

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

In the Matter of

Sugarleaf SL LLC
License No.: PR-000149

ENF No.: 21-00302

/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On March 20, 2022, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the medical marijuana processor facility license (PR-000149) of Sugarleaf SL LLC (Respondent) under the Medical Marijuana Facilities Licensing Act (MMFLA), MCL 333.27101 *et seq.*, and the administrative rules promulgated thereunder. The formal complaint alleged Respondent violated Mich Admin Code, R 420.303(6).

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, 420.303(6).

Accordingly, for these violations, IT IS ORDERED:

1. Respondent must pay a fine in the amount of two thousand and 00/100 dollars (\$2,000.00). 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 "21-00302" and license number "PR-000149" clearly displayed on the check or money order. Respondent shall mail the fine to Department of Licensing and

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

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 407(1) of the MMFLA, MCL 333.27407(1), and Mich Admin Code, 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.

CANNABIS REGULATORY AGENCY

Signed on: 10/24/23

By: Adam Sandoval Digitally signed by Adam Sandoval
Date: 2023.10.24 07:21:10 -04'00'

Brian Hanna, Executive Director
or his designee
Cannabis Regulatory Agency

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

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 MMFLA.
2. Respondent understands and intends that by signing this stipulation, Respondent is waiving the right under the MMFLA, 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. The two employees involved in the transfer of the marijuana product were terminated.
 - b. Respondent stated that all staff were trained and provided an updated Standard Operating Procedure (SOP) regarding transfers of marijuana product.
 - c. The marijuana product was destroyed on March 29, 2023.
 - d. The license is now closed.
 - e. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.
 - f. Respondent 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.

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

By signing this stipulation, the parties confirm that they have read, understand, and agree with the terms of the consent order.

AGREED TO BY:

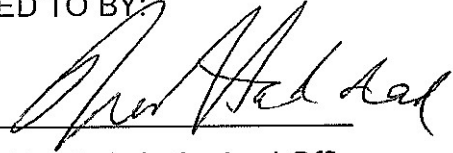
Desmond
Mitchell

Digitally signed by
Desmond Mitchell
Date: 2023.09.04
07:53:35 -04'00'

Desmond Mitchell, Operations Director
or his designee
Cannabis Regulatory Agency

Dated: 9/4/23

AGREED TO BY:



Nemer Haddad, Authorized Officer
on behalf of Respondent
Sugarleaf SL LLC

Dated: 07/21/23



Jamie Garmo P85952
Attorney for Respondent

Dated: 07/21/23

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

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

In the Matter of

Sugarleaf SL LLC dba Oz Cannabis
ERG No.: 002338
License No.: PR-000149
ENF No.: 21-00302

CMP No.: 21-000704

FORMAL COMPLAINT

The Marijuana Regulatory Agency (“Complainant”) files this formal complaint against Sugarleaf SL LLC dba Oz Cannabis (“Respondent”) alleging upon information and belief as follows:

1. The Marijuana Regulatory Agency (MRA) 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 MRA’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 marihuana facility operations.

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

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

LARA is an equal opportunity employer/program

FACTUAL ALLEGATIONS AND INTENDED ACTION OF THE MRA

5. Respondent holds an active state operating license under the MMFLA to operate a medical marihuana processor facility in the state of Michigan.

6. Respondent operated at 21445 Hoover Rd. Suite 302, Warren, Michigan 48089, at all times relevant to this complaint.

7. Following an investigation, the MRA determined that Respondent violated the MMFLA and/or administrative rules promulgated thereunder as set forth below:

- a. On February 26, 2021, Respondent transferred statewide monitoring system (Metrc) package tag #1A4050100001F42000000507 – Bermuda Pie S (Shake/Trim) to another licensed medical marihuana processor on Metrc manifest #0000504153, without MRA approval or being submitted for safety compliance testing.
- b. On June 10, 2021, a representative of Respondent acknowledged the violation and stated that a former employee was unaware transfers of untested marihuana products was not allowed between processors, regardless of common ownership. Respondent is now aware that this type of transfer is not allowed under the administrative rules and has provided additional training to the staff on site.
- c. Respondent is in violation of Mich Admin Code, R 420.303(6), which states a cultivator may transfer or sell marihuana to a producer without first being tested by a laboratory in order to produce fresh frozen, or if the marihuana product will be refined to a concentrate, with agency approval. After the producer has processed the material, the producer shall have the sample tested pursuant to R 420.304 and R 420.305. The agency may publish guidance for fresh frozen and concentrate production, transfer, and sale.

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 333.27407(4) 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 MMFLA and/or the administrative 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

If Respondent fails to timely respond to this formal complaint, a contested case hearing will be scheduled to resolve this matter.

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

LARA is an equal opportunity employer/program

Questions about this complaint should be directed to the Marijuana Regulatory Agency at (517) 284-8599 or MRA-LegalHearings@michigan.gov.

Dated: 3/20/2022

By: Julie Kluytman

Digitally signed by: Julie Kluytman
DN: CN = Julie Kluytman email = kluytmanj@michigan.gov C = US
O = Marijuana Regulatory Agency
Date: 2022.03.20 19:28:52 -0400

Julie Kluytman, Director
Enforcement Division
Marijuana Regulatory Agency

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

LARA is an equal opportunity employer/program