

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

In the Matter of

THE RELEAF CENTER OF NILES, LLC
dba The Releaf Center for Compassionate Care
License No.: AU-R-000152

ENF No.: 21-00391

_____/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On September 12, 2021, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the adult-use marijuana retail establishment license AU-R-000152 of The Releaf Center of Niles, LLC dba The Releaf Center for Compassionate Care (“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 420.502(3), R 420.505(1), and R 420.502(4).

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 420.502(3), R 420.505(1), and R 420.502(4).

Accordingly, for these violations, IT IS ORDERED:

1. Respondent must pay a fine in the amount of thirty thousand and 00/100 dollars (\$30,000). 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

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number “21-00391” and license number “AU-R-000152” clearly displayed on the check 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. Respondent will provide an updated SOP detailing how staff will monitor product on administrative hold prior to sales within 30 days of the effective date on this order.
3. If Respondent fails to timely comply with the terms of this order, Respondent’s license shall be suspended until compliance is demonstrated.
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 R 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.

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CANNABIS REGULATORY AGENCY

Signed on: 02/16/2023

By: Brian Hanna
Brian Hanna, Executive Director
and/or his designee
Cannabis Regulatory Agency

Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email =
hanhab@michigan.gov C = US O =
CRA OU = CRA
Date: 2023.02.16 14:42:35 -05'00'

STIPULATION

The parties stipulate to the following:

1. Respondent does not contest the allegations of fact and law in the formal complaint. By pleading no contest, Respondent does not admit the truth of the allegations but agrees that the CRA's executive director or designee may enter an order treating the allegations as true for purposes of resolving the formal complaint.
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 was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.
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

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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: 2023.02.15
13:07:45 -05'00'

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

Dated: 02/15/2023

AGREED TO BY:

Michael E. Galatka

Michael E. Galatka, Managing Member
on behalf of Respondent
The Releaf Center of Niles, LLC

Dated: 2-13-2023

Robert A. Hendricks

Robert A. Hendricks (P37087)
Attorney for Respondent

Dated: 2/14/2023

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

In the Matter of

The Releaf Center of Niles, LLC
AU-ER No.: 000158
License No.: AU-R-000152
ENF No.: 21-00391

CMP No.: 21-000753

FORMAL COMPLAINT

The Marijuana Regulatory Agency (“Complainant”) files this formal complaint against The Releaf Center of Niles, LLC (“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 1840 Terminal Road, Suite A, Niles, Michigan 49120, 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. On May 21, 2021, the following five statewide monitoring system (METRC) package tag numbers were placed on administrative hold pending an agency investigation:
 - i. 1A4050300006402000000797
 - ii. 1A4050300006EF6000010042
 - iii. 1A4050300006EF6000010076
 - iv. 1A4050300006EF6000010104
 - v. 1A4050300006EF6000010132
- b. On May 22, 2021, Respondent made a total of 18 sales from five METRC packages collectively after they were placed on administrative hold in violation of Mich Admin Code, R 420.502(3), which states a marihuana business shall not sell or transfer marihuana product that has been placed on administrative hold, recalled, or ordered to be destroyed.
- c. Respondent sold marijuana product to customers from five METRC packages after they were placed on administrative hold, which is also a violation of Mich Admin Code, R 420.505(1), which states a marihuana sales location may sell or transfer marihuana or a marihuana product to a marihuana customer if all of the following are met: (a) The marihuana

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product has not been placed on administrative hold, recalled, or ordered to be destroyed.

- d. Additionally, because sales were made after the packages were placed on administrative hold, Respondent did not verify in METRC that the packages were placed on administrative hold prior to any sale or transfer, in violation of Mich Admin Code, R 420.502(4), which states a marijuana business must verify in the statewide monitoring system, prior to any sale or transfer, that the marijuana product has been placed on administrative hold, recalled, or ordered to be destroyed.

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

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

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

Dated: 9/12/21

By: Claire Patterson
Digitally signed by Claire Patterson
Date: 2021.09.12 21:38:31 -04'00'
Claire Patterson, Manager
Scientific and Legal Section Manager
Enforcement Division
Marijuana Regulatory Agency

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