

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

In the Matter of

SV Labs, LLC
License No.: AU-SC-000123

ENF No.: 23-00371

_____/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On July 12, 2023, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the adult-use marijuana safety compliance establishment license (AU-SC-000123) of SV Labs, LLC (“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 420.305(14).

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 [all of/some of] the allegations contained in the formal complaint are true and that Respondent violated Mich Admin Code, R 420.305(14).

Accordingly, for these violations, IT IS ORDERED:

1. Respondent must pay a fine in the amount of three thousand five hundred and 00/100 dollars (\$3,500.00). 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. Check or money orders shall be made payable to the State of Michigan with enforcement number “23-00371” and license number “AU-SC-000123” clearly displayed on the check

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www.michigan.gov/CRA

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

2. If Respondent fails to timely comply with the terms of this order, Respondent's license shall be suspended until compliance is demonstrated.
3. Unless otherwise specified in this order, Respondent shall direct any communications to the CRA that are required by the terms of this order to CRA-CSS@michigan.gov.
4. Respondent shall be responsible for all costs and expenses incurred in complying with the terms and conditions of this consent order.
5. If Respondent violates any term or condition set forth in this order, Respondent shall 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.
6. 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: 12/1/2023

By: Brian Hanna

Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email = hannab@michigan.gov, C = US, O = CRA, OU = CRA
Date: 2023.12.01 14:56:05 -0500

Brian Hanna, Executive Director
or his designee
Cannabis Regulatory Agency

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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 violations set forth in the formal complaint by presentation of evidence and legal authority, and to present a defense to the violations.
3. The parties considered the following in reaching this agreement:
 - a. This was Respondent's first-time conducting proficiency testing (PT) for its license.
 - b. On August 19, 2022, Respondent submitted a reporting form notifying the CRA that it would be pausing operations for its license.
 - c. Respondent's operations were still paused when its PT was due.
 - d. Respondent stated there was confusion as to whether they were required to conduct the PT.
 - e. Respondent has since submitted its required PT.
 - f. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.
 - g. Respondent has been licensed as a safety compliance establishment since 2021 and has no prior discipline against its license.
4. The CRA's centralized services director or her designee must approve this proposed agreement before it is forwarded to the CRA's executive director or his designee for review and issuance of the above consent order. The parties reserve the right to proceed to an administrative hearing without prejudice to

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either party, should the CRA's centralized services 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:

Sara E.
Hernandez

 Digitally signed by: Sara E. Hernandez
DN: CN = Sara E. Hernandez email =
hernandezs1@michigan.gov C = AD O
= LARA OU = MRA
Date: 2023.11.30 16:00:35 -05'00'

Sara Hernandez, CSD Director
or her designee
Cannabis Regulatory Agency

Dated: 11/30/2023

AGREED TO BY:



Vinay Kumar Mandhala,
Authorized Officer
on behalf of Respondent
SV Labs, LLC

Dated: 11/27/2023

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

In the Matter of

SV Labs LLC
License No.: AU-SC-000123

ENF No: 23-00371

FORMAL COMPLAINT

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

1. The Cannabis Regulatory Agency (CRA) is authorized under the Michigan Regulation and Taxation of Marihuana Act (MRTMA), MCL 333.27951, *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 marijuana establishment operations.

FACTUAL ALLEGATIONS AND INTENDED ACTION OF THE CRA

3. Respondent holds an active state license under the MRTMA to operate an adult use marijuana safety compliance establishment in the state of Michigan.
4. Respondent operated at 4427 Manchester Road, Kalamazoo, Michigan 49001, at all times relevant to this complaint.
5. Following an investigation, the CRA determined that Respondent violated the MRTMA and/or administrative rules promulgated thereunder as set forth below:

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- a. On October 14, 2022, a CRA Laboratory Scientist Specialist (LSS) contacted Respondent at its adult use marijuana safety compliance establishment regarding a request to review its overdue 2022-year proficiency test (PT).
- b. Respondent admitted that it had not performed its 2022 PTs for heavy metals, vitamin E Acetate and microbial.

Count I

Respondent's actions as described above in paragraph b demonstrates a violation of Mich Admin Code R, 420.305(14), which states in part that all laboratories shall participate in the proficiency testing program established by the agency. A laboratory shall analyze proficiency test samples from any ISO 17043 accredited vendor on an annual basis unless the agency requests additional testing.

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.

Pursuant to 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 MRTMA and/or the administrative rules. A compliance conference request must be submitted to the CRA in writing.

Hearing and compliance conference requests must be submitted in writing by one of the following methods:

By Mail: Department of Licensing & Regulatory Affairs
Cannabis Regulatory Agency
P.O. Box 30205
Lansing, Michigan 48909

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

By Email: CRA-LegalHearings@michigan.gov

If Respondent fails to timely respond to this formal complaint, a contested case hearing will be scheduled to resolve this matter.

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

Dated: 7/12/23

By: Alyssa A. Grissom
Digitally signed by Alyssa A. Grissom
Date: 2023.07.12 09:30:54 -04'00'

Alyssa A. Grissom
Legal Section Manager
Cannabis Regulatory Agency