

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

In the Matter of

Candid Labs, LLC
License No.: GR-C-000819

ENF No. 22-00549

CONSENT ORDER AND STIPULATION

CONSENT ORDER

On August 10, 2022, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the medical marijuana class C grower license (no. GR-C-000819) of Candid Labs, LLC (Respondent) under the Medical Marihuana Facilities Licensing Act (MMFLA), MCL 333.27101 *et seq.*, and administrative rules promulgated thereunder. The complaint alleged Respondent violated Mich Admin Code, R 420.108(1)(c), R 420.108(8), R 420.209(6)(a)(i), R 420.209(6)(a)(iv), R 420.209(6)(a)(vii), R 420.209(11), R 420.209(12), R 420.211(4), R 420.211(8), R 420.212(1), R 420.303(1), and R 420.303(2).

The executive director or designee reviewed the stipulation contained in this document and agrees the public interest is best served by resolution of the complaint. Therefore, the executive director or designee finds that the allegations contained in the complaint are true and that Respondent violated Mich Admin Code, R 420.108(1)(c), R 420.108(8), R 420.209(6)(a)(i), R 420.209(6)(a)(iv), R 420.209(6)(a)(vii), R 420.209(11), R 420.209(12), R 420.211(4), R 420.211(8), R 420.212(1), R 420.303(1), and R 420.303(2).

Accordingly, for these violations, IT IS ORDERED:

1. Respondent's license (no. GR-C-000819) is revoked. The license shall not be renewed, reinstated, reissued, or reactivated, limited or otherwise, at any future date.
2. Prior to the effective date of this order, Respondent shall follow the CRA's procedures for "Closing a Licensed Marijuana Business" at <https://www.michigan.gov/cra/closing-a-licensed-marijuana-business>. Respondent's inventory may be sold, transferred, or destroyed pursuant to these procedures.
3. Respondent and Respondent's supplemental applicant, Ramon Hana, are permanently prohibited from applying for or otherwise seeking any new marijuana business license in the State of Michigan; exercising managerial control over a such a business; or otherwise meeting the criteria to be deemed an applicant, supplemental applicant, or otherwise subject to a background investigation of any such business.
4. Respondent and Respondent's supplemental applicant, Ramon Hana, are permanently prohibited from any new ownership interest in a licensed marijuana business in the State of Michigan.
5. Respondent's supplemental applicant, Ramon Hana, is also the sole supplemental applicant for other state marijuana business licenses under license numbers AU-P-000328 and PR-000312. Mr. Hana is prohibited from applying for or otherwise seeking renewal, reinstatement, reissuance, or reactivation, limited or otherwise, at any future date of license numbers AU-P-000328 and PR-000312. Mr. Hana shall administratively close licenses AU-P-000328 and PR-000312 before the date of license expiration. This includes following the CRA's procedures for "Closing a Licensed Marijuana Business" at <https://www.michigan.gov/cra/closing-a-licensed-marijuana-business>.
6. Respondent's supplemental applicant, Ramon Hana, is permanently prohibited from being employed or working in any capacity at a licensed marijuana business in the State of Michigan, including but not limited to, performing the functions of a regular or managerial employee, rendering any services as an independent contractor, or rendering any services via another party. This paragraph does not apply to the licenses identified in paragraph 5 above.
7. 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.
8. Respondent shall be responsible for all costs and expenses incurred in complying with the terms and conditions of this consent order.

9. If Respondent violates any term or condition set forth in this order, Respondent may be subject to additional fines and/or other sanctions.
10. This order concludes the CRA's investigation into Respondent and the individuals associated with the allegations contained in formal complaint ENF No. 22-00549.

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

CANNABIS REGULATORY AGENCY

Signed on: 6/12/23

By: **Brian Hanna**
Executive Director Brian Hanna
or Designee
Cannabis Regulatory Agency

Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email =
hannab@michigan.gov C = US O = CRA OU =
CRA
Date: 2023.06.12 10:09:42 -04'00'

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 complaint.
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 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) This consent order and stipulation is part of a comprehensive resolution of all of Respondent's currently outstanding formal complaints.
 - b) Respondent and Respondent's supplemental applicant, Ramon Hana, understand and agree that any new application for a state marijuana business license or renewal contrary to the accompanying consent order will be denied.
 - c) Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.
4. The CRA's operations director or designee must approve this proposed agreement before it is forwarded to the CRA's executive director or 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 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: 2023.06.12 09:13:34 -04'00'

Desmond Mitchell
Operations Director
Cannabis Regulatory Agency
Dated: 6/12/23


AGREED TO BY:


Ramon Hana
On behalf of Respondent
Candid Labs, LLC
Dated: 6-8-2023


Ramon Hana
Dated: 6-8-2023

/s/ Adam M. Leyton

Adam M. Leyton (P80646)
Risa Hunt-Scully (P58239)
Assistant Attorneys General
Attorneys for Cannabis Regulatory Agency
Dated: 06/09/2023


Robert Huth (P42531)
Attorney for Respondent

Dated: 6/8/2023

LF: 2022-0359383-A\Candid Labs, LLC, (GR-C-000819), ENF 22-00549\Pleading – COS – 2023-06-05

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

In the Matter of

Candid Labs, LLC
License No.: GR-C-000819

ENF No: 22-00549

FORMAL COMPLAINT

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

1. The Cannabis Regulatory Agency (CRA) 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 CRA’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.

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). On April 13, 2022, the MRA became the Cannabis Regulatory Agency (CRA). The CRA exercises its statutory powers, duties, and functions independent of LARA’s direction. MCL 16.103.

FACTUAL ALLEGATIONS AND INTENDED ACTION OF THE CRA

5. Respondent holds an active state operating license under the MMFLA to operate a medical marihuana class C grower facility in the state of Michigan.

6. Respondent operated at 1850 Parmenter Rd., Corunna, Michigan 48817, at all times relevant to this complaint.

7. Following an investigation, the CRA determined that Respondent violated the MMFLA and/or administrative rules promulgated thereunder as set forth below:

- a. On June 24, 2022, the CRA contacted Respondent to schedule a pre-licensure inspection.
- b. Respondent inquired if it could bring in 12,000 immature plants so that the plants would reach maturity by the time Respondent was approved for licensure. The CRA advised Respondent that the plants would count against Respondent's plant count under its medical licenses and the CRA would not "push them through" to obtain licensure sooner.
- c. On June 27, 2022, the CRA observed in the statewide monitoring system (Metrc) that Respondent had a total of 44,592 immature plants in its inventory under license number GR-C-000819 – 43,092 plants over its allotted 1,500 plant count authorized under its medical class C grower license.
- d. On June 27, 2022, the CRA observed in Metrc that a majority of Respondent's 44,592 plants entered in Metrc were in batches greater than 100.
- e. During a facility site visit on June 29, 2022, the CRA observed that most of the plants inside the facility greenhouse were over 8 inches tall and untagged.
- f. On July 6, 2022, the CRA observed in Metrc that 44,592 immature plants in Respondent's inventory were reduced to 27,500 plants and that many of the plant packages were labeled as destroyed and documented in Metrc as "unwanted plants."

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- g. During an onsite visit on July 7, 2022, Respondent explained to the CRA that it destroyed 4,250 plants on July 1, 2022.
- h. Respondent was unable to confirm and/or provide proof of the destruction of the 4,250 plants, nor was Respondent able to confirm and/or provide proof of what happened to the rest of the plants that brought the plant count down to 27,500.
- i. Additionally, on July 7, 2022, the CRA observed a June 21, 2022 video surveillance recording of a white vehicle driving toward the greenhouse. The onsite manager stated the vehicle was delivering immature caregiver plants.
- j. The CRA was unable to observe any caregiver plants in the vehicle nor was Respondent able to provide a video surveillance recording of the caregiver plants accepted at the facility or entered into the statewide monitoring system (Metrac).

COUNT I

- k. Respondent is in violation of Mich Admin Code, R 420.108(1)(c), which states a grower license authorizes the grower to grow not more than the following number of marihuana plants under the indicated license class for each license the grower holds in that class: (c) class C – 1,500 marihuana plants.

COUNT II

- l. Respondent is in violation of R 420.108(8), which states a grower shall accurately enter all transactions, current inventory, and other information into the statewide monitoring system as required in the MMFLA, these rules, and the marihuana tracking act.

COUNT III

- m. Respondent is in violation of Mich Admin Code, R 420.209(6)(a)(i), which states a licensee shall ensure the video surveillance system does all the following: (a) records, at a minimum, the following areas: (i) any areas where marihuana products are weighed, packed, stored, loaded, and unloaded for transportation, prepared, or moved within the marihuana business.

COUNT IV

- n. Respondent is in violation of Mich Admin Code, R 420.209(6)(a)(iv), which states a licensee shall ensure the video surveillance system does all the following: (a)

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records, at a minimum, the following areas: (iv) the entrances and exits to the building, which must be recorded from both indoor and outdoor vantage points.

COUNT V

- o. Respondent is in violation of Mich Admin Code, R 420.209(6)(a)(vii), which states a licensee shall ensure the video surveillance system does all the following: (a) records, at a minimum, the following areas: (vii) areas where marihuana or marihuana products are destroyed.

COUNT VI

- p. Respondent is in violation of Mich Admin Code, R 420.209(11), which states a licensee shall keep surveillance recordings for a minimum of 30 calendar days, except in instances of investigation or inspection by the agency in which case the licensee shall retain the recordings until the time as the agency notifies the licensee that the recordings may be destroyed.

COUNT VII

- q. Respondent is in violation of Mich Admin Code, R 420.209(12), which states surveillance recordings of the licensee are subject to inspection by the agency and must be kept in a manner that allows the agency to view and obtain copies of the recordings at the marihuana business immediately upon request.

COUNT VIII

- r. Respondent is in violation of Mich Admin code, R 420.211(4), which states a marihuana product rendered unusable and unrecognizable and, therefore, considered waste, and marihuana plant waste must be recorded in the statewide monitoring system.

COUNT IX

- s. Respondent is in violation of Mich Admin Code, R 420.211(8), which states a licensee shall maintain accurate and comprehensive records regarding marihuana product waste, and marihuana plant waste that accounts for, reconciles, and evidences all waste activity related to the disposal.

COUNT X

- t. Respondent is also in violation of R 420.212(1), which states, in part, all marihuana products must be identified and tracked consistently in the statewide monitoring system.

COUNT XI

- u. Respondent is in violation of Mich Admin Code, R 420.303(1), which states that each immature plant batch must consist of no more than 100 immature plants.

COUNT XII

- v. Respondent is in violation of Mich Admin Code, R 420.303(2), which states a cultivator shall tag each individual plant that is greater than 8 inches in height from the growing or cultivating medium or more than 8 inches in width with an individual plant tag and record the identification information in the statewide monitoring system.

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.

Under MCL 333.27407(4) and 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 MMFLA and/or the administrative rules. A compliance conference request must be submitted to the CRA in writing.

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

Dated: 8/10/22

By: Alyssa A. Grissom
Alyssa A. Grissom
Legal Section Manager
Enforcement Division
Cannabis Regulatory Agency

Digitally signed by Alyssa A. Grissom
Date: 2022.08.10 16:08:59 -04'00'