

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

In the Matter of

East Coastline, LLC  
dba Cloud Cannabis Company  
License No.: AU-R-000317

ENF No.: 22-00627

\_\_\_\_\_/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On August 4, 2023, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the adult-use marijuana retailer establishment license (AU-R-000317) of East Coastline, 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 420.303a(3)(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 420.303a(3)(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 "22-00627" and license number "AU-R-000317" clearly displayed on the check or

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

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-CSS@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 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.
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: 1/23/2024

By: Brian Hanna  
Digitally signed by: Brian Hanna  
DN: CN = Brian Hanna email = hannaab@michigan.gov, C = US, O = CRA, OU = CRA  
Date: 2024.01.23 13:35:39 -05'00'

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](http://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 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. The product had passing test results when Respondent had acquired it. The failed test results were a result of a related package in Metrc gaining subsequent failed test results.
  - b. Respondent voluntarily destroyed the product pertinent to the complaint.
  - c. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.
4. The CRA's centralized services director or her 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 centralized services director, executive director, or their designees reject the proposed consent order.

**CONTINUED ONTO NEXT PAGE**

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

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: 2024.01.22 15:22:16 -05'00'

Sara Hernandez, CSD Director  
or her designee  
Cannabis Regulatory Agency

Dated: 01/22/2024

AGREED TO BY:

DocuSigned by:

*Nirav Shah*

7483405594D748C...

Nirav Shah, Authorized Officer  
on behalf of Respondent  
East Coastline, LLC

Dated: 1/22/2024

*Rob Nederhood*

Rob Nederhood, P70028  
Attorney for Respondent

Dated: 1/22/2024

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

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

In the Matter of

East Coastline, LLC dba Cloud Cannabis Company  
License No.: AU-R-000317

ENF No: 22-00627

FORMAL COMPLAINT

The Cannabis Regulatory Agency (“Complainant”) files this formal complaint against East Coastline, LLC dba Cloud 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), MCL 333.27951, *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.

FACTUAL ALLEGATIONS AND INTENDED ACTION OF THE CRA

3. Respondent holds an active state license under the MRTMA to operate an adult use marijuana retailer establishment in the state of Michigan.
4. Respondent operated at 1760 Plymouth Road, Ann Arbor, Michigan 48105, at all times relevant to this complaint.
5. Following an investigation, the CRA determined that Respondent violated the MRTMA and/or administrative rules promulgated thereunder as set forth below:

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

- a. On March 23, 2022, Respondent accepted statewide monitoring system (Metrc) package tag number 1A4050300026C51000001288 (tag number ending -1288) from a licensed grow establishment.
- b. On March 28, 2022, the licensed grow establishment submitted Metrc sample package tag 1A4050300026C51000001547 (tag number ending -1547) for testing.
- c. On April 1, 2022, the results were uploaded to Metrc indicating that sample tag ending -1547 failed for yeast and mold.
- d. Subsequently, since Respondent's tag number ending -1288 and tag number ending -1547 were both derived from the same source package, tag 1A4050300026C51000000476 (tag number ending -0476), Respondent's tag number ending -1288 was also updated in Metrc with failing test results on April 1, 2022.
- e. Respondent continued to make sales from Metrc tag number ending -1288 after it was labeled as Test Failed in Metrc. Specifically, Respondent sold one unit on April 3, 2022, one unit on April 20, 2022, and one unit on May 18, 2022.

### **Count I**

Respondent's actions as described above in paragraph e demonstrates a violation of Mich Admin Code, R 420.303a(3)(a), which states that a marihuana sales location may sell or transfer a marihuana product only to a marihuana customer under both of the following conditions: (a) The marihuana product has received passing results for all required safety tests in the statewide monitoring system.

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.

Pursuant to 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

CANNABIS REGULATORY AGENCY  
2407 NORTH GRAND RIVER • P.O. BOX 30205 • LANSING, MICHIGAN 48909  
[www.michigan.gov/CRA](http://www.michigan.gov/CRA)

LARA is an equal opportunity employer/program

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 administrative 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

By Email: [CRA-LegalHearings@michigan.gov](mailto: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.

**CONTINUED ONTO NEXT PAGE**

Questions about this complaint should be directed to the Cannabis Regulatory Agency's legal section at (517) 284-8599 or [CRA-LegalHearings@michigan.gov](mailto:CRA-LegalHearings@michigan.gov).

Dated: 8/4/23

By: Alyssa A. Grissom

Digitally signed by Alyssa A.  
Grissom  
Date: 2023.08.04 11:50:40 -04'00'

Alyssa A. Grissom  
Legal Section Manager  
Cannabis Regulatory Agency

CANNABIS REGULATORY AGENCY  
2407 NORTH GRAND RIVER • P.O. BOX 30205 • LANSING, MICHIGAN 48909  
[www.michigan.gov/CRA](http://www.michigan.gov/CRA)

LARA is an equal opportunity employer/program