CANNABIS REGULATORY AGENCY

In the Matter of

Michigan Investments 10 Inc. Docket No.: 23-032805
License No: AU-P-000171
ENF No.: 23-00784
_____/

SECOND AMENDED FINAL ORDER

The Cannabis Regulatory Agency (CRA), by its authorized representative, Executive Director Brian Hanna, issues this second amended final order in the above-referenced matter finding that:

1. On December 20, 2023, the CRA issued a first superseding formal complaint against the processor license (no. AU-P-000171) of Michigan Investments 10 Inc. (Respondent) under the Michigan Regulation and Taxation of Marihuana Act (MRTMA), MCL 333.27951 *et seq.*, and administrative rules promulgated thereunder.

2. The complaint alleged Respondent violated MCL 333.27961(b), 333.27961(c) & 333.27961(f) and Mich Admin Codes, R 420.209(2), R 420.209(3), R 420.209(6)(a), R 420.209(7) R 420.209(9), R 420.209(11), R 420.209(12), R 420.209(13), R 420.209(14), R 420.206a(1), R 420.206a(2), R 420.206a(3), R 420.211(1), R 420.211(4), R 420.211(8), R 420.103(1), R 420.103(3), R 420.210(1), R 420.210(2), R 420.210(3), R 420.212(1), R 420.212(2), R 420.502(1), R 420.214a(7), R 420.206(4), R 420.303(6), R 420.303a(2) & R 420.304(2)(a), (g), (h), (j), and (k).

3. Based on its investigation of the conduct alleged in the formal complaint, the CRA summarily suspended Respondent's license by order dated November 15, 2023.

4. A post-suspension hearing to dissolve the CRA's order of summary suspension was held on December 4, 2024, before an administrative law judge (ALJ) within the Michigan Office of Administrative Hearings and Rules (MOAHR).

5. The ALJ issued an order dissolving the summary suspension on January 12, 2024.

6. A contested case hearing was held on January 8 and January 9, 2024, before an administrative law judge (ALJ) within the Michigan Office of Administrative Hearings and Rules (MOAHR).

7. On June 18, 2026, the ALJ issued a proposal for decision recommending that the Executive Director of the CRA issue a final order finding that Respondent violated MCL 333.27961(b), 333.27961(c) & 333.27961(f) and Mich Admin Codes, R 420.209(2), R 420.209(3), R 420.209(6)(a), R 420.209(7) R 420.209(9), R 420.209(11), R 420.209(12), R 420.209(13), R 420.209(14), R 420.206a(1), R 420.206a(2), R 420.206a(3), R 420.211(1), R 420.211(4), R 420.211(8), R 420.103(1), R 420.103(3), R 420.210(1), R 420.210(2), R 420.210(3), R 420.212(1), R 420.212(2), R 420.502(1), R 420.214a(7), R 420.206(4), R 420.303(6), R 420.303a(2) & R 420.304(2)(a), (g), (h), (j), and (k).

8. A copy of the ALJ's proposal for decision is attached and is incorporated consistent with the findings and conclusions of this order.

9. Having reviewed the whole record before it, but not limited to testimony and evidence submitted at the contested case hearing, the CRA makes the following findings of fact and conclusions of law:

a. Findings of Fact:

1. The CRA accepts in part and rejects in part the ALJ's finding of facts as follows:

a) In this second amended final order, the CRA corrects Respondent's name found in the proposal for decision and amended final order. The proposal for decision and amended final order list the correct license number and ENF number. The CRA accepts the ALJ's findings of fact as stated in the proposal for decision.

b. Conclusions of Law:

1. The CRA accepts the ALJ's conclusions of law as set forth in the proposal for decision.

10. Based on the above, the CRA finds that Respondent violated MCL 333.27961(b), 333.27961(c) & 333.27961(f) and Mich Admin Codes, R 420.209(2), R 420.209(3), R 420.209(6)(a), R 420.209(7) R 420.209(9), R 420.209(11), R 420.209(12), R 420.209(13), R 420.209(14), R 420.206a(1), R 420.206a(2), R 420.206a(3), R 420.211(1), R 420.211(4), R 420.211(8), R 420.103(1), R 420.103(3), R 420.210(1), R 420.210(2), R 420.210(3), R 420.212(1), R 420.212(2), R 420.502(1), R 420.214a(7), R 420.206(4), R 420.303(6), R 420.303a(2) & R 420.304(2)(a), (g), (h), (j), and (k).

11. Respondent's license, AU-P-000171, closed on September 8, 2026.

12. THEREFORE, IT IS ORDERED THAT:

a. Respondent's license, AU-P-000171, is currently closed. If Respondent or any of Respondent's supplemental applicants apply for a new marijuana facility or establishment license or renewal, the CRA will review and may take these violations into consideration.

This second amended final order supersedes the amended final order filed on September 14, 2026. This second amended final order is a public record that will be published on the CRA's website and is subject to disclosure under the Freedom of Information Act, MCL 15.231 *et seq*.

This order shall be effective 10 days from the date signed by the CRA's Executive Director or his designee, as set forth below.

Dated: 9/17/26

Brian Hanna

Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email = hannab@michigan.gov C = US O = CRA OU = CRA
Date: 2026.09.17 14:50:48 -04'00'

Brian Hanna, Executive Director
Or his designee
Cannabis Regulatory Agency

STATE OF MICHIGAN
MICHIGAN OFFICE OF ADMINISTRATIVE HEARINGS AND RULES

IN THE MATTER OF	**Docket No.: 23-032805**
CANNABIS REGULATORY AGENCY, PETITIONER	**Case No.: 23-00784**
V	**Agency: Cannabis Regulatory Agency**
MICHIGAN INVESTMENT 10, LLC, RESPONDENT	**Case Type: AUM Facility Disciplinary Hearings**
	Filing Type: Appeal

_____/

Issued and entered
this 18th day of June 2026
by: Lauren G. VanSteel
Administrative Law Judge

PROPOSAL FOR DECISION

Procedural History

This proceeding commenced under the Michigan Regulation and Taxation of Marihuana Act (MRTMA), MCL 333.27951 *et seq.*, the administrative rules promulgated thereunder, and the Administrative Procedures Act, MCL 24.201 *et seq.*

On November 15, 2023, the Cannabis Regulatory Agency, Petitioner, issued an Order of Summary Suspension and Formal Complaint against the license of Michigan Investments 10, Inc., Respondent, to operate an adult-use marijuana processor establishment under the MRTMA (ENF No. 23-000785).

On November 16, 2023, Petitioner filed a request for hearing with the Michigan Office of Administrative Hearings and Rules (MOAHR). On November 16, 2023, MOAHR issued a Notice of Telephone Hearing, which scheduled a contested case hearing for December 12, 2023. On November 17, 2023, the undersigned issued an Order Scheduling Post-Suspension Hearing for December 4 and 5, 2023. On November 21, 2023, the undersigned issued an Order Converting Post-Suspension Hearing Format from Telephone to Videoconference. On November 27, 2023, Jeffrey M. Schroder filed a Notice of Appearance.

On November 27, 2023, Petitioner filed its Witness and Exhibit Lists. On November 28, 2023, Respondent filed its Witness and Exhibit Lists. On December 4, 2023, the undersigned issued an Order Granting Adjournment and Scheduling Telephone Prehearing Conference, which adjourned the hearing and scheduled a telephone prehearing conference for December 4, 2023.

On December 4, 2023, a prehearing conference was held by telephone as scheduled in the present matter (Docket No. 23-032805) and Docket No. 23-032804. Assistant Attorneys General Sarah Huyser and Jeffrey Miller appeared on behalf of Petitioner. Attorneys Jeffrey Schroder and Denise Pollicella appeared on behalf of Respondent. On December 5, 2023, the undersigned issued an Order Following Prehearing Conference, which scheduled a post-suspension (summary suspension) hearing and merits hearing on the Formal Complaint for January 8 and 9, 2024. On December 20, 2023, Petitioner issued a First Superseding Formal Complaint.[1]

On January 8 and 9, 2024, a joint hearing was held as scheduled by videoconference for both the present matter and Docket No. 23-032804. As agreed by the parties on the record, the hearing was initially limited to the question of whether the Order of Summary Suspension should be continued or dissolved, rather than the merits of the Formal Complaint. On January 10, 2024, the undersigned issued an Order for Continuance, which continued the summary suspension hearing to January 11 and 12, 2024. On January 11, 2024, the undersigned ruled on the record, and on January 12, 2024, the undersigned issued a written Order Dissolving Summary Suspension.

On January 23, 2024, the undersigned issued an Order Scheduling Hearing on the Merits, which scheduled a joint hearing for both dockets on February 12, 13, and 20, 2024, by videoconference. The hearing was held as scheduled on February 12, 2024, and then concluded.

Petitioner called Allyson Chirio, Kristin Broughton, Elizabeth Biggs, Jeffrey Keister, and Angela Danielkiewicz as witnesses.

The following exhibits were offered by Petitioner (PX-AU) and admitted into evidence for the present matter except as noted:

1. Primary Report
2. Floor Plan
3. (Not offered)

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[1] A copy of the First Superseding Formal Complaint, which cites the same statutory sections and rules as in the Formal Complaint for Counts I-31, was not filed with MOAHR until June 18, 2026.

4. (Not offered)
5. (Not offered)
6. (Not offered)
7. (Not offered)
8. (Not offered)
9. (Not offered)
10. (Not offered)
11. (Not offered)
12. (Not offered)
13. (Not offered)
14. (Not offered)
15. (Not offered)
16. (Not offered)
17. Metrc Tags on Desk
18. Metrc Inventory for Package Tags in Table 1
19. Metrc Tags 1A4050300001851100058184 and 1A4050300001851100058185
20. Metrc Tag Information for Package 1A4050300001851100058184
21. Metrc Tag Information for Package 1A4050300001851100058185
22. Photocopy of Tag 1A4050300018511000058003
23. Package History for Tag 1A405030001851100008003
24. Metrc Inventory Information for Package Tag 1A405030001851100008003
25. Metrc Inventory Information for Package Tags in Table 2
26. Package History for Tag 1A4050300018511000058011
27. Package History for Tag 1A4050300018511000058012
28. Package History for Tag 1A4050300018511000058016
29. Package History for Tag 1A4050300018511000058017
30. Package History for Tag 1A4050300018511000058048
31. Package History for Tag 1A4050300018511000058049
32. Package History for Tag 1A4050300018511000058050
33. Package History for Tag 1A4050300018511000058019
34. Package History for Tag 1A4050300018511000058022
35. Package History for Tag 1A4050300018511000058020
36. Package History for Tag 1A4050300018511000058024
37. Package History for Tag 1A4050300018511000058093
38. Package History for Tag 1A4050300018511000058184

39. Certificates of Analysis—Package Tags 1A405030001851100058184 and 1A405030001851100058185
40. Package History for Tag 1A405030001851100058185
41. Package Tag 1A405030001851100058184
42. Package Tag 1A405030001851100058185
43. Product in Package Tag 1A405030001851100043000
44. Metrc Inventory Information for Package Tag 1A405030001851100043000
45. Package History—Tag 1A405030001851100043000
46. Metrc Inventory Information for Package Tags in Table 5
47. Package History—Tag 1A405030001851100048521
48. Package History—Tag 1A405030001851100044386
49. Package History—Tag 1A405030001851100042436
50. Package History—Tag 1A405030001851100042437
51. Package History—Tag 1A405030001851100048206
52. Package History—Tag 1A405030001851100048207
53. Package History—Tag 1A405030001851100048971
54. Package History—Tag 1A405030001851100048994
55. Package History—Tag 1A405030001851100048985
56. Package History—Tag 1A405030001851100048987
57. Package History—Tag 1A405030001851100044961
58. Package History—Tag 1A405030001851100044962
59. Supplemental Report 3 (Biggs) - Investigation Report
60. Package History—Tag 1A405030000CD15000062772
61. Package Trace for Package Tag 1A405030000CD15000062772
62. (Not offered)
63. Certificates of Analysis for Package 1A405030000CD15000062772
64. Untagged Boxes of Gummies
65. Untagged Gummies and Vape Carts
66. 10 Boxes of Untagged Gummies
67. 5 boxes of Untagged Gummies
68. Untagged Distillate
69. Package Weight for Package 1A405030008511000064835
70. Photos of Package 64835
71. Package History for Package 1A405030008511000064835
72. Muha Meds Pre-Roll Boxes
73. 25 Eaches per Box
74. Package Quantity for Package 1A405030001851100044007

75. Photos of Package 1A4050300018511000044007
76. Package History for Package 1A4050300018511000044007
77. Package Quantity for Package 1A4050300018511000042437
78. Package History for Package 1A4050300018511000042437
79. Package Quantity for Package 1A4050300018511000046989
80. Photos of Package 1A4050300018511000042437
81. Package Quantity for Package 1A4050300018511000058129
82. Packages Derived from Package 58129 at AU-P-000171
83. Photos of Package 1A4050300018511000058129
84. Package Quantity for Package 1A4050300018511000058128
85. Packages Derived from Package 58128 at AU-P-000171
86. Photos of Package 1A4050300018511000058128
87. Untagged Muha Meds Pre-Rolls
88. Metrc Tag 1A4050300018511000058092
89. Package Quantity for Package 1A4050300018511000058092
90. Photos of Shake-Trim Packages
91. Package Histories for Shake-Trim Packages
92. Package History for Package 1A4050300018511000058093
93. Packages at Retailers Derived from Package 1A4050300018511000058093
94. Supplemental Report 4—Chirio Investigation Report
95. Empty Fresh Frozen Trailer
96. Untagged product found in extraction room
97. Extraction log for C0323023
98. Package history for 1A4050300018511000058063
99. Package 1A4050003D3B1000005989 accepted 7/26/2023
100. Additional jars without Metrc tag
101. Metric Audit Information
102. Metrc packages unable to be located
103. Email from Jenna Mullins
104. Inventory tagged with Metrc tag 1A405030003D3B1000009814
105. Untagged product in extraction room on 8/26/2023
106. Supplemental Report 5—Walter Investigation Report
107. (Not offered)
108. (Not offered)
109. (Not offered)
110. (Not offered)

111. (Not offered)
112. (Not offered)
113. (Not offered)
114. (Not offered)
115. (Not offered)
116. (Not offered)
117. (Not offered)
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126. (Not offered)
127. (Not offered)
128. (Not offered)
129. (Not offered)
130. (Not offered)
131. (Not offered)
132. (Not offered)
133. (Not offered)
134. (Not offered)
135. (Not offered)
136. (Not offered)
137. Muha Meds Packages Tested at Therapeutic Health Choice
138. Package Histories for Muha Meds Pre-Roll Sample Packages
139. Certificates of Analysis for Muha Meds Pre-Rolls
140. Package Adjustment Report
141. Package History for Package 1A4050300018511000032199
142. Package History for Package 1A4050300018511000033800
143. Combined Package Trace
144. Certificate of Analysis for Fludioxonil
145. Certificates of Analysis for Permethrins
146. Package History for Package 1A4050300018511000043269
147. Package History for Package 1A4050300018511000013629
148. Package History for Package 1A4050300018511000013627

149. Video Images of Lab Sampling
150. Package History for Package 1A405030001851100041681
151. Package History for Package 1A405030001851100041682
152. Video Images of Lab Sampling
153. Package History for Package 1A405030001851100044006
154. Package History for Package 1A405030001851100044003
155. Package History for Package 1A405030001851100040093
156. Package History for Package 1A405030001851100040094
157. Video Image—Vape Cart Creation
158. Package History for Package 1A405030001851100041704
159. Package History for Package 1A405030001851100041705
160. Video Images Samples for Lab
161. Package History for Package 1A405030001851100044008
162. Package History for Package 1A405030001851100044004
163. Video Images Samples for Lab
164. Unsanitary Conditions Image
165. Package History for Package 1A405030001851100043269
166. Package History for Package 1A405030001851100013629
167. Package History for Package 1A405030001851100013627
168. Video Images of Lab Sampling
169. Package History for Package 1A405030001851100041681
170. Package History for Package 1A405030001851100041682
171. Video Images of Lab Sampling
172. Package History for Package 1A405030001851100044006
173. Package History for Package 1A405030001851100044003
174. Package History for Package 1A405030001851100040093
175. Package History for Package 1A405030001851100040094
176. Video Image—Vape Cart Creation
177. Package History for Package 1A405030001851100041704
178. Package History for Package 1A405030001851100041705
179. Video Images Samples for Lab
180. Package History for Package 1A405030001851100044008
181. Package History for Package 1A405030001851100044004
182. Video Images Samples for Lab
183. (Not offered)

Respondent called Aaron Baggett to testify as a witness. The following exhibits were offered by Respondent and admitted into evidence:

1. RX#1: Copy of Mich Admin Code, R 420.304.

2. RX #2: Response to the Formal Complaint by CRA.

   (Note: RX#3 not offered.)

3. RX#4: Primary Report (Jeff Keister) – Investigative Report, dated September 6, 2023 (Note: Same as PX#1-MED).

On April 3, 2024, four transcripts of the January 8, 9, 11 and February 12, 2024 hearing dates (hereafter "Tr I - Tr IV") were filed. On April 4, 2024, the undersigned issued an Order Scheduling Written Closing Arguments and Reply Briefs.

For Docket No. 23-032804, on April 26, 2024 Petitioner filed Petitioner's Closing Arguments, and Respondent filed Respondent's Closing Statement. On May 10, 2024, Respondent filed Respondent's Consolidated Reply to Petitioner's Closing Arguments. On May 10, 2024, Petitioner filed Petitioner's Reply Brief in Support of its April 26, 2024 Closing Arguments. The record was then closed.

Issue and Applicable Law

The issue presented is whether Respondent has violated the MRTMA and/or the administrative rules promulgated thereunder as alleged in the First Superseding Formal Complaint. The applicable law is stated under each of the Counts addressed in the Conclusions of Law below.

Findings of Fact

Based on the entire record in this matter, including the witness testimony and admitted exhibits, the following findings of fact are established:

1) At times relevant to the Formal Complaint and First Superseding Formal Complaint, Respondent has been a dual-licensed marijuana processor operating at 772 East Pinconning Road in Pinconning, Michigan.

2) At times relevant to the Formal Complaint and First Superseding Formal Complaint, Respondent has had an active medical marijuana processor license under the MMFLA, as well as an active adult-use processor license under the Michigan Regulation and Taxation of Marihuana Act (MRTMA).

3) On March 1, 2023, Respondent's co-located adult-use processor created package 36617 (abbreviated tag number) in Metrc. That package underwent full compliance testing by Therapeutic Health Choice on March 2, 2023. On March 2, 2023, the adult-use processor created package 36619 in Metrc, which was sampled for full compliance testing on March 3, 2023. Both packages failed testing due to the presence of residue from the banned chemical, bifenazate according to the results entered in Metrc.

4) Packages 36617 and 36619 were created from marijuana buds transferred from Pink Dragon, LLC to Respondent. The packages were not tested prior to being transferred from Pink Dragon, LLC to Respondent, which then transferred the untested products to its co-located adult-use processor business.

5) Respondent combined other packages with the Pink Dragon LLC packages to create one package of biomass under Metrc tag 11650. One package created from that tag that was used to create distillate in package 11798 failed compliance testing due to the presence of unacceptable levels of myclobutanil and bifenazate. They did not have the same test results as other packages that came from the same originating product.

6) Respondent sent packages for testing on March 31, 2023, after Petitioner requested the test results on March 28 and after the March 9, 2023 date by which the general manager indicated the testing had been completed.

7) Other packages that had previously passed compliance testing at Respondent's business (41739 and 43269) failed subsequent testing. The two packages were created inside Respondent's extraction pod, but the camera or cameras were improperly turned to the wall and were not recording. No surveillance video of the creation of the packages was timely provided to Petitioner upon request. The failure of the cameras likely did not have anything to do with whether they were motion activated, based on other video showing motion in and out of the extraction booths.

8) On September 6, 2023, regulatory agents or personnel from Petitioner conducted a no-notice inspection of Respondent's facility and found multiple serious violations present per the credible testimony of Allyson Chirio, Kristin Broughton, Elizabeth Biggs, and Jeff Keister [Tr I, 24-281; Tr II, pp 10-250] and PX-AU#1.

9) The basis for Petitioner scheduling a no-notice inspection was that there had been multiple adjustments regarding the tracking of marijuana products by Respondent in the statewide monitoring system known as "Metrc", which caused

concern about whether Respondent was properly tracking marijuana products in its processing operation.

10) Petitioner had found that from January 1, 2023 to April 25, 2023, Respondent made an unusually high number (1,265) of package adjustments in Metrc. Of those adjustments, 1,142 were stated as attributable to "Entry Error."

11) On September 6, 2023, when regulatory agents from Petitioner arrived at Respondent's building location, they found that the front door to the building was unlocked and unattended. Further, one or more of the regulatory agents were able to go through the foyer area to a set of unlocked doors in the building without a key or swiping a pass card. The unlocked doors led to a secure, limited access area.

12) The only location that required a key to enter was the trailer used for storing fresh frozen marijuana. The trailer was empty at the time of the inspection. No other door in the business where the marijuana was stored was locked. [Chirio testimony; PX-AU#1].

13) Aaron Baggett, general manager of Respondent's processing facility, admitted that the building was not secure at the time of the September 6, 2023 inspection. [Tr III, p 58].

14) On September 6, 2023, Respondent's video surveillance system was not fully working. Respondent did not have the required 30 days prior of video retention. Respondent also did not timely locate and provide to Petitioner's personnel the video surveillance log.

15) A regulatory agent for Petitioner requested video surveillance recordings at the time of the September 6, 2023 inspection, but Respondent failed to timely provide Petitioner with a significant portion of the required surveillance video.

16) Petitioner's regulatory agents found that 4 of the 16 video monitors had no camera feed at the time of the inspection and displayed "NO LINK." [Tr IV, p 20].

17) One camera was not attached to the feed; two cameras in a fresh frozen marijuana storage trailer were not in use; and a fourth camera located in the room labeled C1D1 was inoperable.

18) Further, several additional video cameras covering the business were visible but not recording. It was found that for September 1, 2023, cameras in several locations in the building were not retaining video, even though Respondent

stated that a security company had been there the day before to repair the cameras and address video retention problems.

19) A regulation agent further observed that a camera in the C1D2 extraction pod had been turned toward the wall. The camera had a live feed but was not showing the room that was meant to be recorded and was not recording.

20) Respondent's general manager, Aaron Baggett, stated that he received notification when a camera goes out, but not when there is an interruption in recording. Petitioner's information from the security company, however, is that there is an alert system to notify Respondent if any equipment is not recording properly. [Tr III, p 148].

21) On September 6, 2023, Petitioner's investigator found that packages of marijuana products were not being properly tracked in the Metrc system. As more fully set forth in paragraphs 23 – 49 of the First Superseding Formal Complaint, there were numerous instances of the data in the Metrc system not matching the marijuana product labeled at Respondent's inventory, or for which Respondent could not at all account for the whereabouts of the product.

22) Respondent's general manager acknowledged not being able to physically locate some packages of product upon request at the time of the inspection. [PX-AU#1].

23) Petitioner's personnel located packages of distillate without a Metrc tag. Respondent's general manager did not know what product packages had been made from Metrc tag (shortened to "467"). Extraction logs were missing the biomass tag number.

24) Other marijuana product under Metrc tag 6547 was not extracted at the time that Respondent had entered into the Metrc system; it was actually extracted in March of 2023, not in July and August 2023. The source of the product under Metrc tag 6547 could not be determined by Petitioner.

25) On September 6, 2023, Petitioner's investigator found that there were missing and unidentified marijuana products. [PX-AU#1].

26) On September 6, 2023, Petitioner's investigator found that certain marijuana products were not labeled as required. [Chirio testimony, Tr I].

27) On September 6, 2023, Petitioner's investigator found that marijuana product that had previously failed testing was mixed in with other marijuana product that passed testing and called a new product. [Chirio testimony, Tr I].

28) On September 6, 2023, the general manager for Respondent admitted that Respondent had not accurately tracked marijuana products. [PX-AU#1].

29) Respondent interfered with the tester's sampling of marijuana products processed by Respondent by improperly picking the sample and taking it to the testing lab and otherwise did not comply with testing protocol as more fully set forth in paragraphs 51 to 68 of the First Superseding Formal Complaint. Packages of produce that had been created by Respondent under its medical marijuana processor license were transferred to the adult-use license, then transferred to Distro 10 and then transferred to RWB Michigan. The products previously passed compliance testing while at Respondent's business, but failed subsequent testing requested by RWB Michigan, showing banned chemical residue.

30) During a sampling event by Therapeutic Health Choice on April 5, 2023, a surveillance video shows that Respondent provided two one-gallon jars for sampling that appear to be distillate with package numbers ending in 41681 and 41682. However, the listed weight of the packages at 127.06 and 128.48 pounds would not be held in a one-gallon jar.

31) Because cameras in the extraction pod where the packages in question had been created were turned to the wall and were not recording, Respondent could not provide surveillance video of the creation of the packages.

32) Respondent failed to properly waste product at the time of the September 6, 2023 inspection. Untagged marijuana products were in a room labeled C1D1. The regulation agents observed that marijuana product that was indicated in the Metrc system as having been wasted or failed testing was still present at the location. There was no proper video recording of the marijuana destruction area. Respondent's general manager acknowledged that there was no specific standard operating procedure for waste.

33) Following the September 6, 2023 inspection, Petitioner placed an administrative hold on all of Respondent's marijuana inventory.

34) On October 4, 2023, personnel for Petitioner conducted a follow-up visit to confirm all that all the protocols had been corrected. The personnel found that deficiencies related to standard operating procedures, facility security and video

surveillance had been largely addressed by Respondent at that time. [Tr I, pp 244-246; Tr IV, pp 24-26].

35) About half of the inventory was then released by Petitioner and Respondent's facility was permitted to re-open. There were no recalls or other marijuana products put on hold.

36) On November 15, 2023, Petitioner issued orders summarily suspending both the medical marijuana processor and the adult-use processing licenses held by Respondent.

37) Following a summary suspension hearing, the undersigned determined as of January 11, 2024, that there was no longer an imminent threat to the public health, safety or welfare posed by Respondent's license and issued an order dissolving summary suspension. The ruling was based on corrections or changes in processes that Respondent committed to after September 6, 2023 no-notice inspection. [Baggett testimony, Tr III, pp 45-47].

Conclusions of Law

Petitioner has the burden of proof in this matter to show the truth of the factual and legal allegations set forth in the Formal Complaint. Mich Admin Code, R 420.704(6).

A preponderance of evidence has been defined by Michigan courts as, "proof by a preponderance of the evidence requires that the fact finder believe that the evidence supporting the existence of the contested fact outweighs the evidence supporting its nonexistence." *Blue Cross and Blue Shield of Michigan v Milliken*, 422 Mich 1; 367 NW2d 1 (1985). A preponderance of evidence is evidence which is of a greater weight or more convincing than evidence offered in opposition to it. It is simply that evidence which outweighs the evidence offered to oppose it. *Martucci v Detroit Commissioner of Police*, 322 Mich 270; 33 NW2d 789 (1948).

As discussed below, the undersigned concludes that Petitioner has met its burden of proof as to all Counts of the First Superseding Formal Complaint issued on December 20, 2023.

Count 1

MCL 333.27961(b) provides:

> Sec. 11. (b) A marihuana establishment may not cultivate, process, test, or store marihuana at any location other than a physical address approved

> by the department and within an enclosed area that is secured in a manner that prevents access by persons not permitted by the marihuana establishment to access the area.

At the time of the September 6, 2023 inspection, not all of the marijuana processing was being done in a secured area. Based on the above findings of fact, Petitioner has shown that Respondent violated MCL 333.27961(b).

Count 2

MCL 333.27961(c) provides:

> Sec. 11. (c) A marihuana establishment shall secure every entrance to the establishment so that access to areas containing marihuana is restricted to employees and other persons permitted by the marihuana establishment to access the area and to agents of the department or state and local law enforcement officers and emergency personnel and shall secure its inventory and equipment during and after operating hours to deter and prevent theft of marihuana and marihuana accessories.

The record evidence shows that the entrance to Respondent's establishment was not secure (unlocked and unattended) at the time of the September 6, 2023 inspection. Based on the above findings of fact, Petitioner has shown that Respondent violated MCL 333.27961(c).

Count 3

Mich Admin Code, R 420.209(2) states:

> Rule 9. (2) A licensee shall ensure that any person at the marihuana business, except for employees of the licensee, are escorted at all times by the licensee or an employee of the licensee when in the limited access areas and restricted access areas at the marihuana business.

Based on the above findings of fact, a violation of R 420.209(2) has been established by a preponderance of evidence.

Count 4

Mich Admin Code, R 420.209(3) states:

> Rule 9. (3) 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.

Based on the above findings of fact, a violation of R 420.209(3) has been established by a preponderance of evidence.

Count 5

Mich Admin Code, R 420.209(6)(a) states:

> Rule 9. (6) 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.
> (ii) Limited access areas and security rooms. Transfers between rooms must be recorded.
> (iii) Areas storing a surveillance system storage device with not less than 1 camera recording the access points to the secured surveillance recording area.
> (iv) The entrances and exits to the building, which must be recorded from both indoor and outdoor vantage points.
> (v) The areas of entrance and exit between marihuana businesses at the same location if applicable, including any transfers between marihuana businesses.
> (vi) Point of sale areas where marihuana products are sold and displayed for sale.
> (vii) Areas where marihuana or marihuana products are destroyed. (Emphasis supplied).

There appears no factual dispute in this matter that at the time of the September 6, 2023 no-notice inspection, Respondent did not have a video surveillance system that was properly recording all areas of the building in which marijuana products were being processed and stored. Based on the above findings of fact, a violation of R 420.209(6)(a) has been established by a preponderance of evidence.

Count 6

Mich Admin Code, R 420.209(7) states:

> Rule 9. (7) A licensee shall ensure that each camera is permanently mounted and in a fixed location. Each camera must be placed in a location that allows the camera to clearly record activity occurring within 20 feet of all points of entry and exit on the marihuana business and allows for the clear and certain identification of any person, including facial features, and activities, including sales or transfers, in all areas required to be recorded under these rules. (Emphasis supplied).

At the time of the September 6, 2023 inspection, Respondent did not have properly positioned cameras in all areas of the building that were required to be recorded, including secure areas. In addition, Respondent had one camera turned to the wall. Based on the above findings of fact, a violation of R 420.209(7) has been established by a preponderance of evidence.

Count 7

Mich Admin Code, R 420.209(9) states:

> Rule 9. (9) A licensee shall have cameras that record when motion is detected at the marihuana business and record images that clearly and accurately display the time and date. (Emphasis supplied).

The record evidence shows that at the time of the September 6, 2023 inspection, several camera monitors were not properly recording. Based on the above findings of fact, a violation of R 420.209(9) has been established by a preponderance of evidence.

Count 8

Mich Admin Code, R 420.209(11) states:

> Rule 9. (11) A licensee shall keep surveillance recordings for a minimum of 30 calendar days, except in instances of investigation or inspection by the agency in which case the licensee shall retain the recordings until the time as the agency notifies the licensee that the recordings may be destroyed. (Emphasis supplied).

At the time of the September 6, 2023 inspection, Respondent failed to provide certain recordings for the prior 30 days. Based on the above findings of fact, a violation of R

420.209(11) has been established by a preponderance of evidence.

Count 9

Mich Admin Code, R 420.209(12) states:

> Rule 9. (12) Surveillance recordings of the licensee are subject to inspection by the agency and must be kept in a manner that allows the agency to view and obtain copies of the recordings at the marihuana business immediately upon request. The licensee shall also send or otherwise provide copies of the recordings to the agency upon request within the time specified by the agency. (Emphasis supplied).

Respondent did not have certain recordings available immediately upon request at the time of the September 6, 2023 inspection. Based on the above findings of fact, a violation of R 420.209(12) has been established by a preponderance of evidence.

Count 10

Mich Admin Code, R 420.209(13) states:

> Rule 9. (13) A licensee shall maintain a video surveillance system equipped with a failure notification system that provides notification to the licensee of any interruption or failure of the video surveillance system or video surveillance system storage device. (Emphasis supplied).

The record evidence shows that Respondent's general manager acknowledged at the time of the inspection that he had not received a failure notification for all of the camera monitors that were not recording. Based on the above findings of fact, a violation of R 420.209(13) has been established by a preponderance of evidence.

Count 11

Mich Admin Code, R 420.209(14) states:

> Rule 9. (14) A licensee shall maintain a log of the recordings, which includes all of the following:
> (a) The identity of the employee or employees responsible for monitoring the video surveillance system.
> (b) The identity of the employee who removed any recording from the video surveillance system storage device and the time and date removed.
> (c) The identity of the employee who destroyed any recording. (Emphasis

supplied).

Respondent did not produce a log for all recordings at the time of inspection. Based on the above findings of fact, a violation of R 420.209(14) has been established by a preponderance of evidence.

Count 12

Mich Admin Code, R 420.206a(1) states:

> Rule 6a. (1) A marihuana business must have up-to-date written standard operating procedures on site at all times.

Based on the above findings of fact, a violation of R 420.206a(1) has been established by a preponderance of evidence.

Count 13

Mich Admin Code, R 420.206a(2) states:

> Rule 6a. (2) Standard operating procedures must be made available to the agency upon request.

Based on the above findings of fact, a violation of R 420.206a(2) has been established by a preponderance of evidence.

Count 14

Mich Admin Code, R 420.206a(3) states:

> Rule 6a. (3) Standard operating procedures must detail the marihuana business operations and activities necessary for the marihuana business to comply with the acts and these rules.

Based on the above findings of fact, a violation of R 420.206a(3) has been established by a preponderance of evidence.

Count 15

Mich Admin Code, R 420.211(1) states:

> Rule 11. (1) 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.

Based on the above findings of fact, a violation of R 420.211(1) has been established by a preponderance of evidence.

Count 16

Mich Admin Code, R 420.211(4) states:

> Rule 11. (4) A marihuana product rendered unusable and unrecognizable and, therefore, considered waste, and marihuana plant waste must be recorded in the statewide monitoring system.

Based on the above findings of fact, a violation of R 420.211(4) has been established by a preponderance of evidence.

Count 17

Mich Admin Code, R 420.211(8) states:

> Rule 11. (8) A licensee shall maintain accurate and comprehensive records regarding marihuana product waste, and marihuana plant waste that accounts for, reconciles, and evidences all waste activity related to the disposal. The agency may publish guidance on marihuana product waste management.

Based on the above findings of fact, a violation of R 420.211(8) has been established by a preponderance of evidence.

Count 18

MCL 333.27961(f) provides:

> Sec. f) No marihuana establishment may sell or otherwise transfer

> marihuana that was not produced, distributed, and taxed in compliance with this act.

Based on the above findings of fact, a violation of MCL 333.27961(f) has been established by a preponderance of evidence.

Count 19

Mich Admin Code, R 420.103(1) states:

> Rule 3. (1) A marihuana processor license authorizes the marihuana processor to purchase or transfer of marihuana or marihuana-infused products from only a licensed marihuana establishment and sell or transfer of marihuana-infused products or marihuana to only a licensed marihuana establishment.

Based on the above findings of fact, a violation of R 420.103(1) has been established by a preponderance of evidence.

Count 20

Mich Admin Code, R 420.103(3) states:

> Rule 3. (3) A marihuana processor must accurately enter all transactions, current inventory, and other information into the statewide monitoring system as required in these rules.

Based on the above findings of fact, a violation of R 420.103(3) has been established by a preponderance of evidence.

Count 21

Mich Admin Code, R 420.210(1) states:

> Rule 10. (1) 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. A licensee shall not transfer or sell a marihuana product that is not identified in the statewide monitoring system pursuant to these rules.

Based on the above findings of fact, a violation of R 420.210(1) has been established by

a preponderance of evidence.

Count 22

Mich Admin Code, R 420.210(2) states:

> Rule 10. (2) 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, Courtesy of Michigan Administrative Rules Page 65 identify, or record as part of a batch in the statewide monitoring system any marihuana product as provided in these rules.

Based on the above findings of fact, a violation of R 420.210(2) has been established by a preponderance of evidence.

Count 23

Mich Admin Code, R 420.210(3) states:

> Rule 10. (3) A licensee shall not reassign or subsequently assign a tag to another package that has been associated with a package in the statewide monitoring system.

Based on the above findings of fact, a violation of R 420.210(3) has been established by a preponderance of evidence.

Count 24

Mich Admin Code, R 420.212(1) states:

> Rule 12. (1) All marihuana products must be stored at a marihuana business in a secured limited access area or restricted access area and must be identified and tracked consistently in the statewide monitoring system under these rules.

Based on the above findings of fact, a violation of R 420.212(1) has been established by a preponderance of evidence.

Count 25

Mich Admin Code, R 420.212(2) states:

> Rule 12. (2) All containers used to store marihuana products for transfer or sale between marihuana businesses must be clearly marked, labeled, or tagged, if applicable, and enclosed on all sides in secured containers. The secured containers must be latched or locked in a manner to keep all contents secured within. Each secured container must be identified and tracked in accordance with the acts and these rules.

Based on the above findings of fact, a violation of R 420.212(2) has been established by a preponderance of evidence.

Count 26

Mich Admin Code, R 420.502(1) states:

> Rule 2. (1) 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.

Based on the above findings of fact, a violation of R 420.502(1) has been established by a preponderance of evidence.

Count 27

Mich Admin Code, R 420.214a(7) states:

> Rule 14a. (7) Any batch of marihuana or a marihuana product that has undergone internal analytical testing must undergo full safety compliance testing, with passing test results entered into the statewide monitoring system, prior to being sold or transferred.

Based on the above findings of fact, a violation of R 420.214a(7) has been established by a preponderance of evidence.

Count 28

Mich Admin Code, R 420.206(4) states:

> Rule 6. (4) The agency shall publish a list of banned chemical residue active ingredients that are prohibited from use in the cultivation and production of marihuana plants and marihuana products to be sold or transferred in accordance with the acts or these rules.

Based on the above findings of fact, a violation of R 420.206(4) has been established by a preponderance of evidence.

Count 29

Mich Admin Code, R 420.303(6) states:

> Rule 3. (6) A cultivator may transfer or sell marihuana to a producer without first being tested by a laboratory if the marihuana product will be processed. After the producer has processed the material, the producer shall have the sample tested for all required safety tests pursuant to R 420.304 and R 420.305. A producer that received a package under this rule that has not been processed may transfer that package to another producer without having the package first tested by a laboratory for extraction.

Based on the above findings of fact, a violation of R 420.303(6) has been established by a preponderance of evidence.

Count 30

Mich Admin Code, R 420.303a(2) states:

> Rule 3a. (2) A producer of a marihuana product in its final form shall have the sample tested pursuant to R 420.304 and R 420.305. The producer shall quarantine products from all other products when the product has test results pending. The producer shall not transfer or sell a marihuana product to a marihuana sales location until after test results entered into the statewide monitoring system indicate a passed result for all required safety tests. Nothing in this subsection prohibits a producer from transferring or selling a package in accordance with the remediation protocol provided by the agency and these rules.

Based on the above findings of fact, a violation of R 420.303a(2) has been established by a preponderance of evidence.

Count 31

Mich Admin Code, R 420.304(2)(a), (g), (h), (j) and (k) state:

Rule 4. (2) A laboratory shall collect samples of a marihuana product from another marihuana business, and that marihuana business shall not interfere or prevent the laboratory from complying with all of the following requirements:

(a) The laboratory shall physically collect the sample of the marihuana product from another marihuana business to be tested at the laboratory. A laboratory shall comply with all the following:

(i) The laboratory shall ensure that samples of the marihuana product are identified in the statewide monitoring system and placed in secured, sealed containers that bear the labeling required under these rules.

(ii) The route plan and manifest must be entered into the statewide monitoring system, and a copy must be carried in the transporting vehicle and presented to a law enforcement officer upon request.

(iii) The marihuana must be transported in 1 or more sealed containers and not be accessible while in transit.

(iv) The vehicle a laboratory is using to transport samples of marihuana product must not bear markings or other indication that it is carrying marihuana or a marihuana-infused product.

* * *

(g) An employee of the marihuana business from which marihuana product test samples are collected shall be physically present to observe the laboratory employee collect the sample of marihuana product for testing and shall ensure that the sample increments are taken from throughout the batch.

(h) An employee of a marihuana business shall neither assist the laboratory employee nor touch the marihuana product or the sampling equipment while the laboratory employee is obtaining the sample.

* * *

(j) A marihuana business shall enter in the statewide monitoring system the marihuana product test sample that is collected by a licensed laboratory, including the date and time the marihuana product is collected and transferred. The laboratory shall enter into the statewide monitoring system the test results within 3 business days of test completion.

(k) If a testing sample is collected from a marihuana business for testing in the statewide monitoring system, that marihuana business shall quarantine the marihuana product that is undergoing the testing from any other marihuana product at the marihuana business. The quarantined

marihuana product may not be packaged, transferred, or sold until passing test results are entered into the statewide monitoring system.

Based on the above findings of fact, a violation of R 420.304(2)(a), (g), (h), (j) and (k) has been established by a preponderance of evidence.

Proposed Decision

The undersigned proposes that the Agency's Executive Director adopt the above findings of fact and conclusions of law and issue a final decision and order that imposes a sanction as deemed appropriate under the MRTMA.

Lauren G. VanSteel
Administrative Law Judge

Exceptions

The parties may file Exceptions to this Proposal for Decision within twenty-one (21) days after it is issued and entered. An opposing party may file a Response to Exceptions within fourteen (14) days after initial Exceptions are filed (see computation of filing time at Mich Admin Code, R 792.10104). For any Exceptions and Responses to Exceptions, a party must:

1) State the **case name and docket number** as shown on the first page of this Proposal for Decision;

2) File with the Michigan Office of Administrative Hearings and Rules-General Adjudication, by **e-mail (preferred)**: MOAHR-GA@michigan.gov; **fax**: 517-763-0148; **regular mail**: MOAHR-GA, P.O. Box 30695, Lansing, Michigan 48909-8195; or **overnight carrier delivery (UPS, FedEx, DHL)**: MOAHR-GA, c/o Department of Licensing and Regulatory Affairs, Mail Services, 2407 N. Grand River Avenue, Lansing, Michigan 48906; and

3) **Serve a copy on all parties** to the proceeding at the email/regular mail addresses shown on the attached Proof of Service.

Notice to Agency to Provide MOAHR with Subsequent Agency or Court Orders

The state agency that is a party to this matter, and/or referred this matter to MOAHR, shall serve MOAHR with any subsequent orders entered as a result of this ALJ's decision or proposed decision, including but not limited to the agency's final order, order to remand the matter to MOAHR for further proceedings, or order on appeal, as soon as practicable following entry of the order to:

> Michigan Office of Administrative Hearings and Rules, General Adjudication, by **email (preferred)** to: MOAHR-GA@michigan.gov; **or by regular mail** to: MOAHR-GA, P.O. Box 30695, Lansing, Michigan 48909-8195.

See: Mich Admin Code, R 792.10120(2)(i).

PROOF OF SERVICE

I certify that I served a copy of the foregoing document upon all parties and/or attorneys, to their last-known addresses in the manner specified below, this 18th day of June 2026.

S. Reynolds

S. Reynolds
Michigan Office of Administrative Hearings and Rules

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License No.: AU-P-000171
ENF No.: 23-00784
_____/

Docket No.: 23-032805

PROOF OF SERVICE

I hereby certify that on 9/21/26, I mailed a copy of the Second Amended Final Order dated 9/17/26 in the above captioned case by certified mail (return receipt requested) to:

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