

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

In the Matter of

Quality Cannabis Farms, LLC
License No.: GR-C-000842

ENF No: 24-00193

_____/ CONSENT ORDER AND STIPULATION

CONSENT ORDER

On March 21, 2024, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the medical marijuana grower class C facility license (GR-C-000842) of Quality Cannabis Farms, LLC (Respondent) under the Medical Marijuana Facilities Licensing Act (MMFLA), MCL 333.27101 *et seq.*, and the administrative rules promulgated thereunder. The formal complaint alleged Respondent violated Mich Admin Code, R 420.102(7), R 420.206a(1), R 420.206a(2), R 420.211(2), R 420.211(4), R 420.211(6), R 420.211(8), & R 420.212(1).

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 some of the allegations contained in the formal complaint are true and that Respondent violated Mich Admin Code, R 420.102(7), R 420.206a(1), R 420.211(2), R 420.211(4), R 420.211(6), R 420.211(8), & R 420.212(1).

Accordingly, for these violations, IT IS ORDERED:

1. Respondent must pay a fine in the amount of six thousand two hundred and fifty and 00/100 dollars (\$6,250.00). 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.

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Check or money orders shall be made payable to the State of Michigan with enforcement number "24-00193" and license number "GR-C-000842" clearly displayed on the check or money order. Respondent shall mail the fine to Department of Licensing and Regulatory Affairs, Cannabis Regulatory Agency, PO BOX 30205, Lansing, Michigan 48909.

2. Within 30 days of the effective date of the consent order and stipulation, Respondent shall submit to the CRA, standard operating procedures detailing its waste processes.
3. Beginning on the effective date of the consent order and stipulation, on the first of each month, Respondent shall submit its waste log to the CRA for a period of 6 months.
4. If Respondent fails to timely comply with the terms of this order, Respondent's license shall be suspended until compliance is demonstrated.
5. The alleged violation of Mich Admin Code R 420.206a(2) is DISMISSED.
6. Unless otherwise specified in this order, Respondent shall direct any communications to the CRA that are required by the terms of this order to CRA-CSS@michigan.gov.
7. Respondent shall be responsible for all costs and expenses incurred in complying with the terms and conditions of this consent order.
8. If Respondent violates any term or condition set forth in this order, Respondent shall be subject to fines and/or other sanctions under section 407(1) of the MMFLA, MCL 333.27407(1), and Mich Admin Code, 420.808.
9. Upon timely compliance of the terms of this order by Respondent, the matters set forth in the formal complaint shall be deemed resolved and closed subject to this Consent Order.

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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: 11/22/2024

By: Brian Hanna
Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email =
bhanna@michigan.gov C = US O = CRA OU = CRA
Date: 2024.11.22 11:27:00 -0500

Brian Hanna, Executive Director
or his designee
Cannabis Regulatory Agency

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 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 provided the CRA regulation agent with standard operating procedures regarding waste tracking when requested.
 - b. Respondent stated the plants in question have been marked as culled and finished in the statewide monitoring system (Metrc).
 - c. Respondent stated that it has since hired a waste management consultant as well as an employee that only handles Metrc tracking.
 - d. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.

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e. Respondent has been licensed as a medical marijuana grower class C license since 2021 and has no prior discipline against its license.

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.

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 =
S HernandezS1@michigan.gov C = US O = CRA OU =
LARA
Date: 2024.11.19 13:30:40 -05'00'

Sara Hernandez, CSD Director
or her designee
Cannabis Regulatory Agency

Dated: 11/19/2024

AGREED TO BY:



William Steele, Authorized Officer
on behalf of Respondent
Quality Cannabis Farms, LLC

Dated: 11/14/2024



Kristina Munsters P74507
Attorney for Respondent

Dated: November 15, 2024

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

In the Matter of

Quality Cannabis Farms, LLC
License No.: GR-C-000842

ENF No: 24-00193

_____ /

FORMAL COMPLAINT

The Cannabis Regulatory Agency (“CRA”) files this formal complaint against Quality Cannabis Farms, 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 class C grower facility in the state of Michigan.

4. Respondent operated at 47200 48th St., Lawerance, Michigan 49064, 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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- a. On October 9, 2023, the CRA conducted a post-harvest inspection at Respondent's medical marijuana class C grower facility.
- b. The CRA observed that the plants found onsite all appeared to have statewide monitoring system (Metrc) tags. However, Respondent admitted the plant tags were not recorded in the correct growth stages in Metrc.
- c. Respondent admitted it did not have a waste log. Respondent stated it did not need one, as it did not have any plant waste.
- d. The CRA observed multiple large piles of whole marijuana stems and stalks laying on the open ground outside behind Respondent's building.
- e. Respondent then admitted that it had not weighed and tracked any plant waste in Metrc, as Respondent was not familiar with those requirements.
- f. Respondent was unable to produce standard operating procedures (SOPs) for tracking harvest data and waste when the CRA requested them during the onsite visit. Respondent later provided these SOPs by email.
- g. On October 25, 2023, the CRA initiated an audit of Respondent's inventory in Metrc.
- h. In its response, Respondent stated some plants on the audit list were never received into its physical inventory, as the deliveries were refused, and some plants had been culled before or after planting. For the remaining items, Respondent stated it tracked harvest weights with handwritten notes on pieces of paper throughout the facility and used color coded tape to identify strains in the totes of harvested fresh frozen flower. Respondent admitted that information none of that information had been recorded and tracked in Metrc.

Count I

Respondent's actions as described above in paragraphs b and h demonstrate a violation of Mich Admin Code, R 420.102(7), A marihuana grower must accurately enter all transactions, current inventory, and other information into the statewide monitoring system as required in these rules.

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Count II

Respondent's actions as described above in paragraph f demonstrate a violation of Mich Admin Code, R 420.206a(1), which states: a marihuana business must have up-to-date written standard operating procedures on site at all times.

Count III

Respondent's actions as described above in paragraph f demonstrate a violation of Mich Admin Code, R 420.206a(2), which states: standard operating procedures must be made available to the agency upon request.

Count IV

Respondent's actions as described above in paragraph d demonstrate a violation of Mich Admin Code, R 420.211(2), which states in relevant part: marihuana plant waste, including roots, stalks, leaves, and stems that have not been processed with a solvent, must be rendered into an unusable and unrecognizable form through grinding or another method approved by the agency, that incorporates the marihuana plant waste with one or more approved types of non-marijuana waste, so that the resulting mixture is not less than 50% non-marihuana plant waste.

Count V

Respondent's actions as described above in paragraph d demonstrate a violation of Mich Admin Code, R 420.211(4), which states in relevant part: Marihuana plant waste must be recorded in the statewide monitoring system.

Count VI

Respondent's actions as described above in paragraph d demonstrate a violation of Mich Admin Code, R 420.211(6), which states in relevant part: A licensee shall dispose of marihuana plant waste in a secured waste receptacle.

Count VII

Respondent's actions as described above in paragraph c demonstrate a violation of Mich Admin Code, R 420.211(8), which states in relevant part: a licensee shall

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maintain accurate and comprehensive records regarding marihuana plant waste that accounts for, reconciles, and evidences all waste activity related to the disposal.

Count VIII

Respondent's actions as described above in paragraphs b and h demonstrate a violation of Mich Admin Code, R 420.212(1), which states: all marihuana products must be identified and tracked consistently in the statewide monitoring system.

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:

By Mail: Department of Licensing & Regulatory Affairs
 Cannabis Regulatory Agency
 P.O. Box 30205

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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: 3/21/24

By: Alyssa A. Grissom

Digitally signed by Alyssa
A. Grissom
Date: 2024.03.21
11:14:11 -04'00'

Alyssa A. Grissom
Legal Section Manager
Cannabis Regulatory Agency

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