

STATE OF MICHIGAN
DEPARTMENT OF REGULATORY AFFAIRS¹
MARIJUANA REGULATORY AGENCY

In the Matter of

Lion Labs, Ltd.
ERG No.: 000759
License No.: PR-000069
ENF Nos.: 19-00064 & 20-00014

CMP No.: 19-000724 & 20-000057

_____/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On March 5, 2020, the Marijuana Regulatory Agency (MRA) issued a formal complaint against the medical marijuana processor facility license (PR-000069) of Lion Labs, Ltd. (“Respondent”) under the Medical Marijuana Facilities Licensing Act (MMFLA), MCL 333.27101 *et seq.*, and the administrative rules promulgated thereunder. The formal complaint alleged Respondent violated Mich Admin Code, R 333.346(3)(a).

The executive director reviewed the stipulation contained in this document and agrees the public interest is best served by resolution of the formal complaint. Therefore, the executive director finds that the allegations contained in the formal complaint are true and that Respondent violated Mich Admin Code, R 333.346(3)(a).

Accordingly, for these violations, IT IS ORDERED:

1. Respondent must pay a fine in the amount of two thousand and 00/100 dollars (\$2,000.00). This fine shall be paid within 60 days of the effective date of this order by check or money order made payable to the State of Michigan with enforcement numbers “19-00064 & 20-00014” clearly displayed on the check or money order.

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). The MRA exercises its statutory powers, duties, and functions independent of LARA’s direction. MCL 16.103.

Respondent shall mail the fine to Department of Licensing and Regulatory Affairs, Marijuana Regulatory Agency, PO BOX 30205, Lansing, Michigan 48909.

2. If Respondent fails to timely pay the fine, Respondent's license shall be suspended until payment is received.
3. The paragraph of the formal complaint alleging a violation of MMFLA, MCL 333.27502(2) is DISMISSED.
4. Unless otherwise specified in this order, Respondent shall direct any communications to the MRA that are required by the terms of this order to MRA-LegalHearings@michigan.gov.
5. Respondent shall be responsible for all costs and expenses incurred in complying with the terms and conditions of this consent order.
6. If Respondent violates any term or condition set forth in this order, Respondent will be subject to fines and/or other sanctions under section 407(1) of the MMFLA, MCL 333.27407(1), and Mich Admin Code, R 333.219.

This order shall be effective on the date signed by the MRA's executive director or his designee, as set forth below.

MARIJUANA REGULATORY AGENCY

Signed on: 5-18-2020

By: /s/ Andrew Brisbo
Andrew Brisbo, Executive Director
Marijuana Regulatory Agency

STIPULATION

The parties stipulate to the following:

1. The facts alleged in the formal complaint are true and constitute a violation of the administrative rules promulgated under the MMFLA.
2. Respondent understands and intends that by signing this stipulation, Respondent is waiving the right under the MMFLA, administrative rules promulgated thereunder, and the Administrative Procedures Act of 1969, MCL 24.201 *et seq.*, to require the MRA to prove the charges set forth in the complaint by presentation of evidence and legal authority, and to present a defense to the charges.
3. The parties considered the following in reaching this agreement:
 - a. During communications, Respondent's representatives explained and provided documentation that Respondent has taken steps to improve its business practices and prevent recurrences, including better educating its staff and revising its testing procedures.
 - b. Respondent explained that it sought to confirm the results of the initial test results in order to improve its processes, and not to bring the items in question to market.
 - c. There is no evidence that any products associated with the formal complaint and investigation referenced in this consent order, that may have posed a threat to consumer health or safety, were released or entered into the supply chain or made available to patients or customers as a result of Respondent's conduct.
 - d. Respondent represents its unintentional act and reliance on another licensee resulted in an incidental outcome.
 - e. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.
4. The MRA's enforcement division director or her designee must approve this proposed agreement before it is forwarded to the MRA's executive director or

his designee for review and issuance of the above consent order. The parties reserve the right to proceed to an administrative hearing without prejudice to either party, should the MRA's enforcement division director, executive director, or their designees reject the proposed consent order.

By signing this stipulation, the parties confirm that they have read, understand, and agree with the terms of the consent order.

AGREED TO BY:

Kavita Kale

Kavita Kale
Enforcement Division Director
Marijuana Regulatory Agency
Dated: 5/14/2020

DocuSigned by:
AGREED TO BY:

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Ryan Ratzloff Authorized Officer
On behalf of Respondent
Lion Labs, Ltd
Dated: 5/14/2020

DocuSigned by:
David Rudo

3FC9056CE1A3448...

David Rudo (P75169)
Attorney for Respondent
Dated: 5/14/2020

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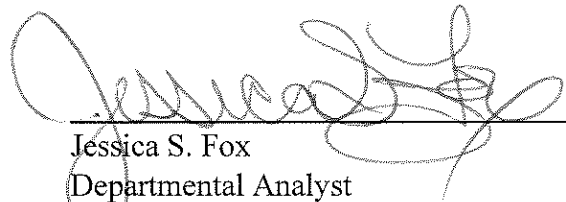
PROOF OF SERVICE

I hereby certify that on May 20, 2020, I mailed a copy of the Consent Order and Stipulation in the above captioned case by certified mail (return receipt requested) to:

Lion Labs Ltd.
4800 North Grand River Ave
Lansing, Michigan 48906

With an electronic copy sent on May 19, 2020 to:

David Rudoï
drudoï@rudoïlaw.com



Jessica S. Fox
Departmental Analyst
Marijuana Regulatory Agency
Department of Licensing & Regulatory
Affairs

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DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
MARIJUANA REGULATORY AGENCY

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FORMAL COMPLAINT

The Marijuana Regulatory Agency (“Complainant”) files this formal complaint against Lion Labs, LLC (“Respondent”) alleging upon information and belief as follows:

1. The Marijuana Regulatory Agency (MRA) is authorized under the Medical Marijuana Facilities Licensing Act (MMFLA), MCL 333.27101 *et seq.*, and Executive Reorganization Order No.2019-2, MCL 333.27001, to investigate alleged violations of the MMFLA and the administrative rules promulgated thereunder, take disciplinary action to prevent such violations, and impose fines and other sanctions against applicants and licensees that violate the MMFLA or rules.

2. Section 402(12) of the MMFLA provides that the expiration of a license does not terminate the MRA’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 marijuana facility operations.

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

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FACTUAL ALLEGATIONS AND INTENDED ACTION OF THE MRA

5. Respondent holds an active state operating license under the MMFLA to operate a medical marihuana provisioning center in the state of Michigan.

6. Respondent operated at 4800 North Grand River Ave., Lansing, MI 48906, Michigan, at all times relevant to this complaint.

7. Following separate investigations completed on or prior to January 17, 2020, the MRA determined that Respondent violated the MMFLA and/or rules promulgated thereunder as set forth below:

- a. Respondent had in its inventory, Select-Michigan Cherry Cart, (identified in the statewide monitoring system (METRC) as source tag number 1A4050100002261000001072 (source tag #1072)). Source tag #1072 is a marihuana product intended for inhalation where the marihuana concentrate has already been placed into the inhalation device; this is the form that it is in when available for sale, i.e., a marihuana product that is in a final package.
- b. METRC sample package tag number 1A4050100002261000001088 (sample package tag #1088) was created from source tag #1072. On September 10, 2019, sample package tag #1088 was submitted for initial safety testing. On September 16, 2019, failing test results were reported in METRC for sample package tag #1088.
- c. On September 17, 2019, Respondent created two new sample package tags from package tag #1072: 1A4050100002261000001123 (sample package tag #1123) and 1A4050100002261000001124 (sample package tag #1124). These sample package tags were submitted for retesting that same day.
- d. On September 25, 2019, sample package tags #1123 and #1124 both received failing test results in METRC.
- e. Base on the above, Respondent retested marihuana product that was in its final package, in violation of Mich Admin Code, R 333.246(3)(a).
- f. Additionally, on December 19, 2029, Respondent transferred marijuana concentrate back to a grower from whom it purchased the product. MRA determined that this is an unauthorized transfer in violation of MMFLA Section 502(2).

THEREFORE, based on the above, the MRA gives notice of its intent to impose fines and/or other sanctions against Respondent's license, which may include the suspension, revocation,

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restriction, and/or refusal to renew Respondent's license.

Under MCL 333.27407(4) and Mich Admin Code, R 333.29494(2), any party aggrieved by an action of the MRA 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 MRA 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 333.294(1). A compliance conference is an informal meeting at which Respondent has the opportunity to discuss the allegations in this complaint and demonstrate compliance under the MMFLA and/or the administrative rules. A compliance conference request must be submitted to the MRA 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
Marijuana Regulatory Agency
P.O. Box 30205
Lansing, Michigan 48909

In Person: Department of Licensing & Regulatory Affairs
Marijuana Regulatory Agency
2407 North Grand River
Lansing, Michigan 48906

If Respondent fails to timely respond to this formal complaint, a contested case hearing will be scheduled to resolve this matter. The MRA reserves the right to review the formal complaint and amend it should this matter proceed to a contested case hearing.

Questions about this complaint should be directed to the Marijuana Regulatory Agency's legal section at (517) 284-8599 or MRA-LegalHearings@michigan.gov.

Dated: 03/05/2020

MARIJUANA REGULATORY AGENCY

By: 
Kavita Kale, Enforcement Division Director

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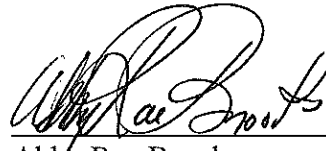
PROOF OF SERVICE

I hereby certify that on the date below, I mailed a copy of the Formal Complaint dated March 5, 2020, in the above captioned case by certified mail (return receipt requested) to:

Lion Labs, LLC
48000 North Grand River Ave.
Lansing, MI 48906

With a copy to:

David Rudoj
Rudoj Law PLLC
104 W. 4th St. Ste. 210
Royal Oak, MI 48067



Abby Rae Brooks
Departmental Technician
Marijuana Regulatory Agency
Department of Licensing & Regulatory
Affairs

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