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

In the Matter of

Hongrui Enterprises Inc. ENF No: 23-00385
License No.: GR-C-000566
_____/

FIRST SUPERSEDING FORMAL COMPLAINT

The Cannabis Regulatory Agency (CRA) files this first superseding formal complaint against Hongrui Enterprises Inc. (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*. to investigate alleged violations of the MMFLA and the administrative rules promulgated thereunder, take disciplinary action to prevent such violations, and impose fines and other sanctions against applicants and licensees that violate the MMFLA or administrative rules.

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

FACTUAL ALLEGATIONS AND INTENDED ACTION OF THE CRA

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

4. Respondent operated at 1100 Industrial Boulevard Building, Albion, Michigan 49224, at all times relevant to this complaint.

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

a. On July 11, 2022, a CRA Regulation Officer (RO) conducted a semi-annual inspection at Respondent's medical marijuana class C grower facility and found multiple deficiencies.
b. Prior to the inspection, Respondent had two statewide monitoring system (Metrc) tags (tag numbers ending -0565 and -0566) fail compliance testing due to the presence of spider eggs.
c. On July 11, 2022, Respondent was instructed to properly dispose of the product as waste and log the waste into Metrc.
d. On July 13, 2022, Respondent stated the abovementioned Metrc tags were wasted, however, Respondent failed to log the waste into Metrc.
e. The CRA RO also discovered during the inspection that the surveillance cameras were not functioning due to technical issues. Respondent was aware the cameras were not recording.
f. Respondent's facility only had 11 days of video surveillance retention from June 11, 2022, to June 21, 2022.

Count I

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

Count II

Respondent's actions as described above in paragraphs e and f 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.

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.

A licensee 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. See Mich Admin Code, R 420.704(3) and R 420.808(2)(b). A request for a hearing must be submitted to the CRA in writing within 21 days after service of this complaint. Mich Admin Code, R 420.704(2) and R 420.808(3). Notice served by certified mail is considered complete on the business day following the date of the mailing.

Respondent may also be given an opportunity to meet with the CRA to negotiate a settlement or demonstrate compliance with the MRTMA and administrative rules prior to a contested case hearing. Mich Admin Code, R 420.704(1) and R 420.808(2)(a). A request for a compliance conference request must be submitted to the CRA in writing within 21 days after service of this complaint. Mich Admin Code, R 420.808(3).

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. Mich Admin Code, R 420.808(3).

Questions about this complaint should be directed to the Cannabis Regulatory Agency at (517) 284-8599 or CRA-LegalHearings@michigan.gov.

The formal complaint filed against the Respondent on August 17, 2023, is hereby WITHDRAWN and replaced in full by this superseding complaint.

Dated: 8/23/24

By: Alyssa A. Grissom Digitally signed by Alyssa A. Grissom Date: 2024.08.23 16:06:48 -04'00'

Alyssa A. Grissom
Legal Section Manager
Cannabis Regulatory Agency

In the Matter of

Hongrui Enterprises Inc.
License No.: GR-C-000566
_____/

ENF No: 23-00385

PROOF OF SERVICE

I hereby certify that on 8/23/24, I mailed a copy of the First Superseding Formal Complaint dated 8/23/24 in the above captioned case by certified mail (return receipt requested) to:

Hongrui Enterprises Inc.
15 Division Street
New York, NY 10002

Hongrui Enterprises Inc.
1100 Industrial Blvd.
Albion, Michigan 49224

Courtesy copy sent to:

Kevin Sea and Selena Liu
s.k20190901@gmail.com

Carolyn Waltz

Digitally signed by: Carolyn Waltz
DN: CN = Carolyn Waltz email = waltzc@michigan.gov C = US O = CRA OU = CSS
Date: 2024.08.23 16:16:55 -04'00'

Departmental Technician
Cannabis Regulatory Agency
Department of Licensing & Regulatory Affairs