

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

In the Matter of

NoBo Michigan, LLC
dba NOBO
License No.: AU-R-000514

ENF No.: 24-00526

/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On July 12, 2024, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the adult-use marijuana processor establishment license (AU-R-000514) of NoBo Michigan, LLC, dba NOBO (Respondent) under the Michigan Regulation and Taxation of Marijuana Act (MRTMA), MCL 333.27951 *et seq.*, and the administrative rules promulgated thereunder. The formal complaint alleged Respondent violated Mich Admin Code, R 420.802(3)(a).

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

Accordingly, for these violations, IT IS ORDERED:

1. Respondent must pay a fine in the amount of seven hundred sixty-nine and 00/100 dollars (\$769.00). 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 "24-00526" and license number "AU-R-000514" clearly displayed on the check or money order. Respondent shall mail the fine to Department of Licensing and

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Regulatory Affairs, Cannabis Regulatory Agency, PO 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 shall 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.
6. Upon timely compliance of the terms of this order by Respondent, the matters set forth in the formal complaint shall be deemed resolved and closed subject to this Consent Order.

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

CANNABIS REGULATORY AGENCY

Signed on: 11/4/2024

By: Brian Hanna

Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email = hannab@michigan.gov C
= US O = CRA OU = CRA
Date: 2024.11.04 11:29:42 -0500

**Brian Hanna, Executive Director
or his designee
Cannabis Regulatory Agency**

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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 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 formal 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 has submitted supplemental applications to the CRA to amend owners and ownership percentages.
 - b. Respondent hired a compliance manager to better ensure compliance with administrative rules.
 - c. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.
4. The CRA's centralized services director or her 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 centralized services director, executive director, or their designees reject the proposed consent order.

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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:

Sara Hernandez

Digitally signed by Sara Hernandez
DN: CN = Sara Hernandez email =
sarahernandez@lmi.michigan.gov, C = US, O = CRA, OU = LARA
Date: 2024.10.25 13:39:09 -0400

Sara Hernandez, CSD Director
or her designee
Cannabis Regulatory Agency

Dated: 10/25/2024



Lucas Salerno, Authorized Officer
on behalf of Respondent
NoBo Michigan, LLC.

Dated: 10-18-24

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DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
CANNABIS REGULATORY AGENCY

In the Matter of

NoBo Michigan, LLC
dba NOBO
License No.: AU-R-000514

ENF No.: 24-00526

FORMAL COMPLAINT

The Cannabis Regulatory Agency (CRA) files this formal complaint against NoBo Michigan, LLC dba NOBO (Respondent) alleging upon information and belief as follows:

1. The CRA is authorized under the Michigan Regulation and Taxation of Marihuana Act (MRTMA), MCL 333.27951, *et seq.*, and Executive Reorganization Order No.2019-2, MCL 333.27001, to investigate alleged violations of the MRTMA 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 MRTMA or administrative rules.

2. Section 8(1)(d) of the MRTMA provides that the administrative rules must ensure the health, safety, and security of the public and integrity of the marijuana establishment operations.

FACTUAL ALLEGATIONS AND INTENDED ACTION OF THE CRA

3. Respondent holds an active state license under the MRTMA to operate an adult use marijuana retailer establishment in the state of Michigan.

4. Respondent operated at 725 Main Street, Battle Creek, Michigan 49014, at all times relevant to this complaint.

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

- a. On January 3, 2024, Respondent submitted to the CRA's Financial Compliance Section (FCS) its annual financial statement for the fiscal year 2023 (AFS-FY23). The AFS-FY23 included ownership different than what had been previously reported and reviewed by the CRA.
- b. On May 23, 2024, a CRA Regulation Agent (RA) reviewed a referral from the CRA FCS of the Respondent's annual financial statement for the reporting period of July 1, 2022, to June 6, 2023. The CRA RA observed that the AFS-FY23 stated that 11 different individuals and one entity had ownership interest in Respondent.
- c. The CRA RA observed that the previously approved CRA records showed there were nine individuals and one entity filed by Respondent.
- d. The differences in the ownership as previously approved by the CRA verses the information included on the AFS-FY23 are as follows:
 - i. Individual A.B., reported ownership percentage on file with the CRA of 46.0%, and ownership percentage reported on the AFS-FY23 of 51.40%.
 - ii. Individual D.M., reported ownership percentage on file with the CRA of 8.90%, and ownership percentage reported on the AFS-FY23 of 1.58%.
 - iii. Individual W.K., reported ownership percentage on file with the CRA of 5.29%, and ownership percentage reported on the AFS-FY23 as N/A.
 - iv. Individual T.B., reported ownership percentage on file with the CRA of 4.27%, and ownership percentage reported on the AFS-FY23 of 5.40%.

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- v. Individual A.G., reported ownership percentage on file with the CRA of 3.34%, and ownership percentage reported on the AFS-FY23 of 3.16%.
- vi. Individual W.S., reported ownership percentage on file with the CRA of 2.64%, and ownership percentage reported on the AFS-FY23 of 4.74%.
- vii. Individual S.H., reported ownership percentage on file with the CRA of 1.25%, and ownership reported on the AFS-FY23 as N/A.
- viii. Individual B.W., reported ownership percentage of 0.50%, and ownership percentage reported on the AFS-FY23 of 1.42%.
- ix. Individual R.W., reported ownership percentage on file with the CRA as N/A, and ownership percentage reported on the AFS-FY23 of 3.16%.
- x. Individual T.W., reported ownership percentage on file with the CRA as N/A, and ownership percentage reported on the AFS-FY23 of 2.37%.
- xi. Individual C.D.V., reported ownership percentage on file with the CRA as N/A, and ownership percentage reported on the AFS-FY23 of 2.04%.
- xii. Individual M.A.S, reported ownership percentage on file with the CRA as N/A, and ownership percentage reported on the AFS-FY23 of 1.90%.
- xiii. Other ownership interests of less than 2.50% on file with the CRA was 27.81%, and ownership percentage reported on AFS-FY23 was 22.83%.

- e. On May 23, 2024, the CRA RA contacted the Respondent's Vice President of Operations, C.P., who stated that there had been several rearrangements on Respondent's board that resulted in the change in ownership interests.
- f. Respondent did not file a reporting form for this change of ownership with the CRA.

Count I

Respondent's actions as described above in paragraphs a, b, c, d, e (i, ii, iii, iv, v, vi, vii, viii, ix, x, xi, xii, xiii) and g demonstrate a violation of Mich Admin Code R 420.802(3)(a), which states 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 alterations or changes being made to the marihuana business to effectuate the desired outcome of a material change. Material changes, include, but are not limited to, the following:
(a) Change in owners, officers, members, or managers.

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.

Pursuant to 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

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Respondent has the opportunity to discuss the allegations in this complaint and demonstrate compliance under the MRTMA 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's legal section at (517) 284-8599 or CRA-LegalHearings@michigan.gov.

Dated: 7/12/24

By: Alyssa A. Grissom Digitally signed by Alyssa A. Grissom
Date: 2024.07.12 16:37:22 -04'00'

Alyssa A. Grissom
Legal Section Manager
Cannabis Regulatory Agency

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