

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

In the Matter of

G2 DEVELOPMENTS OF MICHIGAN, LLC
dba 7Engines
License No.: PC-000477

ENF No.: 21-00268

_____/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On February 4, 2022, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the medical marijuana provisioning center license PC-000477 of G2 Developments of Michigan, LLC dba 7Engines (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 420.802(3)(a), R 420.802(3)(d), R 420.802(3)(f), and R 420.18(1).

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 420.802(3)(a).

Accordingly, for these violations, IT IS ORDERED:

1. Respondent must pay a fine in the amount of five thousand and 00/100 dollars (\$5,000). 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

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www.michigan.gov/CRA

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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 “21-00268” and license number “PC-000477” 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. 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 420.802(3)(d), R 420.802(3)(f), and R 420.18(1) 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 407(1) of the MMFLA, MCL 333.27407(1), 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.

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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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Signed on: 07/05/2023

By: Brian Hanna
Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email =
hannab@michigan.gov C = US O =
CRA OU = CRA
Date: 2023.07.05 16:51:49 -04'00'

Brian Hanna, Executive Director
or his designee
Cannabis Regulatory Agency

STIPULATION

The parties stipulate to the following:

1. The facts alleged in the formal complaint as to the violations of Mich Admin Code R 420.802(3)(a) are true and constitute violations 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 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. Respondent submitted an amendment to replace the incumbent managing member more than 5 months before the provisioning center opened for sales, and Respondent continued to answer questions and submit amendments until a new managing member was approved 9 days after the provisioning center opened for sales.
 - b. Mich Admin Code R 420.802(3)(d), R 420.802(3)(f), and R 420.18(1) are dismissed due to insufficient evidence.

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- c. Respondent agrees that two members were appointed by a new board of managers and acted for the company by signing a proposed settlement agreement at least 4 months before the CRA approved any changes to the managing members.
 - d. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.
 - e. Respondent has been licensed as a medical marijuana provisioning center since 2020 and has no prior discipline against its license.
4. The CRA's operations director or his 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 operations director, executive director, or their designees reject the proposed consent order.

CONTINUED ON NEXT PAGE

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

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Desmond Mitchell
Date: 2023.07.03
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Desmond Mitchell, Operations Director
or his designee
Cannabis Regulatory Agency

AGREED TO BY:

/s/ Vinay Patel

Vinay Patel, Managing Member
on behalf of Respondent
G2 Developments of Michigan, LLC

Dated: 07/03/2023

6.30.2023

Dated: _____

/s/ Marcus Baldori

Marcus Baldori (P83138)
Attorney for Respondent

6.30.2023

Dated: _____

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

In the Matter of

G2 Developments of Michigan, LLC
ERG No.: 001521
License No.: PC-000477
ENF No.: 21-00268

CMP No.: 21-000456

FORMAL COMPLAINT

The Marijuana Regulatory Agency (“Complainant”) files this formal complaint against G2 Developments of Michigan, LLC (“Respondent”) alleging upon information and belief as follows:

1. The Marijuana Regulatory Agency (MRA) is authorized under the Medical Marihuana 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 administrative 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 marihuana facility operations.

4. Respondent’s conduct as described below is a risk to public health and safety and/or the integrity of marihuana 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 marijuana provisioning center in the state of Michigan.
6. Respondent operated at 408 River Street, Buchanan, Michigan, 49107, at all times relevant to this complaint.
7. Following an investigation, the MRA determined that Respondent violated the MMFLA and/or administrative rules promulgated thereunder as set forth below:
 - a. On or about September 2, 2020, Respondent was licensed.
 - b. On or about September 24, 2020, Respondent was credentialed in the statewide monitoring system (Metrc).
 - c. On or about November 6, 2020, attorney for Respondent advised the MRA that there would be a change in ownership and submitted an amendment.
 - d. On or about November 13, 2020, Respondent was advised that the amendment request presented was deficient.
 - e. On or about November 24, 2020, the sole pre-qualified supplemental applicant resigned from the business and executed a settlement agreement that was signed on behalf of Respondent by two individuals who were not pre-qualified or approved by the MRA as supplemental applicants under Respondent's license.
 - f. From December 2020 through March 2021, Respondent submitted various documents attempting to change the proposed amendment. These documents were signed by new members of the board of directors, none of which had been pre-qualified by the MRA.
 - g. The MRA advised Respondent that only the current members, i.e., the pre-qualified supplemental applicant could pursue an amendment.
 - h. The MRA was not aware of the resignation of the sole pre-qualified supplemental applicant until March 25, 2021.

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- i. On or about April 12, 2021, Respondent opened for business, and recorded its first sale in Metrc.
- j. On April 21, 2021, the MRA approved and pre-qualified JVA as a supplemental applicant on Respondent's license.
- k. From November 13, 2020, until April 21, 2021, Respondent's business, while licensed by the MRA, did not have any individual supplemental applicant approved on its license to conduct the affairs of the business in the state of Michigan.
- l. By appointing new members to the board of directors, Respondent failed to report to the agency proposed material changes that required prior authorization in violation of R 420.802(3)(a), (d), and (f) change in owners, officers, members, or managers; the addition or removal of a person named in the application or disclosed; and any attempted transfer, sale, or other conveyance of an interest in a marijuana license.
- m. By executing a settlement agreement to change ownership before the deficiencies were corrected and ownership was approved by the MRA and appointing new members to the board of directors, Respondent failed to receive approval from the agency for the material changes made (those listed above) in violation of Mich Admin Code, R 420.18(1).

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 333.27407(4) 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.

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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 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

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 at (517) 284-8599 or MRA-LegalHearings@michigan.gov.

Dated: 2/4/22

By: Claire Patterson
Claire Patterson, Manager
Scientific and Legal Section Manager
Enforcement Division
Marijuana Regulatory Agency

Digitally signed by Claire
Patterson
Date: 2022.02.04
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