

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

In the Matter of

LUCKY BUDS II, LLC
License No. PR-000318

ENF No. 23-00487

_____/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On July 25, 2023¹, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the medical marijuana processor license (no. PR-000318) of Lucky Buds II, LLC (Respondent) under the Medical Marijuana Facilities Licensing Act (MMFLA), MCL 333.27101 *et seq.*, and administrative rules promulgated thereunder. The complaint alleged Respondent violated Mich Admin Code, R 420.802(3)(f)(ii) and R 420.802(3)(f)(iii).

The executive director or designee reviewed the stipulation contained in this document and agrees the public interest is best served by resolution of the complaint. Therefore, the executive director or designee finds that the allegations contained in the complaint are true and that Respondent violated Mich Admin Code, R 420.802(3)(f)(ii) and R 420.802(3)(f)(iii).

Accordingly, for these violations, IT IS ORDERED:

1. Respondent must pay a fine in the amount of four thousand and 00/100 dollars (\$4,000.00). This fine shall be paid within 90 days of the effective date of

¹ On July 21, 2023, the CRA issued an earlier version of the formal complaint incorrectly listing the license number as “ERG-004350.” On July 25, 2023, the CRA issued the corrected formal complaint reflecting the appropriate license number.

this order by check, money order, or online through Accela Citizen Access (ACA). CRA guidance on how to make compliance payments online is available under “Tips for Licensees” at www.michigan.gov/cra/bulletins. Checks or money orders shall be made payable to the State of Michigan with “ENF No. 23-00487” and “License No. PR-000318” clearly displayed on the check or money order and mailed to: Department of Licensing and Regulatory Affairs, Cannabis Regulatory Agency, P.O. Box 30205, Lansing, Michigan 48909.

2. If Respondent fails to timely comply with the terms of this order, Respondent’s license shall be suspended until compliance is demonstrated.

3. Unless otherwise specified in this order, Respondent shall direct any communications to the CRA that are required by the terms of this order to CRA-CSS@michigan.gov.

4. Respondent shall be responsible for all costs and expenses incurred in complying with the terms and conditions of this consent order.

5. If Respondent violates any term or condition set forth in this order, Respondent may be subject to additional fines and/or other sanctions.

This order shall be effective 30 days after the date signed by the CRA’s executive director or designee, as set forth below.

Signed on: 11/22/2024

CANNABIS REGULATORY AGENCY

By: **Brian Hanna**
Executive Director Brian Hanna
or Designee
Cannabis Regulatory Agency

Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email =
bhanna@michigan.gov C = US O = CRA OU = CRA
Date: 2024.11.22 11:15:20 -0500

STIPULATION

The parties stipulate to the following:

1. The facts alleged in the formal complaint are true and constitute a violation of the administrative rules promulgated under the MMFLA.
2. Respondent understands and intends that by signing this stipulation, Respondent is waiving the right under the MMFLA, administrative rules promulgated thereunder, and the Administrative Procedures Act of 1969, MCL 24.201 *et seq.*, to require the CRA to prove the charges set forth in the complaint by presentation of evidence and legal authority and to present a defense to the charges.
3. The parties considered the following in reaching this agreement:
 - a. Respondent represents that the incident stemmed from its own misunderstandings regarding the need to submit a reporting form, rather than an intentional disregard of applicable rules.
 - b. Respondent submitted a reporting form regarding the purchase and installation of extraction equipment (RF-003114) on November 22, 2023. The CRA approved RF-003114 on November 28, 2023.
 - c. Respondent submitted a Reporting Form regarding the creation of a vault (RF-001597) on June 21, 2023. The CRA approved RF-001597 on June 26, 2023.
 - d. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.
 - e. This consent order and stipulation is part of a comprehensive resolution of two related formal complaints (ENF nos. 23-00487 and 23-00488) against Lucky Buds II, LLC concerning the same conduct.

4. The CRA’s operations director or designee must approve this proposed agreement before it is forwarded to the CRA’s executive director or 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 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:

Sara Hernandez
Digitally signed by: Sara Hernandez
DN: CN = Sara Hernandez email = HernandezS1@michigan.gov C = US O = CRA OU = LARA
Date: 2024.11.20 14:44:39 -05'00'

Desmond Mitchell
Operations Director
or Designee
Cannabis Regulatory Agency
Dated: 11/20/2024

/s/ Jeffrey W. Miller

Jeffrey W. Miller (P78786)
Audrey E. Elzerman (P82596)
Assistant Attorneys General
Attorneys for Cannabis Regulatory Agency
Dated: 11/18/2024

AGREED TO BY:

Ron Lawrence
Ron Lawrence (Oct 14, 2004 12:13 EDT)

Ron Lawrence
Authorized Representative
On behalf of Respondent
Lucky Buds II, LLC
Dated: _____

Jacqueline Langwith

Jacqueline Langwith (P79600)
Attorney for Respondent
Dated: 11/15/2024

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

In the Matter of

Lucky Buds II, LLC
License No(s): PR-000318

ENF No: 23-00487

FORMAL COMPLAINT

The Cannabis Regulatory Agency (“CRA”) files this formal complaint against Lucky Buds II, LLC, (“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 processor facility in the state of Michigan.

4. Respondent operated at 3650 Patterson Road, Bay City, Michigan, 48706, 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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www.michigan.gov/CRA
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- a. On May 1, 2023, a Bureau of Fire Services (BFS) Inspector completed a fire safety inspection at Respondent's facility and observed multiple deficiencies involving additional equipment and an expanded room at the facility.
- b. The BFS Inspector and CRA Regulation Agent (RA) observed a vault room in Respondent's facility that was not submitted for approval in accordance with CRA and BFS administrative rules. The room contained a vault that was used to store marijuana.
- c. Respondent also added processor equipment to the facility which was not previously approved by the BFS or the CRA.
- d. The BFS inspector also observed extraction equipment, ovens, refrigerators, freezers, and ancillary items. Respondent is not approved for extraction and none of the equipment was in the original application plan.
- e. On May 16, 2023, the CRA RA spoke with Respondent's owner regarding the multiple deficiencies detailed in the BFS Report from May 1, 2023.
- f. According to Respondent, it had not submitted a request for approval to the BFS or the CRA for the vault and the additional equipment.

Count I

Respondent's actions as described above in paragraphs a, c, d, and f, demonstrate a violation of R. 420.802(3)(f)(ii) which licensees shall report to the agency any proposed material changes to the marijuana business before making a material change. A proposed material change is any action that would result in alternations or changes being made to the marijuana business to effectuate the desire outcome of a material change. Material changes, include, but are not limited to, the following: Any change or modification to the marijuana business before or after licensure that was not preinspected, inspected, or part of the marijuana business location plan or final inspection, including, but not limited to all of the following: Additions or reductions in equipment or processes.

Count II

Respondent's actions as described above in paragraphs a, b, and f, demonstrate a violation of R. 420.802(3)(f)(iii) which licensees shall report to the agency any proposed material changes to the marihuana business before making a material change. A proposed material change is any action that would result in alternations or changes being made to the marihuana business to effectuate the desire outcome of a material change. Material changes, include, but are not limited to, the following: Any change or modification to the marihuana business before or after licensure that was not preinspected, inspected, or part of the marihuana business location plan or final inspection, including, but not limited to all of the following: Increase or decrease in the size or capacity of the marihuana business.

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.

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:

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2407 NORTH GRAND RIVER • P.O. BOX 30205 • LANSING, MICHIGAN 48909
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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: 7/25/2023

By: Alyssa A. Grissom
Digitally signed by Alyssa A. Grissom
Date: 2023.07.25 15:31:41 -04'00'

Alyssa A. Grissom
Legal Section Manager
Cannabis Regulatory Agency