

administrative hold during the ongoing investigation and prohibiting the sale or transfer of any marijuana products on administrative hold.

In response to the administrative hold order, Respondent represented that it voluntarily ceased all processing activities as of the close of business on July 31, 2020; took steps to address the issue internally; and intended to remain inactive until further instruction from the MRA and pending internal investigation and corrective action.

In light of the above, the MRA issued a stipulated order suspending Respondent's medical and adult-use processor licenses for 14 days, effective August 6, 2020, pending further MRA investigation and any resulting enforcement action.

Also on August 6, 2020, the MRA issued a public health and safety bulletin regarding a voluntary marijuana product recall of pre-rolls manufactured by Respondent and dispersed to marijuana sales locations.

On August 20, 2020, the MRA issued a second stipulated order suspending Respondent's licenses for an additional period of 14 days to allow the parties to continue to engage in ongoing settlement negotiations.

By a stipulation incorporated in this document, Respondent admits that its medical marijuana processor facility (license no. PR-000098) violated Mich Admin Code, R 420.210(2); R 420.602(1), (2)(b), (2)(c), (2)(d), and (2)(h); and R 420.602(5) and (6). Respondent further admits that its adult-use marijuana processor establishment (license no. AU-P-000106) violated MCL 333.27961(e) and Mich Admin Code, R 420.210(2); R 420.602(1), (2)(b), (2)(c), (2)(d), (2)(h), and (2)(j); and R 420.602(5) and (6).

The MRA is authorized under section 407(1) of the MMFLA, MCL 333.27407(1), section 8(1)(k) of MRTMA, MCL 333.27958(1)(k), Executive Reorganization Order 2019-2, MCL 333.27001, and Mich Admin Code, R 420.805 and R 420.806, to impose fines and other sanctions—including license denial, limitation/restriction, suspension, revocation, and/or nonrenewal—against applicants and licensees that violate the MMFLA, MRTMA, and/or associated administrative rules.

The parties stipulate that the MRA may execute this consent order for the purpose of resolving this matter without the issuance of a formal complaint against Respondent.

The executive director reviewed the stipulation incorporated in this document and agrees the public interest is best served by resolution of this matter without further administrative process.

Therefore, the executive director finds the following:

1. The factual allegations and violations set forth in the stipulation are true.
2. Respondent's medical marijuana processor facility (license no. PR-000098) violated Mich Admin Code, R 420.210(2); R 420.602(1), (2)(b), (2)(c), (2)(d), and (2)(h); and R 420.602(5) and (6).
3. Respondent's adult-use marijuana processor establishment (license no. AU-P-000106) violated MCL 333.27961(e) and Mich Admin Code, R 420.210(2); R 420.602(1), (2)(b), (2)(c), (2)(d), (2)(h), and (2)(j); and R 420.602(5) and (6).

Accordingly, for these violations, IT IS ORDERED:

1. The stipulated order of suspension issued on August 20, 2020, is withdrawn.
2. Respondent's licenses are suspended for a minimum of 10 days commencing on the effective date of this order. This suspension is in addition to the stipulated suspensions in effect under the orders issued on August 6 and August 20, 2020.

3. Respondent's licenses automatically shall be reinstated when the MRA receives and issues written approval of the following:
 - a. Proof that Respondent terminated the employment of all of the following:
 - (1) the individual identified in the underlying investigation as Respondent's on-site manager at the time of the investigation
 - (2) the five individuals identified in the underlying investigation who were observed on surveillance video licking pre-roll marijuana products while making them at Respondent's business
 - b. Proof that Respondent has identified and terminated the employment of the one additional individual who was observed on surveillance video dated July 13, 2020, licking pre-roll marijuana products while making them at Respondent's business but who was not identified as of the date of this agreement
 - c. Verification that Respondent will employ a full-time, on-site supervisor and a full-time, on-site compliance officer at the processor facility and establishment as of the date the licenses are reinstated
 - d. An updated quality control manual that includes, but is not limited to, standard operating procedures, records of formulation, and clearly defined procedures for producing pre-roll products
 - e. An employee training manual that complies with the requirements of Mich Admin Code, R 420.602
 - f. Proof of compliance with all relevant rules, procedures, and restrictions outlined in any COVID-19 executive orders in effect as of the effective date of this order
4. Commencing on the effective date of this order, Respondent's licenses are subject to the following restrictions and conditions:
 - a. Within seven days from the date Respondent's licenses are reinstated, Respondent shall provide proof of the destruction of all marijuana product subject to the administrative hold issued on July 31, 2020, via email to MRA-LegalHearings@michigan.gov.

- b. Within 30 days from the date Respondent's licenses are reinstated, Respondent shall provide training for all employees on safe food handling and email proof of each employee's completion of this training to MRA-LegalHearings@michigan.gov. The training and documentation shall comply with the requirements of Mich Admin Code, R 420.403(8)(d).
- c. For a period of one year from the effective date of this order, Respondent shall comply with the following:
 - (1) Respondent shall conduct a monthly audit of all inventory and employment records and all data entered in METRC and shall email a letter to MRA-LegalHearings@michigan.gov by 5 p.m. on the first Monday of every month confirming it completed the audit, corrected any errors, and has all inventory and employees correctly identified and tracked in METRC.
 - (2) By 5 p.m. on the first Monday of every month, Respondent shall email a report identifying and confirming compliance with all relevant rules, procedures, and restrictions outlined in any COVID-19 executive orders in effect at the time of the report to MRA-LegalHearings@michigan.gov.
 - (3) Respondent shall employ a full-time, on-site supervisor and a full-time, on-site compliance officer at the processor facility and establishment.
 - (4) Respondent shall not employ or otherwise permit any of the individuals referenced under paragraphs 3(a) and 3(b) to perform any work or provide any services for the business in any capacity, including as a subcontractor, independent contractor, or volunteer.
 - (5) Within 24 hours after hiring any employee, including any subcontractor or independent contractor, Respondent shall email the employee's name, date of birth, and title, and confirmation that Respondent conducted a criminal history background on the individual, to the MRA at MRA-LegalHearings@michigan.gov.
- 5. Respondent must pay a fine in the amount of one hundred thousand and 00/100 dollars (\$100,000.00). This fine shall be divided equally between the two licenses, for a fine of fifty thousand (\$50,000.00) each. This fine shall be paid within 120 days of the effective date of this order by two separate checks or money orders made payable to the

State of Michigan—one for license no. PR-000098 with “ENF 20-00086” clearly displayed on the check or money order, and one for license no. AU-P-000106 with “ENF 20-00087” clearly displayed on the check or money order. Respondent shall mail the payment to Department of Licensing and Regulatory Affairs, Marijuana Regulatory Agency, P.O. Box 30205, Lansing, Michigan 48909.

6. If Respondent fails to timely pay the fine, Respondent’s licenses shall be suspended until payment is received.
7. Unless otherwise specified in this order, Respondent shall direct any communications to the MRA that are required by the terms of this order to MRA-LegalHearings@michigan.gov.
8. Respondent shall be responsible for all costs and expenses incurred in complying with the terms and conditions of this consent order.
9. Respondent shall be responsible for the timely compliance with all terms of this consent order, including the timely filing of any documentation. Respondent’s failure to comply within the time limitations provided will constitute a violation of this order. The MRA may, in its discretion, grant a written extension of any timeline set forth in this consent order on a case-by-case basis and in response to a written request from Respondent.
10. If Respondent violates any term or condition set forth in this order, Respondent will be subject to additional fines and/or other sanctions.


This consent order is intended to encompass and resolve the specific conduct and violations identified in the stipulation and any additional occurrences of the same conduct and violations that pre-date the effective date of this order.

This order shall be effective on the date signed by the MRA’s executive director or his designee, as set forth below.

Signed on: 8/31/20

MARIJUANA REGULATORY AGENCY

By: **Andrew
Brisbo**
Andrew Brisbo, Executive Director
Marijuana Regulatory Agency

 Digitally signed by: Andrew Brisbo
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= MRA
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STIPULATION

The parties negotiated a settlement and agree to the following:

1. Respondent desires to resolve and settle all issues related to this matter, in lieu of disputing the disciplinary action in a contested case hearing.
2. Respondent admits to the following factual allegations and violations identified in the underlying investigation that are applicable both to Respondent's medical marijuana processor facility (license no. PR-000098) and adult-use marijuana processor establishment (license no. AU-P-000106):
 - a. Surveillance video revealed at least six employees/individuals licking pre-rolls while producing them at Respondent's business on various dates in July 2020.
 - b. Several of the above-referenced individuals admitted it was their regular practice to seal pre-rolls with saliva at Respondent's business for a period of up to five weeks.
 - c. Surveillance video revealed the above-referenced individuals not wearing masks over their mouths and noses and not wearing gloves while producing pre-rolls.
 - d. Surveillance video revealed the above-referenced individuals consuming beverages, using a vape device, touching cell phones, scratching their bodies (head, legs, back, and arms), and/or touching or rubbing their faces without washing or sanitizing their hands before handling pre-rolls.
 - e. None of the above-referenced individuals who were interviewed indicated that they had seen an employee training manual or any written procedures for producing pre-rolls.
 - f. Several of the above-referenced individuals stated they were not trained by facility management on how to produce pre-rolls, but instead were trained by other employees.
 - g. Respondent's on-site manager at the time of the investigation indicated Respondent did not have a policy for pre-roll manufacturing and that he was not sure if Respondent had an employee training manual.

- h. At the time of the investigation, Respondent had at least four employees whose information and level of access was not timely entered in METRC.
- i. Respondent represented that information for one individual who produced pre-rolls was not entered in METRC because he was not an employee; however, the individual also was not logged in as a visitor on several days on which he was observed on surveillance video producing pre-rolls.
- j. At the time of the investigation, Respondent had not conducted criminal history background checks on at least 10 individuals before hiring them and/or failed to record or provide the MRA with confirmation of such checks.
- k. At the time of the investigation, Respondent had not timely removed employee credentials from METRC of at least six individuals who no longer were employed by Respondent.
- l. At the time of the investigation, Respondent had approximately 10 baggies, each containing about 40 pre-rolls, that did not have METRC tags or labels.
- m. At the time of the investigation, Respondent had several boxes of pre-rolls in individual plastic tubes without METRC tags or labels on either the boxes or tubes.
- n. Based on the above, Respondent had marijuana product without a batch number or identification tag or label and/or failed to immediately tag, identify, or record marijuana product as part of a batch in METRC, in violation of Mich Admin Code, R 420.210(2).
- o. Based on the above, Respondent failed to conduct a criminal history background check on a prospective employee before hiring the individual, failed to record confirmation of employee criminal history checks, and/or failed to make the confirmation available for inspection by the MRA on request, in violation of Mich Admin Code, R 420.602(1).
- p. Based on the above, Respondent failed to enter an employee's information and level of access in METRC within seven business days of hiring, in violation of Mich Admin Code, R 420.602(2)(b).
- q. Based on the above, Respondent failed to remove an employee's access and permissions to METRC within seven business days after the employee's employment with the licensee was terminated, in violation of Mich Admin Code, R 420.602(2)(c).

- r. Based on the above, Respondent failed to train employees and have an employee training manual that includes, but is not limited to, employee safety procedures, employee guidelines, security protocol, and educational training, in violation of Mich Admin Code, R 420.602(2)(d).
- s. Based on the above, Respondent failed to ensure that employees handling marihuana product complied with current good manufacturing practice in manufacturing, packing, or holding human food set forth in 21 CFR part 110, in violation of Mich Admin Code, R 420.602(2)(h).
- t. Based on the above, Respondent's employees consumed beverages where marijuana product is stored, processed, or packaged, in violation of Mich Admin Code, R 420.602(5).
- u. Based on the above, Respondent failed to reasonably monitor individuals providing trade services, log in such individuals as visitors, and/or escort such individuals through any limited access areas, in violation of Mich Admin Code, R 420.602(6).

3. Respondent admits to the following additional factual allegation and violation identified in the underlying investigation that are applicable only to Respondent's adult-use marijuana processor establishment (license no. AU-P-000106):

- a. At least three of the above-referenced individuals who produced pre-rolls at Respondent's business were under 21 years of age.
- b. Based on the above, Respondent allowed individuals under 21 years of age to work for its establishment, in violation of MCL 333.27961(e) and Mich Admin Code, R 420.602(2)(j).

4. Respondent understands and intends that by signing this stipulation, Respondent is waiving the right under the MMFLA, MRTMA, associated administrative rules, and the Administrative Procedures Act of 1969, MCL 24.201 *et seq.*, to require the MRA to prove the charges set forth in the complaint by presentation of evidence and legal authority and to present a defense to the charges.

5. The parties considered the following in reaching this agreement:
 - a. Upon learning of the underlying investigation, Respondent voluntarily ceased all processing activities and then agreed to a suspension of its licenses pending further investigation and efforts to negotiate a resolution.
 - b. Respondent took steps to initiate a voluntary recall of pre-roll products that it identified as potentially contaminated with saliva.
 - c. Respondent explained that the violations identified above stemmed from the business's rapid growth without adequate management, training, and infrastructure. Respondent represents that it proactively took steps to improve its business practices and is committed to preventing recurrences.
 - d. Respondent understands that it may be subject to more frequent, unannounced inspections and record reviews, including but not limited to records of formulation and employment records, moving forward to ensure compliance with the MMFLA, MRTMA, associated administrative rules, and this order. Respondent understands that any additional violations may result in increased fines and/or other sanctions.
 - e. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.

6. Respondent freely consents to this consent order and stipulation without pressure or duress. Respondent acknowledges that it has had an opportunity to seek independent legal advice and review this agreement with counsel of its own choosing.

7. The MRA's Enforcement Division, Scientific & Legal Section manager or designee must approve this proposed agreement before it is forwarded to the MRA'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 MRA's Scientific & Legal Section manager, 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:

Claire Patterson

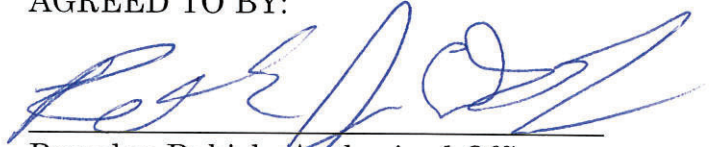
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Claire Patterson
Manager, Scientific & Legal Section
Enforcement Division

Marijuana Regulatory Agency
Dated: 8/28/20

/s/ Erika N. Marzorati
Erika N. Marzorati (P78100)
Assistant Attorney General
Attorneys for Complainant
Dated: 8/28/2020

AGREED TO BY:



Brandon Dabish, Authorized Officer
On behalf of Respondent
3843 Euclid, LLC

Dated: 8/28/20

Jacqueline Langwith
Jacqueline Langwith (P79600)
Attorney for Respondent
Dated: 08/28/2020