIRST SUPERSEDING FORMAL COMPLAINT

The Cannabis Regulatory Agency ("Complainant") files this first superseding formal complaint against GP Holdings, LLC dba Millie Montana Industries ("Respondent") alleging upon information and belief as follows:

1. The Cannabis Regulatory Agency (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 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 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.

3. Section 206(c) of the MMFLA provides that the administrative rules must ensure the health, safety, and security of the public and integrity of the marihuana facility operations.

4. Respondent's conduct as described below is a risk to public health and safety and/or the integrity of marihuana facility operations.

FACTUAL ALLEGATIONS AND INTENDED ACTION OF THE CRA

5. Respondent holds an active state operating license under the MMFLA to operate multiple medical marihuana Class C grower facilities in the state of Michigan.

6. Respondent operated at 9684 Russell Rd., Clare, Michigan 48617 at all times relevant to this complaint.

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

ENF 22-00412

a. On March 24, 2022, the CRA emailed Respondent requesting that it provide the surveillance recordings for a transfer that initiated at its facility on February 25, 2022.
b. On March 28, 2022, Respondent responded that it would provide the surveillance recordings.
c. On March 29, 2022, Respondent emailed the CRA stating that it could not provide the recordings as it was outside the 30-day retention period.

[1] Executive Reorganization Order 2019-2 created the Marijuana Regulatory Agency (MRA) as a Type I agency within the Department of Licensing and Regulatory Affairs (LARA). MCL 333.27001(1)(a)(d). On April 13, 2022, the MRA became the Cannabis Regulatory Agency (CRA). The CRA exercises its statutory powers, duties, and functions independent of LARA's direction. MCL 16.103.

d. On March 31, 2022, the CRA conducted an inspection at Respondent's facility where the CRA discovered Respondent's surveillance recording system only had a 14-day retention period.

e. On April 12, 2022, the CRA visited Respondent's facility where Respondent admitted that it did not think the surveillance recording system was working on February 25, 2022.

Count I

f. Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.209(11), which states a licensee shall keep surveillance recordings for a minimum of 30 calendar days, except in instances of investigation or inspection by the agency in which case the licensee shall retain the recordings until the time as the agency notifies the licensee that the recordings may be destroyed.

Count II

g. Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.209(12), which states surveillance recordings of the licensee are subject to inspection by the agency and must be kept in a manner that allows the agency to view and obtain copies of the recordings at the marihuana business immediately upon request. The licensee shall also send or otherwise provide copies of the recordings to the agency upon request within the time specified by the agency.

ENF 22-00417

a. On January 19, 2022, Respondent transferred multiple packages of shake/trim and flower (bud) to a medical marijuana processor facility via statewide monitoring system (Metrc) manifest numbers 0001078613, 0001078904, 0001078609, 0001078605, 0001078460, 0001078710.

b. On February 25, 2022, Respondent transferred multiple packages of

shake/trim and flower (bud) to the same medical marijuana processor facility via Metrc manifest numbers 0001148002 and 0001147710.

c. On March 21, 2022, Respondent transferred mulch to the same medical marijuana processor facility via Metrc manifest number 0001194528.
d. On March 29, 2022, Respondent transferred mulch to the same medical marijuana processor facility via Metrc manifest number 0001212566.
e. After an investigation was conducted at the receiving medical marijuana processor facility, the CRA determined that the January 19th and February 25th manifests Respondent transferred were incorrect since the weights listed on the manifests for the packages were significantly higher in comparison to the package weight at the receiving processor facility.
f. Additionally, the January 19th and February 25th manifests indicated that Respondent transferred only flower (bud). However, the CRA observed while visiting the receiving processor facility that Respondent also transferred shake/trim as well as flower.
g. The CRA also determined that the March 21st and March 29th manifests were incorrect since they indicated that Respondent transferred flower (bud). However, the CRA observed while visiting the receiving processor facility that Respondent also transferred mulch.
h. On April 12, 2022, the CRA conducted an onsite investigation at Respondent's facility.
i. Respondent admitted to the CRA that it was unfamiliar with how to enter product weight into Metrc. Respondent also admitted to the CRA that it did not weigh the product associated with the March 21st and March 29th manifests for accuracy.
j. Additionally, Respondent admitted to not having a Standard Operating Procedure (SOP) regarding its drying process.

k. The CRA observed six storage units outside where marijuana and materials were kept.

l. Storage unit number 2 contained three large white bags of untagged marijuana flower with stems.

m. Storage unit number 4 contained untagged black and yellow bins filled with untagged flower and mulch as well as three untagged 55-gallon barrels that contained untagged flower and mulch.

n. Storage unit number 5 contained untagged black and yellow bins filled with untagged flower and mulch as well as two garbage bags filled with untagged flower and mulch.

Count III

o. Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.108(8), which states a grower shall accurately enter all transactions, current inventory, and other information into the statewide monitoring system as required in the MMFLA, these rules, and the marihuana tracking act.

Count IV

p. Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.206a(1), which states a marihuana business must have up-to-date written standard operating procedures on site at all times.

Count V

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

r. Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.212(1), which states, in part, all marihuana products must be identified and tracked consistently in the statewide monitoring system under these rules.

Count VII

s. Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.212(2), which states all containers used to store marihuana products for transfer or sale between marihuana businesses must be clearly marked, labeled, or tagged, if applicable, and enclosed on all sides in secured containers. The secured containers must be latched or locked in a manner to keep all contents secured within. Each secured container must be identified and tracked in accordance with the acts and these rules.

ENFs 22-00419, 22-00527, 22-00533, 22-00534, 22-00535, 22-00536, and 22-00537

a. On March 31, 2022, a semi-annual inspection was conducted at Respondent's facility, which resulted in several deficiencies.
b. Respondent admitted to moving additional storage units onto the facility grounds without CRA approval.
c. Respondent also admitted to bringing in an industrial hemp dryer and industrial grinder from an out of state hemp farm without CRA approval.

d. Respondent admitted to the CRA that its third-party integrator “Flourish” was not interfacing accurately with the statewide monitoring system (Metrc), resulting in syncing errors and reversed entries in Metrc.

e. Respondent stated that it never contacted the CRA or Metrc support to resolve these issues.

f. Respondent stated that it placed mulched biomass into garbage bags in boxes, fabric bags, bins, and barrels and placed them into bins in the storage units on the facility grounds.

g. The CRA observed untagged ground plants and biomass in bags and untagged bins inside storage unit numbers 1, 2, and 4.

h. Respondent also stated to the CRA that when it harvested these plants, Respondent inaccurately combined several plants, averaged the weight, and entered that number into Metrc as plant weight instead of weighing each plant individually and entering that number into Metrc.

i. During the inspection, Respondent admitted to not receiving approval from the CRA before transferring 43 untested marijuana packages to a medical marijuana processor for extraction.

j. The CRA observed a missing privacy screen on the perimeter fence facing a public roadway, leaving the facility open for public view. Respondent stated the privacy screen had fallen off and was not put back on.

k. The CRA observed that the storage units used for storing marijuana product did not have commercial-grade, nonresidential locks. The CRA also observed a rag had been placed in a hole through an office door. The door did not contain a lock.

l. Respondent stated to the CRA that the original locks were not commercial-grade and had been removed and not yet replaced.

m. The CRA observed that there were no alarm systems in any of the six storage units.

n. The CRA observed Respondent's storage units did not have proper surveillance coverage that clearly recorded activity within 20 feet of all points of entry and exit of the storage units.

o. Respondent was only able to provide 14 days of surveillance recordings (March 18, 2022 – March 31, 2022).

p. Respondent stated to the CRA that it did not generate any waste associated with the 30,000 plants it grew. However, Respondent also stated that 4,000 clones did not survive cultivation. Respondent was unable provide how those 4,000 clones were disposed of.

q. Respondent was unable to provide to the CRA a waste disposal plan.

r. Respondent was unable to provide the CRA with written Standard Operating Procedures (SOPs).

s. Respondent did not have any employee files available for review during the inspection.

t. As a result of the inspection and investigation, the CRA conducted further research and analysis into Respondent's Metrc activity:

u. During the March 31, 2022 inspection, Respondent stated that it received its facility licenses on August 20, 2021 and obtained 30,000 clones one or two days after licensure.

v. Per Metrc, Respondent's licenses were not registered and credentialed in Metrc until August 26, 2021 and August 27, 2021, 4 to 5 days after Respondent brought the 30,000 clones into its facility. Respondent was unable to enter the clones into Metrc as soon as it brought them in.

w. On September 13, 2021, Respondent received its orders of Metrc plant and package tags.

x. The CRA observed in Metrc that manifest number 0000843716 was created on September 13, 2021 for immature plant package tag #1A4501000213A5000000001 (tag #00001) under license GR-C-000901,

which contained 1,500 immature plants/clones (broken out into 15, 100-each plant batches).

y. Because package tag #00001 (GR-C-000901) was a portion of the 30,000 clones brought in between August 21, 2022 and August 22, 2022, but was not entered into Metrc until September 13, 2021, 1,500 clones were physically at Respondent's facility but were not consistently being tracked in Metrc for approximately 23 days.

z. Respondent's remaining 19 grower licenses (GR-C-000906 through GR-C-000924) each had one immature plant package containing 1,500 immature plants that were not entered into Metrc until October 11, 2021.

aa. During the March 31, 2022 inspection, Respondent also stated it began planting on August 26, 2021 or August 27, 2021. However, the CRA observed in Metrc that Respondent recorded its planting dates between September 13, 2022 and September 15, 2022.

bb. The CRA discovered while reviewing the package history in Metrc that under GR-C-000914, plant batch "Millie Montana OG145" was created with 500 plants, exceeding the maximum number of 100 plants per batch.

cc. The CRA also discovered while reviewing the package history in Metrc that under GR-C-000924, plant batch "Auto Flower" was created with 1,500 plants, exceeding the maximum number of 100 plants per batch.

dd. During the April 14, 2022 follow-up investigation at Respondent's facility, Respondent stated to the CRA that 8 to 12 employees assisted with planting during the cultivation season in 2021.

ee. Respondent also stated that planting began on either August 26 or 27, 2021 and ended around September 4 or 5, 2021.

ff. The CRA observed while reviewing Metrc that only four employees (not 8 to 12) were entered into Metrc between August 27, 2021 and August 31, 2021.

gg. Per Metrc, the remaining employees were entered into Metrc between October 13 and 27, 2021, over a month after the planting season began.

hh. During the March 31, 2022 onsite inspection and the April 12, 2022 follow-up visit, Respondent stated that the plants that were no longer viable for tagging and planting were replaced with auto seeds.

ii. Respondent admitted to replacing about 4,000 non-viable immature plants with auto seeds without creating external transfer manifests to account for the 4,000 auto seeds brought into the facility.

jj. Respondent recorded in Metrc that 1,499 plants under GR-C-000924 were in the vegetative phase of growth beginning on March 28, 2022.

kk. However, during the March 31, 2022 inspection and April 12, 2022 follow-up visit, the CRA did not observe any plants growing on the facility grounds.

ll. During the April 12, 2022 follow-up visit, Respondent stated to the CRA that it began harvesting its plants in mid-October 2021 and the auto seed plants in mid-November 2021. However, the harvest activity was not entered into Metrc until January 17, 2022 continuing through March 28, 2022.

mm. Additionally, a Bureau of Fire Services (BFS) inspection report dated October 19, 2021 stated that Respondent's facility was "Seasonal operation, closed until Spring 2022."

nn. On March 28, 2022, the BFS inspector confirmed to the CRA that he did not observe any plants in the ground at the facility on October 19th and that Respondent's facility was closed until Spring 2022, indicating that Respondent did not harvest its plants in mid-October 2021 and the auto seed plants in mid-November 2021. On May 2, 2022, the CRA observed in Metrc that Respondent recorded its harvest dates between January 17, 2022 and March 28, 2022.

oo. On March 29, 2022, Respondent transferred Metrc package tag numbers

1A4050100021666000000005, 1A4050100021666000000006, and 1A4050100021666000000007 to a medical marijuana processor facility.

pp. On April 1, 2022, the CRA reached out to a medical marijuana safety compliance facility to conduct a safety compliance audit on the abovementioned packages, which were currently located at the processor facility. On April 3, 2022, the safety compliance facility sampled the abovementioned packages at the processor facility.

qq. The results of the audit indicated that no THC was present in the raw plant material samples. However, the transfer manifest indicated that Respondent transferred flower (bud) to the processor facility. The CRA observed pictures of samples taken by the safety compliance facility, which resembled and had the consistency of dirt and mulch.

rr. On February 25,2022, March 21, 2022, and March 29, 2022, Respondent transferred Metrc package tag numbers 1A405010002166A000000014, 1A405010002166A000000012, 1A4050100021666000000004, 1A4050100021666000000002, 1A4050100021664000000011, 1A4050100021664000000007, 1A4050100021666000000003, 1A405010002166A000000010, 1A405010002166A000000006, and 1A405010002166A000000013 to a medical marijuana processor facility.

ss. On April 19, 2022, the CRA reached out to a medical marijuana safety compliance facility to conduct a safety compliance source package sample audit on the abovementioned packages, which were currently located at the processor facility. On April 27, 2022, the safety compliance facility released the test results.

tt. The results of the audit indicated that the samples appeared to be shake/kief or post-harvest plant waste. However, the transfer manifests indicated that Respondent transferred flower (bud) to the processor facility.

Count VIII

uu. Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.108(7)[2], which states a grower shall enter all transactions, current inventory, and other information into the statewide monitoring system as required in the medical marihuana facilities licensing act, these rules, and the marihuana tracking act.

Count IX

vv. Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.108(8), which states a grower shall accurately enter all transactions, current inventory, and other information into the statewide monitoring system as required in the MMFLA, these rules, and the marihuana tracking act.

Count X

ww. Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.206(1)(b)(i), 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: (i) the outdoor area containing the cultivation of marihuana plants is contiguous with the building, fully enclosed by fences or barriers that ensure that the plants are not visible from a public place without the use of binoculars, aircraft, or other optical aids, and the fences are secured and comply with the applicable security measures in these rules, including, but not limited to, locked entries only accessible to authorized persons or emergency personnel.

[2] The Cannabis Regulatory Agency (CRA) Administrative Rules were updated and took effect on March 7, 2022. The updated rule, Mich Admin Code, R 420.108(8), is substantially similar to the prior rule.

Count XI

xx. Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.206a(1), which states a marihuana business must have up-to-date written standard operating procedures on site at all times.

Count XII

yy. Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.206a(2), which states standard operating procedures must be made available to the agency upon request.

Count XIII

zz. Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.209(3), which states that a licensee shall securely lock the marihuana business, including interior rooms as required by the agency, windows, and points of entry and exits, with commercial-grade, nonresidential door locks or other electronic or keypad access. Locks on doors that are required for egress must meet the requirements of NFPA 1, local fire codes, and the Michigan building code, R 408.30401 to R 408.30499.

Count XIV

aaa. Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.209(4), which states a licensee shall maintain an alarm system at the marihuana business. Upon request, a licensee shall make available to the agency all information related to the alarm system, monitoring, and alarm activity.

Count XV

bbb. Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.209(6)(a)(iv), which states a licensee shall ensure the video surveillance system does all the following: (a) Records, at a

minimum, the following areas: (iv) The entrances and exits to the building, which must be recorded from both indoor and outdoor vantage points.

Count XVI

ccc. Respondent's actions as described above 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 XVII

ddd. Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.209(11), which states a licensee shall keep surveillance recordings for a minimum of 30 calendar days, except in instances of investigation or inspection by the agency in which case the licensee shall retain the recordings until the time as the agency notifies the licensee that the recordings may be destroyed.

Count XVIII

eee. Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.210(1), which states that except for designated consumption establishments or temporary marihuana events licensed under the MRTMA, a marihuana business must not have marihuana products that are not identified and recorded in the statewide monitoring system pursuant to these rules.

Count XIX

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

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 XX

ggg. Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.211(2)(a), (b), (c), and (d), which states marihuana plant waste, including roots, stalks, leaves, and stems that have not been processed with a solvent must be rendered into an unusable and unrecognizable form through grinding or another method as determined by the agency that incorporates the marihuana plant waste with 1 or more of the following types of compostable waste so that the resulting mixture is not less than 50% non-marihuana plant waste: (a) food waste. (b) yard waste. (c) vegetable-based grease or oils. (d) other compostable wastes approved by the agency.

Count XXI

hhh. Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.211(4), which states that a marihuana product rendered unusable and unrecognizable and, therefore, considered waste, and marihuana plant waste must be recorded in the statewide monitoring system.

Count XXII

iii. Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.211(6)(a), (b), (c), and (d), which states that a licensee shall dispose of marihuana product waste and marihuana plant waste in a secured waste receptacle using 1 or more of the following methods that

complies with applicable state and local laws and regulations: (a) a licensed municipal solid waste landfill. (b) a registered composting facility that has specific approval under part 115 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.11501 to 324.11554, to accept the material. (c) an anaerobic digester that has specific approval under part 115 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.11501 to 324.11554, to accept the material. (d) an in-state municipal solid waste or hazardous waste incinerator that has been permitted under part 55 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.5501 to 324.5542.

Count XXIII

jjj. Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.211(8), which states a licensee shall maintain accurate and comprehensive records regarding marihuana product waste, and marihuana plant waste that accounts for, reconciles, and evidences all waste activity related to the disposal. The agency may publish guidance on marihuana product waste management.

Count XXIV

kkk. Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.212(1), which states, in part, all marihuana products must be identified and tracked consistently in the statewide monitoring system under these rules.

Count XXV

lll. Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.212(2), which states all containers used to store marihuana products for transfer or sale between marihuana businesses must be clearly marked, labeled, or tagged, if applicable, and enclosed on all sides in secured containers. The secured containers must be latched or

locked in a manner to keep all contents secured within. Each secured container must be identified and tracked in accordance with the acts and these rules.

Count XXVI

mmm. Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.303(1)[3], which states that a cultivator shall uniquely identify each immature plant batch with a single plant tag and record the information in the statewide monitoring system. Each immature plant batch must consist of no more than 100 immature plants.

Count XXVII

nnn. Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.303(3), which states 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 growth span so that all plants can be easily identified and inspected. A cultivator shall ensure that identification information is recorded in the statewide monitoring system in accordance with the acts, the marihuana tracking act, and these rules.

Count XXVIII

ooo. Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.303(4), which states after a tagged plant is harvested, it is part of a harvest batch so that a sample of the harvest batch can be tested by a licensed laboratory as provided in R 420.304 and R 420.305. A cultivator shall quarantine a harvest batch from other plants or batches that have test results pending. A harvest batch must be easily

[3] The Cannabis Regulatory Agency (CRA) Administrative Rules were updated and took effect on March 7, 2022. The updated rule, Mich Admin Code, R 420.303(1), is substantially similar to the prior rule.

distinguishable from other harvest batches until the batch is broken down into packages.

Count XXIX

ppp. Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.303(6)[4], which states a cultivator may transfer or sell marihuana to a producer without first being tested by a laboratory in order to produce fresh frozen, or if the marihuana product will be refined to a concentrate, with agency approval. After the producer has processed the material, the producer shall have the sample tested pursuant to R 420.304 and R 420.305. The agency may publish guidance for fresh frozen and concentrate production, transfer, and sale.

Count XXX

qqq. Respondent's actions as described above 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 XXXI

rrr. Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.602(2)(b), which states a licensee shall comply with all of the following: (b) 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

[4] The Cannabis Regulatory Agency (CRA) Administrative Rules were updated and took effect on March 7, 2022. The updated rule, Mich Admin Code, R 420.303(6), is substantially similar to the prior rule.

identification number. The licensee shall update in the statewide monitoring system employee information and changes in status or access within 7 business days.

Count XXXII

sss. Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.802(3)(b), 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: (b) change of processing machinery or equipment.

Count XXXIII

ttt. Respondent's actions as described above 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 XXXIV

uuu. Respondent's actions as described above 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 XXXV

vvv. Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.803(1), which states any change or modification to the marihuana business after licensure is governed by the standards and procedures set forth in these rules and any regulations adopted pursuant to the acts. 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 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 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: 8/16/22

By: Alyssa A. Grissom Digitally signed by Alyssa A. Grissom Date: 2022.08.16 16:40:51 -04'00'

Alyssa A. Grissom
Legal Section Manager
Enforcement Division
Cannabis Regulatory Agency