

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

In the Matter of

CSHM Services, LLC
License No.: AU-R-000506

ENF No.: 21-00416

CONSENT ORDER AND STIPULATION

CONSENT ORDER

On August 4, 2022, the Cannabis Regulatory Agency (CRA) issued a first superseding formal complaint against the adult-use retailer establishment license (no. AU-R-000506) of CSHM Services, LLC (Respondent) under the Michigan Regulation and Taxation of Marihuana Act (MRTMA), MCL 333.27951 *et seq.*, and administrative rules promulgated thereunder. The first superseding formal complaint alleged Respondent violated Mich Admin Code, R 420.209(11).

The acting executive director or designee reviewed the stipulation contained in this document and agrees the public interest is best served by resolution of the first superseding formal complaint. Therefore, the acting executive director or designee finds that the allegations contained in the first superseding formal complaint are true and that Respondent violated Mich Admin Code, R 420.209(11).

Accordingly, for these violations, IT IS ORDERED:

1. Respondent must pay a fine in the amount of eight thousand and 00/100 dollars (\$8,000.00). This fine shall be paid within 60 days of the effective date of this order by check or money order made payable to the State of Michigan with “ENF No. 21-00416” clearly displayed on the check or money order. Respondent shall mail the fine payment to: Department of Licensing and Regulatory Affairs, Cannabis Regulatory Agency, P.O. Box 30205, Lansing, Michigan 48909.
2. If Respondent fails to timely pay the fine, Respondent’s license shall be suspended until payment is received.
3. Unless otherwise specified in this order, Respondent shall direct any communications to the CRA regarding the terms of this order to CRA-LegalHearings@michigan.gov.
4. If Respondent violates any term or condition set forth in this order, Respondent may be subject to additional fines and/or other sanctions.

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

CANNABIS REGULATORY AGENCY

Signed on: 3/9/2023

By: Brian Hanna
Acting Executive Director 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: 2023.03.09 13:30:01 -0500

STIPULATION

The parties stipulate to the following:

1. Respondent does not contest the allegations of fact and law in the first superseding formal complaint. By pleading no contest, Respondent does not admit the truth of the allegations but agrees that the CRA's acting executive director or designee may enter an order treating the allegations as true for purposes of resolving the first superseding 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 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 self-reported the incident at issue in the complaint to the CRA. Moreover, Respondent maintains that the incident stemmed from its own misunderstanding of the video surveillance hard drive system, rather than an intentional disregard of the CRA's applicable rule.
- b) Respondent avers that it completed a thorough review of the applicable administrative rules in light of this matter and states that it has taken additional steps to avoid further recurrences.
- 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 acting 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, acting 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:

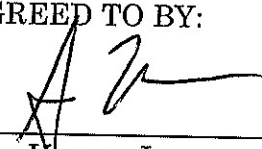
Desmond
Mitchell

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Desmond Mitchell
Date: 2023.03.08
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Desmond Mitchell
Operations Director
Cannabis Regulatory Agency

Dated: 3/8/2023

AGREED TO BY:

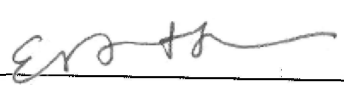

Sam Usman Jr.
Authorized Representative
On behalf of Respondent
CSHM Services, LLC

Dated: 2/6/23

/s/ Adam M. Leyton

Adam M. Leyton (P80646)
Risa N. Hunt-Scully (P58239)
Assistant Attorneys General
Attorneys for Cannabis Regulatory Agency

Dated: 03/07/2023


Ethan Holtz (P71884)
Jaffe Raitt Heuer & Weiss, P.C.
Attorney for Respondent

Dated: 3/7/23

LF: CSHM Services, LLC, 001229 2022-0346111-A / Consent Order and Stipulation / 2022-10-07

**STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
CANNABIS REGULATORY AGENCY ¹**

In the Matter of

**CSHM Services, LLC
License No.: AU-R-000506**

ENF No.: 21-00416

FIRST SUPERSEDING FORMAL COMPLAINT

The Cannabis Regulatory Agency (CRA) files this first superseding formal complaint against CSHM Services, 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), 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.

^[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

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

5. Respondent operated at 125 N. Clippert, Lansing, Michigan 48912, at all times relevant to this complaint.

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

a. Failure to Retain Video Surveillance Recordings (ENF No. 21-00416)

1. On September 1, 2021, Respondent contacted the CRA to report a hard drive failure with its video surveillance system at its licensed premises.
2. When Respondent contacted the CRA, Respondent believed that all video surveillance recordings from the evening of August 27, 2021 until the morning of August 30, 2021 had been lost due to a complete hard drive failure.
3. Respondent continued to conduct business at its licensed premises during the perceived video surveillance hard drive failure.
4. On September 7, 2021, the CRA requested that Respondent retain all video surveillance from August 8, 2021 until September 7, 2021 while it investigated the matter.
5. On September 10, 2021, Respondent informed the CRA that its first week of operation since obtaining licensure was August 23, 2021 to August 30, 2021. Because of the perceived video surveillance hard drive failure, Respondent

advised that video surveillance footage during this time was lost and could not be retained.

6. In subsequent communications between Respondent and the CRA, Respondent advised that its video surveillance hard drive had not completely failed and that the recordings had not been lost as previously reported.
7. Despite the above, Respondent did not retain the video surveillance recordings from its licensed premises as requested by the CRA. Specifically, Respondent failed to retain recordings from August 23, 2021 to August 30, 2021.
8. Respondent failed to keep its video surveillance recordings 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.

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.

FURTHER, the formal complaint previously filed against Respondent under ENF No.: 21-00416 on September 29, 2021, is hereby withdrawn and replaced in full by this first superseding formal complaint.

CANNABIS REGULATORY AGENCY
2407 NORTH GRAND RIVER • P.O. BOX 30205 • LANSING, MICHIGAN 48909
www.michigan.gov/CRA

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Under MCL 333.27957(1)(c) 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 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 CRA at (517) 284-8599 or CRA-LegalHearings@michigan.gov.

Dated: 8/4/2022

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

Digitally signed by Alyssa A. Grissom
Date: 2022.08.04 09:00:45 -04'00'

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