

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

In the Matter of

42 Degrees Processing, LLC
License No.: AU-P-000115

ENF No.: 21-00191

_____/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On July 27, 2021, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the adult-use marijuana processor establishment license (AU-P-000115) of 42 Degrees Processing, 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 420.103(4); R 420.210(1), (2), and (3); R 420.212(1); and R 420.502(1).

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 all of the allegations contained in the formal complaint are true and that Respondent violated Mich Admin Code, R 420.103(4); R 420.210(1), (2), and (3); R 420.212(1); and R 420.502(1).

Accordingly, for these violations, IT IS ORDERED:

1. Respondent must pay a fine in the amount of eighteen thousand and 00/100 dollars (\$18,000.00). 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

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www.michigan.gov/CRA

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“21-00191” and license number “AU-P-000115” 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 license shall be suspended until compliance is demonstrated.
3. 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.
4. Respondent shall be responsible for all costs and expenses incurred in complying with the terms and conditions of this consent order.
5. 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.
6. 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.

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

CONTINUED ONTO NEXT PAGE

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CANNABIS REGULATORY AGENCY

Signed on: 11/14/2023

By: Brian Hanna
Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email =
hannab@michigan.gov C = US O = CRA OU
= CRA
Date: 2023.11.14 13:57:49 -05'00'

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 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 self-reported the incident and worked to correct the package tags when it was made aware of the incorrect label.
 - b. Respondent stated during a compliance conference that it has terminated the responsible staff and provided a copy of its updated standard operating procedures.
 - c. Respondent provided an updated standard operating procedure for Metrc and its point-of-sale system.

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
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- d. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.
 - e. Respondent has been licensed as a processor since 2020 and has no prior discipline against its license.
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:

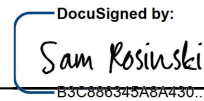
Sara E.
Hernandez

 Digitally signed by: Sara E. Hernandez
DN: CN = Sara E. Hernandez email = hernandezs1@michigan.gov C = AD O = LARA OU = MRA
Date: 2023.11.08 10:22:39 -05'00'

Desmond Mitchell, Operations Director
or his designee
Cannabis Regulatory Agency

Dated: 11/8/2023

AGREED TO BY:

DocuSigned by:

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Samuel Rosinski, Authorized Officer
on behalf of Respondent
42 Degrees Processing, LLC

Dated: 10/6/2023

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

In the Matter of

42 Degrees Processing, LLC
AU-ER No.: 000312
License No.: AU-P-000115
ENF No.: 21-00191

CMP No.: 21-000352

FORMAL COMPLAINT

The Marijuana Regulatory Agency (“Complainant”) files this formal complaint against 42 Degrees Processing, LLC (“Respondent”) alleging upon information and belief as follows:

1. The Marijuana Regulatory Agency (MRA) 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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FACTUAL ALLEGATIONS AND INTENDED ACTION OF THE MRA

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

5. Respondent operated at 606 S. Park Dr., Kalkaska, Michigan 49646, at all times relevant to this complaint.

6. Following an investigation, the MRA determined that Respondent violated the MRTMA and/or Administrative Rules promulgated thereunder as set forth below:

- a. On or around January 19, 2021, Respondent discovered a batch of marijuana vape cartridges were mislabeled, shipped to twelve retail establishments with wrong tags and subsequently sold.
- b. Production batch for statewide monitoring system (Metrc) tag 1A40503000089ED000004931 marijuana vape cartridges were labeled incorrectly with Metrc tag 1A40503000089ED000004726. Production batches 04391 and 04726 were different productions with separate compliance test results. Labelling marijuana products with an incorrect Metrc tag number is in violation of Mich Admin Code R 420.502(1) & R 420.212(1), which state all marijuana products sold or transferred between marijuana businesses must have the tracking identification numbers that are assigned by the statewide monitoring system (Metrc) affixed, tagged, or labeled and recorded and all products must be identified and tracked consistently in the statewide monitoring system.
- c. Based up the above, Respondent's current inventory was not entered into and accurate in Metrc in violation of Mich Admin Code R 420.103(4), which states a marijuana processor must enter all transactions, current inventory, and other information into the statewide monitoring system.
- d. Respondent's sale of these items to retail locations with incorrect Metrc tag numbers also is in violation of Mich Admin Code R 420.210(1), R 420.210(2) & R

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420.210(3), which state a licensee shall not transfer or sell a marihuana product that is not identified in the statewide monitoring system, a licensee shall immediately tag, identify, or record as part of a batch in the statewide monitoring system and a licensee shall not reassign or subsequently assign a tag to another package that has been associated with a package in the statewide monitoring system.

THEREFORE, based on the above, the MRA 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 MRA 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 MRA 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 MRA 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
Marijuana Regulatory Agency
P.O. Box 30205
Lansing, Michigan 48909

In Person: Department of Licensing & Regulatory Affairs
Marijuana Regulatory Agency
2407 North Grand River
Lansing, Michigan 48906

By Email: MRA-LegalHearings@michigan.gov

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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 Marijuana Regulatory Agency's legal section at (517) 284-8599 or MRA-LegalHearings@michigan.gov.

Dated:

July 27, 2021

MARIJUANA REGULATORY AGENCY

By:

Claire Patterson	Digitally signed by Claire Patterson Date: 2021.07.27 10:57:54 -04'00'
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Claire Patterson, Scientific and Legal Section Manager

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