

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

In the Matter of

Oak Flint, LLC dba Cloud Cannabis Company
License No.: AU-R-000670

ENF No: 22-00398

_____/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On June 15, 2022, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the adult-use marijuana retail establishment license (AU-R-000670) of Oak Flint LLC dba Cloud Cannabis Company (Respondent) under the Michigan Regulation and Taxation of Marijuana Act (MRTMA), MCL 333.27951 *et seq.*, and the administrative rules promulgated thereunder. The formal complaint alleged Respondent violated Mich Admin Code R 420.504(1)(c) and (h), R 420.505(1)(f), and R 420.104(3)(a).

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 420.504(1)(c) and (h), R 420.505(1)(f), and R 420.104(3)(a).

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). 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 number "22-00398" and license number "AU-R-000670" clearly displayed on

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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 must provide a Standard Operating Procedure (SOP) detailing how staff will test and verify that package labels are printed with all required information before the products are transferred or offered for sale. This SOP must be submitted to CRA-LegalHearings@michigan.gov within 30 days of the effective date of 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.

CONTINUED ON NEXT PAGE

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

CANNABIS REGULATORY AGENCY

Signed on: 03/01/2023

By: Brian Hanna
Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email =
bhanna@nichigan.gov C = US O =
CRA OU = CRA
Date: 2023.03.01 17:01:17 -0500

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

STIPULATION

The parties stipulate to the following:

1. The facts alleged in the formal complaint are true and constitute a violation of the administrative rules promulgated under the MRTMA.
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 admitted that it had data entry errors when onboarding package data into a new point of sale system, resulting in missing information on the package labels for 3 products.
 - b. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.
 - c. Respondent has been licensed as an adult use retail establishment since 2022 and has no prior discipline against its license.

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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 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: 2023.03.01
12:51:25 -05'00'

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

AGREED TO BY:

Nirav Shah

Nirav Shah, Manager
Cloud Management Company, LLC
as the Manager of Oak Flint, LLC

Dated: 03/01/2023

Dated: 3/1/2023

Rob Nederhood

Robert Nederhood (P70028)
Attorney for Respondent

Dated: 3/1/2023

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DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
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In the Matter of

Oak Flint, LLC dba Cloud Cannabis Company
License No.: AU-R-000670

ENF No: 22-00398

_____ /

FORMAL COMPLAINT

The Cannabis Regulatory Agency (“Complainant”) files this formal complaint against Oak Flint, LLC dba Cloud Cannabis Company (“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.

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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.
CRA 5027

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 710 Edelweiss Village Pkwy., Gaylord, Michigan 49735, 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 April 19, 2022, the CRA received a complaint alleging Respondent sold the complainant poor quality marijuana product and product without proper labeling.
- b. On May 1, 2022, the complainant emailed the CRA a photo of the purchased product.
- c. The CRA observed the product label in the photo was missing the following information in violation of Mich Admin Code, R 420.504(1)(c), and (h):
 - i. Date of harvest, if applicable.
 - ii. Name of laboratory that performed passing compliance testing on the product in final form and any test analysis date.
- d. On May 5, 2022, the CRA visited Respondent's establishment and observed multiple marijuana packages with the testing facility, test date, and harvest date missing from the product labels.
- e. Respondent sold marijuana product that was missing the required information from the product label in violation of Mich Admin Code, R 420.505(1)(f), which states a marihuana sales location shall verify all of the

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CRA 5027

following prior to selling or transferring marihuana or a marihuana product to a marihuana customer: (f) The marihuana product is labeled and packaged for sale or transfer in accordance with R 420.504.

- f. Respondent is also in violation of Mich Admin Code, R 420.104(3)(a), which states a marihuana retailer shall comply with all of the following: (a) 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.

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 333.27957 (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 Emergency 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

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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: 6/15/22

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

Digitally signed by Alyssa A. Grissom
Date: 2022.06.15 16:48:21 -04'00'

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