

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

In the Matter of

Sky Labs, LLC

ENF No.: 21-00300, 21-00481,
21-00497, 22-00308,
22-00414, 22-00476,
& 22-00556

License No.: AU-P-000157

CONSENT ORDER AND STIPULATION

CONSENT ORDER

On December 1, 2021 and December 28, 2022, the Cannabis Regulatory Agency (CRA) issued a formal complaint and second superseding complaint, respectively, against the adult-use marijuana processor establishment license (AU-P-000157) of Sky Labs, 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 and second superseding complaint alleged Respondent violated Mich Admin Code, R 420.206(4), R 420.206(11), R 420.209(5), R 420.209(6), R 420.209(7), R 420.209(9), R 420.209(11), R 420.209(14)(a), R 420.209(14)(b), R 420.209(14)(c), R 206.403(8)(c), R 206.403(8)(d), R 420.403(8)(g), and R 420.602(2)(d).

The executive director reviewed the stipulation contained in this document and agrees the public interest is best served by resolution of the formal complaint and second superseding complaint. Therefore, the executive director finds that all the allegations contained in the formal complaint and second superseding complaint are true and that Respondent violated Mich Admin Code, R 420.206(4), R 420.206(11), R 420.209(5), R 420.209(6), R 420.209(7), R 420.209(9), R 420.209(11), R

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420.209(14)(a), R 420.209(14)(b), R 420.209(14)(c), R 206.403(8)(c), R 206.403(8)(d), R 420.403(8)(g), and R 420.602(2)(d).

Accordingly, for these violations, IT IS ORDERED:

1. Respondent must pay a fine in the amount of One Hundred Thousand and 00/100 dollars (\$100,000.00). 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 "21-00300" and license number "AU-P-000157" clearly displayed on 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. Respondent will submit to a full onsite audit conducted by CRA staff and will correct any deficiencies within 30 days of notice, unless otherwise agreed upon in writing by the CRA.
3. Respondent will provide a copy of all standard operating procedures to the CRA.
4. On the last day of each month for twelve months after the effective date of this order, Respondent will provide a copy of all logs maintained (i.e., surveillance logs, processing logs, extraction logs, and waste logs).
5. If Respondent fails to timely comply with the terms of this order, Respondent's license shall be suspended until compliance is demonstrated.
6. 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.

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7. Respondent shall be responsible for all costs and expenses incurred in complying with the terms and conditions of this consent order.
8. 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, 420.808.
9. Upon timely compliance of the terms of this order by Respondent, the matters set forth in the formal complaint and second superseding complaint shall be deemed resolved and closed subject to this Consent Order.

This order shall be effective 10 days after the date signed by the CRA's executive director or his designee, as set forth below.

CANNABIS REGULATORY AGENCY

Signed on: _____ By: _____

Brian Hanna, Executive Director
or his designee
Cannabis Regulatory Agency

AGREED TO BY:

STIPULATION

The parties stipulate to the following:

1. The facts alleged in the formal complaint and second superseding 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

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formal complaint and second superseding complaint by presentation of evidence and legal authority, and to present a defense to the violations.

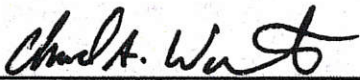
3. The parties considered the following in reaching this agreement:
 - a. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.
4. The CRA's operations director or his designee must approve this proposed agreement before it is 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:

AGREED TO BY:


Desmond Mitchell, Operations Director
or his designee
Cannabis Regulatory Agency



Chad Wurtzel Authorized Officer
on behalf of Respondent
Sky Labs, LLC

Dated: _____

Dated: 5/30/2023



Denise Pollicella, P55629
Attorney for Respondent

Dated: 05/30/2023

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