

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

In the Matter of

AEY CAPITAL, LLC
dba Gage Cannabis Company
License No.: AU-P-000138

ENF No.: 22-00499

_____/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On September 14, 2022, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the adult use marijuana processor license (AU-P-000138) of AEY Capital LLC dba Gage 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 420.501(1)(c), and R 420.502(2).

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 420.501(1)(c) and R 420.502(2).

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). 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 "22-00499" and license number "AU-P-000138" 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. Within 30 days of the effective date of this order, Respondent must provide a standard operating procedure (SOP) detailing all required procedures for compliant packaging and labeling at its processor facility, including verifying harvest dates in Metrc as necessary.
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 shall 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

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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: 08/30/2023

By: Brian Hanna
Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email = hannab@michigan.
gov C = US O = CRA OU = CRA
Date: 2023.08.30 16:14:27 -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 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, the 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 stated it received the product without a harvest date and its staff obtained the information from the grower. Respondent further stated its staff subsequently made a data entry error when entering the harvest date manually into Respondent's point of sale system.
 - b. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.

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- 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: 2023.08.28
13:34:43 -04'00'

Desmond Mitchell, Operations Director
or his designee
Cannabis Regulatory Agency

Dated: 08/28/2023

AGREED TO BY:

DocuSigned by:

Lynn Gefen

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Lynn Gefen, Manager
on behalf of Respondent
AEY Capital, LLC

Dated: 8/24/2023

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
CANNABIS REGULATORY AGENCY¹

In the Matter of

AEY Capital, LLC dba Gage Cannabis Company
License No.: AU-P-000138

ENF No: 22-00499

FORMAL COMPLAINT

The Cannabis Regulatory Agency (“Complainant”) files this formal complaint against AEY Capital, LLC dba Gage 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 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.

¹Executive 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.

FACTUAL ALLEGATIONS AND INTENDED ACTION OF THE CRA

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 41455 Production Dr., Harrison Twp., Michigan 48045, 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 May 6, 2022, the CRA received a complaint indicating Respondent labeled marijuana products with the incorrect harvest date.
- b. The Strawberry Gelato 2g pre-roll (Metrc #1A405030001110E00001476) was sold to an adult use customer on May 6, 2022 and labeled with a harvest date of June 16, 2022.
- c. The actual date of the harvest according to the statewide monitoring system (Metrc) was on June 24, 2021.

Count I

Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.504(1)(c), which states before a marijuana product is sold or transferred to or by a marijuana sales location, the container, bag, or product holding the marijuana product must be sealed and labeled with all of the following information: (c) Date of harvest.

Count II

Respondent's actions as described above demonstrate a violation of Mich Admin Code, R 420.507(2), which states a licensee may not advertise a marijuana product in a way that is deceptive, false, or misleading, or make any deceptive,

false, or misleading assertions or statements on any marihuana product, sign, or document provided.

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
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's legal section at (517) 284-8599 or CRA-LegalHearings@michigan.gov.

Dated:

9/14/2022

By:

Alyssa A. Grissom	Digitally signed by Alyssa A. Grissom Date: 2022.09.14 09:43:43 -04'00'
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Alyssa A. Grissom
Legal Section Manager
Enforcement Division
Cannabis Regulatory Agency