

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

In the Matter of

Quality Roots, Inc.  
License No.: AU-R-000346

ENF No.: 21-00428

/      CONSENT ORDER AND STIPULATION

CONSENT ORDER

On October 12, 2021, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the adult-use marijuana retailer establishment license (AU-R-000346) of Quality Roots, Inc. ("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 420.502(3), R 420.502(4), and R 420.505(1)(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 all of the allegations contained in the formal complaint are true and that Respondent violated Mich Admin Code, R 420.502(3), R 420.502(4), and R 420.505(1)(a).

Accordingly, for these violations, IT IS ORDERED:

1. Respondent must pay a fine in the amount of four thousand and 00/100 dollars (\$4,000.00). 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](http://www.michigan.gov/cra). Check or money orders shall be made payable to the State of Michigan with enforcement number "21-00428" and license number "AU-R-000346" clearly displayed on the check or

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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](mailto: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.

CANNABIS REGULATORY AGENCY

Brian Hanna

Digitally signed by: Brian Hanna  
DN: CN = Brian Hanna email =  
hannab@michigan.gov C = US O = CRA OU =  
CRA  
Date: 2023.09.08 16:41:31 -0400

Signed on: 9/8/2023

By: \_\_\_\_\_

Brian Hanna, Executive Director  
or his designee  
Cannabis Regulatory Agency

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## STIPULATION

The parties stipulate to the following:

1. Respondent does not contest the allegations of fact and law in the formal complaint. By pleading no contest, Respondent does not admit the truth of the allegations but agrees that the CRA's executive director or designee may enter an order treating the allegations as true for purposes of resolving the formal complaint.
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 provided its updated standard operating procedure addressing administrative holds for its inventory and point-of-sale system.
  - b. Respondent provided training for its staff on how to respond to administrative holds.
  - 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 a retailer 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

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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: 2023.09.08  
07:45:05 -04'00'

Desmond Mitchell, Operations Director  
or his designee  
Cannabis Regulatory Agency

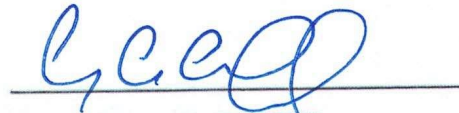
Dated: 9/8/2023

AGREED TO BY:



Jonathan Klar, Authorized Officer  
on behalf of Respondent  
Quality Roots, Inc.

Dated: 8/24/23



Craig Aronoff, P57997  
Attorney for Respondent

Dated: 8/24/23

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

In the Matter of

Quality Roots, Inc.  
AU-ER No.: 000356  
License No.: AU-R-000346  
ENF No.: 21-00428

CMP No.: 21-001033

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FORMAL COMPLAINT

The Marijuana Regulatory Agency (“Complainant”) files this formal complaint against Quality Roots, Inc. (“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 retailer establishment in the state of Michigan.

5. Respondent operated at 2024 Caniff St., Hamtramck, Michigan 48212 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 July 22, 2021, statewide monitoring system (METRC) package tag #1A4050300006EF6000012683 was placed on administrative hold pending an agency investigation.
- b. Between July 24, 2021 and July 25, 2021, Respondent made two sales from the package after it was placed on administrative hold in violation of Mich Admin Code, R 420.502(3), which states a marihuana business shall not sell or transfer marihuana product that has been placed on administrative hold, recalled, or ordered to be destroyed.
- c. Respondent sold marijuana product to a customer after the package was placed on administrative hold, which is also a violation of Mich Admin Code, R 420.505(1), which states a marihuana sales location may sell or transfer marihuana or a marihuana product to a marihuana customer if all of the following are met: (a) The marihuana product has not been placed on administrative hold, recalled, or ordered to be destroyed.
- d. Additionally, because sales were made after the package was placed on administrative hold, Respondent did not verify in METRC that the package was placed on administrative hold prior to any sale or transfer in violation of Mich Admin Code R 420.502(4), which states a marihuana business must verify in the statewide monitoring system, prior to any sale or transfer, that

the marihuana product has not been placed on administrative hold, recalled, or ordered to be destroyed.

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

If Respondent fails to timely respond to this formal complaint, a contested case

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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](mailto:MRA-LegalHearings@michigan.gov).

Dated: 10/12/21

By: Claire Patterson  
Claire Patterson, Manager  
Scientific and Legal Section Manager  
Enforcement Division  
Marijuana Regulatory Agency

Digitally signed by Claire  
Patterson  
Date: 2021.10.12 13:53:55 -04'00'