

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

In the Matter of

EMERALD MOUNTAIN LABS, LLC
License Nos.: AU-G-C-000625,
AU-G-C-000749

ENF No.: 22-00366

_____/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On June 22, 2022, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the adult-use marijuana grow establishment licenses AU-G-C-000625 & AU-G-C-000749 of Emerald Mountain Labs, LLC (Respondent) under the Michigan Regulation and Taxation of Marihuana Act (MRTMA), MCL 333.27951 *et seq.*, and the administrative rules promulgated thereunder. The formal complaint alleged Respondent violated Mich Admin Code, R 420.303(3) and R 420.303(4).

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 410.303(3).

Accordingly, for these violations, IT IS ORDERED:

1. Respondent must pay a fine in the amount of five thousand dollars 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 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 "22-00366" and license numbers "AU-G-C-000625 &

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

LARA is an equal opportunity employer/program

AU-G-C-000749” 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 licenses shall be suspended until compliance is demonstrated.
3. The alleged violation of Mich Admin Code R 420.303(4) is 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 7(1)(c) of the MRTMA, MCL 333.27957, and Mich Admin Code, 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: 05/30/2023

By: Brian Hanna
Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email =
hanab@michigan.gov C = US O =
CRA OU = CRA
Date: 2023.05.30 11:45:24 -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 pertaining to the alleged violation of Mich Admin Code R 420.303(3) 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 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 updated a standard operating procedure (SOP) to state that individual plants tags must stay on harvested plants during drying.
 - b. There is no evidence that Respondent packaged dried plants with their individual pre-harvest plant tags. Respondent stated it packaged the dried flower with newly created package tags.

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

LARA is an equal opportunity employer/program

- c. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.
 - d. Respondent has been licensed as an adult use marijuana grower since 2021 and has no prior discipline against its licenses.
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.

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: 2023.05.25
07:43:46 -04'00'

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

Dated: 05/25/2023

AGREED TO BY:

David Yousif

David Yousif, Managing Member
on behalf of Respondent
Emerald Mountain Labs, LLC

Dated: 05/24/2023

Salam Elia

Salam Elia (P76593)
Attorney for Respondent

Dated: 05/24/2023

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

In the Matter of

Emerald Mountain Labs, LLC
License No(s): AU-G-C-000625 & AU-G-C-000749

ENF No: 22-00366

FORMAL COMPLAINT

The Cannabis Regulatory Agency (“Complainant”) files this formal complaint against Emerald Mountain Labs, 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.

CANNABIS REGULATORY AGENCY
2407 NORTH GRAND RIVER • P.O. BOX 30205 • LANSING, MICHIGAN 48909
www.michigan.gov/CRA
LARA is an equal opportunity employer/program

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

FACTUAL ALLEGATIONS AND INTENDED ACTION OF THE CRA

4. Respondent holds an active state license under the MRTMA to operate multiple adult use Class C grower establishments in the state of Michigan.

5. Respondent operated at 21445 Hoover Rd., Ste 316., Warren, Michigan 48089, 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 11, 2022, the CRA received a complaint that Respondent was not tagging its marijuana plants.
- b. On May 2, 2022, the CRA visited Respondent's establishment.
- c. The CRA observed no METRC tags on any of the plants in Dry Room 1.
- d. The CRA observed METRC tags in an orange bucket next to a plant scale in another room.
- e. The CRA reviewed METRC and observed that the plant tags in the orange bucket were associated with the plants in Dry Room 1.
- f. Respondent admitted to being unaware that plant tags must remain adhered to the associated plant while in the drying room.
- g. Respondent also admitted that after drying, the plants are packaged with their associated package tags.
- h. Respondent's plants were separate from their associated tags during the drying process, rendering the plants unidentifiable in violation of Mich Admin Code, R 420.303(3), which states a cultivator shall separate the plants as the plants go through different growth stages and ensure that the plant tag

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

LARA is an equal opportunity employer/program

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

is always identified with the plant throughout the growing cycle so that all plants can be easily identified and inspected.

- i. Respondent admitted to packaging plants with their associated tags in violation of Mich Admin Code, R 420.303(4), which states a cultivator shall destroy the individual plant tag prior to packaging.

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 the following methods:

By Mail: Department of Licensing & Regulatory Affairs
Cannabis Regulatory Agency
P.O. Box 30205

CANNABIS REGULATORY AGENCY
2407 NORTH GRAND RIVER • P.O. BOX 30205 • LANSING, MICHIGAN 48909

www.michigan.gov/CRA

LARA is an equal opportunity employer/program

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

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: 6/22/22

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

Digitally signed by Alyssa A. Grissom
Date: 2022.06.22 22:20:33 -04'00'

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

LARA is an equal opportunity employer/program

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