

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

In the Matter of

**GC Flint, LLC dba Green Culture,
License Nos. PC-000181 & AU-R-000396**

ENF Nos. 22-00660 & 22-00659

CONSENT ORDER AND STIPULATION

CONSENT ORDER

On November 15, 2022, the Cannabis Regulatory Agency (CRA) issued formal complaints against the medical marijuana provisioning center (no. PC-000181) and the co-located adult-use retailer licenses (no. AU-R-000396) of GC Flint, LLC dba Green Culture (Respondent) under the Medical Marihuana Facilities Licensing Act (MMFLA), MCL 333.27101 *et seq.*, Michigan Regulation and Taxation of Marihuana Act (MRTMA), MCL 333.27951 *et seq.*, and administrative rules promulgated thereunder. On the same day, the CRA issued orders of summary suspension against each license.

The formal complaint regarding the medical marihuana provisioning center (license no. PC-000181) alleged Respondent violated Mich Admin Code, R 420.111(1), R 420.111(4)(a), R 420.111(4)(b), R 420.111(4)(c), R 420.210(1), R 420.210(2), R 420.502(1), R 420.502(5), R 420.504(1)(a)-(h), (j), (i)-(v), R 420.505(1)(d)-(g), R 420.505(2), R 420.508(4), and R 420.508(5).

The formal complaint regarding the adult use retail facility (license no. AU-R-000396) alleged Respondent violated Mich Admin Code, R 420.104(1), R 420.104(3)(a), R 420.210(1), R 420.210(2), R 420.502(1), R 420.502(5), R

420.504(1)(a)-(h), (j)(i)-(v), R 420.505(1)(d)-(f), R420.505(2), R 420.508(4), and R 420.508(5).

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 both complaints are true and that Respondent violated the above referenced rules.

Accordingly, for these violations, IT IS ORDERED:

1. Respondent must serve a minimum six-month suspension with credit for the time the licenses have been summarily suspended. Respondent's licenses will automatically be reinstated when the CRA receives and issues written approval of the following:
 - a. Confirmation that change of ownership applications have been submitted and approved by the CRA to reflect any changes in ownership interest or managerial control in the GC Flint licenses or any other licenses in which MJCC dba Jars Cannabis, Jars Ventures 5, LLC, or Jars Holding LLC, is a supplemental applicant or licensee since November 15, 2022.
 - b. Confirmation that Respondent has employed all new management since November 15, 2022.
 - c. Destruction of all untagged caregiver product in the presence of and verified by a CRA employee.
 - d. Standard operating procedures on all of the following:
 1. Purchasing and Receiving
 2. In store Metrc Tracking and Tagging
 3. If Respondent obtains a license to sell hemp, a procedure to ensure that the product is hemp as opposed to marijuana.

2. Upon reinstatement of the licenses, the licenses will be restricted for six months during which the licenses will be subject to the following restrictions and conditions:
 - a. Respondent shall conduct a monthly inventory audit and email the results and corresponding point-of-sale system data to CRA-LegalHearings@michigan.gov by 5 p.m. on the first Wednesday of every month.
 - b. Respondent shall verify and record on a daily log that its video surveillance system is working, and that Respondent possesses video for the preceding 30 days. Respondent shall email the log shall be emailed to CRA-LegalHearings@michigan.gov by 5 p.m. on the first Wednesday of every month.
3. Respondent must pay a fine in the amount of fifty thousand and 00/100 dollars (\$50,000.00) per license, totaling one hundred thousand and 00/1000 dollars (\$100,000.00). This fine shall be paid within 60 days of the effective date of this order by check, money order, or online through Accela Citizen Access (ACA). CRA guidance on how to make compliance payments online is available under "Tips for Licensees" at www.michigan.gov/cra/bulletins. Checks or money orders shall be made payable to the State of Michigan with "ENF No. 22-00060" and "License No. PC-000181" on one check or money order and "ENF No. 22-00659" and "License No. AU-R-000396" clearly displayed on the other check or money order and mailed to: Department of Licensing and Regulatory Affairs, Cannabis Regulatory Agency, P.O. Box 30205, Lansing, Michigan 48909.
4. If Respondent fails to timely comply with the terms of this order, Respondent's licenses shall be suspended until compliance is demonstrated.
5. 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.
6. Respondent shall be responsible for all costs and expenses incurred in complying with the terms and conditions of this consent order.
7. 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 on the date signed by the CRA's executive director or designee, as set forth below.

CANNABIS REGULATORY AGENCY

Signed on: 3/20/23

By: Adam Sandoval
Digitally signed by Adam Sandoval
Date: 2023.03.20 12:09:33 -04'00'
Executive Director Brian Hanna
or Designee
Cannabis Regulatory Agency

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 or 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 represents that the alleged violations were not the result of any intentional disregard of applicable rules; rather, Respondent relied upon various representations from its former employees and a licensed hemp handler/processor, some of which Respondent later learned may not have been accurate.
- b) Respondent acknowledges that it is responsible for familiarizing itself with, understanding, and complying with all statutory requirements and rules applicable to its business.
- c) Respondent states that it has learned from this situation, completed a thorough review of the applicable statutes and administrative rules in light of this matter, made ownership and staffing changes, and provided additional staff training to avoid future recurrences. Specifically, for example, JARS Holding Co. (JARS), which was previously a minority owner in Respondent will become the majority owner and will take over day-to-day operations of Respondent. Respondent and JARS both represent

that JARS was not actively involved in the day-to-day operations at issue.

- d) Respondent was cooperative and wishes to resolve the allegations without further delay or expense to either party.
- e) Respondent voluntarily agrees to cooperate with any future proceedings that result from this investigation.
- f) Respondent and JARS voluntarily made changes in ownership and management of Respondent's business to address the issues in the formal complaints.

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:

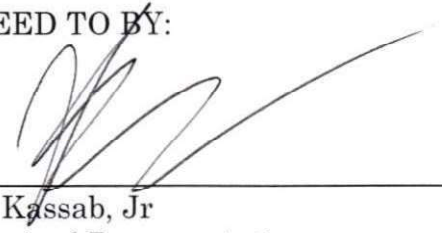
Desmond Mitchell

Digitally signed by Desmond Mitchell
Date: 2023.03.20 11:29:08 -04'00'

Desmond Mitchell
Operations Director
Cannabis Regulatory Agency

Dated: 3/20/23

AGREED TO BY:



Hani Kassab, Jr
Authorized Representative
On behalf of Respondent
Green Culture, LLC dba GC Flint
Dated: 3-17-2023

Sarah E. Huyser

Sarah E. Huyser (P70500)
Erika N. Marzorati (P78100)
Assistant Attorneys General
Attorneys for Cannabis Regulatory Agency
Dated: 3-20-23

Douglas E. Mains

Douglas E. Mains (P75351) Erika N. SCA
Kevin M. Blair (P76927)
Attorneys for Respondent

Dated: 3-17-2023

LF: GC Flint/Green Culture (AU-R-000396) ENF 22-00659 / 2022-0362120-B / Consent Order and Stipulation 2023-03-15

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

In the Matter of

GC Flint, LLC dba Green Culture
License No.: PC-000181

ENF No: 22-00660

FORMAL COMPLAINT

The Cannabis Regulatory Agency (“Complainant”) files this formal complaint against GC Flint, LLC dba Green Culture (“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 marijuana facility operations.

4. Respondent’s conduct as described below is a risk to public health and safety and/or the integrity of marijuana facility operations.

FACTUAL ALLEGATIONS AND INTENDED ACTION OF THE CRA

5. Respondent holds an active state operating license under the MMFLA to operate

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a medical marijuana provisioning center in the state of Michigan.

6. Respondent operated at 808 S. Center Rd., Ste. D, Flint, Michigan 48506, 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 August 27, 2022, the CRA received a complaint alleging Respondent was improperly selling caregiver product and provided the complainant with an ACF MoonRock Acai Haze pre-roll (3 grams) that (among other things) did not have test results or a statewide monitoring system (Metrc) tag. The product label contained the universal symbol for marijuana and a QR code that was linked to a website that sells phone jacks.
- b. CRA investigators went to Respondent's business on September 28, 2022.
- c. During the September 28 visit, CRA investigators observed several ACF MoonRock pre-roll products on the sales floor that did not have Metrc tags and were not entered in Metrc. The product labels contained the universal marijuana symbol.
- d. Respondent's floor lead, S.F., stated that Respondents' MoonRock products were 100% hemp extracted CBD, contained less than 0.3% Tetrahydrocannabinol (THC), did not require Metrc tags, were not tracked in Metrc, and were not made from caregiver marijuana.
- e. During the September 28 visit, CRA investigators observed a box with green containers containing ACF Labs MoonRocks product without Metrc tags. The product labels contained the universal marijuana symbol.
- f. During the September 28 visit, CRA investigators observed numerous ACF Labs pre-roll products that were without Metrc tags, including the following:
 1. Lemonade 3-gram pre-rolls (13 units)
 2. Orange Cream Soda 3-gram pre-rolls (63 units)

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3. Triple Melon 3-gram pre-rolls (270 units)
 6. Banana Taffy 3-gram pre-rolls (360 units)
 8. Midnight Berry 1.5-gram pre-rolls (324 units)
 9. Moonrock Strawberry Star 1.5-gram pre-rolls (181 units)
 10. Premium Caviar Blueberry Muffin 1.5-gram pre-rolls (76 units)
 12. Premium Citrus Star 1.5-gram pre-rolls (71 units)
 13. Moonrock Acai Haze 1.5-gram pre-rolls (124 units)
 14. Caviar Blunt Grape Kush Cake 1.5-gram pre-rolls (201 units)
 15. Moonrock Milkshake 1.5-gram pre-rolls (31 units)
 16. Grape Slush (white container) 1-gram pre-rolls (200 units)
- g. During the September 28 visit, CRA investigators also observed five ACF packages of flower that were without Metrc tags:
1. Moonrock Mandarin OG 1-gram packages (49 units)
 2. Moonrock Acai Haze 1-gram packages (10 units)
 3. Moonrock Cherry Pie 1-gram packages (16 units)
 4. Moonrock Banana Taffy 1-gram packages (45 units)
 5. Moonrock Strawberry Hot Cakes 1-gram packages (2 units)
- h. During the September 28 visit, CRA investigators observed several other ACF Labs products without Metrc tags on the sales floor:
1. Grapelatti 28-gram packages (31 units)
 2. Mintpaya 28-gram packages (27 units)
 3. Mintpaya 14-gram packages (1 units)
 4. Sour Tangi 14-gram packages (70 units)
 5. Pink Runtz 14-gram packages (46 units)

6. Pink Runtz 28-gram packages (15 units)

- i. CRA investigators observed additional products that were not properly tagged and/or entered in Metrc during follow-up visits to Respondent's between September 28 and October 4, 2022.
- j. During the September 29 visit, CRA investigators discovered several MoonRocks products (Pineapple Haze, Aloha Kush, and Apple Diesel) in a freezer at Respondent's business without Metrc tags.
- k. CRA investigators also discovered a box in the freezer containing 7 large mason style and 7 small glass jars containing a hard brown/black colored substance. Owner/Manager P.K. admitted that the products were caregiver products that should have been tagged. Respondent's Director M.J. and Manager V.B. later agreed to destroy all of the jars with caregiver concentrate.
- l. During the September 29 visit, CRA investigators conducted a physical count of Respondent's physical inventory for comparison against Respondent's inventory listed in Metrc. Of the 17 product tag numbers that were compared, only one had quantities in Metrc that matched Respondent's physical inventory; the remaining 16 had incorrect quantities entered in Metrc.
- m. On September 29, 2022, CRA investigators also conducted an audit of all untested product reported in Metrc to be at Respondent's business.
- n. During the September 29 visit, caregiver product was found in black bins in a storage room. The CRA weighed the product on-site and compared the weigh to the amount stated in Metrc for the corresponding products. Approximately 58 pounds (26,483.50 grams) of caregiver product entered in Metrc could not be located at the business.
- o. During the September 29 visit, CRA investigators also observed the following products at Respondent's business that could not be located in Metrc:

1. Triangle Mints (3 small green containers)
2. Punch Cake (3 small green containers)
3. Gelato 45 (1 small green container)
4. Alien Cream Cookies (1 small green container)
5. Mac 1 (1 small green container)
6. OJ (1 pink container)
7. Tropicana Truffle (1 clear container)
8. Sour Huff (1 green container)
9. Meatz (1 clear container)
10. GMO (1 white container)
11. Blue Hurricane (1 green container)
12. Mandarin Cookies (3 black and 2 small green containers)
13. Blue Pebbles (2 clear containers, 1 grey container, 1 green container)
14. Gushers (1 small green container)
15. Motor Breath (1 small green container)
16. C99 Blueberries (1 small brown container)
17. Blue Widow (1 small brown container)
18. Molotov 19 (3 small green containers)
19. AK (1 clear green container)
20. Chimpanzee (1 black bag, 1 green container, and 1 taller green container)
21. Sour Cupcake (1 clear container)
22. Triangle Mints (2 small green containers)
23. Rockstar Kush (1 clear container)
24. Platinum OG (2 white and black containers)
25. Unidentified product (3 brown and 2 small green containers)
26. I75 Girl (3 small green containers, 1 brown container, and 2 black container)

- p. CRA investigators returned to the business on October 3, 2022 and met with additional staff from Respondent's business. Respondent's Manager V.B. and Director of Compliance R.A. admitted and signed a document acknowledging that several untagged packages of product were in fact marihuana.
- q. Respondent admitted that the ACF Labs, untagged product was marijuana.
- r. On or around October 3, CRA investigators determined that 19 out of the 33 1-gram containers of Prezzi Sauce product identified in Metrc could not be accounted for at Respondent's location.
- s. Respondent admitted to obtaining product from ACF Labs. ACF Labs is not licensed by the State of Michigan as a medical marijuana facility or an adult-use marijuana establishment. ACF Labs is the assumed name of Bee Pure Health, which is licensed by the State of Michigan as a hemp processor.
- t. Owner/Manager P.K. acknowledged that Respondent accepted product transfers from ACF Labs without the use of a secure transporter; that Respondent's staff sometimes picked products up at ACF Labs directly; and that ACF Labs products were otherwise delivered to Respondent's business, sometimes through the front door rather than the back delivery entrance.
- u. The products Respondent received from ACF Labs were not labeled with any of the following required information:
 - 1. Name and state license number of the cultivator or producer
 - 2. Name and license number of the licensee that packaged the product
 - 3. Date of harvest
 - 4. Name of strain
 - 5. Net weight
 - 6. Concentration of THC and cannabidiol (CBD) as reported by the laboratory after testing

7. Activation time
 8. Name of a laboratory that performed compliance testing
 9. Required warnings
- v. As part of the investigation, the CRA reviewed content from Respondent's point of sale system, which revealed that between February 10 and September 30, 2022, Respondent sold or transferred 17,947 ACF Labs products to patients or consumers without full compliance testing, without proper Metrc tags and labeling, and without entering required information in Metrc.
 - w. On October 4, 2022, a sampling event was conducted while the CRA was onsite in order to facilitate full compliance testing of the untagged product. A total of 51 samples of product were collected for testing.
 - x. Of the 51 untagged products tested following the October 4 sampling event, 49 were confirmed to be marijuana, with a total THC concentration greater than 0.3%. The remaining two had less than 0.3% THC and were identified as hemp. More than three-quarters of the products contained paclobutrazol (a banned pesticide), nickel (a heavy metal), aspergillus (a type of mold), and/or total coliforms (bacteria) in amounts exceeding state limits.
 - y. During the sampling event, a number of packages identified as untagged product were identified. Samples were taken from the untagged product. Respondent's Manager V.B. and Director of Compliance R.A. indicated the remaining product (after samples were removed) was in fact marijuana. An affidavit was signed acknowledging that this product had a THC concentration that exceeded 0.3%.

Count I

Respondent's actions as described above demonstrate a violation of R 420.111(1), which states that a provisioning center license authorizes the purchase or transfer of marijuana only from a grower or processor and sale or transfer to only a registered qualifying patient or registered primary caregiver. R 420.111(1) further

states that except as otherwise provided in section 505 of the MMFLA, MCL 333.27505, and this subrule, all transfers of marihuana to a provisioning center from a separate marihuana facility must be by means of a secure transporter.

Count II

Respondent's actions as described above demonstrate a violation of R 420.111(4)(a), which states that a provisioning center shall comply with all of the following: sell or transfer marihuana to a registered qualifying patient or registered primary caregiver only after it has been tested and bears the label required for retail sale.

Count III

Respondent's actions as described above demonstrate a violation of R 420.111(4)(b), 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 IV

Respondent's actions as described above demonstrate a violation of R 420.111(4)(c), which states that before selling or transferring marihuana to a registered qualifying patient or to a registered primary caregiver on behalf of a registered qualifying patient, a provisioning center shall inquire of the statewide monitoring system to determine whether the patient and, if applicable, the caregiver, hold a valid, current, unexpired, and unrevoked registry identification card and that the sale or transfer will not exceed the daily and monthly purchasing limit established by the agency under the MMFLA.

Count V

Respondent's actions as described above demonstrate a violation of R 420.210(1), which states that except for designated consumption establishments or temporary marihuana events licensed under the MRTMA, a marihuana business must not have marihuana products that are not identified and recorded in the statewide monitoring system pursuant to the rules. R 420.210(1) further states that a licensee

shall not transfer or sell a marihuana product that is not identified in the statewide monitoring system pursuant to the rules.

Count VI

Respondent's actions as described above demonstrate a violation of R 420.210(2), which states that except for a designated consumption establishment or temporary marihuana event licensed under the MRTMA, a marihuana business must not have any marihuana product without a batch number or identification tag or label pursuant to the rules. R 420.210(2) further states that a licensee shall immediately tag, identify, or record as part of a batch in the statewide monitoring system any marihuana product as provided in the rules.

Count VII

Respondent's actions as described above demonstrate a violation of R 420.502(1), which states that each marihuana product sold or transferred must be clearly labeled with the tracking identification numbers assigned by the statewide monitoring system affixed, tagged, or labeled and recorded, and any other information required by the agency, the acts, and the rules.

Count VIII

Respondent's actions as described above demonstrate a violation of R 420.502(5), which states that prior to selling or transferring a marihuana product, a marihuana business must verify in the statewide monitoring system, that the marihuana product has not been placed on an administrative hold, recalled, or ordered to be destroyed.

Count IX

Respondent's actions as described above demonstrate a violation of R 420.504(1)(a)-(h), (j)(i-v), which state that before a marihuana product is sold or transferred to or by a marihuana sales location, the container, bag, or product holding the marihuana product must be sealed and labeled with all of the following information:

- (a) The name and the state license number of the cultivator or producer, including business or trade name, and package tag as assigned by the statewide monitoring system.
- (b) The name and the marihuana license number of the licensee that packaged the product, including business or trade name, if different from the producer of the marihuana product.
- (c) Date of harvest, if applicable.
- (d) Name of strain, if applicable.
- (e) Net weight in United States customary or metric units.
- (f) Concentration of Tetrahydrocannabinol (THC) and cannabidiol (CBD) as reported by the laboratory after potency testing along with a statement that the actual value may vary from the reported value by 10%.
- (g) Activation time expressed in words or through a pictogram.
- (h) Name of the laboratory that performed any passing compliance testing on the product in final form and any test analysis date.
- (j) The required warnings.
 - i. "It is illegal to drive a motor vehicle while under the influence of marihuana."
 - ii. "National Poison Control Center 1-800-222-1222."
 - iii. For products being sold by a marihuana facility that exceed the maximum THC levels allowed for products sold under MRTMA, "For use by registered qualifying patients only. Keep out of reach of children."
 - iv. For all other products, "For use by individuals 21 years of age or older or registered qualifying patients only. Keep out of reach of children."
 - v. In clearly legible type and surrounded by a continuous heavy line: "WARNING: USE BY PREGNANT OR BREASTFEEDING WOMEN, OR BY WOMEN PLANNING

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TO BECOME PREGNANT, MAY RESULT IN FETAL INJURY, PRETERM BIRTH, LOW BIRTH WEIGHT, OR DEVELOPMENTAL PROBLEMS FOR THE CHILD.”

Count X

Respondent's actions as described above demonstrate a violation of R 420.505(1)(d)-(g), which state that a marihuana sales location shall verify all of the following prior to selling or transferring marihuana or a marihuana product to a marihuana customer:

- (d) The completed transfer or sale will not exceed the purchasing limit prescribed in R 420.506.
- (e) The marihuana product has been tested in accordance with R 420.305.
- (f) The marihuana product is labeled and packaged for sale or transfer in accordance with R 420.504.
- (g) The registered qualifying patient or registered primary caregiver holds a valid, current, unexpired, and unrevoked registry identification card.

Count XI

Respondent's actions as described above demonstrate a violation of R 420.505(2), which states that a marihuana sales location shall enter all transactions, current inventory, and other information required by the rules in the statewide monitoring system. R 420.505(2) further states that a marihuana sales location shall maintain appropriate records of all sales or transfers under the acts and the rules and make them available to the agency upon request.

Count XII

Respondent's actions as described above demonstrate a violation of R 420.508(4), which states that any trade sample transferred to a producer or marihuana sales location or received by a producer or a marihuana sales location must be recorded in the statewide monitoring system.

Count XIII

Respondent's actions as described above demonstrate a violation of R 420.508(5), which states that any trade samples transferred under this rule must be tested in accordance with the rules prior to being transferred to a producer or marihuana sales location.

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.

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

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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: 11/15/22

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

Digitally signed by Alyssa A. Grissom
Date: 2022.11.15 13:31:38 -05'00'

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

In the Matter of

GC Flint, LLC dba Green Culture
License No.: AU-R-000396

ENF No: 22-00659

FORMAL COMPLAINT

The Cannabis Regulatory Agency (“Complainant”) files this formal complaint against GC Flint, LLC dba Green Culture (“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 rules 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.

3. Respondent’s conduct as described below is a risk to public health and safety and/or the integrity of marijuana establishment operations.

FACTUAL ALLEGATIONS AND INTENDED ACTION OF THE CRA

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

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5. Respondent operated at 808 S. Center Rd., Ste. D, Flint, Michigan 48506, 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. On August 27, 2022, the CRA received a complaint alleging Respondent was improperly selling caregiver product and provided the complainant with an ACF MoonRock Acai Haze pre-roll (3 grams) that (among other things) did not have test results or a statewide monitoring system (Metrc) tag. The product label contained the universal symbol for marijuana and a QR code that was linked to a website that sells phone jacks.
- b. CRA investigators went to Respondent's business on September 28, 2022.
- c. During the September 28 visit, CRA investigators observed several ACF MoonRock pre-roll products on the sales floor that did not have Metrc tags and were not entered in Metrc. The product labels contained the universal marijuana symbol.
- d. Respondent's floor lead, S.F., stated that Respondents' MoonRock products were 100% hemp extracted CBD, contained less than 0.3% Tetrahydrocannabinol (THC), did not require Metrc tags, were not tracked in Metrc, and were not made from caregiver marijuana.
- e. During the September 28 visit, CRA investigators observed a box with green containers containing ACF Labs MoonRocks product without Metrc tags. The product labels contained the universal marijuana symbol.
- f. During the September 28 visit, CRA investigators observed numerous ACF Labs pre-roll products that were without Metrc tags, including the following:
 1. Lemonade 3-gram pre-rolls (13 units)
 2. Orange Cream Soda 3-gram pre-rolls (63 units)
 3. Triple Melon 3-gram pre-rolls (270 units)

6. Banana Taffy 3-gram pre-rolls (360 units)
 8. Midnight Berry 1.5-gram pre-rolls (324 units)
 9. Moonrock Strawberry Star 1.5-gram pre-rolls (181 units)
 10. Premium Caviar Blueberry Muffin 1.5-gram pre-rolls (76 units)
 12. Premium Citrus Star 1.5-gram pre-rolls (71 units)
 13. Moonrock Acai Haze 1.5-gram pre-rolls (124 units)
 14. Caviar Blunt Grape Kush Cake 1.5-gram pre-rolls (201 units)
 15. Moonrock Milkshake 1.5-gram pre-rolls (31 units)
 16. Grape Slush (white container) 1-gram pre-rolls (200 units)
- g. During the September 28 visit, CRA investigators also observed five ACF packages of flower that were without Metrc tags:
1. Moonrock Mandarin OG 1-gram packages (49 units)
 2. Moonrock Acai Haze 1-gram packages (10 units)
 3. Moonrock Cherry Pie 1-gram packages (16 units)
 4. Moonrock Banana Taffy 1-gram packages (45 units)
 5. Moonrock Strawberry Hot Cakes 1-gram packages (2 units)
- h. During the September 28 visit, CRA investigators observed several other ACF Labs products without Metrc tags on the sales floor:
1. Grapelatti 28-gram packages (31 units)
 2. Mintpaya 28-gram packages (27 units)
 3. Mintpaya 14-gram packages (1 units)
 4. Sour Tangi 14-gram packages (70 units)
 5. Pink Runtz 14-gram packages (46 units)
 6. Pink Runtz 28-gram packages (15 units)

- i. CRA investigators observed additional products that were not properly tagged and/or entered in Metrc during follow-up visits to Respondent's between September 28 and October 4, 2022.
- j. During the September 29 visit, CRA investigators discovered several MoonRocks products (Pineapple Haze, Aloha Kush, and Apple Diesel) in a freezer at Respondent's business without Metrc tags.
- k. CRA investigators also discovered a box in the freezer containing 7 large mason style and 7 small glass jars containing a hard brown/black colored substance. Owner/Manager P.K. admitted that the products were caregiver products that should have been tagged. Respondent's Director M.J. and Manager V.B. later agreed to destroy all of the jars with caregiver concentrate.
- l. During the September 29 visit, CRA investigators conducted a physical count of Respondent's physical inventory for comparison against Respondent's inventory listed in Metrc. Of the 17 product tag numbers that were compared, only one had quantities in Metrc that matched Respondent's physical inventory; the remaining 16 had incorrect quantities entered in Metrc.
- m. On September 29, 2022, CRA investigators also conducted an audit of all untested product reported in Metrc to be at Respondent's business.
- n. During the September 29 visit, caregiver product was found in black bins in a storage room. The CRA weighed the product on-site and compared the weigh to the amount stated in Metrc for the corresponding products. Approximately 58 pounds (26,483.50 grams) of caregiver product entered in Metrc could not be located at the business.
- o. During the September 29 visit, CRA investigators also observed the following products at Respondent's business that could not be located in Metrc:

- 1. Triangle Mints (3 small green containers)

2. Punch Cake (3 small green containers)
3. Gelato 45 (1 small green container)
4. Alien Cream Cookies (1 small green container)
5. Mac 1 (1 small green container)
6. OJ (1 pink container)
7. Tropicana Truffle (1 clear container)
8. Sour Huff (1 green container)
9. Meatz (1 clear container)
10. GMO (1 white container)
11. Blue Hurricane (1 green container)
12. Mandarin Cookies (3 black and 2 small green containers)
13. Blue Pebbles (2 clear containers, 1 grey container, 1 green container)
14. Gushers (1 small green container)
15. Motor Breath (1 small green container)
16. C99 Blueberries (1 small brown container)
17. Blue Widow (1 small brown container)
18. Molotov 19 (3 small green containers)
19. AK (1 clear green container)
20. Chimpanzee (1 black bag, 1 green container, and 1 taller green container)
21. Sour Cupcake (1 clear container)
22. Triangle Mints (2 small green containers)
23. Rockstar Kush (1 clear container)
24. Platinum OG (2 white and black containers)
25. Unidentified product (3 brown and 2 small green containers)
26. I75 Girl (3 small green containers, 1 brown container, and 2 black container)

- p. CRA investigators returned to the business on October 3, 2022 and met with additional staff from Respondent's business. Respondent's Manager V.B. and Director of Compliance R.A. admitted and signed a document acknowledging that several untagged packages of product were in fact marihuana.
- q. Respondent admitted that the ACF Labs, untagged product was marijuana.
- r. On or around October 3, CRA investigators determined that 19 out of the 33 1-gram containers of Prezzi Sauce product identified in Metrc could not be accounted for at Respondent's location.
- s. Respondent admitted to obtaining product from ACF Labs. ACF Labs is not licensed by the State of Michigan as a medical marijuana facility or an adult-use marijuana establishment. ACF Labs is the assumed name of Bee Pure Health, which is licensed by the State of Michigan as a hemp processor.
- t. Owner/Manager P.K. acknowledged that Respondent accepted product transfers from ACF Labs without the use of a secure transporter; that Respondent's staff sometimes picked products up at ACF Labs directly; and that ACF Labs products were otherwise delivered to Respondent's business, sometimes through the front door rather than the back delivery entrance.
- u. The products Respondent received from ACF Labs were not labeled with any of the following required information:
 - 1. Name and state license number of the cultivator or producer
 - 2. Name and license number of the licensee that packaged the product
 - 3. Date of harvest
 - 4. Name of strain
 - 5. Net weight
 - 6. Concentration of THC and cannabidiol (CBD) as reported by the laboratory after testing
 - 7. Activation time

8. Name of a laboratory that performed compliance testing
 9. Required warnings
- v. As part of the investigation, the CRA reviewed content from Respondent's point of sale system, which revealed that between February 10 and September 30, 2022, Respondent sold or transferred 17,947 ACF Labs products to patients or consumers without full compliance testing, without proper Metrc tags and labeling, and without entering required information in Metrc.
 - w. On October 4, 2022, a sampling event was conducted while the CRA was onsite in order to facilitate full compliance testing of the untagged product. A total of 51 samples of product were collected for testing.
 - x. Of the 51 untagged products tested following the October 4 sampling event, 49 were confirmed to be marijuana, with a total THC concentration greater than 0.3%. The remaining two had less than 0.3% THC and were identified as hemp. More than three-quarters of the products contained paclobutrazol (a banned pesticide), nickel (a heavy metal), aspergillus (a type of mold), and/or total coliforms (bacteria) in amounts exceeding state limits.
 - y. During the sampling event, a number of packages identified as untagged product were identified. Samples were taken from the untagged product. Respondent's Manager V.B. and Director of Compliance R.A. indicated the remaining product (after samples were removed) was in fact marijuana. An affidavit was signed acknowledging that this product had a THC concentration that exceeded 0.3%.

Count I

Respondent's actions as described above demonstrate a violation of R 420.104(1) which states that a marihuana retailer license authorizes the marihuana retailer to purchase or transfer of marihuana or marihuana-infused products from only a licensed marihuana establishment and sell or transfer to only a licensed marihuana establishment or an individual 21 years of age or older. R 420.104(1) further states

that, except as otherwise provided in the rules and the MRTMA, all transfers of marihuana to a marihuana retailer from a separate marihuana establishment must be by means of a marihuana secure transporter.

Count II

Respondent's actions as described above demonstrate a violation of R 420.104(3)(a) which states that a marihuana retailer shall comply with all of the following: sell or transfer marihuana to an individual 21 years of age or older only after it has been tested in accordance with these rules and bears the label required for retail sale.

Count III

Respondent's actions as described above demonstrate a violation of R 420.210(1), which states that except for designated consumption establishments or temporary marihuana events licensed under the MRTMA, a marihuana business must not have marihuana products that are not identified and recorded in the statewide monitoring system pursuant to the rules. R 420.210(1) further states that a licensee shall not transfer or sell a marihuana product that is not identified in the statewide monitoring system pursuant to the rules.

Count IV

Respondent's actions as described above demonstrate a violation of R 420.210(2), which states that except for a designated consumption establishment or temporary marihuana event licensed under the MRTMA, a marihuana business must not have any marihuana product without a batch number or identification tag or label pursuant to the rules. R 420.210(2) further states that a licensee shall immediately tag, identify, or record as part of a batch in the statewide monitoring system any marihuana product as provided in the rules.

Count V

Respondent's actions as described above demonstrate a violation of R 420.502(1), which states that each marihuana product sold or transferred must be clearly labeled with the tracking identification numbers assigned by the statewide

monitoring system affixed, tagged, or labeled and recorded, and any other information required by the agency, the acts, and the rules.

Count VI

Respondent's actions as described above demonstrate a violation of R 420.502(5), which states that prior to selling or transferring a marihuana product, a marihuana business must verify in the statewide monitoring system, that the marihuana product has not been placed on an administrative hold, recalled, or ordered to be destroyed.

Count VII

Respondent's actions as described above demonstrate a violation of R 420.504(1)(a)-(h), (j)(i-v) which state that before a marihuana product is sold or transferred to or by a marihuana sales location, the container, bag, or product holding the marihuana product must be sealed and labeled with all of the following information:

- (a) The name and the state license number of the cultivator or producer, including business or trade name, and package tag as assigned by the statewide monitoring system.
- (b) The name and the marihuana license number of the licensee that packaged the product, including business or trade name, if different from the producer of the marihuana product.
- (c) Date of harvest, if applicable.
- (d) Name of strain, if applicable.
- (e) Net weight in United States customary or metric units.
- (f) Concentration of Tetrahydrocannabinol (THC) and cannabidiol (CBD) as reported by the laboratory after potency testing along with a statement that the actual value may vary from the reported value by 10%.
- (g) Activation time expressed in words or through a pictogram.
- (h) Name of the laboratory that performed any passing compliance testing on the product in final form and any test analysis date.

(j) The required warnings.

- i. "It is illegal to drive a motor vehicle while under the influence of marihuana."
- ii. "National Poison Control Center 1-800-222-1222."
- iii. For products being sold by a marihuana facility that exceed the maximum THC levels allowed for products sold under MRTMA, "For use by registered qualifying patients only. Keep out of reach of children."
- iv. For all other products, "For use by individuals 21 years of age or older or registered qualifying patients only. Keep out of reach of children."
- v. In clearly legible type and surrounded by a continuous heavy line: "WARNING: USE BY PREGNANT OR BREASTFEEDING WOMEN, OR BY WOMEN PLANNING TO BECOME PREGNANT, MAY RESULT IN FETAL INJURY, PRETERM BIRTH, LOW BIRTH WEIGHT, OR DEVELOPMENTAL PROBLEMS FOR THE CHILD."

Count VIII

Respondent's actions as described above demonstrate a violation of R 420.505(1)(d)-(f) which state that a marihuana sales location shall verify all of the following prior to selling or transferring marihuana or a marihuana product to a marihuana customer:

- (d) The completed transfer or sale will not exceed the purchasing limit prescribed in R 420.506.
- (e) The marihuana product has been tested in accordance with R 420.305.
- (f) The marihuana product is labeled and packaged for sale or transfer in accordance with R 420.504.

Count IX

Respondent's actions as described above demonstrate a violation of R 420.505(2) which states that a marihuana sales location shall enter all transactions, current inventory, and other information required by the rules in the statewide monitoring system. R 420.505(2) further states that a marihuana sales location shall maintain appropriate records of all sales or transfers under the acts and the rules and make them available to the agency upon request.

Count X

Respondent's actions as described above demonstrate a violation of R 420.508(4), which states that any trade sample transferred to a producer or marihuana sales location or received by a producer or a marihuana sales location must be recorded in the statewide monitoring system.

Count XI

Respondent's actions as described above demonstrate a violation of R 420.508(5), which states that any trade samples transferred under this rule must be tested in accordance with the rules prior to being transferred to a producer or marihuana sales location.

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 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: 11/15/22

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

Digitally signed by Alyssa A. Grissom
Date: 2022.11.15 13:31:02 -05'00'