

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

In the Matter of

Clark Street Investment Group, Inc. dba The Reef
License No.: PC-000254

ENF No: 23-00005

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FORMAL COMPLAINT

The Cannabis Regulatory Agency (“CRA”) files this formal complaint against Clark Street Investment Group, Inc. dba The Reef (“Respondent”) alleging upon information and belief as follows:

1. The CRA is authorized under the Medical Marijuana 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 CRA’s authority to impose sanctions on the license.

FACTUAL ALLEGATIONS AND INTENDED ACTION OF THE CRA

3. Respondent holds an active state operating license under the MMFLA to operate a medical marijuana provisioning center in the state of Michigan.

4. Respondent operated at 6640 E. 8 Mile Road, Detroit, Michigan 48234, at all times relevant to this complaint.

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

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- a. On October 13, 2022, the CRA received a complaint alleging Respondent was selling marijuana product to individuals without a medical marijuana card.
- b. On November 29th, CRA investigators made an unannounced site visit to Respondent's provisioning center and met with Operations Manager, C.C. CRA investigators observed at least 10 red and gray stacked bins containing marijuana flower (among other marijuana products) located in a back storage room. C.C. stated that some of the bins contained quarantined product set aside as a result of a prior CRA investigation. C.C. stated that the remaining bins contained product waste to be destroyed, but he was unsure how to destroy the product. CRA investigators provided guidance regarding product waste destruction. CRA investigators observed that the bins and product within the bins had statewide monitoring system (MetrC) tags affixed.
- c. CRA investigators also observed the following in the back storage room:
 1. 301 individually packaged pre-rolls without MetrC tags located in a large white box. C.C stated the pre-rolls were created from Apricot Haze, MetrC tag numbers 1A4050100001901000006642 (tag number ending 6642) and 1A4050100001901000006643 (tag number ending 6643).
 2. 76 individually packaged pre-rolls without MetrC tags located in a red container. C.C stated the pre-rolls were created from Apricot Haze, tag numbers ending 6642 and 6643.
 3. 27 metal tins containing pre-rolls without MetrC tags (approximately 35 pre-rolls in each tin) located in a gray container. C.C stated the pre-rolls were made by machine (not hand rolled) and were created from Apricot Haze, tag number ending 6643.
 4. 52 metal tins containing pre-rolls labeled with tag number ending 6643 (approximately 35 pre-rolls in each tin) located in a gray

container. C.C. stated the pre-rolls were made by machine (not hand rolled).

- d. CRA investigators also observed the following behind the sales counter on the sales floor:
 1. 58 individually packaged pre-rolls located in a blue container, some labeled with tag number ending 6642 and the rest labeled with tag number ending 6643.
 2. 39 metal tins containing pre-rolls (approximately 35 pre-rolls in each tin) labeled with Apricot Haze and tag number ending 6643.
- e. CRA investigators observed loose marijuana flower and THC-A powder on a tray located in the back storage room. Metrc tags were not observed on or near either product. C.C. stated that both the flower and powder were Apricot Haze, either tag number ending 6642 or tag number ending 6643.
- f. On November 29th, while reviewing Respondent's surveillance recordings at Respondent's provisioning center, CRA investigators observed a November 18th "Dr. Office Camera" surveillance footage showing C.C. hand rolling pre-rolls. CRA investigators observed C.C. place his gloved fingers to his mouth, lick his fingers, touch a pre-roll, and continue hand rolling the pre-roll at 11:28am, 11:34am, 11:38am, 5:21pm, 5:22pm, and 5:29pm. C.C. stated the Original 51'er pre-rolls were created from Apricot Haze, tag numbers ending 6642 and 6643, and that he licked his fingers to better seal each Original 51'er pre-roll. After speaking with C.C. and reviewing Metrc, CRA investigators identified 116 contaminated pre-rolls, 39 of which had been sold. CRA investigators requested C.C. immediately quarantine the contaminated product at the provisioning center.
- g. On December 1, 2022, C.C. provided the CRA a list of 20 medical marijuana patients who were sold the contaminated pre-rolls so that they could be notified. CRA investigators advised C.C. to quarantine all Apricot Haze product until further notice.

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- h. CRA investigators also observed 7 plastic bags filled with individually packaged flower inside a safe located in the back storage room. All 7 plastic bags contained a handwritten tag that read “0608 Kush Mints QTY 64.” C.C. stated “0608” was Metrc tag number 1A4050100027EAD000000608 (tag number ending 0608). CRA investigators observed in Metrc that Kush Mints was not associated with tag number ending 0608. Then, C.C. stated that the handwritten tags should have read “0618 Banana Runtz QTY 64.” C.C. also stated that Banana Runtz, Metrc tag number 1A4050100027EAD000000618, was accepted on November 23, 2022 via manifest #0001701313, which CRA investigators observed to be true in Metrc.
- i. CRA investigators, accompanied by C.C., observed that Respondent recorded Banana Runtz, tag number ending 0618, as Grinch Mints in Respondent’s point of sale (POS) system (Portal 42). C.C. admitted to changing the strain name from Banana Runtz to Grinch Mints in its POS system due to the holiday season. CRA investigators also observed in Respondent’s POS system that Respondent made 17 sales from tag number ending 0618 (Banana Runtz) with the incorrect strain name (Cheep \$#it Prepacked Flower Grinch Mints) listed on the product labels between November 25, 2022 and November 29th, 2022.
- j. CRA investigators observed a plastic bag filled with individually packaged flower located in the back storage room. The bag contained a handwritten tag that read “0620 Tropcherry QTY 64.” CRA investigators were able to identify this product in Metrc and advised C.C. that the full Metrc number (not only the last 4 digits) was required.
- k. CRA investigators observed an open, unlocked door that led from the breakroom directly to the sales floor. CRA investigators also observed another open, unlocked door that led from the breakroom directly to the back storage room.

- I. CRA investigators observed 157 vials inside a gallon size bag that contained a reddish-brown liquid located in the back storage room quarantine area. Facility owner, A.C., stated that the contents in the vials were most likely old marijuana concentrate, Rick Simpson Oil (RSO). CRA investigators did not observe Metrc tags on, near, or inside the plastic bag to identify the product in Metrc. A.C. stated that he did not know the Metrc tag number or where the product originated. CRA investigators were unable to trace this product back to Metrc.
- m. CRA investigators observed a gallon size bag filled to the top with marijuana shake/trim located in a tub in the back storage room. The bag was labeled “Sugar Leaf, Metrc tag number 1A405010000076F000040427” (tag number ending 0427). CRA investigators observed in Metrc that Respondent had 8.9293lbs of Sugar Leaf, tag number ending 0427, physically onsite. C.C. stated he was unable to locate the rest of the product.
- n. On December 5, 2022, CRA investigators made an unannounced site visit to Respondent’s provisioning center to conduct a package audit. CRA investigators once again met with C.C.
- o. CRA investigators observed Metrc tag numbers 1A4050100000E7E000007829 (packaged November 7, 2019), 1A4050100000E7E0000106931 (packaged December 30, 2019), 1A4050100000DAD000005478 (packaged January 2, 2020), and 1A4050100003B61000002553 (packaged February 4, 2020) in Respondent’s Metrc inventory. When asked, C.C. was unable to locate the above four packages in Respondent’s physical inventory. C.C. stated that Respondent was no longer in possession of marijuana flower (bud) packages received between 2019 and 2021. However, Respondent’s Metrc inventory indicated that Respondent was currently in possession of 748 marijuana flower (bud) packages, received between 2019 and 2021.

- p. CRA investigators observed Metrc tag numbers 1A40501000045ED000022657 and 1A40501000045ED000022658 (both received November 9, 2022) in Respondent's Metrc inventory. C.C. was unable to locate these packages in Respondent's physical inventory.
- q. CRA investigators observed over 36 packages of marijuana concentrate in Respondent's Metrc inventory received between 2019 and 2020. C.C. stated that Respondent was no longer in possession of packages of marijuana concentrate received between 2019 and 2020.
- r. CRA investigators also observed the following discrepancies between Respondent's Metrc inventory and physical inventory:
1. Metrc indicated that 64 packages of Don Dada Pre-Packaged Bud (Metrc tag number 1A4050100027EAD000000619) were onsite. CRA investigators located only 62 packages in Respondent's physical inventory.
 2. Metrc indicated that 6 packages of Super Lemon Sativa Pre-Packaged Bud (Metrc tag number 1A4050100027EAD000000622) were onsite. CRA investigators located 7 packages in Respondent's physical inventory.
 3. Metrc indicated that 12 packages of Mitten Extracts – Gelato (Metrc tag number 1A4050100005016000009546) were onsite. CRA investigators located only 11 packages in Respondent's physical inventory.
 4. Metrc indicated that 81 packages of GMO Live Hash Rosin (Metrc tag number 1A405010000797f000008624) were onsite. CRA investigators located only 55 packages in Respondent's physical inventory.
 5. Metrc indicated that 29 packages of Mary's Transdermal marijuana extract (Metrc tag number 1A40501000046B5000022525) were

onsite. CRA investigators located only 27 packages in Respondent's physical inventory.

6. Metrc indicated that 50 packages of MKX Lime Bites edibles (Metrc tag number 1A4050100012CC9000045797) were onsite. CRA investigators located only 3 packages in Respondent's physical inventory.

7. Metrc indicated that 50 packages of MKX Grape Bites edibles (Metrc tag number 1A4050100012CC9000045792) were onsite. CRA investigators located only 1 package in Respondent's physical inventory.

8. Metrc indicated that 50 packages of MKX Lemon Bites edibles (Metrc tag number 1A4050100012CC9000045796) were onsite. CRA investigators located only 3 packages in Respondent's physical inventory.

s. On December 5th, CRA investigators observed an additional 244 individually packaged pre-rolls without Metrc tags in a red container located on the second shelf in the back storage room. Inventory Manager, M.L., stated that the pre-rolls were created from Apricot Haze, tag number ending 6643. CRA investigators requested that M.L. provide a copy of the label. While reviewing the label, CRA investigators observed that Respondent recorded the testing lab as "passed," the testing date as "06-01-2022," and the harvest date as "05-19-2022" on the product label. CRA investigators observed in Metrc that tag number ending 6643 originated from a caregiver, was transferred to a medical marijuana grower on August 3, 2020, and tested on August 10, 2020. CRA investigators also observed that the net weight and activation time were missing from the product label. M.L. apologized and admitted that Respondent's provisioning center mistakenly sold packages of tag number ending 6643 with incorrect and missing information on the product labels. CRA investigators reviewed Metrc and

observed that multiple sales were made, the last sale taking place on November 28, 2022.

- t. CRA investigators observed in Metrc that Apricot Haze Trim, Metrc tag number 1A4050100001901000006641 (tag number ending 6641) had 31.785 grams left in its package. M.L. was unable to locate the package in Respondent's physical inventory. CRA investigators observed in Metrc that the last sale from Apricot Haze Trim, tag number ending 6642, took place on November 29, 2022. When asked, M.L. was also unable to locate tag number ending 6642 in Respondent's physical inventory. CRA investigators advised C.C. to ensure that all Apricot Haze product was quarantined until further notice.
- u. During the December 5th site visit, CRA investigators observed the November 9th breakroom surveillance recordings. CRA investigators observed employees eating at the breakroom table next to 2 packages of marijuana flower on the same breakroom table. CRA investigators observed via the surveillance recordings that both packages had Metrc tags affixed.
- v. Additionally, during the December 5th site visit, CRA investigators observed a safe containing tagged marijuana flower between the back storage room and lobby. CRA investigators observed that the safe was not being recorded by any camera.
- w. At the conclusion of the investigation, CRA investigators discovered that a total of approximately 960 packages of marijuana product in Metrc were missing from Respondent's physical inventory and 157 vials of untagged marijuana product (concentrate) were unable to be traced back to Metrc.

Count I

Respondent's actions as described in paragraphs i and s above demonstrate a violation of Mich Admin Code, R 420.111(4)(a), which states a provisioning center shall comply with all of the following: (a) sell or transfer marihuana to a registered

qualifying patient or registered primary caregiver only after it has been tested and bears the label required for retail sale.

Count II

Respondent's actions as described in paragraphs l, m, o, p, q, r, s, and t above demonstrate a violation of Mich Admin Code, R 420.111(4)(b), which states a provisioning center shall comply with all of the following: (b) Accurately enter all transactions, current inventory, and other information into the statewide monitoring system as required in the MMFLA, these rules, and the marihuana tracking act.

Count III

Respondent's actions as described in paragraph k above demonstrate a violation of Mich Admin Code, R 420.209(3), which states a licensee shall securely lock the marihuana business, including interior rooms as required by the agency, windows, and points of entry and exits, with commercial-grade, nonresidential door locks or other electronic or keypad access. Locks on doors that are required for egress must meet the requirements of NFPA 1, local fire codes, and the Michigan building code, R 408.30401 to R 408.30499.

Count IV

Respondent's actions as described in paragraph v above demonstrate a violation of Mich Admin Code, R 420.209(6)(a)(i), which states a licensee shall ensure the video surveillance system does all the following: (a) records, at a minimum, the following areas: (i) Any areas where marihuana products are weighed, packed, stored, loaded, and unloaded for transportation, prepared, or moved within the marihuana business.

Count V

Respondent's actions as described in paragraphs l and r above demonstrate a violation of Mich Admin Code, R 420.210(1), which states except for designated consumption establishments or temporary marihuana events licensed under the

MRTMA, a marihuana business must not have marihuana products that are not identified and recorded in the statewide monitoring system pursuant to these rules.

Count VI

Respondent's actions as described in paragraphs c, e, h, j, l, and s above demonstrate a violation of Mich Admin Code, R 420.210(2), which states except for a designated consumption establishment or temporary marihuana event licensed under the MRTMA, a marihuana business must not have any marihuana product without a batch number or identification tag or label pursuant to these rules. A licensee shall immediately tag, identify, or record as part of a batch in the statewide monitoring system any marihuana product as provided in these rules.

Count VII

Respondent's actions as described in paragraph b above demonstrate a violation of Mich Admin Code, R 420.211(1)(a-h), which states a marihuana product that is to be destroyed or is considered waste must be rendered into an unusable and unrecognizable form through grinding or another method as determined by the agency that incorporates the marihuana product waste with 1 or more of the following types of non-consumable solid waste so that the resulting mixture is not less than 50% non-marihuana product waste: (a) paper waste. (b) plastic waste. (c) cardboard waste. (d) food waste. (e) grease or other compostable oil waste. (f) fermented organic matter or other compost activators. (g) soil. (h) other waste approved in writing by the agency.

Count VIII

Respondent's actions as described in paragraphs l, m, o, p, q, r, s, and t above demonstrate a violation of Mich Admin Code, R 420.212(1), which states, in part, all marihuana products must be identified and tracked consistently in the statewide monitoring system under these rules.

Count IX

Respondent's actions as described in paragraphs i and s above demonstrate a violation of Mich Admin Code, R 420.502(1), which states each marihuana products sold or transferred must be clearly labeled with the tracking identification numbers assigned by the statewide monitoring system affixed, tagged, or labeled and recorded, and any other information required by the agency, the acts, and these rules.

Count X

Respondent's actions as described in paragraphs i and s above demonstrate a violation of Mich Admin Code, R 420.504(1)(c), (d), (e), (g), and (h), which states before a marihuana product is sold or transferred to or by a marihuana sales location, the container, bag, or product holding the marihuana product must be sealed and labeled with all of the following information: (c) date of harvest, if applicable. (d) name of strain, if applicable. (e) net weight in United States customary or metric units. (g) activation time expressed in words or through a pictogram. (h) name of the laboratory that performed any passing compliance testing on the product in final form and any test analysis date.

Count XI

Respondent's actions as described in paragraphs i and s above demonstrate a violation of Mich Admin Code, R 420.505(1)(f), which states a marihuana sales location shall verify all of the following prior to selling or transferring marihuana or a marihuana product to a marihuana customer: (f) the marihuana product is labeled and packaged for sale or transfer in accordance with R 420.504.

Count XII

Respondent's actions as described in paragraphs i and s above demonstrate a violation of Mich Admin Code, R 420.507(2), which states a licensee may not advertise a marihuana 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.

Count XIII

Respondent's actions as described in paragraphs f and g above demonstrate a violation of Mich Admin Code, R 420.602(2)(h), which states a licensee shall comply with all of the following: (h) ensure that employees handle marihuana product in compliance with Current Good Manufacturing Practice, Hazard Analysis, and Risk Based Preventative Controls for Human Food, 21 CFR part 1107, as specified in these rules.

Count XIV

Respondent's actions as described in paragraph u above demonstrate a violation of Mich Admin Code, R 420.602(5), which states consumption of food and beverages by employees or visitors is prohibited where marihuana product is stored, processed, or packaged or where hazardous materials are used, handled, or stored. The marihuana business may have a designated area for the consumption of food and beverages that includes, but is not limited to, a room with floor to ceiling walls and a door that separates the room from any marihuana product storage, processing, or packaging.

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 333.27407(4) 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.

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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 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

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 at (517) 284-8599 or CRA-LegalHearings@michigan.gov.

Dated: _____

By: _____

Alyssa A. Grissom
Legal Section Manager
Cannabis Regulatory Agency

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_____ /

PROOF OF SERVICE

I hereby certify that on _____, I mailed a copy of the
Formal Complaint dated _____ in the above captioned case
by certified mail (return receipt requested) to:

Clark Street Investment Group, Inc. dba The Reef
14473 Grafton Road
Carleton, Michigan 48117

Departmental Technician
Cannabis Regulatory Agency
Department of Licensing & Regulatory
Affairs

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