

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

In the Matter of

Scientific Method Holdings II, Inc.  
dba Information Entropy I(X5)  
License No.: AU-R-000206

ENF No.: 21-00342

/      CONSENT ORDER AND STIPULATION

CONSENT ORDER

On August 18, 2021, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the adult-use marijuana retailer establishment license (AU-R-000206) of Scientific Method Holdings II, Inc. ("Respondent") under the Michigan Regulation and Taxation of Marihuana Act (MRTMA), MCL 333.27951 *et seq.*, and the administrative rules promulgated thereunder. The formal complaint alleged Respondent violated Mich Admin Code, R 420.212(1), R 420.212(2), and 420.210(2).

The executive director reviewed the stipulation contained in this document and agrees the public interest is best served by resolution of the formal complaint. Therefore, the executive director finds that some of the allegations contained in the formal complaint are true and that Respondent violated Mich Admin Code, R 420.212(1) found in paragraph 6.a. in the formal complaint.

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 30 days of the effective date of this order by check, money order, or online through Accela Citizen Access (ACA). Instructions on how to make online payments can be found under the Tips for Licensees bulletin section at [www.michigan.gov/cra](http://www.michigan.gov/cra). Check or money orders shall be made payable to the State of Michigan with enforcement number "21-00342" and license number "AU-R-000206" clearly displayed on the check or

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

2. If Respondent fails to timely comply with the terms of this order, Respondent's license shall be suspended until compliance is demonstrated.
3. The alleged violations of Mich Admin Code, R 420.212(1), 420.212(2), and 420.210(2) found in paragraphs 6.b., 6.c., and 6.d. in the formal complaint are DISMISSED.
4. Unless otherwise specified in this order, Respondent shall direct any communications to the CRA that are required by the terms of this order to CRA-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 7(1)(c) of the MRTMA, MCL 333.27957, and Mich Admin Code, 420.808.
7. Upon timely compliance of the terms of this order by Respondent, the matters set forth in the formal complaint shall be deemed resolved and closed subject to this Consent Order.

This order shall be effective 30 days after the date signed by the CRA's executive director or his designee, as set forth below.

CANNABIS REGULATORY AGENCY

Signed on: 4/6/2023

By: Brian Hanna  
Digitally signed by: Brian Hanna  
DN: CN = Brian Hanna email =  
hannab@michigan.gov C = US O = CRA OU =  
CRA  
Date: 2023.04.06 08:14:31 -04'00'

Brian Hanna, Executive Director  
And/or his designee  
Cannabis Regulatory Agency

STIPULATION

The parties stipulate to the following:

1. The facts alleged in the formal complaint are true and constitute a violation of the administrative rules promulgated under the MRTMA.
2. Respondent understands and intends that by signing this stipulation, Respondent is waiving the right under the MRTMA, administrative rules promulgated thereunder, and the Administrative Procedures Act of 1969, MCL 24.201 *et seq.*, to require the CRA to prove the charges set forth in the formal 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. Respondent provided proof of training for its employees regarding the labeling of packages that contain marijuana during the pre-roll production, waste disposal processes, and the requirement that marijuana products be kept in a limited or restricted access area at all times.
  - b. Respondent provided standard operating procedures for inventory tracking, pre-roll production, and waste disposal to ensure future compliance.

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- c. It was determined that the marijuana products described in paragraphs 6.b., 6.c., and 6.d. of the formal complaint were part of the regulated market. During the CRA's visit to Respondent's establishment, Respondent's employees were in the midst of processing marijuana.
  - d. Mich Admin Code, R 420.212(2) was dismissed due to a lack of evidence.
  - e. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.
  - f. Respondent has been licensed as a retailer since 2020 and has no prior discipline against its license.
4. The CRA's enforcement division director or his/her designee must approve this proposed agreement before it is forwarded to the CRA's executive director or his designee for review and issuance of the above consent order. The parties reserve the right to proceed to an administrative hearing without prejudice to either party, should the CRA's 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:

**Desmond  
Mitchell**

Digitally signed by  
Desmond Mitchell  
Date: 2023.04.05  
09:39:03 -04'00'

Desmond Mitchell, Operations Director  
and/or his designee  
Cannabis Regulatory Agency

Dated: 4/5/2023

AGREED TO BY:

*Drew Hutton*

Drew Hutton, Authorized Officer  
on behalf of Respondent  
Scientific Method Holdings II, Inc. dba  
Information Entropy I(X5)

Dated: 3/21/2023

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Matthew Daniels P-75601  
Attorney for Respondent

Dated: 3-22-2023

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

In the Matter of

Scientific Method Holdings II, Inc. dba Information Entropy I(X5)  
AU-ER No.: 000331  
License No.: AU-R-000206  
ENF No.: 21-00342

CMP No.: 21-000953

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FORMAL COMPLAINT

The Marijuana Regulatory Agency (“Complainant”) files this formal complaint against Scientific Method Holdings II, Inc. dba Information Entropy I(X5) (“Respondent”) alleging upon information and belief as follows:

1. The Marijuana Regulatory Agency (MRA) is authorized under the Michigan Regulation and Taxation of Marihuana Act (MRTMA), 2018 IL1, *et seq.*, and Executive Reorganization Order No.2019-2, MCL 333.27001, to investigate alleged violations of the MRTMA and the Administrative Rule promulgated thereunder, take disciplinary action to prevent such violations, and impose fines and other sanctions against applicants and licensees that violate the MRTMA or Administrative Rules.
2. Section 8(1)(d) of the MRTMA provides that the Administrative Rules must ensure the health, safety, and security of the public and integrity of the marihuana establishment operations.
3. Respondent’s conduct as described below is a risk to public health and safety and/or the integrity of marihuana establishment operations.

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## FACTUAL ALLEGATIONS AND INTENDED ACTION OF THE MRA

4. Respondent holds an active state license under the MRTMA to operate an adult use retail establishment in the state of Michigan.

5. Respondent operated at 1115 Broadway St., Ann Arbor, Michigan 48105, at all times relevant to this complaint.

6. Following an investigation, the MRA determined that Respondent violated the MRTMA and/or Administrative Rules promulgated thereunder as set forth below:

- a. While investigating a complaint on July 16, 2021, the MRA discovered an unopened package of “PETRA cannabis-infused Mints” unsecured above a locked display on the sales floor at Respondent’s establishment in violation of Mich Admin Code, R. 420.212(1), which states 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.
- b. On both July 16, 2021, and July 20, 2021, the MRA discovered marijuana packages downstairs in the inventory storage room without statewide monitoring system (METRC) tags. Because Respondent left marijuana products untagged, Respondent did not track its inventory consistently in the statewide monitoring system in violation of Mich Admin Code, R. 420.212(1).
- c. Respondent’s possession of untagged marijuana product is also 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.
- d. Additionally, Respondent’s possession of untagged marihuana product is 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

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Michigan regulation and taxation of marihuana act, 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.

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

Under MCL 333.27957 (1)(c) and Mich Admin Code, R 420.704(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 420.704(1). A compliance conference is an informal meeting at which Respondent has the opportunity to discuss the allegations in this complaint and demonstrate compliance under the MRTMA and/or the Emergency 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

By Email: MRA-LegalHearings@michigan.gov

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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 Marijuana Regulatory Agency's legal section at (517) 284-8599 or [MRA-LegalHearings@michigan.gov](mailto:MRA-LegalHearings@michigan.gov).

Dated: 8/18/21

**MARIJUANA REGULATORY AGENCY**

By: Claire Patterson Digitally signed by Claire  
Patterson  
Date: 2021.08.12 14:16:13 -04'00'  
Claire Patterson, Scientific and Legal Section Manager

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