



## Special Meeting Notice Plymouth City Commission Committee of the Whole

MONDAY, MARCH 18, 2024 – 6:00 TO 6:45 P.M.

PLYMOUTH CITY HALL – 201 S. MAIN ST.

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City of Plymouth  
201 S. Main  
Plymouth, Michigan 48170-1637

[www.plymouthmi.gov](http://www.plymouthmi.gov)  
Phone 734-453-1234  
Fax 734-455-1892

*The Committee of the Whole will meet on Monday March 18, 2024, from 6:00 p.m. to 6:45 p.m. for the annual review of marijuana issues.*



## Special Meeting Agenda Plymouth City Commission Committee of the Whole

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- 1) COMMITTEE OF THE WHOLE - CALL TO ORDER
- 2) DISCUSSION – Annual Review of Marijuana Issues
- 3) ADJOURNMENT

*Persons with disabilities needing assistance with this should contact the City Clerk's office at 734-453-1234 Monday through Friday from 8:00 a.m.-4:30 p.m., at least 24 hours prior to the meeting. An attempt will be made to make reasonable accommodations.*

## City of Plymouth Strategic Plan 2022-2026

### GOAL AREA ONE - SUSTAINABLE INFRASTRUCTURE

#### OBJECTIVES

1. Identify and establish sustainable financial model(s) for major capital projects, Old Village business district, 35<sup>th</sup> District Court, recreation department, and public safety
2. Incorporate eco-friendly, sustainable practices into city assets, services, and policies; including more environmentally friendly surfaces, reduced impervious surfaces, expanded recycling and composting services, prioritizing native and pollinator-friendly plants, encouraging rain gardens, and growing a mature tree canopy
3. Partner with or become members of additional environmentally aware organizations
4. Increase technology infrastructure into city assets, services, and policies
5. Continue sustainable infrastructure improvement for utilities, facilities, and fleet
6. Address changing vehicular habits, including paid parking system /parking deck replacement plan, electric vehicle (EV) charging stations, and one-way street options

### GOAL AREA TWO – STAFF DEVELOPMENT, TRAINING, AND SUCCESSION

#### OBJECTIVES

1. Create a 5-year staffing projection
2. Review current recruitment strategies and identify additional resources
3. Identify/establish flex scheduling positions and procedures
4. Develop a plan for an internship program
5. Review potential department collaborations
6. Hire an additional recreation professional
7. Review current diversity, equity, and inclusion training opportunities
8. Seek out training opportunities for serving diverse communities

### GOAL AREA THREE - COMMUNITY CONNECTIVITY

#### OBJECTIVES

1. Engage in partnerships with public, private and non-profit entities
2. Increase residential/business education programs for active citizen engagement
3. Robust diversity, equity, and inclusion programs
4. Actively participate with multi-governmental lobbies (Michigan Municipal League, Conference of Western Wayne, etc.)

### GOAL AREA FOUR - ATTRACTIVE, LIVABLE COMMUNITY

#### OBJECTIVES

1. Create vibrant commercial districts by seeking appropriate mixed-use development, marketing transitional properties, and implementing Redevelopment Ready Communities (RRC) practices
2. Improve existing and pursue additional recreational and public green space opportunities and facilities for all ages
3. Develop multi-modal transportation plan which prioritizes pedestrian and biker safety
4. Improve link between Hines Park, Old Village, Downtown Plymouth, Plymouth Township, and other regional destinations
5. Maintain safe, well-lit neighborhoods with diverse housing stock that maximizes resident livability and satisfaction
6. Modernize and update zoning ordinance to reflect community vision
7. Implement Kellogg Park master plan

# ADMINISTRATIVE UPDATE

**To:** Mayor & City Commission

**CC:** S:\Manager\Sincock Files\Memorandum - Committee of the Whole - marijuana - 03-18-24.doc

**From:** Paul J. Sincock -City Manager

**Date:** 3/13/2024

**Re:** Committee of the Whole – Annual review of marijuana issues

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At the request of the City Commission, the City Administration has been directed to present an annual review of issues related to marijuana and the potential for medical or recreational products. Rather, than a straight up administrative review and recommendation, we have requested our City Attorney, Bob Marzano to bring in one of his firm's partners who has experience with marijuana issues. We are planning to have City Attorney Jeff Schroder come to present a number of issues and things to think about in a Committee of the Whole meeting on Monday night.

I have indicated that we are planning to have Jeff present to us, because he is scheduled on a flight returning to Detroit Metro Airport on Monday afternoon. Assuming that his flight is close to being on time, he will join us for his presentation.

We did something similar several years ago as recreational marijuana was starting to come online in the State of Michigan. By having the attorney come to explain the various issues, we have a subject matter expert respond to any questions that the Commission may have on the issue.

We have also provided you with a wide range of media stories on marijuana for your reference. If you have any questions in advance of the meeting, please feel free to contact me.

**NO ACTION REQUIRED**



## Administrative Information

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City of Plymouth  
201 S. Main  
Plymouth, Michigan 48170-1637

[www.plymouthmi.gov](http://www.plymouthmi.gov)  
Phone 734-453-1234  
Fax 734-455-1892

To: Paul Sincock, City Manager

From: John Buzuvis, Economic Development Director

CC: S:\Community Development\John\Marijuana

Date: March 14, 2024

RE: Marijuana Committee of the Whole Background Information

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### Background

Please find the enclosed background information in the form of articles pulled from several sources related to the marijuana industry in the State of Michigan. The articles are divided into three broad categories: legal, regulation, and revenue/grant related. This information may be helpful to review in advance of the Committee of the Whole meeting.

According to data from the Michigan Cannabis Regulatory Agency (CRA) 132 of the states 1,773 communities have "opted-in" or created ordinances to allow recreational marijuana facilities to locate in their communities. In Wayne County, five (5) communities have created ordinances to allow marijuana facilities in their municipality. Those communities are Belleville, Detroit, Taylor, Wayne, and Westland.

Feel free to contact me should you have any questions in advance of the meeting.



# Regulation

# Pontiac's recreational marijuana push upended

## Ballot effort halts long-in-works rollout

BY DUSTIN WALSH

Recreational marijuana has been upended, again, in Pontiac.

The city's recreational marijuana industry was set to begin in July with the opening of its license application process. But a group backed by some of the city's medical marijuana license holders, who

are likely to be shut out of the recreational licensing, has halted the process with a ballot referendum.

Sensible Cannabis Reform for Pontiac submitted two petitions earlier this month with the necessary signatures to put a measure on that ballot that voters could vote to repeal the city's current recreational marijuana ordinance and repeal its related zoning ordinance.

See **PONTIAC** on Page 2

**CRAINSDETROIT.COM | MAY 22, 2023**

## PONTIAC

From Page 1

The financial backers of the petition drive are East Lansing-based Pleasantrees, Royal Oak-based Pontiac Ops Inc., Oak Park-based GreenHouse Farms Pontiac LLC and real estate investor Dennis Jaboro, according to reporting by the Oakland Press. It's unclear what Jaboro's link is to the Pontiac market.

Lisa Dawdy, spokesperson for Sensible Cannabis, told Crain's the group wants the city's recreational ordinance scrapped and reworked because it effectively eliminates some of those dispensaries approved for medical sales to be up for consideration for recreational sales.

Dawdy runs her own consulting firm Mitten Cannasulting as well as works full time for Troy-based Jars Cannabis. Dawdy said Jars, which is owned by the owners of controversial short-term auto insurer L.A. Insurance, is not related to the referendum push.

She took over the group this month. The previous head was lobbyist Vincent Brown, who was indicted by the U.S. Department of Justice and pleaded guilty to conspiracy to commit bribery. Brown was linked to a scheme operated by former House Speaker Rick Johnson, who accepted bribes for allegedly fast-tracking licenses through the since disbanded Michigan Medical Marijuana Licensing Board.

It's common belief that medical marijuana will continue to decline in sales as recreational overtakes more of the market.

Medical marijuana sales have plummeted nearly 71 percent to a total of \$7.84 million in April from \$27 million during the same month last year. Meanwhile, recreational sales have increased nearly 42 percent to \$283.2 million in April from \$168 million in April 2022.

The entire marijuana licensing regime in Pontiac has been under scrutiny for years. Nearly five years after Pontiac voters authorized 20 medical marijuana facilities in the city limits, not one has opened. Several lawsuits are playing out over that ordinance.

The recreational ordinance is also gaining detractors. The recreational ordinance, created under a different mayor and city council than the medical ordinance, uses a similar structure to the medical ordinance in that it creates three specific overlay districts where dispensaries may be located, but also includes a fourth district that houses five medical license holder properties that received at-large licenses outside

the overlays during the medical licensing processes.

Meaning several current medical marijuana license holders aren't eligible for a recreational license unless they receive authorization on another property, one located in the recreational overlay zones.

Pleasantrees and the other financial backers of Sensible Cannabis are those license holders.

The city, however, believes it has no obligation to the medical license holders.

"We're not in any way interfering or preventing them from opening a medical dispensary, which is what they were initially approved for," Pontiac Mayor Tim Greimel told Crain's in a sit-down interview this month. "And the medical marijuana zoning ordinance remains in place. That is not being altered. We are making land use and zoning decisions about where recreational dispensaries should be located. Just because a previous city council made a decision regarding medical dispensaries doesn't mean that the current city council is obligated to mirror those decisions ..."

Sensible Cannabis is meeting Wednesday to discuss whether it can submit new recreational ordinance language for the election ballot in November.

As Greimel understands it, the referendum will force city council to either scrap the current ordinance or allow the referendum to go to voters, who will simply vote whether the city should keep the current ordinance or not.

Greimel said the city would like to see a quick resolution to what he believes is a "fair and reasonable" recreational ordinance, but isn't spending a lot of time pining about it as marijuana is just a small slice of potential tax revenue for the city.

"The vast majority of people I've spoken with don't believe the city can sustain 20-plus dispensaries," Greimel said. "I think it's fair to say that all of the medical dispensaries are not going to survive as recreational dispensaries. Given the market reality and given the fact that all of those conditionally approved as medical facilities have the opportunity to apply for those same locations for recreational dispensaries the process and the outcome have been very fair ... I don't think marijuana is the economic salvation for Pontiac. So while we would like to see this brought to a conclusion while we would love to see some stores open, it's not a decisive moment for Pontiac."

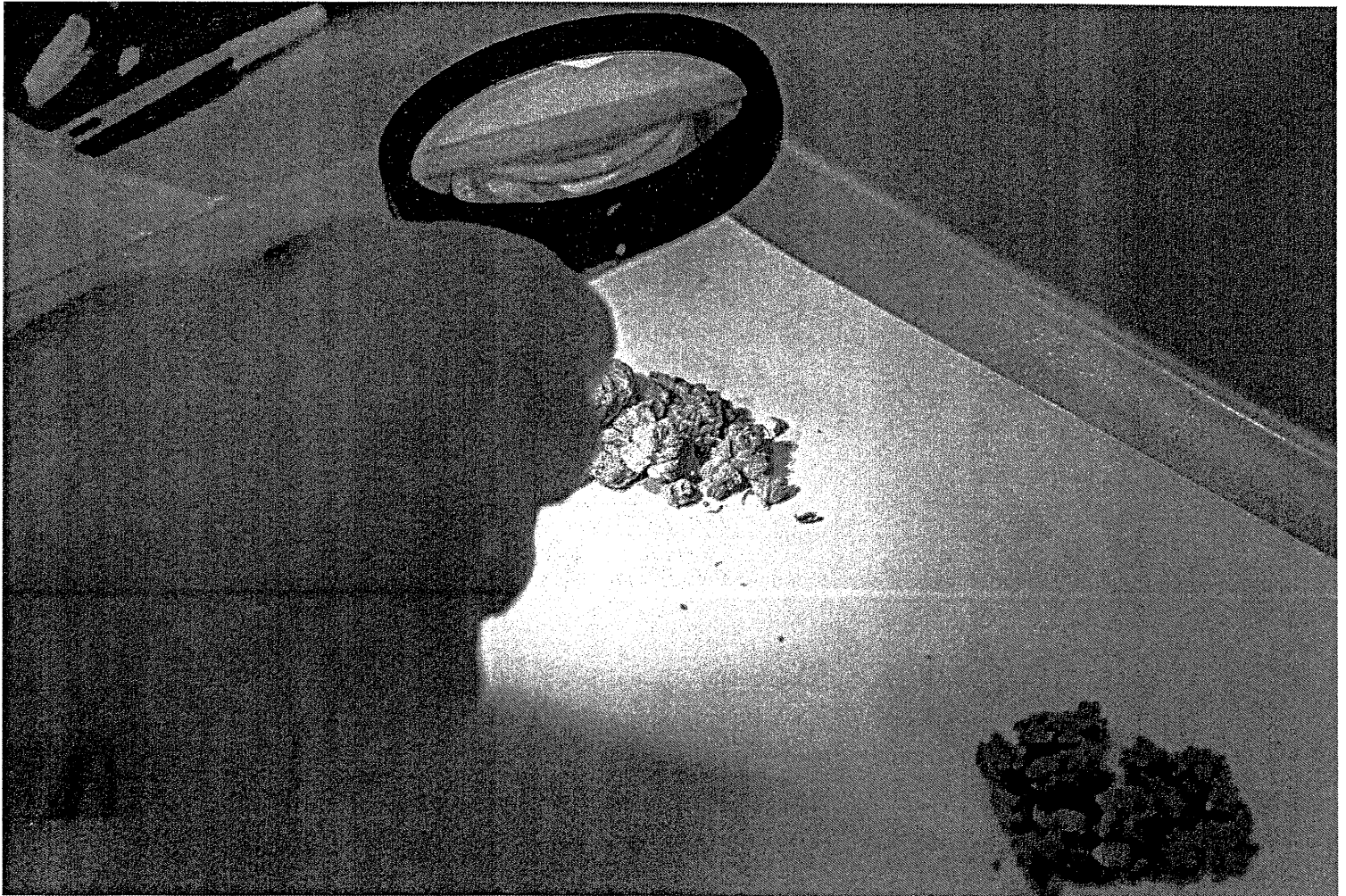
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CANNABIS

## Are Michigan marijuana customers being ‘ripped off’ by inflated THC potency claims?

Updated: Jun. 30, 2023, 11:00 a.m. | Published: Jun. 30, 2023, 10:30 a.m.



File photo -- Lab worker demonstrates physical inspection of samples of marijuana flower on Monday, Feb. 14, 2022. The Ann Arbor News

By [Gus Burns | fburns@mlive.com](#)

Michigan cannabis customers enjoy strong weed, but many within the industry say high demand has led to questionable conduct by greedy marijuana growers, producers and testing labs.

Growers pressure labs for the higher potency results, and sometimes labs bend science to reach them, multiple lab representatives industry insiders have alleged to MLive.

"People are spending money every day -- \$250 million a month is being spent -- and if a significant amount of that is being (potency) inflated, people are being ripped off on a massive scale," said Avi Zallen, CEO of Steadfast Lab in Hazel Park. "I don't know if it's as much of a health and safety question as it is ripping off consumers."

**Related:** [Super potent weed spurs distrust](#)

Because marijuana flower prices and profits are so closely linked to THC percentages -- higher the better -- reports of potency inflation have plagued nearly every legal marijuana market in the U.S.

"How fast the market has expanded, it's an inherent problem," said Alex Adams, CEO of Cambium Analytica, a Traverse City lab. "This is not new. We've known about this problem. It's terrible in California, it's getting worse in some of the older markets.

"If there is an incentive created at the laboratories, then people will ... use those laboratories at the expense of the customer."

### **Viridis questions**

One lab that has fallen under public scrutiny for suspected potency inflation in Michigan is Viridis Laboratories, founded by former State Police officers with operations in Bay City and Lansing.

By November 2020, the Cannabis Regulatory Agency (CRA) was investigating whether Viridis was reporting inflated THC potency percentages, according to court filings and testimony.

The CRA audited potency results exceeding 28% and found that nearly 80% of all tests above the threshold had been conducted by Viridis labs, according to a [CRA rules violation complaint filed in May 2022](#). The complaint didn't identify between what dates the data came from. The reviewed data also showed that the Viridis Lansing lab was testing marijuana above 28% at a rate seven times higher than the rest of the labs in the state, the CRA said.

"The number of flower samples that exceed 30% are coming from Viridis Laboratories, primarily," Clair Patterson, the CRA's science manager, wrote in a Dec. 2, 2020 email sent to Viridis management and later included in court filings.

Viridis insists its method is more accurate than other labs and points to certifications, accreditations and passed CRA audits to justify its claims.

**Related:** [Controversial marijuana lab says results are legit](#)

A dozen complaints filed against Viridis' for rule violations are currently being contested in the Michigan administrative courts. Administrative Law Judge Stephen Goldstein conducted four days of testimony during hearings that were closed to the public on May 15, 16, 23 and 24. MLive has since obtained transcripts from those hearings through a Freedom of Information Act request.

They reveal what CRA investigators and analysts say Viridis was doing that might inflate THC results.

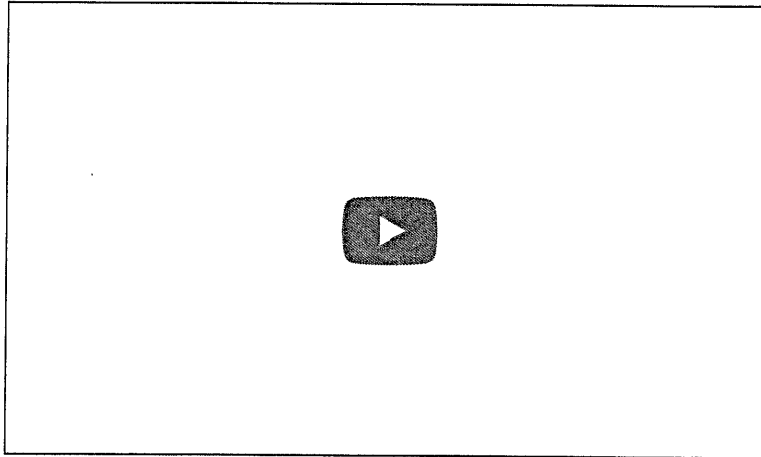
- [May 15, May 16 contested hearing transcript](#)
- [May 23, May 24 contested hearing transcript](#)

## The Viridis method

Labs are required to randomly collect samples of marijuana for testing. It arrives at the lab in the form of buds with stems and other plant material. Some parts are more potent than others, so the lab puts the marijuana through a process called homogenization, essentially chopping or blending the marijuana so that it's evenly mixed.

The most potent portion is the kief or resin, described at the contested court hearing by Claire Patterson, who heads the CRA Scientific Section, as the accumulation of loose "glandular hairs" with "water tower looking bulbous resin reservoirs on top of them."

"That's where the THC, the CBD, the various cannabinoids and terpenes are actually held," Patterson testified. Kief contains more THC than the rest of the plant, often exceeding 50% potency.



Viridis used a method of homogenization that involved adding "ceramic grinding balls" to the plant material inside a container. A machine shakes that container at high speeds, causing the metal balls to pulverize and mix the marijuana. When completed, the balls are coated with the sticky layer of high-potency kief.

Some labs tell MLive they don't attempt to recover the lost kief, since the loss is negligible. Others use means to retain the kief in the sample.

"We use cryogenic milling," said Zallen of Steadfast Lab. "It's more expensive and slower ... but we do it because we're committed to accuracy."

Steadfast uses liquid nitrogen to cool machinery to near -94 F. At low temperatures, the kief and resin won't stick and remains in the sample.

Once the sample is homogenized, a smaller portion is added to another testing container and mixed with a solvent that extracts the THC for analysis in scientific machinery.

Viridis was "taking those kief-laden grinding media, dropping them into the extraction vial, and then adding a very small amount of flower," which was much less than the amount the lab notified the CRA they were using, Patterson testified at the contested hearing in administrative court.

### 'A more representative sample'

In a Dec. 3, 2020 email that was included in court exhibits, Patterson discussed the method with Viridis Chief Science Officer Dr. Michele Glinn, who said kief stuck to the grinding balls was scraped with a plastic spatula or "rinsed" into "extraction vials."

Glinn admitted during the email conversation that this technique increases the sample potency results by "several percent."

"The major reason you might be seeing these numbers from us is that we make a concerted effort to recover all parts of the plant, including the sticky resin," Glinn wrote. "This gives a more representative example of the total potency of the plant material and is closer to what a customer using the product would be exposed to."

Patterson testified that, while that may be true, Viridis hasn't provided the necessary scientific data to prove it doesn't bias results.

Elevated potency test results present a clear competitive advantage for Viridis, some competing labs say.

"We've had customers that have walked away from us, that said, well, your number isn't as high as Viridis," said Bob Miller, the chief science officer for Act Lab, which operates in Lansing and five other states. "So, therefore, we're not going to do business anymore. We've definitely lost customers because of that."

Patterson testified the Viridis method has never been approved by the CRA. It has been certified by the Association of Official Agricultural Chemists' (AOAC) International Reviewed and Recognized program. The AOAC is an organization of chemists that establishes standards for chemical analysis that the CRA recognizes.

AOAC representatives declined to answer MLive's questions regarding the certification.

"We understand that there is litigation among other parties involving the matter and don't have anything to add at this time," AOAC spokesperson Dawn L. Frazier said.

### **'Black science'**

Lev Spivak-Birndorf, founder and chief science officer for Ann Arbor-based PSI Labs, said theoretically the Viridis method of reintroducing high-potency kief lost in the sample preparation process is not wrong, but the way it's being done is unscientific.

"There is some evidence that if you add a kief-covered grinder ball to an extraction, you're potentially disproportionately adding more kief," which could erroneously elevate the potency results.

Miller of Act Lab said he's heard of other testers using similar methods, "and it's just not good science."

"I call it black science," he said. "It's a separation of the higher potency THC and adding it back in a not-uniform fashion, essentially."

The CRA didn't reply to questions from MLive regarding why the agency, tasked with ensuring public health and safety, has since at least December 2020 knowingly allowed Viridis to use a method it disputes over accuracy. "We do not comment on pending litigation," CRA spokesman David Harns said.

The CRA, based on Viridis testing issues unrelated to potency, issued its largest-ever recall on all Viridis-tested marijuana flower in November 2021. Viridis estimated the recall impacted 64,000 pounds of marijuana flower valued near \$229 million. A large portion

Viridis attorney David Russell disputes information Patterson shared during the May court hearings.

"The latest testimony by Ms. Patterson totally mischaracterizes Viridis's proprietary potency testing methods which the AOAC certified through an extensive process including independent laboratory evaluators and third-party reviewers as part of its Reviewed and Recognized program," Russell said. "Viridis is the first and only cannabis testing laboratory in the world to receive certification for our potency testing methods in marijuana and the AOAC addresses our sampling process in their report on our potency certification noting that our grinding process provides a more accurate analysis of cannabis potency making it safer for consumers."

"We are confident that the continued court proceedings and evidence will further expose the true motives behind the botched recall of 2021, the CRA's desire to cause financial and reputational harm to Viridis, and that none of the regulatory actions targeting Viridis were done in the interest of protecting the health and safety of Michigan consumers."

The Virids-CRA contested hearings are scheduled to resume in July with hearing dates set for July 26, July 27, Aug. 23 and Aug. 24.

#### More on MLive:

['I don't think that's democracy.' Judge blocks media access to Michigan marijuana hearings](#)

[Super potent weed spurs distrust](#)

[Controversial marijuana lab says results are legit](#)

[64,000-pound, \\$229 million Michigan marijuana recall is the result of bureaucratic 'abuse,' new lawsuit claims](#)

[Historic marijuana recall tied to 18 health complaints](#)

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# Cannabis companies asked for better industry regulation. They got it — and then some

By Dustin Walsh

The marijuana industry got what it asked for — and operators are unhappy.

After years of little to no enforcement under former Michigan Cannabis Regulatory Agency Executive Director Andrew Brisbo, operators demanded a change. They wanted regulators to root out the illicit market marijuana entering the legal space and cratering prices and to also punish those involved in the schemes.

Brisbo was reassigned and Gov. Gretchen Whitmer installed Brian Hanna in the role last September. Hanna, a former CRA enforcement agent and Michigan State Police crime analyst, hit the ground running, ramping up enforcement actions that less than a year later has ensnared many regulated marijuana company with fines.

The industry is now crying foul and is urging the agency to slow down fines and apply them more evenly under sustained pricing pressure.

"Hanna came in to respond to the screaming and yelling from the industry that needed help with operators breaking the rules or not playing by the rules," said Ben Sobczak, partner at Detroit-based law firm Dickinson Wright PLLC and former chief legal officer

for marijuana company Emerald Growth Partners, known by its Pleasure brand name.

"He's been conducting himself accordingly. Everyone is getting hammered and I don't see the CRA making a distinction between bad operators and well-intentioned operators that made a mistake because this business is complicated."



Brian Hanna

regulated cannabis industry remains a massive illicit market that is destabilizing and undermining the licensed regulated market."

The number one threat to Michigan's regulated cannabis industry is the massive illicit market that is destabilizing and undermining the licensed regulated market," a former CRA employee that led the now defunct Michigan Cannabis Manufacturers Association, said in an opinion column published in Crain's in December last year. "That's why so many in the cannabis industry at every level have called for the need to ramp up enforcement."

By that same month, Hanna had received

for marijuana company Emerald Growth Partners, known by its Pleasure brand name.

last year when Hanna took over. Prices have settled in recent months to around \$90 an ounce.

Lansing-based Anderson Economic Group published an analysis in October 2021 that two-thirds of all cannabis in Michigan originated from illicit sources. The industry responded by publishing opinion pieces to call for a stricter regulatory approach.

"The number one threat to Michigan's regulated cannabis industry remains a massive illicit market that is destabilizing and undermining the licensed regulated market."

— Shelly Edgerton, former Cannabis Regulatory Agency employee

Between January and June of this year, the CRA has issued 129 disciplinary actions, or nearly 22 per month. That's up from an average of less than six disciplinary actions last year.

See **REGULATIONS** on Page 10

## REGULATIONS

From Page 8

### Overgrown or blooming?

The industry claims the growing number of fines are applied aggressively across the board and make no distinction between those using illicit market product and paper-work errors on Annual Financial Statements, even when companies have reported their error. An Annual Financial Statement violation carries a standard \$10,000 fine per day, per violation.

"One thing that seems consistent is there isn't much rhyme or reason for how these fines are calculated," said Megan Callahan-Krol, marijuana attorney at Grand Rapids-based law firm Miller Johnson. "We always advise clients to self-report, because the CRA is going to find out one way or another. But it feels like there's no favor to cooperating. The industry overwhelming-

ly does want to comply with the rules, but for businesses to self-report and correct the problem only to get penalized just as hard as those that don't, it discourages (self-reporting). When one error that happened six months ago and is self-reported is getting the same fine as a violation that's happened 10 times and wasn't self-reported, that's really frustrating for the industry."

Callahan-Krol said many disciplinary actions are made a year or two after the error was self-reported and corrected.

Regarding the financial statement violations, Hanna said the industry required a strong hand because they were constantly late in filing their paperwork, which helps the state properly regulate the industry.

"We've been very consistent in our AFS fines," Hanna said. "And guess what? People are on time with their AFS turn-ins now."

Both Sobczak and Callahan-Krol pointed to the disciplinary action levied against Mt. Morris-based processor Sky Labs LLC late last month.

CRA investigators discovered unmarked marijuana, which could have come from illicit market sources, as well as packaged mari-

juana products that were not tested. In June last year, the processor distributed edible gummies labeled as not containing any psychoactive THC, but CBD. An employee gave 20 milligrams of the edibles to their 4-year-old child, which did in fact contain THC, resulting in the hospitalization of the child, according to a notice by the CRA.

Sky Labs surrendered its medical marijuana license, but retained its more valuable adult-use recreational license and was slapped with a \$100,000 fine.

"These folks violated several different types of rules and it still somehow got worse (referencing the child's hospitalization) and all they got was a \$100,000 fine," Sobczak said. "I am seeing people who self-reported with a single set of facts for a regulatory violation with no secondary or residual harm who are getting fined \$50,000 and above. How can you rectify those things?"

Hanna said the fines are determined on a case-by-case basis over circumstances that are not made available to the public.

"We hear some of the concerns over the fines, but there are factors that happen individually," Hanna said. "Sometimes we get ghosted. Sometimes we call and never even get a response back. These are concerning things when we're trying to investigate a violation, no matter what kind."

The CRA this month also issued a recall of more than 15,000 vape cartridges produced by Sky Labs and sold to more than 59 dispensaries. The vapes allegedly contain banned pesticides and fungicides.

The industry is pushing for a fine schedule, which defines what the fines will be for each violation, from the CRA to have a better gauge on what to expect with fines.

"We need to be able to advise clients on what to expect and it takes some of the feeling of subjectivity out of this," Sobczak said.

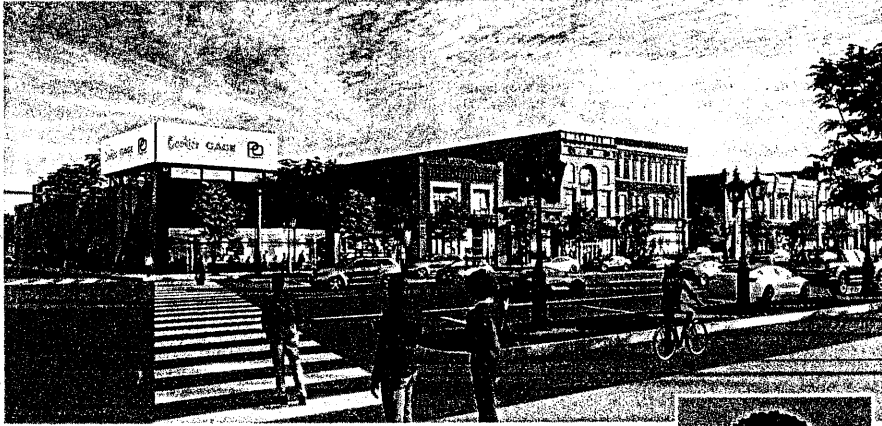
Hanna said the CRA has received these requests and is open to determining a fine schedule, eventually. The CRA is in the process of taking feedback on 95 proposed rule changes.

New rules likely wouldn't happen until late 2024.



# CRAIN'S DETROIT BUSINESS

CRAINSDetroit.COM | JULY 31, 2023



Cannabis investor and NBA Hall-of-Famer Chris Webber (right) is revising plans for a cannabis-focused development in southwest Detroit at Michigan Avenue and 22nd Street. PLAYERS ONLY HOLDINGS

## Webber retools Detroit weed plan



Ex-NBA star scales back stalled plans for \$175M cannabis development | By Dustin Walsh

Chris Webber's planned \$175 million marijuana development in Detroit remains unfinished in Southwest Detroit nearly two years since it was announced.

The NBA Hall-of-Famer and University of Michigan Fab 5 star had planned an industry training complex, a 180,000-square-foot cultivation site, consumption lounge and dispensary at

**ENFORCEMENT CATCH-22**  
Industry wanted regulation — and sure got it. **PAGE 8**

2599 22nd St. south of Michigan Avenue. Webber's Players Only broke ground on the site in September 2021 and originally planned on finishing the first

phase of the buildout in March 2022.

But market conditions that sank marijuana prices by more than 56% between breaking ground and now have kept Webber from advancing on the project. He says the company still has plans but is scaling them back.

"The cannabis industry has

really shifted in Michigan," Webber told Crain's. "Since the landscape has changed, we've had to adjust because we would not be smart to go with that plan."

Webber said prices remain too low in the state to follow through on planned investment.

See **WEBBER** on Page 10

## WEBBER

From Page 1

"Where do the prices settle? The bottom of the ocean?" Webber said. "I am from Detroit and I love the city, the environment and the people. But this would not be the best time for the community or us in Detroit to have a profitable outcome."

Webber mentioned that companies that invested big in the state suffered from the price crunch, and he worried the \$175 million investment would sink Players Only.

It's a reality that has been playing out for cannabis companies across the state. Many are under the control of a receiver after running afoul of lenders and tax payments. The largest example is Dimondale-based Skymint, which entered receivership in March after being

sued by an investor for more than \$127 million. Skymint has since downsized and will be auctioned off as early as next month.

But Webber said his company has no plans to abandon the Detroit site and will still develop it, likely with a smaller footprint.

"We're not going to abandon that space and we think the new plan will invigorate the community," the former NBA star said. "But there will be adjustments. The numbers aren't the same."

Webber would not comment further on the new plans, citing the previous announcement that did not materialize.

"We have a lot of plans we're excited about, but we're not ready to share," he said. "Given the excitement of the last announcement, we're being a little more cautious."

The original plan involved a training center that would offer training and placement as well as

programs for getting criminal records expunged and GED certification. In 2021, Webber partnered with California cannabis brand Cookies to launch Cookies University in Northern California.

Players Only also had a distribution deal with Gage Cannabis, now owned by Canadian public cannabis company TerraAscend Corp. Gage operates Cookies-branded stores in Michigan.

For Webber and Players Only to complete the Detroit project, the company will need to secure a Detroit license to open a dispensary on the property. The city of Detroit said it will start accepting applications for the second round of its limited marijuana businesses on Aug. 1.

The city is authorizing only 60 licenses for marijuana retailers, half of which are relegated to "legacy Detroiters" who have lived in the city for 15 of the last 30 years.

It's unclear if Webber maintains a residence in the city.

The city offers unlimited licensure for grow operations.

Webber, however, believes a dispensary license will not be difficult to secure.

"There are a lot of options for a license, like having a licensed partner," Webber said. "We don't have a license because we can't acquire a license. This isn't a problem, and we're excited for this labor of love."

Webber has been involved in getting in the equity space of the brimming marijuana industry as well.

Webber, who owns a cannabis and CBD health company called Webber Wellness, launched a \$100 million cannabis private equity fund in 2021 for businesses owned by people of color with Jason Wild,

a health care investor and president of New York-based JW Asset Management LLC. The Webber Wild Impact Fund is investing with the goal of addressing equity barriers: White people have gotten the vast majority of cannabis dollars in the relatively new industry across the country.

Webber was also placed in charge of New York's social equity

**"Given the excitement of the last announcement, we're being a little more cautious."**

— Chris Webber

fund and after severe delays closed on raising \$150 million late last month.

It's unclear whether the new plan for the property in Southwest Detroit will feature new equity partnerships.

# Cannabis employees face banking woes

Legal weed jobs cause headaches in loans, services

By Dustin Walsh

Vixen Yerock earned a degree in plant molecular biology from the Rochester Institute of Technology in New York. She'd spent the last 15 years, though, as a manufacturing engineer specializing in process efficiencies.

But in early 2022, Yerock was given

an opportunity to return to working with plants after being hired by one of Michigan's largest marijuana firms, Common Citizen. Accepting the job meant moving from Oklahoma to the Marshall area where Common Citizen operates its 200,000-square-foot cultivation facility.

Yerock secured a home loan from an

FDIC-approved bank and was set to close on a new home in March — that is before the bank discovered she was soon to receive paychecks from a major weed supplier. Gateway Bank, who underwrote the mortgage, notified Yerock two weeks before closing on the home that they would not service her loan due to who was signing her paycheck.

See WEED on Page 15

## WEED

From Page 1

Yerock worked quickly to find a new lender, a credit union out of Kalamazoo, and was able to close on the house. But not without excessive cost.

"When we secured the mortgage (through Gateway), that was the best interest rates we'd seen in a long time," Yerock said. "We were left to pivot and quickly found a new bank, but with a much higher interest rate. That's going to cost me \$150,000 more over the life of the loan."

Yerock is one of thousands of marijuana employees in the state who are facing precarious personal banking relationships due to their employment. Weed is still an illegal Schedule I narcotic to the federal government and banks face major regulatory restrictions that make it challenging to provide even basic banking services to those in the state's legal industry. Financial institutions face federal money laundering and fraud charges for banking with those conducting businesses in the industry, so they perform what is called "de-risking" their bankrolls by removing accounts that could be linked to illegal activity.

Efforts to ease banking for those employed by legal cannabis operations have been slow to materialize.

Congress has spent more than three years kicking around the SAFE Banking Act, which would provide certain protections to banks that choose to provide financial services to the legal marijuana industry. The law passed the U.S. House of Representatives in 2021 but has advanced no further.

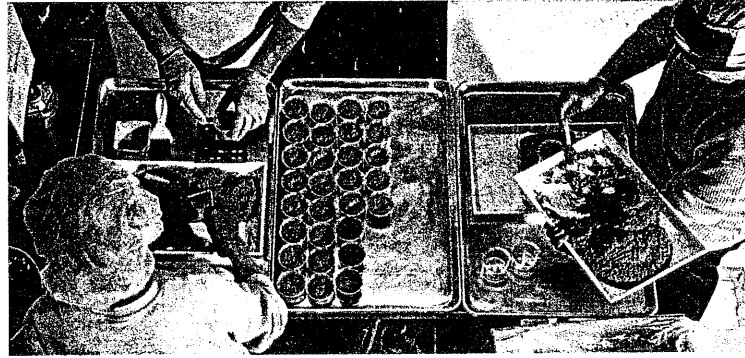
The law is most commonly discussed to end exclusive cash use by the industry, which is forced to move millions of dollars of cash around daily, creating unsafe and untenable situations for marijuana companies. But it's the personal banking relationships held by employees that are most vulnerable.

"Most stories we've been hearing around SAFE Banking is on the corporate need," said Jenn Zielinski, government affairs manager for Common Citizen. "The narrative focuses on the cash and the crime. But, in reality, that's not really an issue. We are no more crime-ridden than any other retail location. The lack of banking is really a burden to the industry's workforce."

### Living or laundering?

In 2009, the U.S. Department of Justice, responding to states that were legalizing medical marijuana — Michigan legalized medical marijuana in 2008 but didn't prop up a recreational industry until 2019 — sent a memo noting that marijuana remained an illegal narcotic from the federal perspective. But the feds targeting cancer patients and caregivers, those who grew and supplied marijuana to those patients, was "likely not an efficient use of federal resources."

As more and more states began the commercial sales of marijuana — Colorado and Washington state began selling recreational marijuana in 2014 — the Federal Finan-



Employees weigh out half-ounce jars of cannabis products at the Lume Cannabis Co. production facility in Ewart. [MIC ANTAWA]

cial Crimes Enforcement Network (FinCEN) issued a memo clarifying how banks could operate with marijuana businesses.

The memo created a set of guidelines so banks could remain in compliance that involved arduous record keeping, including filing Suspicious Activity Reports for every marijuana-related transaction. However, the feds would remain diligent, according to the memo, in prosecuting money laundering and fraud claims if any bank failed to comply.

In Michigan, a handful of local credit unions and banks saw an opportunity in banking marijuana business, believing they were able to handle the labor-intensive compliance reporting for a small stable of marijuana clients.

**"THEY TREATED ME LIKE A COKE DEALER. ALL OF MY ACCOUNTS, MY WEALTH MANAGEMENT ACCOUNTS, EVERYTHING WAS BOOTED."**

—David Morrow, CEO of Lume

Mason-based Dart Bank and Fraser-based Live Life Federal Credit Union were early adopters in the state. Flagstar Bank is also known to bank cannabis here.

Live Life Federal Credit Union, which built a growing business banking marijuana by 2019, was slapped with a cease-and-desist order in February 2021, the first known federal crackdown on marijuana banking. The U.S. National Credit Union Administration issued the order alleging Live Life failed to comply with reporting procedures. Live Life was barred from opening new accounts until April 2021 and faced no other repercussions.

Dart Bank did not respond to inquiries about its marijuana services. Flagstar Bank declined to comment.

"There is a robust number of banks and credit unions across the state that are banking cannabis and cannabis businesses," said Patricia Herndon, executive vice president of government affairs at the Michigan Bankers Association. "Whether an employee or a business, those accounts can still be considered a money launderer. There can be repercussions there. But there are banks that have made the investment to have compliance in place and they are the best matches for these employees."

Large national banks have avoided marijuana banking because the size of their operations likely makes rigorous compliance much more difficult.

For mortgages, they are split into two camps — Freddie Mac and Fannie Mae, federally-backed home mortgage companies that guarantee mortgages issued through lenders. Freddie Mac primarily works with large banks and Fannie Mae with smaller institutions. Freddie Mac will not back a mortgage involving cannabis employees, but Fannie Mae will, said Kelli Peterson, a loan originator for PrimeLending in Portage. Owners of marijuana companies are completely barred from mortgages from both institutions, Peterson said. She helped Yerock

quickly secure a mortgage when Gateway balked at the loan.

Cutting the mortgage industry in half is costly for employees, Peterson said. For instance, cannabis employees can't access Freddie Mac's Home Possible program, which provides those with lower incomes a mortgage with a low-down payment and lower fees.

"Because Freddie won't allow a loan to a cannabis employee, 50 percent of the industry is cut off from them," Peterson said. "Home Possible is off the table. These people need homes too."

### Erring on the side of caution

To avoid any possibility of money laundering or wire fraud charges, the big banks began immediately purging accounts held by marijuana company owners and executives in the state.

In 2020, Bank of America terminated its banking relationship with David Morrow, CEO of the state's largest marijuana company Lume. Morrow said he had millions of dollars in various BoFA accounts, including money-managed accounts and loans.

"They treated me like a coke dealer," Morrow said. "All of my accounts, my wealth management accounts, everything was booted. I got into this business to help out Bob (Barnes, majority owner of Lume). The last thing I was looking for was to have my entire personal banking relationship to get tossed out the window."

Morrow said the bank he'd used for more than 20 years only noticed

his paychecks were coming from the marijuana industry after he applied for a mortgage for an investment property and internal compliance auditors flagged his accounts.

He has since moved his accounts to another bank in the state.

"Look, this cost me a lot of money, but it's nothing on what it's done to our employees," Morrow said. "Ask anyone working in the industry and they've faced issues with banking. It's all hypocritical. They go after people working in this industry, but what about the people buying weed? They are taking money out of their banks and buying weed. It's discriminatory, because they go after the sellers, not the buyers."

Paul Bugajski, director of operations for Common Citizen, faced a similar fate. In May, Huntington Bank terminated his personal bank account, his credit card account and his farm account for the small farm the family runs in Northern Michigan.

"We received a letter that said we had 22 days to get this straightened out," Bugajski said. "We were loyal and had money in that bank for years."

Bugajski, a former aviation manager at Eaton Corp., said the bank never fully disclosed why his accounts were terminated but after hearing from his peers, he suspects it was because he works in marijuana.

In a statement to Crain's, Huntington said it must terminate any accounts associated with marijuana due to federal law.

"As a federally chartered institution, Huntington must adhere to federal law, including when it conflicts with any state or local statutes," the Columbus, Ohio-based bank said in the statement. "At this time, marijuana remains federally scheduled as a controlled substance, and the manufacture and sale of marijuana remain illegal at the federal level. We continue to monitor federal lawmaking efforts on this subject."

### Hits from the gong

Yerock's banking troubles didn't stop at a mortgage. To clear her driveway of snow, she went to purchase a side-by-side utility vehicle and plow. The dealer, however, was unable to secure a loan for the vehicle due to her employment as a Six Sigma manager at Common Citizen.

Her wife, who does not work in cannabis, had to drive up to the dealer and apply for the loan.

Two other employees at Common Citizen were denied financial assistance for hearing aids through Michigan Rehabilitation Services, a state program that assists employees with disabilities, said Amanda McCrary, chief human resources officer for the company, said. MRS is regulated by the federal Workforce Innovation and Opportunity Act.

In an emailed letter to McCrary, MRS wrote it is prohibited from "supporting services or employment goals associated with growing, selling, producing, handling, or distributing marijuana in any form."

"People working in the industry can't benefit from these programs," McCrary said. "People who work for us are disproportionately impacted by the federal government's stance on cannabis."

A change is on the horizon, though.

The U.S. Department of Health and Human Services recommended this week that the Drug Enforcement Agency move marijuana from a Schedule I to a Schedule III drug. Rescheduling the drug would immediately clear up marijuana business issues, such as ending the 280E tax, which prohibits marijuana sellers from writing off business expenses.

Rescheduling to a Schedule III, while not legalizing marijuana at the federal level, would also likely make it much easier for banks to enter the marijuana space for both businesses and employees.

"I don't see a need for the SAFE Banking Act if this in fact becomes the official position," Jonathan Havens, a cannabis attorney at Philadelphia-based Saul Ewing who previously worked for the FDA, told Politico Wednesday. "I'm not saying that all banks will want to jump into this space, but the need for safe harbors I don't think exists like it does today."

It's unclear whether the DEA will move to reschedule marijuana and when. It's also unclear whether rescheduling would impact federal assistance programs like the MRS hearing aid program.

Gov. Gretchen Whitmer has called for Congress to pass the SAFE Banking Act on several occasions. Employees at Common Citizen also met with Lt. Gov. Garlin Gilchrist II in August to discuss their banking problems. In addition, Common Citizen is working with the Michigan Chamber of Commerce to create a lobbying coalition in Washington D.C.

Another attempt to get the SAFE Banking Act passed is also afoot. Herndon said the bill is likely to move to a Senate committee in September.

Until then cannabis businesses and employees will be forced to use local banks and credit unions for financial services.

"We've all been taken advantage of," said Morrow. "We've all had to pay five times the fees or a higher interest rate. Everyone in this industry has a story. It's gone on for years. We're just regular people trying to do regular business in a legal industry."

# Does metro Detroit have enough weed stores? Voters in four communities think so.

By Dustin Walsh

Has metro Detroit hit its limit on weed?

Tuesday's election may indicate the five-county region is all but full up on where marijuana retailers can set up shop. Voters overwhelmingly rejected ordinances to allow for marijuana sales in Rochester, Birmingham, Grosse Pointe and Keego Harbor.

In Rochester, more than 89% of the voters rejected the ordinance to allow up to three dispensaries to allow up to three dispensaries in the city. Nearly 74% of voters in Birmingham and more than 61% of voters in Keego Harbor did the same.

That's a sharp contrast from last year's election where voters in eight of the 12 communities in metro Detroit moved to allow marijuana establishments. Nearly 60% of voters in Royal Oak Township voted in favor of marijuana dispensaries last election, for instance.

"Given the gaps by which the proposals failed, generally speaking, I'd agree that (metro Detroit is at the ceiling for new marijuana establishments) for the near future," said Ben Sobczak, partner at Detroit law firm Dickinson Wright PLLC and former general counsel for marijuana company Pleasantrees.

The issue is a mix between NIMBYism against the formerly illicit plant and access.

Residents in Rochester voted in 2018 in favor of authorizing recreational marijuana sales in the state by a margin of 54% to 46%. Voters in Birmingham were even more decisive, passing the statewide proposal 58% to 42%.

The majority of voters in these communities clearly agree marijuana sales should be local they



Voters in four metro Detroit communities voted down ballot issues that would have allowed cannabis retailers. (MICHAEL ANTONIO)

just don't want dispensaries in their own backyards. And it's not as if consumers there need to toil to find a nearby retail outlet.

The closest dispensary to downtown Rochester, Joyology Orion in Auburn Hills, is just a seven-mile drive. So while there's likely marijuana consumers in the city, the short drive is convenient enough for the commuters in the bedroom community.

Same for Birmingham with Lume Cannabis' Berkley location less than four miles from its city center.

While the majority of weed retailers are dispersed near the Southern border in Oakland County, its nearly 1.3 million residents are generally no more than a 10-mile drive from the nearest dispensary, according to a map

maintained by the Cannabis Regulatory Agency. Which is in stark contrast to residents in farther-flung regions in the state — the nearest dispensary to consumers in Bad Axe in the Thumb region is more than 35 miles away, for example.

And in those more affluent communities like Rochester and Birmingham, delivery is likely an attractive option. Most dispensaries offer delivery, making even a four-mile commute moot. Lume will deliver "discreetly" to a residence in Birmingham for free with a minimum order value, usually between \$75 and \$100.

But for the weed industry, these wealthy communities — relatively close to highways — hold potential windfalls for high-margin products. Retailers certainly don't feel the industry is saturated. And

the evidence supports their outlook.

Recreational marijuana sales have flourished. In 2023 alone, monthly adult-rec sales have climbed from \$196 million in January to \$270 million in September. Early projections were always for the state to top out at \$3 billion in sales as a total market. The state is likely to exceed that total this year with no real indications of hitting a ceiling... yet.

But whether marijuana operators continue to pressure new communities to opt in for legal sales is another question.

City councils from all four of the communities with votes did not set forth to pen an ordinance. These ordinance moves were brought forth by ballot drives, some driven by industry players.

Open Stores in Keego Harbor

Committee and Open Stores in Rochester Committee were run by Keri Knipple, an employee of cannabis real estate firm Canna Zoned MLS. Canna Zoned is owned by developer Jeffrey Yatoona.

Yatoona's group has led ballot drives in several communities in recent years, including Auburn Hills, Brighton and others. The group's perceived goal is to pen the ordinance, limiting licenses in the communities and selling off the licenses it gains to the highest bidder.

But Doug Mains, partner and head of the cannabis practice at Honigman LP, said groups looking to turn communities with ballot proposals may have run out of rope, but they won't stop trying to get access to local licenses.

"At least not until everyone cannibalizes each other," Mains wrote in a text. "But I'm not sure people will keep trying the ballot initiative route. At this point, I don't see it being too fruitful."

And, for many communities, authorizing marijuana sales has been expensive and painful. Dozens of lawsuits across the state have cropped up, many ongoing, between marijuana operators and city councils over the license selection process. Pontiac remains embroiled in a lawsuit, for instance.

At this stage in the industry rollout, each new territory is hotly courted and contested. The industry is effectively fighting over the scraps of valuable territory left in metro Detroit.

But, as Tuesday's election showed, the community members themselves may feel there's enough weed to pass around without any new outlets.

# The cannabis industry could clear its biggest hurdle yet in 2024

By Dustin Welsh

timately change the state's industry.

## Schedule 1

Michigan became the nation's dominant marijuana market in 2023. While sales slowed in more mature markets like California and Colorado, Michigan sales continued to bloom.

Total sales in 2023 through November reached \$2.8 billion, half a billion dollars more than the total of sales in 2022. The state should easily eclipse \$3 billion in total sales for 2023.

But those sales haven't come easy for the industry, which is reaching the tail end of an epic price collapse — the average cost of an ounce of marijuana in the state fell to just \$80.16 in January from more than \$500 in 2020.

In an industry built on non-traditional financing and unsteady business models, 2023 saw the state's first major player collapse in the court-ordered receivership of Skymin. Once the largest grower of marijuana in the state, the company is closing its last remaining grow operation early this year and only operating dispensaries. The company is being acquired out of receivership by its largest creditor.

The industry also matured, even painfully, last year. Despite the lowest taxes in the country, marijuana excise taxes collected during the state's fiscal year surpassed sales taken from beer, wine and alcohol sales combined.

The year was also marred by corruption that led to charges and jail sentences for lobbyists and former Speaker of the House Rick Johnson.

In 2024, the industry could see major, paradigm-shifting changes in federal regulations that would ul-

## REAL ESTATE

From Page 8

All told, the influential trade group for the residential real estate industry predicts 4.71 million existing-home sales in 2024, an increase of 13.5% from 2023. Median home prices around the country are likely to remain largely unchanged, increasing just 0.9% from last year, according to Yun.

States such as Michigan, with prices below the national average, could see among the highest uptick in prices, Yun said in a news release.

Metro Detroit Realtors are, of course, hopeful for an increase in activity in the new year. For



Cannabis plants grow outside at Grasshopper Farms in Paw Paw. (MC MEDIA)

side will disappear — there are plenty of medical advocates left — but that sector will continue to wither in 2024.

## Covered market

Michigan's marijuana industry has largely been hinged on its ability to get product in front of customers. A major part of that effort is getting more and more municipalities on board to allow for dispensaries in their respective towns.

It hasn't been smooth, as dozens of lawsuits have cropped up over the competitive local licensure process. But more and more came online — that is until recently.

In November, voters in Rochester, Birmingham, Grosse Pointe Park and Keego Harbor rejected marijuana businesses in their communities. Operators in metro Detroit may be out of real estate to expand in the state's most competitive market. This could create some stagnancy in sales as well.

The question is whether there

are markets elsewhere in the state that are ripe for growth.

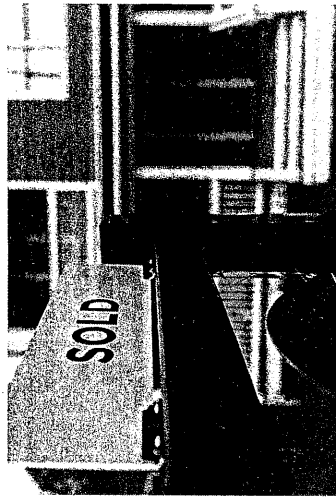
## Science gets a reality check

The state has been battling marijuana testing lab operator Viridis in court for two years and those cases aren't close to a resolution.

At issue is whether Viridis was inflating THC, the psychoactive ingredient in marijuana, for clients to ensure they claim a higher value on the market.

Consumers are more apt to pay top dollar for higher-THC marijuana. Most legal states are knee-deep in controversy about whether labs writ large are inflating THC content and/or passing samples with banned substances to maintain business in the competitive environment.

State regulators acknowledged the problem by planning to construct their own testing lab, which is supported by \$4 million from the state budget. If the lab gets off the ground in 2024, expect a big hammer to be swung at cheating players in the market.



Michigan's median home price of about \$245,000 makes it a relatively affordable market compared to the national price of nearly \$409,000. (BLOOMBERG)

## Buyers tap equity?

There's also a potential bright spot for existing owners: They're

"Metro markets in southern states will likely outperform others due to faster job increases, while markets in the Midwest will experience gains from being in the most affordable region," according to Yun, the NAR chief economist.

Large Texas metro areas such as Austin, Dallas and Houston, as well as Dayton, Ohio, and Philadelphia are among the regions that the NAR identifies having the most pent-up housing demand, and which are most likely to "outperform" other regions.

Michigan, available inventory for buyers to choose from has been around two months, whereas six months is considered a "balanced" market.

The potential for stable, or falling, interest rates this year could lead to more existing homeowners willing to put their houses on the market, leading to more options for eager buyers.

"2023 was kind of a nightmare with depleted and picked-over inventory — combined with the higher interest rates," said Andrea Carollo, an agent in the Birmingham office of Max Broock Realtors. "So I'm crossing my fingers and toes that 2024 will have better days ahead."

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## **Michigan marijuana shop issued \$212,000 fine after inspectors find cannabis in the attic**

Updated: Jan. 26, 2024, 3:01 p.m. | Published: Jan. 26, 2024, 2:59 p.m.

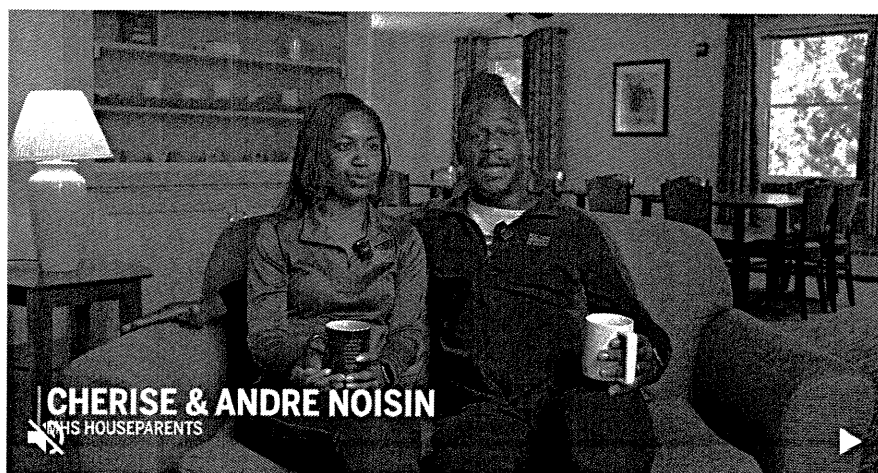
During the April 2022 inspection that led to the fine and suspension, there were also clear totes containing expired distillate cartridges, marijuana-infused syrup, gummies and chocolates stored in a bathroom area; missing surveillance video and several hundred 1-gram jars of untagged THC concentrate known as “wax,” according to a statement issued by the Cannabis Regulatory Agency (CRA).

No employees at the store had access to the surveillance system upon request from an inspector to review footage, the CRA complaint said.

After the inspection, the CRA asked for various information from Premier, including video surveillance, sales logs, written explanations to the presence of various untagged marijuana products and the reason certain products were stored in areas not monitored by required surveillance. The CRA complaint said an attorney representing the shop during a May 10, 2022 phone call said the business didn’t intend to comply with the CRA’s requests.

The fine is among the highest issued to a marijuana business since the industry began in December 2019. CRA spokesman David Harns said the agency doesn’t have a ranking of fines it issues “at the ready.”

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# These are Michigan's largest weed dispensaries by retail location

By Dustin Walsh

Michigan's marijuana industry is among the most competitive industry in the state. With base-ment-low wholesale prices, the industry is becoming increasingly more vertically integrated. The most profitable way to do business in weed is for growers to be sellers, realizing margins on both sides of the business.

Some consolidation has occurred and more is likely. The large players remain large, such as Lume. But others are growing their presence in retail, like Common Citizen, which acquired Liv Cannabis last year and is amassing a larger retail operation.

Below are the largest cannabis retailers in Michigan, according to Crain's research. This list is not exhaustive and only a snippet of the entire retail sector of the industry, which has hundreds of dispensaries.

## Lume Cannabis Co.

**Headquarters:** Troy

**Retail stores:** 34

**Retail locations:** Adrian, Ann Arbor, Berkley, Big Rapids, Cadillac, Cedar Springs, Coldwater, Escanaba, Ewart, Gaylord, Grand Rapids, Honor, Houghton, Iron Mountain, Jackson, Kalamazoo, Kalkaska, Lowell, Mackinaw City, Manistique, Monroe, Mount Pleasant (2), Negaunee, Owosso, Oxford, Petersburg, Petoskey (2), Portage, Saginaw, Sault Ste Marie, Southfield and Walled Lake. Popular strains: Jenny Kush, Blackout Marshmallow OG, GMO Crasher.

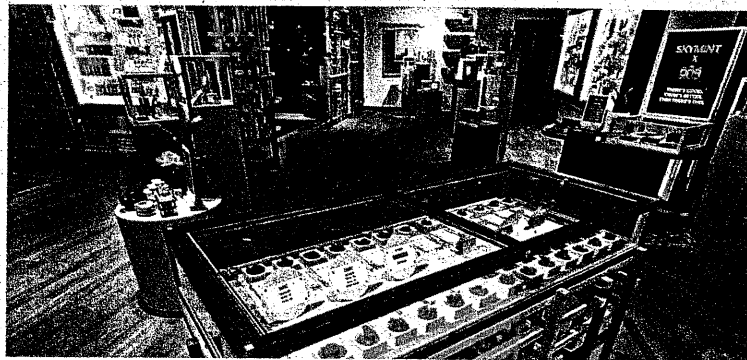
## Jars Cannabis Co.

**Headquarters:** Troy

**Retail stores:** 17

**Retail locations:** Battle Creek, Center Line, Detroit (2), Fennville, Flint, Grand Rapids, Lansing, Monroe, Mount Clemens, Mount Pleasant, Muskegon, Owosso, Oxford, River Rouge, Saginaw and Ypsilanti.

**Popular strains:** AK-47, Tangie, Moroccan Kush



Inside Skymint's Coldwater store. | SKYMINT

## Skymint Cannabis Co.

**Headquarters:** Dimondale

**Retail stores:** 21; four branded as 3Fifteen.

**Retail locations:** Ann Arbor (2), Battle Creek (2), Camden, Coldwater, East Lansing, Flint, Gaylord, Grand Rapids (2), Hazel Park, Kalamazoo, Lansing (2), Morenci, Muskegon, Nunica, Portage, Saginaw and Traverse City.

**Popular strains:** Lemon 18, Beng Beng OG, Cheetah Piss, Animal Mint Cake

**Note:** Skymint is currently under the control of a receiver and is expected to be auctioned to the highest bidder in the next month.

## Gage Cannabis Co.

**Headquarters:** Ferndale

**Retail stores:** 19; five branded as Cookies, five branded as Pinnacle and one as Lemonnade.

**Retail locations:** Addison, Adrian, Ann Arbor, Battle Creek, Buchanan, Burton, Camden, Center Line, Detroit, Edmore, Ferndale, Grand Rapids, Jackson, Kalamazoo (2), Lansing, Morenci, Oxford and Traverse City.

**Popular strains:** Gelato Driver, Zweet Inzanity #1, Banana Bread

## Cloud Cannabis Co.

**Headquarters:** Troy

**Retail stores:** 11

**Retail locations:** Ann Arbor, Cedar Springs, Detroit, Gaylord, Grand

Rapids (2), Kalamazoo, Muskegon, New Baltimore, Traverse City and Utica.

**Popular strains:** Do not manufacture their own strains.

## Exclusive Brands

**Headquarters:** Ann Arbor

**Retail stores:** 10

**Retail locations:** Ann Arbor, Coldwater, Gaylord, Grand Rapids, Kalamazoo, Lapeer, Lowell, Monroe, Muskegon (medical only) and Oxford.

**Popular strains:** Wonka Bars #13, Gelato Pebbles, Gorilla Zkittlez

## Common Citizen

**Headquarters:** Marshall

**Retail stores:** 9; six branded as Liv Cannabis, one as Pure Cannabis Dispo, one as Xplore Cannabis and one as Cannavista Wellness.

**Retail locations:** Buchanan, Detroit, Ferndale, Grand Rapids, Lake Orion, Lansing, Lapeer (2), Westland (opening soon).

**Popular strains:** Puffo Gelato, LA Pop Rockz, Electric Peanut Butter Cookies

## House of Dank

**Headquarters:** Madison Heights

**Retail stores:** 9

**Retail locations:** Center Line, Detroit (2), Grand Rapids, Lapeer, Monroe, Saginaw, Traverse City, Ypsilanti.

**Popular strains:** Runtz, Lemon Bubba Temple, Peach Crescendo #1

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Business Watch

## Michigan marijuana industry sees record sales, even as some struggle



Greenhouse cannabis is a small dispensary said he tries to keep prices at a competitive

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The cannabis regulatory agency issues new licenses for growers every month, which one expert says is one of reasons why retailers are struggling now.

**Related:**

- [Michigan to end marijuana drug tests for most state jobs on Oct. 1](#)
- [Good times for Michigan marijuana customers, a struggle for the industry](#)
- [Doobie Tuesday and pizza deals: Marijuana biz turns to old-school promos](#)

"It's kind of a race to the bottom, as they call it," said Beau Whitney, senior economist for the National Cannabis Industry Association. "Prices are going down, down and down because there's so much competition, but at some point, prices won't be able to go down any further."

In July, the state issued 87 new licenses from 96 applications received and 17 of them were for class c growers, who can possess up to 1,500 plants according to [state law](#).

There are 2,080 active licenses in Michigan, growers or retailers.

"I think that big corporate stores thought they could keep throwing money at it, and it would work."

That's why most of your major dispensaries are struggling. The Greenhouse, a dispensary in Walled Lake.

When franchises enter the marijuana business, they drive prices down, which potentially hurt mom and pop shops and their prices to compete with them.

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marijuana in an indoor greenhouse than it is outdoors. And, by the end of summer the only supply left to sell is marijuana grown indoors.

Unfortunately, Michigan hasn't experienced a great deal of seasonality so prices haven't increased as significantly as expected.

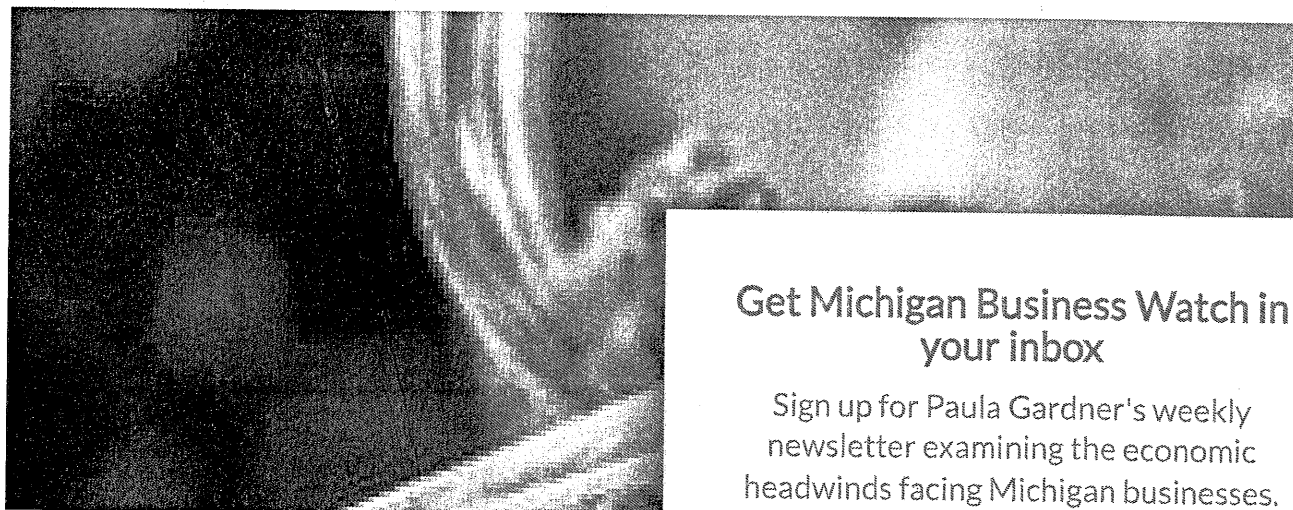
As the state moves into harvest season when prices tend to be cheaper, retailers, who bear most of the tax on cannabis, have to work with their supplier to come up with creative ways to turn a profit.

"Retailers need to get out of the fight with each other on pricing, and work on customer service and education and helping marijuana become mainstream," Millen said. "This race to the bottom has made \$1 and put your competition out of business is not what the culture of marijuana really was."

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# Weed sales break record in July at \$276.75M

By Dustin Walsh

Michigan's marijuana market continues its ascent, breaking another sales record in July.

The industry sold roughly \$276.75 million worth of adult-use recreational and medical marijuana products last month, a 33.5% increase over January's sales.

The growth has come exclusively from adult-use recreational marijuana sales, which are up 38% since January, compared to declining medical marijuana sales, down nearly 46% for the year through July. Adult-use prices are cheaper than medical marijuana by nearly \$3.38 per ounce, which means people with a medical marijuana card are more likely to just buy recreational weed.

It's a far cry from the price collapses the industry has been facing for the last two years.

Adult-use recreational marijuana prices have recovered to \$98.65 per ounce of flower in July, a 23% rise since January. However, prices remain low compared to the early days of the adult-use regulated market when prices topped \$500 per ounce.

It's led to troubles for at least seven marijuana companies in the state, which are under a court-ordered receiver to manage their finances. That includes Dimondale-based Sky-mint, one of the state's largest growers.

The Michigan Cannabis Regulatory Agency is taking credit for the recovering prices, attributing the rise to expanded rule enforcement that's dropped illegal market marijuana from allegedly flooding the legal market. The CRA has collected nearly \$3.3 million from regulatory fines against "bad actors" in the industry since 2020.

Through July, Michigan marijuana sales have topped \$1.7 billion. In 2022, the Michigan industry topped \$2.3 billion, and the state appears to be on track to easily top that total this year. Beyond that, marijuana sales also topped distilled liquor sales in the state for the first time last year, which totaled \$1.91 billion.

That meteoric rise in marijuana sales since December 2019 means the state now has the second-largest market by sales in the U.S. behind California.

Legal marijuana sales in California topped \$5.3 billion last year, though it has nearly 30 million more residents than Michigan. There are 23 states with legal adult-use marijuana.

If sales continue on this pace, they will top \$3 billion in 2023.

# Michigan's weed market is now the top in the nation

By Dustin Walsh

Weed. Jazz cabbage. Ganja. Jolly green. Righteous bush. Sin spinach. Regardless of the name, Michiganders fully embraced marijuana's legalization and commercialization.

Michigan is now the top marijuana market in the country — based on per capita spending.

Through the first seven months of the year, Michigan's marijuana industry sold \$1.7 billion worth of product (\$58.8 million in medical marijuana and \$1.644 billion in recreational), according to data from the Michigan Cannabis Regulatory Agency. Michigan weed is outselling distilled booze in the state and is on track to easily top \$3 billion in 2023.

While Michigan won't top California in overall sales, totaling \$5.3 billion in 2022, it beats out the Golden State and other competitors, including the OG in legalization, Colorado, on per capita spending.

Sales in the Rocky Mountain State through June topped \$782 million for a per capita spend of \$134.03. California is less than \$136 per capita. Michigan, however, topped \$142.13 in per capita spending on marijuana product in the first half of this year.

So are Michiganders just more in tune with getting baked than Californians and Coloradoans? Probably not.

## Don't step on the grass, Sam

Michigan's success in the mari-



Michigan weed is outselling distilled booze in the state and is on track to easily top \$3 billion in 2023. | BLOOMBERG

juana game is correlated directly to the state's regulatory, tax and overall business framework.

Following the legalization of adult-use recreational marijuana by voters in 2018, Michigan's framework solidified it into an unlimited licensure state with comparatively low taxes.

The unlimited licensure allowed businesses to get approved to operate grow operations, processing plants and retail stores quickly. Yes, there was and still are problems with local municipality business licensure, but those roadblocks are eroding.

Michigan also taxes consumers among the lowest in the U.S. with a 10% excise tax on recreational marijuana sales. Colorado has a 15% excise tax on wholesale and retail sales. California has a 15% excise tax on wholesale and a per ounce tax on fresh plants and cultivation. Other top players like

Washington and Oregon have a 37% excise tax and 17% excise tax on retail, respectively.

It should be noted that Michigan surpassed about \$850 million in excise and sales tax revenue collected from the marijuana industry last month, the Michigan Department of Treasury confirmed.

That's a number that almost seems unbelievable given the low excise tax.

The low taxes resulted in the Michigan market maturing very quickly due to easy access to marijuana and prices that shrank precipitously — maybe too quickly for some.

Recreational marijuana sales were only \$9.83 million in January 2020, the second full month of legal dispensary sales in the state. By July 2020, six months later, rec sales topped \$57.4 million. In July this year, rec sales were north of \$270 million.

## No more illegal smile

And that's all about cost. The average cost of an ounce of flower in July 2020 was \$402.72. In July of this year, the average cost of an ounce of recreational flower was \$98.65 — prices have stabilized since a low in January this year of \$80.16 per ounce.

That price collapse, of course, has crippled several business operators — Skymint and at least six others are under a court-ordered receivership — a natural byproduct of any new industry wrangling supply and demand.

Businesses still struggle under the weight of operating at low margins, but it's certainly helped demand. Low prices and abundant product has pushed more and more Michiganders into the legal marijuana market, according to 2022 data provided by Oregon-based Whitney Economics and published by the National Cannabis Roundtable.

According to the data, 75.5% of all marijuana sales are in the legal market, as opposed to the illicit market. California is only at 44% legal sales; Oregon at 74.8% legal sales; and Washington state at 61.3% legal sales. Colorado is the bright spot here, with Whitney Economics projecting 99.8% of all marijuana sales in the state are in the legal market.

That means it's likely Michigan still has some runway to its total market potential, but also shows there is a peak. Whitney Economics projects the total market demand for marijuana in Michigan

to top out at just over \$3.2 billion, compared to \$11.93 billion in California. Michigan is likely to come near that total in 2023.

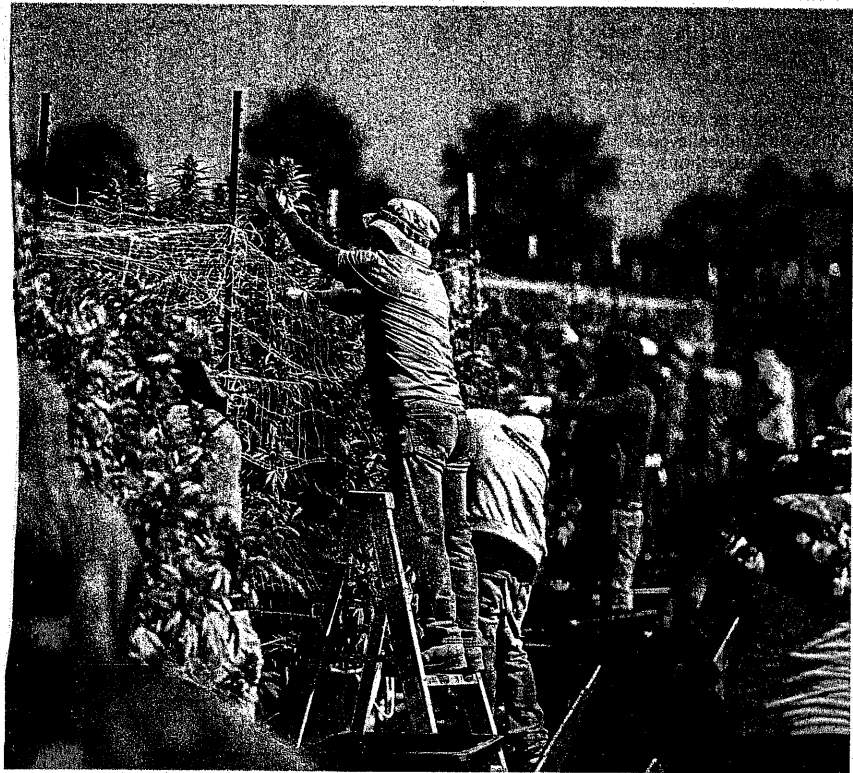
The industry is yet to recognize any slowdown in the market. As of June 30, there were roughly 1.9 million marijuana plants actively being grown in legal operations for recreational sales, according to CRA data. That's well up from the under 1.3 million plants in June 2022.

## Passing the dutch?

But whether Michigan remains a top marijuana state by any metric will likely be determined not by Michigan's market, but by whether other states coming into the market follow Michigan's lead and let the industry blossom under less restrictive rules or whether they cultivate a slower, more steady market. Illinois, for instance, limits how many marijuana dispensary licenses it issues annually, limiting the supply to prevent steep price declines like seen in Michigan and elsewhere. Florida is still a medical marijuana only state, as well as Pennsylvania. Texas still doesn't have any legal marijuana.

Ohio will be the one to watch, alongside maybe Indiana. A ballot initiative in Ohio gathered enough signatures and received approval recently to be on the November ballot.

It's likely many Ohioans drive up to dispensaries in Michigan to purchase marijuana. But it's still unknown if recreational legalization there would impact Michigan's market.



Workers harvest cannabis at Grasshopper Farms in Paw Paw. Over the next 25 days, they will pick, dry and process 9,000 pounds of marijuana flower to meet the harvest goal of approximately 25,000 pounds. | NIC ANTAYA

# A 'Croptober' weed windfall?

Every October, product grown outdoors floods the marijuana market

By Dustin Walsh

Amid 120 acres of decaying cornstalks and scarecrows along County Road 665 north of Paw Paw, rows and rows of lush green trees rise into the sky. Expensive trees. Trees that make up the next crop of marijuana growing at Grasshopper Farms.

October, otherwise known in the cannabis industry as "Croptober," is the annual harvesting of the state's outdoor marijuana plants, and an estimated record 100,000 plants will be reaped this season. Croptober also

**"Croptober may not have the same massive impact on pricing as before."**

— Mike Elias, Common Citizen CEO

means a product surplus that invades the market resulting in depressed prices for the industry and good deals for consumers. This lasts from late October through February the following year.

However, the industry is ma-

turing and companies are deploying strategies to not only combat pricing but thrive from the annual outdoor harvest, preventing spooky season from being so commercially scary.

"Growing outdoors is really hard," said Will Bowden, a retired Lieutenant Commander in the U.S. Coast Guard, former Florida cop and now CEO of Grasshopper Farms. "People want to do something in a more controlled environment, without the pressures of weather

See **CANNABIS** on Page 16



# CANNABIS

From Page 1

That's why when you go into retail, you'll find only one grade of outdoor flower. That is the discount shelf space."

Outdoor plants tend to be viewed as being lower quality; indoor operations can simulate optimal conditions 24/7 compared to, well, nature. And cannabis grown outdoors generally fetches a smaller price on the market. Much of it ends up as biomass used to make distillate or edibles where the highest-quality flower isn't as appreciated.

For Bowden, growing outdoors offers an opportunity to set his product apart.

"Growers generally put less care into their outdoor farms," he said. "We don't believe that and are trying to change that perception."

## Sun-grown flower

Whereas indoor marijuana grows can feel sterile and controlled like a pharmaceutical plant, outdoor grows look and feel like farming.

At Grasshopper Farms, 20 miles west of Kalamazoo, migrant laborers spent the first week of Croptober busily preparing and picking product. Spanish fills the air as the workers clip branches from the marijuana plants — which grow much larger outdoors than indoors and resemble Christmas trees at a distance — and load them into tubs 20 pounds at a time.

A farm foreman tells a line of workers hauling the marijuana-filled tubs to load them onto the trailer behind an aging Ram truck. The truck's lights are covered in green tape, so when harvesting extends into the night, the lights don't disturb the plants' "sleep" cycle.

Outdoor grows are cheaper to operate, relying on the sun for photosynthesis as opposed to thousands of overhead lights that generate massive utility bills. Bowden said the farm required a total startup investment of \$6.5 million for build out and operations. By contrast, the highly-automated Canapa Valley Farms in Vassar spent \$40 million to build out its 60,000-square-foot indoor grow operation.

For Grasshopper, outdoor weed can overcome its quality stigma with better marketing and better smokable product, Bowden said.

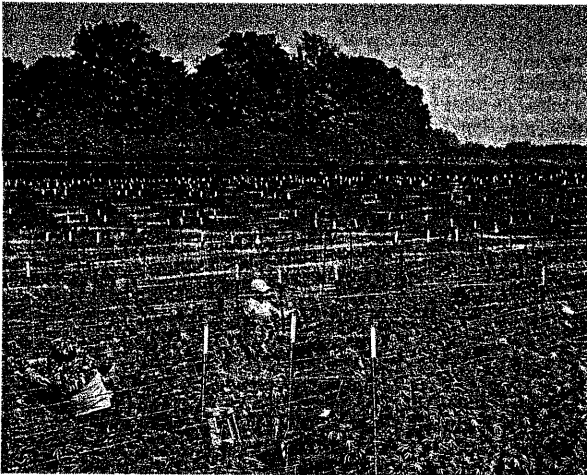
Each of Grasshopper's 6,181 total plants on the property are broken into thirds. The top third of the plant is used to sell as flower to consumers, the middle third for pre-rolls and the bottom third is used for biomass to sell off to processors.

Bowden markets Grasshopper Farms as "premium sun-grown flower" and sells the marijuana buds to dispensaries and even sells packs of pre-rolls under the farm's name.

The plants, despite being outside in rows like a traditional farm, are not planted in the ground. They sit atop landscape fabric in massive pots filled with a proprietary soil blend, all connected to



Workers harvest cannabis at Grasshopper Farms in Paw Paw. | PHOTOS BY NIC ANTAVIA



each other through plant netting and an elaborate irrigation network.

The 40-employee company flexes up to 140 workers during harvest, with most of the workers being migrant farm hands.

The truck will haul 18 tubs from the fields at a time to the farm's drying rooms in a facility on the property. Grasshopper's five drying rooms will hold 9,000 pounds of marijuana branches, resulting in 1,000 pounds of dried marijuana flower, that go through five cycles over the next 25 days to meet the harvest goal of approximately 25,000 pounds of total dried marijuana flower.

## Benefits to a bountiful harvest

Since outdoor grows only go to market once a year, Croptober deeply impacts the market price of marijuana.

Marijuana prices had been on the decline since 2020, but Croptober sank prices at a faster rate

than prior declines last year. The average price for an ounce of adult-use recreational marijuana flower in September 2022 was \$109.88. By January 2023, it had sunk to \$80.16 per ounce. In August of this year, the most recent available data from the Michigan Cannabis Regulatory Agency, the prices had recovered more than 17 percent to \$94.16 per ounce.

"There are almost 2 million more plants in pots (indoor and outdoor) at this time this year versus last year," said Miles Baker, a cannabis attorney at Detroit-based Dickinson Wright. "It's very possible Croptober shows some price compression like we've seen in the past. Historically, people have thought of Croptober as crashing the market. But we're also seeing a price recovery and it will be interesting to see how much of a price compression happens and whether growers and retailers really absorb the influx."

Mike Elias, CEO of Marshall-based indoor grower Common Citizen, one of the largest

cannabis operations in the state, believes companies are more stable in 2023 and Croptober's impact will be muted.

"While there are 40% more plants in production compared to last year, the increased demand, which has risen by 66%, has led to a 32% increase in sales," Elias told Crain's. "This suggests the market has become more diversified with indoor and greenhouse operations producing year-round. Consequently, Croptober may not have the same massive impact on pricing as before."

Elias said last year outdoor-grown marijuana would be on the wholesale market for as low as \$300. This year, he expects the low end to be between \$400- and \$500 per pound with some growers seeking as high as \$700 per pound.

305 Farms in Lawrence, an indoor grow 14 miles southeast of Grasshopper Farms that produces several licensed vape brands including Rohan Marley's Lion Order, is hoping for the low prices Croptober generates.

305's products are typically expensive and categorized in the "top-shelf" market of cannabis. The 25-acre campus can only produce about 40% of the company's distillate needs, said founder Jan Verleur. The company relies on the oversupply and lower prices Croptober produces.

"If you have brand loyalty around strains and you're focused on top-shelf cannabis, there's not a lot of outdoor that competes with you. Less than 10% of what comes out of October will directly compete with top-shelf products," Verleur said. "We can't grow enough on our farm to meet our current output needs, so we have to buy in the open market. Because of Croptober, there will be buying opportunities for us in Q4

to lower our cost of goods."

Verleur, who also owns operations in California, said Michigan consumers are more price-conscious, seeking value more than peers in California.

"This is a bang-for-your-buck type of state," Verleur said. "The value market is like 60% of the market at least. I can only operate in about 15% of the state's stores. So it's beneficial to us to have that outdoor product to supplement and keep our costs contained."

## Stopping seasonality

Grasshopper, however, battles the price seasonality with standard wholesale pricing, allowing it and its customers predictable accounting. Grasshopper wholesales its flower within a range of \$500 to \$700 per pound, or \$31.25 to \$43.75 per ounce.

"Our value proposition is that we're going to have a price all year round," Bowden said. "We don't lower our prices due to market supply, but we also don't raise the prices in the summer. We're a fair price the whole time."

Those higher prices, if it can sustain them, allow Grasshopper to reinvest. Bowden said the company analyzes the market and tries to keep its production 5% below what the total market demand is for its products to maintain pricing.

With demand rising, the company is ready to expand on its 160-acre property — it currently allows neighboring farmers to plant and reap corn on its acreage, though this might be the last year it does.

"We think our demand is about 40,000 to 42,000 pounds a year," Bowden said. "We're at about 20,000 to 25,000 pounds right now. So either next year or the following planting season, we plan to double to 80 acres."



# Recreational pot tops alcohol in tax revenue

By Dustin Walsh

Recreational marijuana is bigger than beer, wine and liquor in Michigan.

During the 2023 fiscal year, which ended on Sept. 30, the state of Michigan collected nearly \$100 million more in recreational marijuana excise taxes than in fiscal year 2022, according to a House Fiscal Agency report released this month.

The marijuana tax totaled \$266.2 million, a 49.1% increase over the year prior, and 38% higher than the \$192.6 million collected from the sales of beer, wine and liquor in the state during the fiscal year.

The growing gap between beer, wine and liquor and recreational marijuana is representative of Michigan's powerful marijuana consumer market, but also in how taxes are collected for each product.

Recreational marijuana is taxed at a 10% excise tax at the wholesale and consumer level. Alcohol wholesalers are responsible for \$6.30 per 31-gallon barrel excise tax on beer and a \$0.51 per gallon excise tax on wine and champagne.

Michigan's 6% sales tax is applied to all of the consumables, but isn't

captured in the excise tax report.

The state's marijuana market has seen a meteoric rise since recreational shops first opened in December 2019. During fiscal year 2023, Michigan dispensaries sold nearly \$2.8 billion worth of recreational marijuana, topping off at \$270.63 million in August.

The sharp increase in marijuana sales is paying dividends to communities that opt in to allow marijuana production and sales.

From the taxes in fiscal year 2022, which included an additional \$5.8 million in medical marijuana taxes, the state distributed \$59.5 million to the 224 municipalities and counties participating in the sales of marijuana.

But Michigan's recreational marijuana taxes made up only a paltry 0.8% of the state's \$33.8 billion in tax revenue for the fiscal year. Income taxes continue to make up the bulk of the revenue at \$12.3 billion, followed by \$10.7 billion in sales tax, which does include marijuana.

Tobacco continues to be the dominant nonsales tax consumables tax, raking in more than \$722.2 million at a \$2 tax per pack of cigarettes in fiscal 2023.

CRAIN'S 11/20/23

# State's weed market tops \$3B in 2023

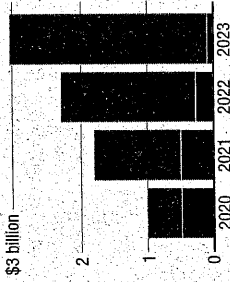
Michigan's per capita spend beats rival states

By Dustin Walsh

## Weed sales hit new high last year

Michigan cannabis sales topped \$3 billion for the first time.

■ Medical cannabis sales  
■ Adult-use cannabis sales  
\$3 billion



Source: Michigan Cannabis Regulatory Agency

other rival states, based on year-end estimates. Californians were projected to spend \$5.9 billion in marijuana last year, or roughly \$150 per capita. Colorado remains closest to Michigan, at about \$290 per capita spending on marijuana last year.

See CANNABIS on Page 20

Michigan ended 2023 as the nation's unofficial weed king.

In 2023, the state's cannabis industry sold nearly \$3.06 billion in medical and adult-recreational use marijuana — or about \$305 worth of marijuana for every man, woman and child in the state for the year — according to data released Jan. 16 by the Michigan Cannabis Regulatory Agency.

Michigan's weed sales total last year is more than the gross domestic product of 51 nations, nearly reaching the GDP of the African nation of Burundi.

For context, corn is planted on 4% of all the land in the state of Michigan, but sales totaled \$2.16 billion in 2022.

The yearly total got a boost from the best sales month on record in December. Michigan operators sold \$279.9 million worth of marijuana in December, up from \$260.5 million in November.

The state's per capita spend on marijuana in 2023 surpassed all

## CANNABIS

om Page 1

Marijuana sales in Colorado have peaked. The state's operators sold \$2.23 billion worth of marijuana in 2021, well above the 2022 total of \$1.77 billion. The state was projected to fall short of the 2022 total in 2023.

California, however, saw more marijuana sales in 2023 than in 2022, but the state is plagued by the well-established illicit market that thrived before legalization in 2018.

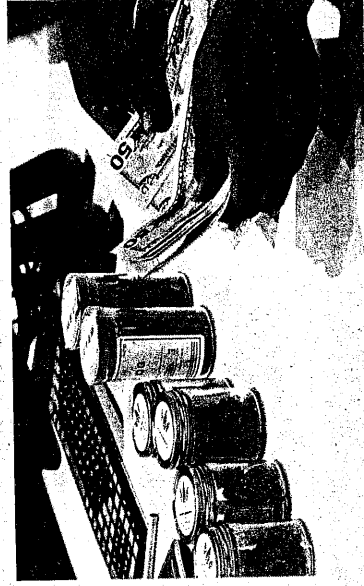
Michigan's market has yet to peak. Marijuana sales appeared to slow and stabilize in August for the first time since legalization, but December's totals pushed the market to new heights, with average monthly sales of \$254.8 million for the year. The market opened the year in January 2023 with \$207.3 million in sales, more than 41% below December's total.

Previous expert projections have estimated that Michigan's market will peak at \$3.1 billion or \$3.2 billion. This year will likely determine whether the market plateaus or surpasses those projections.

Michigan's success in the marijuana game is correlated directly to the state's regulatory, tax and overall business framework.

Following the legalization of

1 | CRAIN'S DETROIT BUSINESS | JANUARY 22, 2024



The reality is there are fewer dispensaries selling medical marijuana in Michigan as demand for adult-use recreational marijuana dominates. (GETTY VIA BLOOMBERG)

## Michigan's success in the marijuana game is correlated directly to the state's regulatory, tax and overall business framework.

adult-use recreational marijuana by voters in 2018, Michigan's framework solidified it into an unlimited licensure state with comparatively low taxes.

The unlimited licensure allowed businesses to get approved to operate grow operations, processing plants and retail stores

quickly. There still are problems with local municipality business licensing, but those roadblocks are eroding.

Michigan also taxes consumers among the lowest in the U.S. with a 10% excise tax on recreational marijuana sales. Colorado has a 15% excise tax on wholesale and retail sales. California has a 15% excise tax on wholesale and a per ounce tax on fresh plants and cultivation. Other top players like Washington and Oregon have a 37% excise tax and 17% excise tax on retail, respectively.

Though the state likely surpassed \$1 billion in tax revenue last year from marijuana sales since the first recreational mari-

juana dispensary opened in December 2019.

In fact, weed is more lucrative to the state and communities than booze.

During the 2023 fiscal year, which ended on Sept. 30, the state of Michigan collected \$73.6 million more in recreational marijuana excise taxes in fiscal year 2023 than beer, wine and liquor taxes combined, according to a House Fiscal Agency report released in November.

The marijuana tax totaled \$266.2 million, a 49.1% increase over the year prior, and 38% higher than the \$192.6 million collected from the sales of beer, wine and liquor in the state during the fiscal year.

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None of those taxes include the state's 6 percent sales tax, which is collected on both cannabis and alcohol on top of any excise taxes.

# Detroit Free Press

## MARIJUANA

# Michigan cannabis regulator accepting applications for new \$1M grant program: How to apply



**Adrienne Roberts**

Detroit Free Press

Published 12:39 p.m. ET Jan. 5, 2024

Michigan's Cannabis Regulatory Agency is offering for the first time \$1 million in grants to its social equity licensees for employee education, business needs or community investment to encourage participation in the industry by people from communities that have been disproportionately impacted by marijuana prohibition and enforcement.

The Social Equity Grant Program, with funds allocated by the Michigan Legislature, is open to applicants who have a recreational marijuana license from Michigan's CRA and have eligible Social Equity Program participants — a state program for licensees who have a marijuana conviction or live in a disproportionately impacted community, for example — who have majority ownership of the entity.

They also must participate in the agency's "Social Equity All-Star Program," a program that recognizes licensees who spend a dedicated percentage annually with diverse suppliers or publish their social equity plan on the CRA's website, for example.

The amount each awardee receives depends on how many licensees apply and will be distributed equally among eligible applicants. Applications will be accepted until Jan. 26.

"Many of our social equity licensees have invested everything they have in their cannabis business, and they truly deserve this shot in the arm," Brian Hanna, executive director of the CRA, said in a news release.

Funds must be used for an employee to take classes or courses that are relevant to the cannabis business, compliance with licensing and regulatory rules or for donations to organizations and nonprofits that positively impact the community where the business is located, the CRA said.

Since the CRA began accepting applications on Dec. 1, the agency has received 11 applications, Anshu Varma, communications and grants division director for the CRA, said. If no more licensees applied, each approved applicant would receive about \$91,000.

There are a total of 81 licensees in the CRA's Social Equity All-Star Program, Varma said, so if they all were eligible for a grant and applied, each applicant would receive a grant of about \$12,300.

The CRA intends to distribute the funds to licensees by March 15, the agency said, and the licensees will have to certify how the funds were used by September.

**More cannabis industry news:** Metro Detroit communities allowing cannabis sales using tax revenues in variety of ways

**More industry news:** Michigan cannabis regulator suspends licenses held by producer of Muha Meds products

To apply for the grant, visit [Michigan.gov/CRA/Grants/Social-Equity-Grant-Program](https://Michigan.gov/CRA/Grants/Social-Equity-Grant-Program). Any questions regarding the Social Equity Grant Program should be emailed to [CRA-SEGrants@michigan.gov](mailto:CRA-SEGrants@michigan.gov), the CRA said.

Social Equity Program licensees who are not yet participants in the agency's Social Equity All-Star Program should email [CRA-SEGrants@michigan.gov](mailto:CRA-SEGrants@michigan.gov) for more information on how to participate, the CRA said. This requirement must be met before a complete application will be considered for the grant program.

*Contact Adrienne Roberts: [amroberts@freepress.com](mailto:amroberts@freepress.com).*



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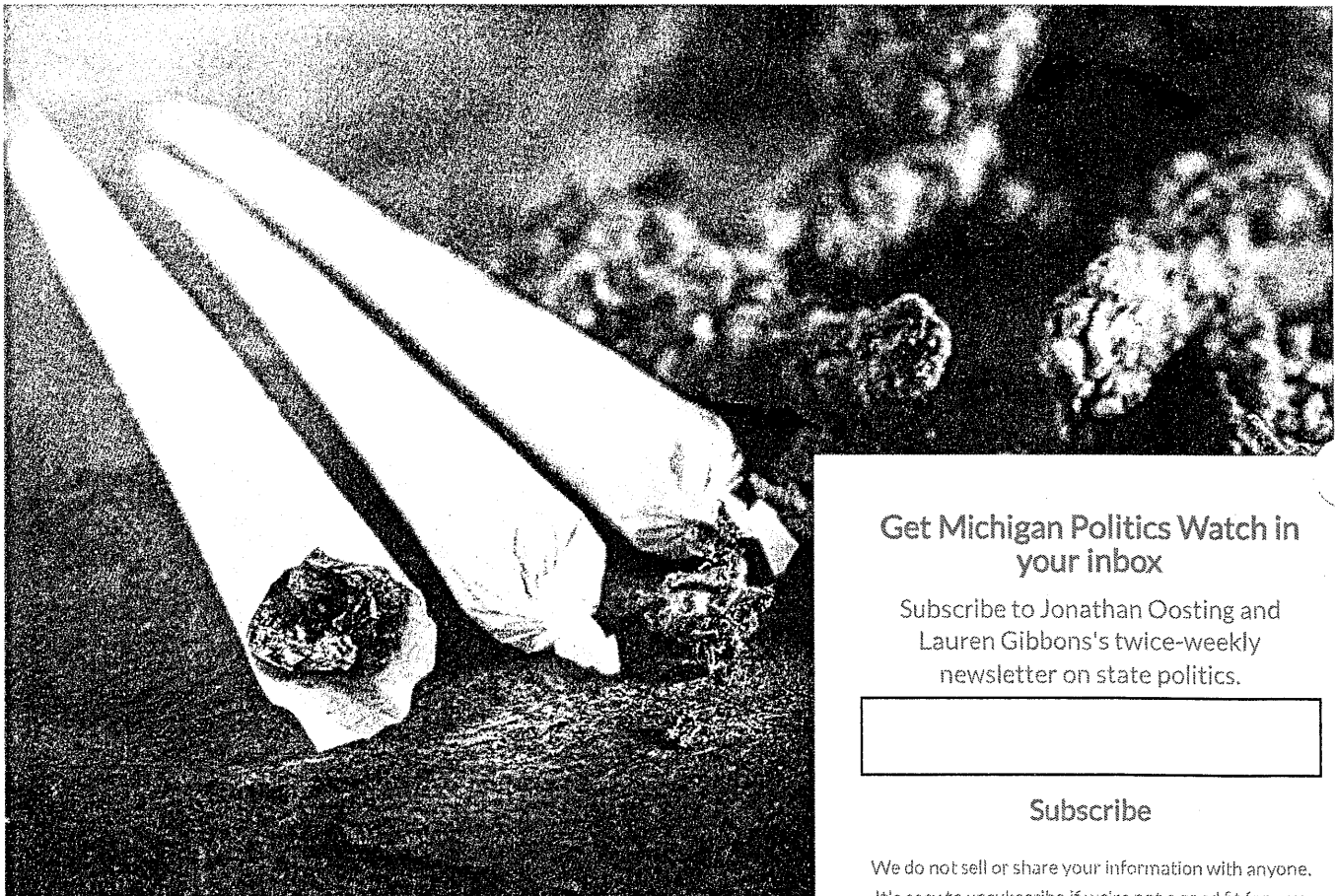
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Michigan Government

## Michigan local governments getting \$87 million from marijuana sales



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- \$87 million in funds from recreational marijuana sales headed to county and municipal coffers
- Counties, cities and other municipalities eligible for the payments will receive just over \$59,000 per licensed marijuana business
- Five cities — Detroit, Ann Arbor, Grand Rapids, Lansing and Kalamazoo — getting more than \$1 million

Michigan municipalities with recreational marijuana businesses are getting more than \$87 million in payouts this week from taxes on marijuana purchases as sales continue to grow.

According to the Michigan Department of Treasury, 71 counties and 198 cities, townships and villages will receive just over \$59,000 per licensed marijuana business within their borders, and can spend the funds as they see fit.

The industry has proven a boon for many local governments. In Charter Township, which borders Ohio, the \$945,000 in marijuana sales taxes makes up a third of the overall budget.

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## Pot payouts

Michigan distributed over \$87 million from marijuana sales taxes to 198 municipalities and the 71 counties where adult recreational marijuana retailers are allowed. That's up 46% from the \$59 million distributed the year before.

Marijuana  
revenue per  
1,000 residents

- More than \$50,000
- \$25,000 to \$49,900
- \$10,000 to \$24,900
- Less than \$10,000
- No retail stores

## Municipal distributions

Here is how much each municipality that allows recreational marijuana sales got in fiscal year 2023. For each retail license in the community, it gets \$59,086 from the state. For some communities, 2023 was the first year legal marijuana sales were allowed. **You can search by community or county.**

Search			
	Retailers	Revenue	Change from 2022 (%)
Alpena (Alpena)	3	\$177,259	71
Benton Harbor (Berrien)	4	\$236,345	52
Crystal Falls (Iron)	2	\$118,173	14
Ewart (Osceola)	1	\$59,086	14
Flint (Genesee)	9	\$531,777	28.2
Grand Rapids (Kent)	23	\$1,358,986	54.2
Hazel Park (Oakland)	10	\$590,864	42.5
Inkster (Wayne)	6	\$354,518	128
Iron Mountain (Dickinson)	2	\$118,173	14
Ironwood (Gogebic)	2	\$118,173	14

Source: Michigan Department of Treasury

Bridge

— Mike Wilkinson

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Marijuana money has already helped improve the township's parks, fix the roads, pay for another sheriff's deputy and more, Alan Barron, the township supervisor, told Bridge Michigan. Additional funds this year will likely go toward other projects that otherwise would have been put off, including needed updates to government buildings.

#### **Related:**

- [Michigan's marijuana industry jolted by Ohio legalization, local vote defeats](#)
- [Michigan marijuana industry sees record sales, even as some struggle](#)
- [Doobie Tuesday and pizza deals: Marijuana biz turns to old-school promos](#)

Barron recognizes that a stigma against recreational marijuana remains, even among members of his own community — which is why township officials have largely focused the funds on projects people can experience for themselves.

"The thing we wanted to do is to let people see it ... the good things we're doing with the roads and things with no additional taxes," he said. "We try to get the good out there."

Michigan's recreational marijuana industry has [hit record sales numbers](#) in recent years, and revenue has continued to grow. The state collected more than \$290.3 million in the 2023 fiscal year, according to the Department of Treasury.

The tax revenue from recreational marijuana sales is split between schools, roads and local governments. This year, \$101.6 million was sent to the School Aid Fund for K-12 education, and another \$101.6 million was deposited into the Michigan Transportation Fund.

### **Very important benefit'**

In addition to bonuses for roads and schools, the funding for local governments that have bought into the marijuana industry is "a very important benefit of the legal cannabis industry in Michigan," Cannabis Regulatory Agency Executive Director Brian Hanna said in a statement.

"The CRA is committed to doing our part in supporting our licensees so that they can continue to grow the local economy throughout the state with good-paying jobs and increased revenues for local government budgets."

The city of Detroit, which began allowing recreational marijuana, has 33 dispensaries, stands to gain nearly \$2 million from the industry. Other cities getting more than \$1 million include Ann Arbor, Livonia and Kalamazoo.

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Under the state's recreational marijuana program, municipalities must opt into allowing recreational marijuana sales. Many choose not to — in 2023, voters in Rochester, Birmingham, Grosse Pointe Park and Keego Harbor all voted against efforts to allow marijuana retailers to operate in the communities.

But others, including college towns, big cities, southern border communities and small towns in the Western Upper Peninsula, embraced or eventually came around to the idea. The state of Ohio also approved recreational marijuana use, although sales haven't yet begun.

Barron, the Monroe Township supervisor, said he continues to be surprised at how lucrative the industry has been. He said he's not complaining — properties are occupied, dispensaries "still seem to be packed all the time," and other businesses are benefiting.

"There's only one Taco Bell, and they can't keep up," he said.

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# Medical pot market shrivels

Pioneer of legal weed now a sliver of business

By Dustin Walsh

Michigan's medical marijuana industry is wilting.

The portion of the cannabis business that stood up legal weed in the state is now at its lowest point since its inception in 2008, according to data from the Cannabis Regulatory Agency. Sales crept to just \$6.14 million in July, down nearly 71% from a year ago and down 86% from July 2022 when sales reached nearly \$43 million. The cost of an ounce of medical marijuana is down 52% over the last 12 months to \$102.03, but consumer pricing is only part of the cost conundrum.

Much of the medical marijuana drawdown is linked to industry

costs associated with maintaining a medical and recreational license and the costs associated with marketing and selling both.

**86%**

The amount sales of medical marijuana are down from July 2022.

Plus there are fewer and fewer markets that are medical marijuana only, such as Waterford Township and Pontiac, both of which are merging toward the adult-use market. Detroit was the last major city that maintained the distinction and prohibited recreational marijuana, but sales finally began earlier this year after legal squabbles.

See **MARIJUANA** on Page 20

The reality is there are fewer dispensaries selling medical marijuana as demand for adult-use recreational marijuana dominates — recreational sales totaled \$270.6 million in July, compared to \$188.8 million a year ago. And with those prices near historic lows, it's simply easier and cheaper for all consumers, recreational or medical, to purchase marijuana on the recreational side of the business.

"For us, it's expensive to maintain both licenses and follow both sets of rules," said Ankur Rungta, CEO of Ann Arbor-based C3 Industries, a vertically integrated company with a grow operation in Webberville and 13 High Profile Cannabis Shop locations across the state. "It's a tighter market right now and managing costs is critical. As the market shrinks, it just makes less and less sense (to sell medical marijuana)."

## Puffing prescription

Michigan voters approved medical marijuana sales in 2008, a full decade before voting to allow recreational sales. But the legal framework to allow medical sales wasn't established until 2016, after the Michigan Supreme Court ruled in 2013 that the 2008 law didn't allow for dispensaries. The long delays led to the state not issuing the first batch of retail licenses until August of 2018.

The medical industry was largely supported by caregivers, those growing marijuana at home and distributing that product to dispensaries — the state began phasing out caregiver sales to dispensaries in 2020 as recreational marijuana came online and commercial grow operations were churning out product. Caregivers can still supply registered medical marijuana patients, but cannot sell to dispensaries.

The state requires a medical marijuana card for "patients," who used the product to treat mostly



Ankur Rungta, CEO of Ann Arbor-based C3 Industries, a vertically integrated company with a grow operation in Webberville and 13 High Profile Cannabis Shop locations across the state says medical marijuana doesn't make sense anymore. "It's a tighter market right now and managing costs is critical. As the market shrinks, it just makes less and less sense (to sell medical marijuana)." (C3 INDUSTRIES)

chronic conditions, requiring patients to get a medical marijuana card issued by medical doctors and doctors of osteopathy. One difference there is patients can be any age as long as they qualify and have doctors' approval, where recreational cannabis is only available to those 21 and older.

David Schulman, a former vascular and thoracic surgeon at Henry Ford Health and other metro Detroit health systems, started Huntington Woods-based Greenpath Holistic Medicine in 2017 to review and approve patients seeking medical cards.

"I was done with surgery and done with teaching, and I was done with organized medicine," Schulman said. "But I wanted a source of income, though that wasn't the major factor. It was more curiosity about marijuana and it was something I could do with my license without having to be involved in traditional medicine."

Schulman said he doesn't issue cards for common complaints like insomnia and anxiety, but saw great improvements in patients with migraines and other chronic conditions.

"I would say I started as a skeptic, thinking my patients would be young college students looking to sell weed to their friends," Schul-

man said. "But I discovered a large cohort of patients who found marijuana is superior to the crap drugs other doctors were putting them on."

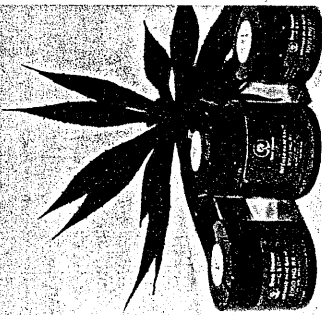
The state had more than 251,000 registered marijuana card holders in July 2021, making Michigan the largest medical marijuana market of the time, according to data from the CRA. Of those card holders, nearly 61% of the cards were issued for chronic pain and more than 22% for arthritis.

But plummeting recreational prices started cutting into those sales. Recreational wholesale prices had almost reached parity with medical marijuana by July 2021 and continued to crash, reaching as low as \$80.16 an ounce by January of this year.

The result: fewer people maintaining their medical marijuana cards. As of July 31 this year, state data shows Michigan has shed more than 100,000 medical card holders, dropping to 141,005.

"There used to be some meaningful advantages for a medical card for consumers — lower taxes and higher purchasing limits," Rungta said. "But those advantages are less important as overall prices come down."

Medical marijuana carries a 0% excise tax, compared to a 10% excise tax for recreational marijuana.



Kevin Mechigian, owner of Tree House CBD in Walled Lake and Express Med Card, said despite declines in medical marijuana card holders business in Michigan is holding steady. (TREEHOUSE CBD)

na, and users are able to purchase larger doses of medical marijuana than recreational. All sales do incur a 6% sales tax.

That translated to an ounce of recreational marijuana — an amount that would produce roughly 60 marijuana cigarettes or joints — costing \$3 more than an ounce of medical marijuana in July 2023 prices. The CRA limits recreational THC concentrates in edibles at 10 milligrams per dose, compared to 50 milligrams per dose in medical as well as differing doses for tinctures and oils.

For many, renewing a two-year medical marijuana card, which costs between \$100 and \$200 for the medical appointment, isn't worth the trouble, Rungta said.

C3 Industries has shed all but one of its medical marijuana growing licenses and almost all of its medical marijuana sales licenses.

"We have the largest addressable recreational market in the country as far as sales per capita," Rungta said. "It's not from medical marijuana consumers going to rec. It's just exploding. That has to do with the low cost of product."

While the medical market in the state continues to decline, the adult-use recreational market is reaching new heights, selling more than \$270 million in July alone. The state's total marijuana

market is expected to eclipse \$3 billion this year, behind only California, which has 30 million more people.

## Snuffed out?

There are still good reasons to maintain a medical marijuana market, and Schulman said it has nothing to do with money.

"What if they encounter the law or have a job with drug testing?" Schulman asked. "Cannabis still isn't like other medicine because of the stigma. If they keep a medical card, they are less likely to face drug testing from their employer, and for those that get picked up for DUIs and are found to have marijuana in their system, they get hit with that whether they were high or not. People are still threatened because of marijuana use."

Kevin Mechigian, owner of Tree House CBD in Walled Lake and Express Med Card, said despite declines in card holders business is holding steady.

"For the average consumer, a medical card doesn't make sense anymore," Mechigian said. "But if you use cannabis daily or even monthly, it gets competitive."

A card at Express Med Card costs \$110, he said.

But he isn't high on the market. Mechigian expects medical marijuana to all but phase out of the state in the next five years.

"Maybe it doesn't go away, but it will continue to change," Mechigian said.

Rungta said the medical market in Michigan or elsewhere won't survive until medical marijuana becomes more legitimate as medicine, not just as a recreational drug with a medical backdrop.

"For medical to really drive a comeback, there would need to be differentiation. It's the same product, essentially, on both sides (medical and recreational) of the business. We're just not there yet," Rungta said. "It has to come through R&D. A product that's something closer to medicine and more data driven evidence to support it."

# Legal



# Lawsuits grow over local marijuana ordinances

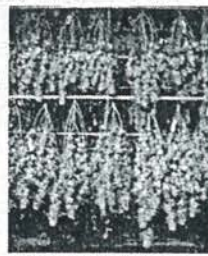
Companies, communities clash over process

BY DUSTIN WALSH

For many marijuana operations seeking to open locations in communities across Southeast Michigan, the plans are dying on the vines. Dozens of companies remain at loggerheads with city councils over the licensing selection process, and

the disputes have been playing out in Michigan's court system for years. The cities of Royal Oak, Warren, Pontiac and others remain tangled in lawsuits, keeping marijuana operations sidelined while the judges cultivate a ruling.

See **MARIJUANA** on Page 21



Harvested cannabis hangs at the Lume Cannabis Co. facility in Ewart. | NIC ANTARA FOR CRAIN'S DETROIT BUSINESS

January 2023

## MARIJUANA

From Page 1

Under the Michigan Regulation and Taxation of Marihuana Act of 2018, passed overwhelmingly by Michigan voters, the state offers unlimited licensure to marijuana operations; it's up to local municipalities to create a competitive formula to decide who is allowed to sell or grow marijuana in their community.

"The driver of all of this is from probably the worst decision that the drafters of the adult use statute made — requiring that competitive selection process," said Lance Boldrey, partner and cannabis attorney at Detroit-based law firm Dykema Gossett PLLC. "It all sounds well and good from a policy standpoint, trying to eliminate picking favorites, but it is the longest process and most expensive process for applicants to follow, and you end up with these lawsuits that can tie applicants up in court for three or four years."

But a December ruling by a Court of Appeals panel in a lawsuit against the city of Berkley may have cleared the way for the suits to be dropped, as local municipalities tighten their grip on defining the competitive licensing process.

### A broken process?

In Pontiac, the city continues to languish over its medical marijuana ordinances that were approved by voters nearly five years ago. Not a single dispensary has opened in Pontiac, and a proposed adult-use recreational ordinance that was introduced last year is further complicating matters.

Earlier this month, the Pontiac City Council continued to make changes to its medical marijuana scoring system. The city planned to give medical marijuana licenses to five companies, but a Dec. 9 ruling by an Oakland County Circuit Judge found the city's scoring system was unfair to Marshall-based vertically integrated marijuana company Common Citizen.

Common Citizen's suit alleged that the city's process for awarding medical marijuana licenses was arbitrary and rife with conflicts of interest. The judge's ruling effectively awarded Common Citizen points in the scoring system it hadn't received before the lawsuit. This pushed Common Citizen into the top five of scoring eligible for a medical marijuana license, thus muscling out the former fifth place holder Nature's Remedy — which already invested \$1.5 million into its dispensary location in Pontiac after being approved by the city's planning commission, said James Allen, partner at Detroit-based law firm Schenk & Brutsch PLC.

And adding insult to injury, the city council recently changed the zoning for its future recreational marijuana ordinance, eliminating the zone where Nature's Remedy's renovated building is located.

Allen said he is preparing a lawsuit against the city council over the issue in hopes of receiving an injunction to prevent the city from handing out the licenses.

"We're looking to stop the process from moving forward without my clients," Allen said. "Cities across the region understand that when they issue approval letters, businesses must be able to rely upon them when committing funds. In an apparent effort to play favorites, Pontiac seems to be an exception to this



Common Citizen grows more than 60 unique strains of cannabis in its greenhouse farm facility in Marshall, Michigan. | COMMON CITIZEN



Inside the Nature's Remedy store in Ferndale. | NATURE'S REMEDY/FACEBOOK

rule. Sadly, the residents will get stuck paying for the unwise decisions their elected officials make."

### A costly way to do business

The rash of lawsuits is likely keeping municipalities from opting in to allow marijuana grows and sales in their communities, said Doug Mains, partner at Honigman LLP, co-author of the MRTMA ballot language and attorney for major operators, including Troy-based Lume Cannabis Co., in which Crain's CEO KC Crain has a stake.

"We've heard of a lot of municipalities are hesitant to opt in because they don't want to get sued," Mains said. "The medical system was always first-come, first-serve or a lottery, and the suspicion was always that the township president's brother-in-law got all the licenses. The intention of MRTMA was to get away from the system based on luck and connections and one based on merit, but the language could have definitely been tighter."

Creating an ordinance to allow in marijuana is likely more costly for many of these communities than opting out entirely, Boldrey said.

"If a city attorney is paying attention at all, they'll understand almost any ordinance they put forward will result in a lawsuit against the city," Boldrey said. "They should also know they pay more for fighting the lawsuit than they could possibly earn in licensing fees or revenue sharing."

Berkley, for instance, has been

wrapped up in lawsuits over its marijuana ordinances since November 2020.

The legal battle started when companies not in the approved top three filed two lawsuits in Oakland County Circuit Court against the city, city council and several officials including City Manager Matthew Baumgarten. That led to a preliminary injunction halting Berkley's cannabis retail licensing in December 2020.

They argued the city needed to choose based on which applicants comply with state cannabis regulations, not who would do certain specific things aimed at improving the city. Those include using green

infrastructure, reusing existing buildings and demonstrating "benefits to the community."

In April 2022, the city council expanded licenses to five or fewer in hopes of eliminating some of its grievances, but the lawsuits continued. The Appeals Court ruled in its favor last month, allowing the city to move forward with awarding licenses.

"To date, the city has licensed five separate retail/medical facilities," Baumgarten said in an email to Crain's. "Each facility has also received building and trade permits, and each is at various stages of construction. We anticipate all five facilities to be operational by summer 2023."

But the three-judge appeals pan-

el did return portions of the case back to circuit court, so the case is ongoing, and costly.

Baumgarten declined to speak to Crain's about the cases or the city's costs for litigating the cases.

### A new trellis

Boldrey said to avoid lawsuits, communities can push an unlimited license ordinance, not picking winners and losers through a competitive scoring system, and instead use zoning to limit entrants into the market.

Limiting where marijuana can be grown or sold in a community creates a barrier based on available real estate.

Boldrey said, however, that method of limiting licenses is not popular among the political class.

"What happens in most of those cases, city council sees that it makes sense but a member says 'I am not going to vote for an ordinance that doesn't have a cap and get beat up by constituents that are against unlimited marijuana' in their city."

Mains and David Morrow, founder and CEO of Lume Cannabis and founder of Warrior Sports, said that system can be abused as well.

"There's always a Boss Hogg," Morrow said. "A family or two that basically runs these small towns and owns all the real estate. The zoning can get so finite that it points to a single address. Usually it's a site that isn't worth more than \$200,000 but can now sell for \$3 million because it's zoned for a dispensary."

**"WE'VE HEARD OF A LOT OF MUNICIPALITIES ARE HESITANT TO OPT IN BECAUSE THEY DON'T WANT TO GET SUED."**

— Doug Mains, partner, Honigman LLP

Meanwhile, Allen has prepared his lawsuits against Pontiac, and legal battles continue to work their way through courts all over the state, even in places like Traverse City and communities in the Upper Peninsula.

"So many of these frameworks are simply unworkable and all the applicants will continue to jockey for position," Boldrey said. "Until all of these suits are settled, we'll have no idea what any given city's landscape will look like."

Contact: [dwalsh@crain.com](mailto:dwalsh@crain.com); (313) 446-6042; [@dustinpwalsh](mailto:@dustinpwalsh)

# Pontiac cannabis project collapses

Battle erupts into  
federal court case

By Kirk Pinho and Dustin Walsh

A large Oakland County cannabis development site is up for sale as Pontiac and the property's developer battle in a federal court case.

The battle marks an apparent end for a \$40 million development plan that aimed to remake a derelict old Kmart site into a site for marijuana businesses and other retail. And the legal battle has expanded to include allegations of bribery by the city's current administration against previous officials, including a former mayor.

Rubicon Real Estate Holdings LLC, Browne Design Consultants LLC and Joseph Brown allege in a lawsuit that the city's intransigence over issuing a medical marijuana license for the redevelopment of the old Kmart Corp. property on Glenwood Avenue caused Rubicon and investors to lose tens of millions of dollars in rental revenue from signed tenants who ultimately abandoned the project due to the delays. Rubicon alleges a loss of \$45 million and seeks damages of \$60 million.

The city and its clerk, Garland Doyle, have put forward a new defense: That Dwayne Lyons, a former department of public works interim director and an official identified in court filings only as "former mayor Official No. 1," were involved in a \$5,000 bribe from people with links to the development in order to get a rezoning request placed on a Pontiac Planning Commission agenda.

See PONTIAC on Page 17

An aerial view of a former Kmart Corp. property in Pontiac that developers planned to turn into a cannabis development with other uses, including grocery. (COURTESY GROUP INC.)



# PONTIAC

From Page 3

The lawsuit alleges the bribe was paid early in 2020, when Deidre Waterman was the city's mayor. Both Waterman and Lyons denied to Crain's that they took a bribe. Neither has been charged with any crime. An attorney for the developers called the accusations "pretty ridiculous."

Magistrate Judge Curtis Ivy Jr. recently ruled that the city can argue in court that a bribe was paid to secure an agenda spot for a rezoning request. But he did not allow the city to assert that bribes were paid to secure actual votes for the rezoning from the Planning Commission or City Council.

The city, which is now led by Mayor Tim Grmel, said it would not comment on pending litigation or its own public corruption allegations against its former mayor and department director.

Last year, Waterman accused Grmel of embarking on a smear campaign after a forensic audit found what the city described as \$1.6 million in mispending on things like personal expenses and unauthorized trips, the Detroit Free Press reported. Waterman has denied wrongdoing in that matter as well.

"I can tell you right now, no such money ever was in my campaign coffers or received by me," Waterman told Crain's in response to the city's accusation of bribery.

And in a later email to Crain's, she said: "... I have never accepted any bribe or illegal payment. Any allegations to the contrary are patently false and injurious."

In an email, Lyons provided the following statement: "These allegations are totally false and unfounded. I have always maintained a high ethical and legal standard in my interactions with the community during my tenure with the city of Pontiac, and would never involve myself in any illegal actions. I am appalled and disheartened to see that the city of Pontiac's executive office would stoop so low to falsely defame my character in their feeble attempt to defend the \$60 million lawsuit that Rubicon Real Estate Holdings LLC has filed against them."

## Yearslong saga

It's the latest twist in a yearslong fight between Rubicon — whose

members are Brown, Rita Bolis, Manuel Petraoulou and Brad Klinton — and Pontiac, where the development group was supposed to turn the decrepit 26.5-acre property northeast of downtown into a \$45 million medical cannabis hub with growers and dispensaries, plus other uses including a Hollywood Market grocery store.

Following the property purchase in early January 2020, the Pontiac Planning Commission granted Rubicon a rezoning request and, later that month, the Pontiac City Council signed off on it.

Pontiac alleges in its court filings that on Feb. 6, 2020, Lyons sent a \$5,000 consulting invoice "to Rubicon and/or Brown" on behalf of Innovative Community Elevations LLC. At the time of that alleged invoice, Lyons was employed with the city as Waterman's executive assistant, according to an employment history the city provided Thursday afternoon.

That entity was later incorporated by Lyons at a Waterford Township address, state business records show.

A few days before that company was registered, Vladimir Abu-Ali, who is vice president and controller for another company owned by Rubicon partner Klintonworth, Southfield-based D-A Contracting LLC, sent a signed \$5,000 check to Lyons' company, Pontiac alleges in its filing.

The check was signed March 6, 2020, according to the lawsuit, the same day Lyons became DPW director, according to the city's employment history for him (he later became Waterman's chief of staff). Klintonworth said in emails to Crain's that Rubicon was responsible for determining "service needs" during biweekly meetings and "most likely" D-A "agreed to the costs and paid the costs."

"We cannot be involved in all aspects of every item happening on projects," Klintonworth said in emails to Crain's. "That's what partnerships are for. As stated, we were heading up the construction of the project."

And in an emailed statement to Crain's, Abu-Ali said he was "shocked and disappointed in the allegations made in this lawsuit."

"At no point in my course of doing business was I made aware that my business partner had an ownership interest in Rubicon," Abu-Ali said in the statement. "I also have never had any communication or meetings with city of Pontiac officials on this matter. And while my signature

is on the check in question, it was done so at the direction of others in our company and I was not given any reason to doubt the legality of the expense."

The check was deposited March 10, the day after Lyons created Innovative Community Elevations, Pontiac's legal response says.

The response states "Public Official No. 1" — Waterman is never identified by name, although at one point the response refers to that official as a "former mayor" whose term aligned with Waterman's — "fired falsified campaign financing statements as a direct and proximate result of receiving bribe payments, including but not limited to bribe payments made by Rubicon."

Waterman was ultimately disqualified for the 2021 August mayoral primary because she didn't file campaign finance reports on time. First elected in 2013, she was sworn in in January 2014 and left office in January 2022 after running as a write-in candidate and placing third. Grmel won that election.

The complaint, which is being litigated in U.S. District Court in Detroit, does not specify a theory of how Waterman allegedly received payments, but it does say Lyons and she — again, not by name — removed documents and destroyed data and information relating to payments received.

The city says a Pontiac Housing Commission employee who is not identified notified it on Jan. 8, 2022, that "Public Official No. 1 and/or Lyons received bribe payments from Rubicon as a condition of placing its zoning request on the City Planning Commission's agenda." The city then says that upon receiving that information, Lyons was told to go to City Hall to return electronic devices used by him and the public official, Waterman. The city determined information and data was deleted before returning the electronics.

An internal investigation that included an interview with Lyons resulted in his termination. The city says in its filing that "Lyons admitted that he never performed any work on behalf of Rubicon, despite sending an invoice for 'consulting services.'"

The FBI, which is noted as a witness for the city in the case, declined to provide additional information and said it "doesn't confirm or deny the existence of investigations."

Brown and his attorney, Cindy Rhodes Victor of The Victor Firm PLLC, who also represents Rubicon

and Browne Design Consultants, say the bribe allegations introduced in the case are false. "There's no allegation that we paid the mayor a single penny," Rhodes Victor said.

"(They are saying) that there was a bribe, that this money that went to a contractor, somehow they're alleging it ended up in the mayor's pocket with no proof, nothing whatsoever," the attorney said. "That something that went to Innovative Community (Elevations), somehow ended up to the mayor but they have ... no chain of custody to a check written to a legitimate business by a company who is not identified as a plaintiff in this case is now somehow alleged to be a bribe to the mayor. That really takes a huge leap of faith."

The attorney also says a bribe to get on the agenda doesn't make sense because, typically, a mere filing fee would be paid to do that. In addition, it says the alleged bribe was paid after the meetings and votes, not before.

## A halting cannabis rollout

The allegations are the latest in the ongoing saga over the former Kmart property and Pontiac's marijuana licensing process writ large.

The Kmart property was listed for sale about a month ago by The Jonina Group in Birmingham, a division of the Royal Oak office of Colliers International Inc.

"They're at a position where there's really not a lot of choice" but to sell the property, Rhodes Victor said. "They would have loved for this to be financially beneficial. We think it would have been very beneficial to the city of Pontiac, brought in tax revenue and brought in people and really have been a positive thing. But you can only fight a battle for so long before it kills you."

Due to lawsuits like Rubicon's and others, Pontiac didn't approve medical marijuana licenses until July last year. By then, medical licenses had lost their value in the market, which is now dominated by adult-use recreational marijuana. In June, medical marijuana sales in the state totaled just \$6.6 million, compared to \$254.2 million in recreational sales.

As a result, not a single medical marijuana dispensary has opened in Pontiac. Operators would rather get a recreational marijuana license, but the city has yet to launch that part of its licensing process.

The city's recreational marijuana

industry was set to begin in July this year with the opening of its license application process. But a group backed by some of the city's medical marijuana license holders halted that process with a ballot referendum.

In May, Sensible Cannabis Reform for Pontiac submitted two petitions with the necessary signatures to put a measure on that ballot that voters could vote to repeal the city's current recreational marijuana ordinance and repeal its related zoning ordinance. The financial backers of the petition drive are East Lansing-based Pleasantrees, Royal Oak-based Pontiac Ops Inc., Oak Park-based GreenHouse Farms Pontiac LLC and real estate investor Dennis Jaboro, according to reporting by The Oakland Press.

Pontiac City Council either had to rewrite its current licensing process or allow the ballot measure to proceed to voters in November, which it allowed, delaying the rollout of the recreational market.

## An expansive plan

Rubicon and the city have long been at odds.

The company filed its complaint in Oakland County Circuit Court earlier this year before it was moved to federal court. Rubicon alleges that Pontiac and Doyle, its clerk, delayed issuing a medical marijuana license, leading a lender to yank a \$45 million commitment and several tenants to drop away from the project. Rubicon and the other plaintiffs were seeking close to \$60 million in damages and legal fees.

According to the lawsuit, Rubicon only achieved the conditional rezoning from local business zoning to commercial and light manufacturing zoning, by agreeing to construct a retail strip and grocery store as part of the development, which would include two medical marijuana licenses.

Rubicon negotiated leases with several retailers and secured a lease obligation from grocer Hollywood Market for the project.

Family Rootz, a medical dispensary, and Pharmaco, a marijuana processor, had planned to move into the development.

The leases held millions of dollars in value, according to the lawsuit. Pharmaco's 15-year lease is valued at \$37.5 million; Family Rootz's two, three-year leases were valued at \$21 million and \$15 million for Hollywood Market's 10-year lease, the lawsuit said.



# For law firms, weed can be a gateway drug to bigger revenues, careers

By Dustin Walsh

Myles Baker is only six years out of law school. In a couple of months, it's likely the associate attorney for Detroit firm Dickinson Wright PLLC will make partner — an often-elusive reward for a young lawyer. Baker is only 31 years old.

He has marijuana to thank. Most associates aren't even eligible for partnership, which means higher compensation and revenue sharing in law firms, until they are eight to 10 years into their careers.

But legalization of cannabis in Michigan created a boon for law firms across the state and has propelled lawyers, like Baker, ahead in their careers.

"Marijuana has given me a fast track to an expertise in a short period of time; much quicker than my classmates in other specialties that are up against 100 years of case law," Baker said. "There's just not a lot of new industries in America, so I've been able to market myself in this practice and be in the same space with lawyers 20 years my senior."

Since the start of legal marijuana sales in 2018, the lawyers have been absolutely critical in standing up the newly regulated industry. Operators require interpretation of the often-changing regulations, navigating the complex relations between state and federal laws, working within local municipality frameworks and the overarching web of compliance. For lawyers, it's all green.

"Our (cannabis) practice is a measurable percentage of our law firm revenue," said Lance Boldrey, partner and industry group leader for the cannabis practice at Detroit's Dykema Gossett LLP. "Every single practice area in our firm has had some involvement representing cannabis ... it's our fastest growing area of practice."

## Fielding the future

Marijuana in Michigan is big business.

Through September, operators in the state have sold nearly \$2.3 billion worth of marijuana in 2023. Michigan is now the largest marijuana state based on per capita sales, overtaking Colorado and California.

It hasn't been all good times for operators, who witnessed a marijuana price collapse since legal sales began in December 2019. Prices have fallen from \$512.05 per ounce of marijuana flower in January 2020 to a low of \$80.16 per ounce in January this year. Prices have since recovered to \$100.14 per ounce of recreational marijuana in September.

But lawyers revel in legal conundrums on both sides of break even. The attorneys have been, and remain, paramount for securing licensing and setting up operations, but they are equally important to



Myles Baker | FRESHWATER



Connor LaChance of Midland cuts a stem during the harvesting process at the Lume Cannabis Co. production facility in Evart. | MIC ANTAYA

**"Our (cannabis) practice is a measurable percentage of our law firm revenue."**

— Lance Boldrey, partner and industry group leader, cannabis practice, Dykema Gossett LLP

helping businesses navigate consolidation and tax law to reduce overhead.

Dimondale-based Skymint, for instance, succumbed to poor management and large loans in March, owing more than \$127 million to one creditor alone. The ongoing receivership has likely been quite profitable for Detroit-based Honigman LLP, which represents the lender, and Grosse Pointe-based The Dragich Law Firm PLLC, which represents the receiver in the case.

Marshall-based Common Citizen, one of the largest operators in the state, has spent well over \$1 million in legal expenses since opening in 2018, CEO Mike Elias told Crain's. Elias notes the company has an in-house legal team that has saved the company from a larger bill.

But Boldrey said the law industry can't always avoid the financial troubles of the cannabis industry.

"We're not immune to the growing pains of the industry either," Boldrey said. "We have seen delayed payments and other issues. It's much like the Dot Com bust in some ways. There are a lot of start-ups and some of them are going to be very successful, but most of them are not and we have to account for that."

## Accounting for change

Boldrey said Dykema is very selective about its cannabis clientele, ensuring they can make payments.

"When we're not sure on somebody, we insure against that with upfront retainers," Boldrey said. "We do a lot of due diligence up front to judge the client's suitability and reputation. We're looking for clients that have some level of business expertise and aren't coming in with a long criminal history."

But the criminal side of law was a way in for many lawyers in the industry.

Matthew Abel, partner and founder of Cannabis Counsel Law Firm, spent much of his career defending clients against misdemeanor and felony marijuana charges before expanding into corporate law.

"I think it was God's work," Abel said. "Back then, I only took cannabis cases. It wasn't lucrative, but I was able to make a living. I had to travel far and wide across the state. I felt the people I was representing were not criminals."

But when caregiver rules for medical marijuana were published in 2008, Abel switched to assisting clients with establishing their business models and abiding by state regulations.

Abel said he was in the right place at the right time to get ahead of competitors.

"When I started, other criminal defense lawyers said I was crazy, and when the medical marijuana law passed those same attorneys said I was crazy," Abel said. "But

we got to enjoy the spoils of being early in. There are now over 1,000 members of the cannabis law section of the state bar. Now all those big law firms have cannabis practice groups."

But Abel's client base does differ, he said.

"Our market tends to be smaller operators, scrappy mom-and-pop operations," Abel said. "Our offices smell like cannabis. We're customers too. There are a lot of clients who are not going to hire a lawyer whose office smells like cannabis. They want a silk-stocking firm. But that's OK. We're comfortable where we are and there is still plenty of work to go around."

## In-house attorneys

For many lawyers, particularly associate attorneys, getting into cannabis law provided a launching pad to more power and more responsibility at in-house positions.

John Abbo, now general counsel for one of the state's largest operators, Lume Cannabis Co., earned his law degree from University of Detroit Mercy Law School in 2015 and immediately became an associate attorney at Dykema. Pretty quickly after the industry began to set up, partners began handing him regulatory and tax work.

"There was a huge influx of cannabis clients that came into Dykema, so they needed the help and just sort of threw the work at me," Abbo said.

His work didn't go unnoticed and Lume, which has an investment interest from Crain Communications CEO KC Crain, hired Abbo to lead its legal office in 2019.

"The guys here really empowered me to take ownership," Abbo said. "They have given me full reign over legal and compliance matters. It's a bigger responsibility than I'd have had at a firm. It's been awesome."

And these young lawyers are staking their place in an industry that's consistently in flux due to cannabis being illegal at the federal level and under constant regulatory changes — they are effectively building the plane as they are flying it.

Baker, who also co-owns a clothing brand with Detroit record producer Apollo Brown called Freshwater, views his place in the intersection of law and weed as an opportunity to define how the industry moves going forward and establishes case law.

"The biggest thing that goes unrecognized is there is almost no such thing as cannabis law," Baker said. "It involves all aspects of what law firms do — employment contracts, real estate, licensing and all the other functions that are now being applied to cannabis. It's amazing to become a well-rounded lawyer and apply this knowledge to the advancements that are just now determining the case law that will be studied for years to come."



# Joslin Monahan on the future of cannabis and case law

**MILLER JOHNSON:** Joslin Monahan, partner, has been in the state's marijuana industry since the beginning. She's among the law industry's heavy hitters in the space alongside Warner Norcross' Bob Hendricks and Honigman's Doug Mains. The state's legal industry has become intertwined with the state's marijuana industry as regulators, operators and Legislators work out the kinks in the legal marijuana system. It's not been smooth and, according to Monahan, won't be any time soon. | **By Dustin Walsh**

## How does a commercial litigator end up being a cannabis attorney?

I moved back here from Montana where I was a commercial litigator right at the early stages of the industry. I am from here. I knew I wanted to come home and develop my own practice and eventually to be in a larger firm. At the time I was representing a pretty large brokerage and doing volunteer work for the ACLU. I worked on amicus briefs as a cooperating attorney on a charge amendment for Grand Rapids to decriminalize cannabis. From there I was connected with individuals who were trying to start a cannabis company in 2016. I met a few key individuals, like Bob Hendricks and Douglas Mains and Shoran Williams (now general counsel at Grand Rapids-based Fluresh). It was an exciting new area of the law. It touched so many different disciplines in law and I just found it fascinating. And it really scratched an itch on the social justice side for me. So I started my own cannabis practice from there and eventually went to Miller Johnson with it.

## Why are lawyers so critical in this industry?

It's very heavily regulated. All these regulations are being applied for the first time or nearly for the first time. And because it's federally illegal, and there is still a lot of limitations on what companies can do because of that. It requires a lot of creative

solutions due to the federal regulations. Plus, there isn't an ability for these companies to access traditional financing and, again, that requires creative solutions usually involving a lawyer's skill set.

## What part of cannabis law do you find yourself doing most often?

I am a litigation attorney. That's what I do anyway. I have partners who do the M&A, fundraising side of it. But mostly what I do is help resolve conflicts. I like that. There's a lot of conflict resolution and problem solving in this industry. Frankly, conflict doesn't bother me. It's better to talk about it and get to the heart of it and figure it out ... or roll the dice and let it get adjudicated. Conflict is what happens when you have competing interests and people have competing interests all the time. So there's lots of opportunity to try and resolve that in this industry and where I find myself most useful.

We are several years in and it doesn't feel like the need for attorneys has slowed down at all

There's a handful of us that were around at the beginning and we all seem to agree that not a lot has really settled down. There has been a lot of significant changes on the state regulatory side. First we had the board (Michigan Medical Marijuana Licensing Board), then it was the (Marijuana Regulatory Agency under (Andrew) Brisbo and now it's the (Cannabis Regulatory Agency) under Director (Brian) Hanna. There were distinct

characteristics of all of those leaders and phases. We always say we're building an airplane mid-flight and we still are. Really, a lot of it is because there is a lot of negativity still surrounding cannabis. It's still a cultural flashpoint. Some people are still very, very opposed to it and that shapes policy. It's part of the culture war issue and operators worry that the rug might get pulled out from under them at any moment, so yeah, we're still needed.

## What's the most pressing legal issue right now in the industry?

There are a lot of disputes surrounding license renewals. We're seeing a lot of cannabis business licenses being revoked, far more than other types of business licenses. There's more license disputes than with liquor licenses or other licensed businesses.

There aren't these established protocols and standards or even acceptance when it comes to cannabis. I hope there becomes more parity in the way we treat these companies and their operators with how we treat other markets. That's good for the state and meets legislators' intent with the industry.

Miller Johnson partner Joslin Monahan

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**CANNABIS**

# **Illegal marijuana grow of any size only a misdemeanor in Michigan, court rules**

Updated: Oct. 20, 2023, 11:31 a.m. | Published: Oct. 20, 2023, 11:02 a.m.



File photo, March 22, 2021 (Jake May | MLive.com) Jake May



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By **Gus Burns** | [fburns@mlive.com](mailto:fburns@mlive.com)

LANSING, MI -- The likelihood of black-market marijuana growers in Michigan facing full-blown, paramilitary-style raids featuring battering rams and heavily armed narcotics teams has diminished.

Growing illegal marijuana in Michigan, even potentially thousands of plants, is only a misdemeanor crime, the state Court of Appeals ruled on Oct. 5.

The severe prison terms tacked onto marijuana prohibition laws of the past have been eliminated by newer, more lenient laws, the court said.

Attorneys and marijuana industry insiders who spoke to MLive, however, say illegal growers could still face serious punishment for other crimes, such as tax evasion, and the seizure of their valuable marijuana.

"There was never any need for there to be a military invasion, felony or any long sentences or anything like that, so that worked out," said marijuana activist Jamie Lowell, who helped write the law that reduced penalties. "There are limits and there are parameters and if someone gets outside of them there are consequences, but it's just cannabis."

The appellate court said marijuana-related punishments contained in a 1978 drug law -- up to 15 years in prison for possessing more than 99 pounds or 200 marijuana plants -- no longer stand. Similar crimes today should be charged as misdemeanors, punishable by up to 93 days in jail, under the 2018, voter-passed Michigan Regulation and Taxation of Marijuana Act.

Since passage of the the act in 2018, more than 3,500 people have been charged and 1,072 convicted under the outdated 1978 law, according to analysis provided to MLive by Michigan Supreme Court spokesman John Nevin.

Those defendants may have grounds to fight their prior convictions.



File photo (Tanya Moutzalias | MLive.com) Tanya Moutzalias | MLive.com

## **Marijuana bust in Tuscola County**

The case reviewed by the appellate court stems from an August 2020 raid in Tuscola County by the state police-led, multi-jurisdictional Thumb Narcotics Unit, which operates in Huron, Tuscola, Sanilac and Lapeer counties.

Using a search warrant, police entered a property owned by 45-year-old Shaaln Kejbou. There they found an “extensive, unlicensed marijuana grow operation” with 1,156 marijuana plants, Tuscola County Prosecutor Mark Reese said in a press release.

“It included a number of outbuildings, hydroponic equipment, chemical and other materials typically used to cultivate and harvest marijuana plants,” Reese said. “The outdoor areas were protected by a video surveillance system. Police found dogs on the property, presumably also for protection. While searching a house on the property, they discovered a loaded 12-gauge shotgun in one of the bedrooms.”

Tuscola County prosecutors charged Kejbou with two crimes tied to the 1978 drug law that states violators may be sentenced to up to four years in prison for possessing less than 20 marijuana plants and up to 15 years in prison for possessing greater than 200 plants.

Based on those felony charges, the Tuscola County Prosecutor's Office also charged Kejbou with possessing a firearm during the commission of a felony.

Additionally, he faced counts of operating a criminal enterprise, concealing more than \$1,000 worth of stolen property and animal abuse. Those charges weren't part of the appellate review.

A Tuscola County Circuit judge dismissed the marijuana and firearm crimes, ruling the old marijuana plant-count laws are obsolete. The Tuscola County Prosecutor's Office appealed.



Marijuana plants grow in October 2021 at Winewood Organics in Ann Arbor, Michigan. Jacob Hamilton | The Ann Arbor News

## The appeal

The three-judge Court of Appeals pane ruled unanimously that felony punishments didn't apply and the case should be prosecuted under the Michigan Regulation and Taxation of Marijuana Act.

That law makes it legal to store up to 10 ounces of marijuana, personally possess 2.5 ounces and grow up to 12 plants. Violations for exceeding those amounts range from civil infractions to misdemeanors, and are not "subject to imprisonment unless the violation was

habitual, willful, and for a commercial purpose or the violation involved violence,” the act states.

“We conclude that the (2018 law) was enacted to prevent situations like that which we are presented with here, in which the prosecution seeks a felony conviction for an unlicensed marijuana grow operation,” said the joint opinion issued by Court of Appeals judges Michelle M. Rick and Kirsten Frank Kelly. “We acknowledge this outcome may be viewed unjust by those businesses that legitimately operate within the parameters of the (law). The remedy, however, lies within the sole responsibility of the Legislature.”

Since the original law was passed by voter ballot initiative, any legislative changes will require three-fourths supermajority support in both houses.

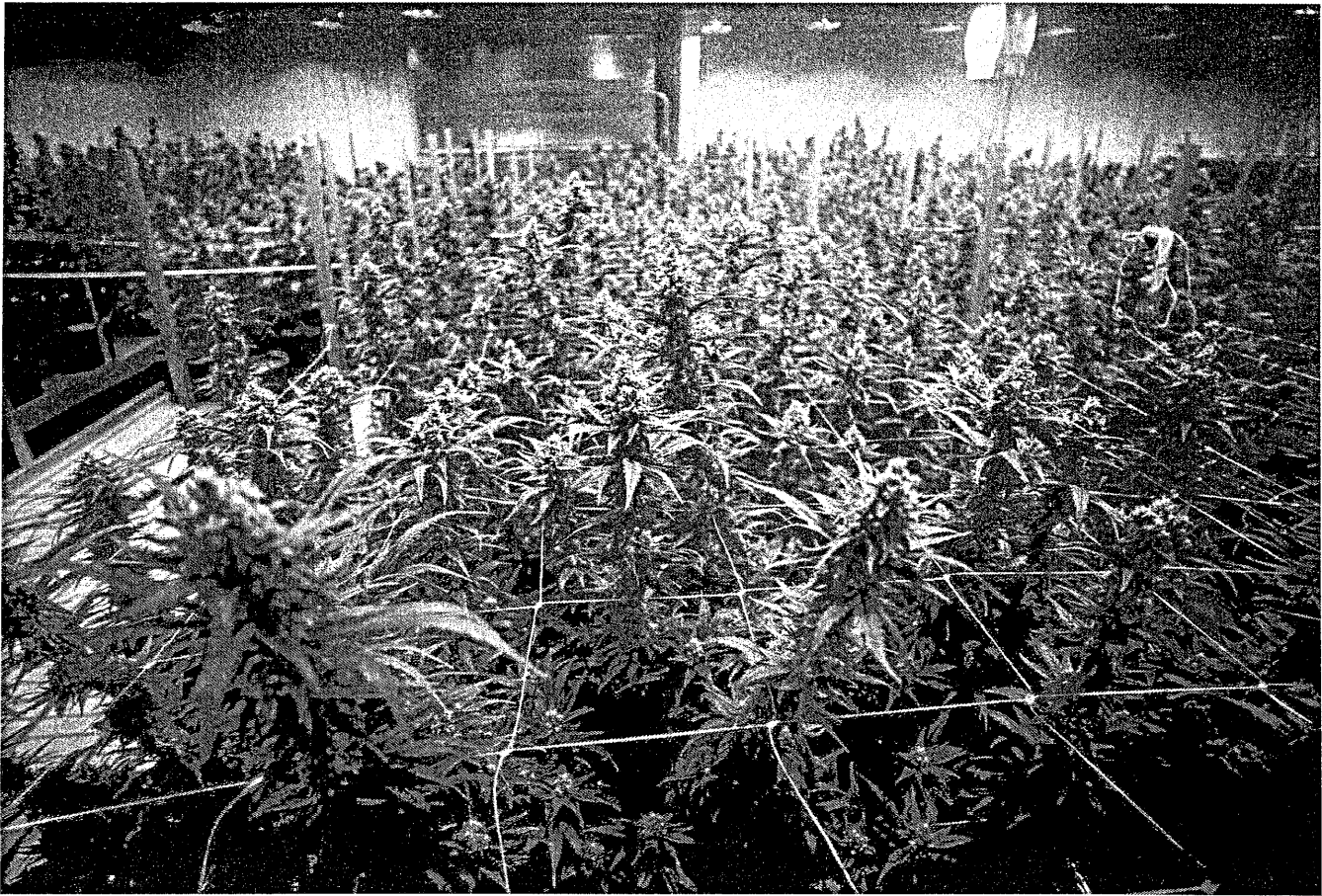
“You’re not going to be able to get a three-quarters supermajority vote, and that’s what it’s going to take to change one word of that law,” said Tim Beck, who began working on marijuana legalization in 2002 and attended a marijuana trade organization meetup in Lansing this week where the court’s ruling was a topic of conversation.

Beck said the punishment for marijuana possession has remained “clouded and confusing” since the 2018 law passed. “And this court case clarified it.”

Prosecutor Reese said the outcome “highlights the peril of unintended consequences often associated with ballot initiatives.”

“It is unlikely, given the broad statement of purpose provided with (the law), that the average Michigan voter in 2018 believed they were approving a regulatory scheme that would allow the unlicensed, unregulated and untaxed manufacture of 1,156 (or for that matter 11 million) plants of marihuana and that those engaged in such activity would only be subject to a misdemeanor penalty,” Reese said. The “unlimited manufacture of marijuana plants, which results in only a misdemeanor sanction, clearly obliterates much of the stated purpose of the act. It decimates legitimate businesses and license holders and fuels the illicit market and criminal enterprises.”





File photo (Jake May | MLive.com) Jake May | MLive.com

## **Drafters disagree**

“We’ve been waiting for this for a long time,” said Robin Schneider, who helped write the law that legalized marijuana and now leads the Michigan Cannabis Industry Association business trade organization. “The reason voters approved legalization was to end decades of senseless cannabis incarcerations. The law is working exactly as intended.”

The Michigan Cannabis Industry Association represents more than 400 licensed marijuana businesses.

“I haven’t heard any of our members complain about this,” Schneider said. “I think all of our members share the belief that they don’t want to see anyone incarcerated for a cannabis crime.”

The Cannabis Regulatory Agency (CRA) is the responsible for licensing and regulating businesses to operate within the commercial marijuana industry. It’s powers are limited to issuing fines, license revocation or other sanctions to licensed businesses that violate the rules.



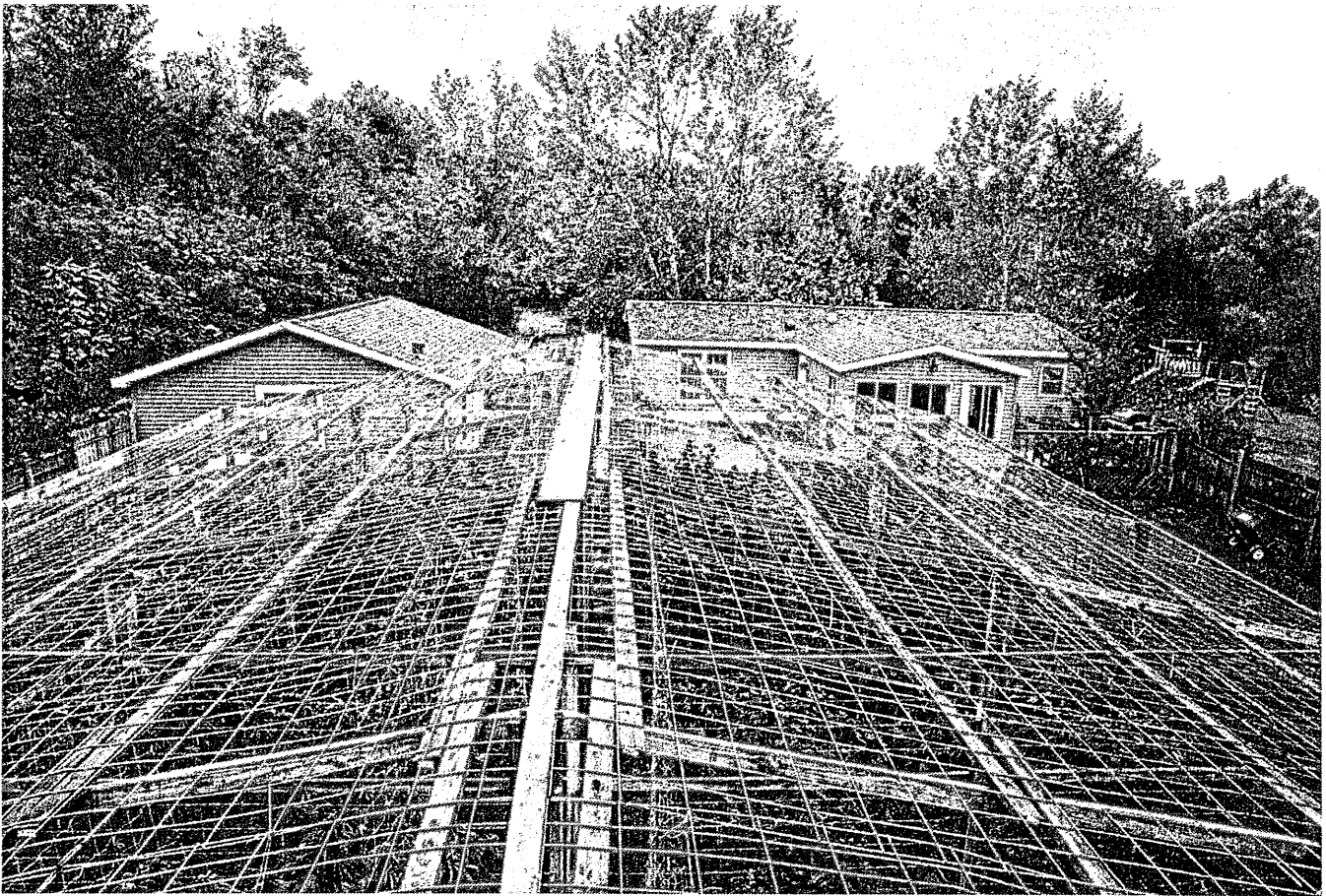
Through its work, the agency often encounters illicit marijuana and producers who operate outside the regulated market, which it reports to state police, usually the Tobacco and Marijuana Section, tasked with investigating criminal violation of marijuana licensing laws.

“We are aware that people are discussing the topic,” CRA spokesman David Harns said. “We have discussed internally and are continuing to follow our processes and procedures which mean that we are going to continue referring to (state police).”

The CRA referred 135 investigations to state police between October 2022 and June 30, according to quarterly reporting data.

State police spokeswoman Shanon Banner said the court ruling won’t impact state police Tobacco and Marijuana Section operations.

“We have reviewed the ruling and because it deals with the level of the penalty and doesn’t change what is legal or illegal under the law, we don’t expect it will have a major impact on our enforcement operations,” she said.



File photo, Oct. 5, 2018. Joel Bissell | MLive.com Joel Bissell | MLive.com Joel Bissell | MLive.com

**‘How do we charge somebody’**

Kejbou's attorney, Detroit-based Michael J. Lemnitz, believes the appellate ruling will have a lasting effect on the voracity with which police and prosecutors pursue marijuana crimes.

"This was not an intent to distribute charge," he said. "However, I think the reasoning would apply to a charge of possession with intent to deliver and would, likewise, be prosecutable only by a misdemeanor."

Attorney Michael Komorn of the Komorn law firm specializes in cannabis defense and currently has several clients charged under felony marijuana possession laws. In light of the Court of Appeals ruling, he plans to file motions requesting those charges be reduced to misdemeanors.

Komorn said most prosecutors and police have already placed a low priority on marijuana enforcement, except for "certain pockets" of the state.

"They'll raid like the old days, come in with guns and masks and go through that whole process," he said, "but their dilemma is, how do we charge somebody. What, do you get charged with a misdemeanor?"

"I have a number of cases where they've seized property and not charged anybody. And you can only reap the benefits of forfeiture if you get a felony conviction."

In February, Michigan state police with cooperation from the Ogemaw County Prosecutor's Office reported the seizure more than 5,400 marijuana plants and 100 pounds of processed marijuana products from two residences associated with a large-scale grow operation.

If those suspects will be charged with misdemeanor or more severe crimes is unknown. Eight months later, the investigation still hasn't been submitted for a prosecutorial review.

"We called (state police) to find out if they were planning to giving (the investigation) to us or if they submitted it to the (state Attorney General's Office)," Ogemaw County Prosecutor LaDonna A. Schultz said Thursday. "They basically said they were going to give it to us and we said, can we have it sooner than later? My understanding is that we are going to be receiving it shortly."

The Tuscola County prosecutor has the option to appeal the Court of Appeals ruling.

"We're looking at a variety of different options at this point in time," Reese said. "There's ample confusion ... it is definitely not the model of clarity."

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CANNABIS

## Judge orders 3 marijuana shops to close in Michigan U.P.

Updated: Nov. 07, 2023, 10:24 a.m. | Published: Nov. 06, 2023, 9:04 a.m.





By [Gus Burns](#) | [fburns@mlive.com](mailto:fburns@mlive.com)

MENOMINEE, MI -- They've been open for weeks, but a judge on Friday, Nov. 3, ordered three U.P. marijuana shops embroiled in a legal battle to close.

Menominee Circuit Judge Mary Barglind demanded officials in Menominee, a city on the Wisconsin border in the western U.P., shutter Lume, which operates nearly 40 stores statewide; Higher Love, with six U.P. stores, and Nirvana Center, which has 13 other Michigan stores.

"Please accept our apologies — our Menominee store is temporarily closed due to legal actions taken by our competitors, Rize and The Fire Station," Higher Love [posted in a message to customers on Facebook Friday](#). "We appreciate your support in the face of this unforeseen challenge and would encourage you to show it by avoiding stores who would deny others access to our favorite plant."

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- [Read the judge's order](#)

There's currently a marijuana turf war taking place in Menominee. It has the first two licensed marijuana shops in Menominee, Rize and the Fire Station, pitted against six other shops trying to also operate in town.

Barglind said Lume, Nirvana Center and Higher Love violated her Sept. 26 preliminary injunction in which she ordered Menominee to maintain the "status quo" related to marijuana business activity while a lawsuit filed by Rize, Fire Station and a ballot committee is resolved. This ruling meant Menominee couldn't issue any more marijuana licenses.

What the city should do with the businesses it has already issued licenses to -- Lume, Higher Love and Nirvana Center -- was more complicated.

Attorneys on Sept. 27 posed the question to Barglind: if the businesses weren't open at the time of the ruling, are they allowed to open? Barglind issued a clarification on Oct. 17 that stated: "Any license or licenses issued to entities that were not open and operating on September 26, 2023 at 1 p.m. may not open to the public to sell marijuana."

Menominee didn't close the stores, so Rize, represented by the Mike Cox law firm, [filed a motion asking the judge to intervene](#).

"We appreciate Judge Barglind followed the evidence and the law to shut down those who did not follow her court orders growing out of the Menominee City Council's numerous violations of the Open Meeting Act and violating the rights of its own citizens to vote on marihuana policy in Menominee," said Attorney Michael A. Cox, who represents Rize. "It is also shameful that the three companies hired employees with fake promises when they knew they were violating the law by even opening."

Prior to the Oct. 17 clarification, all three businesses had already opened. Lume and Higher Love were limited to curbside sales and Nirvana Center opened its retail store.

MLive visited all three stores on Oct. 9. Lume and Nirvana Center declined interviews. Lindsay Martwick, the Higher Love director of retail, said the shop began "running transactions on Sept. 15."

"So we've been open for a couple weeks," Martwick said. "It was kind of a silent open ... so we didn't largely publicize that we were open that early and we've been running transactions since."

"Our soft opening was last Monday (Oct. 2) and then our grand opening is today (Oct. 9)."

Higher Love part-owner and president, Joni Moore, filed an affidavit with the court stating that Higher Love "has been open and operating" since Sept. 15.

However, on Sept. 26., Menominee City Manager Brett Botbyl said he sent a city inspector to Lume, Higher Love and Nirvana Center. The inspector reported none of the shops were open for business.

"The uncontroverted evidence demonstrates that none of these stores were open and selling marijuana to the public as of September 26, 2023," said the Mike Cox law firm motion filed on Nov. 2. "Despite being presented with the evidence and having its own representative independently confirm the same, the city refuses to act out of an improper concern for disrupting the financial interest of the entities that are paying its legal fees."

Menominee City Manager Brett Botbyl said the

The Menominee City Council triggered the legal battle that prompted the closures when it voted to create a new marijuana licensing ordinance and allow the opening of at least six new marijuana businesses.

In 2021, under a previous ordinance, the city granted licenses to two marijuana businesses, Rize and the Fire Station. Those businesses expected they would be the only two businesses allowed to operate in Menominee.

The openings of Rize and the Fire Station were delayed when five marijuana businesses or their parent companies, including Lume, Nirvana Center and Higher Love, filed lawsuits against Menominee in late 2021. Barglind, who also presided over those lawsuits, found in May that Menominee's process was legal and dismissed the lawsuits.

The losing marijuana companies appealed and convinced the majority of the Menominee City Council to accept a settlement agreement. The agreement would award the five companies, as well as a sixth business that threatened litigation, licenses. It also allowed unlimited marijuana licenses in the future and guaranteed Menominee it would not incur any legal costs that might arise from acceptance of the settlement. The marijuana companies would pay any legal fees.

In response to the settlement, Rize and the Fire Station funded a ballot referendum effort by the Committee to Stop Unlimited Marijuana Shops with the intent of allowing voters to possibly reverse the new settlement plan. It obtained the required signatures to get the question on the ballot.

The City Council, however, found a loophole to block a public vote. The majority voted 6-3 to repeal the settlement ordinance and pass an almost exact duplicate, except the new version contained \$15,000 in funding for the police department. The Menominee City Charter bans ballot referendums on ordinances that include

agency funding. The change made the new ordinance referendum-proof.

The Committee to Stop Unlimited Marijuana Shops, Rize and the Fire Station then sued over claims that the City Council violated the Open Meetings Act while taking the actions to subvert the referendum and continue with the plan to add six new marijuana shops.

The Fire Station opened in July and Rize in August.

In her Sept. 26 ruling to maintain the status quo, Barglind found that there were likely Open Meetings Act violations related to closed sessions conducted by the City Council, meaning the decisions made as a result of those closed meetings could be invalidated, including the move to issue six new marijuana licenses.

"Judge Barglind would not have ordered (Lume, Nirvana Center and Higher Love) closed unless she was satisfied that the stores disobeyed her orders and the city was not moving to close them down," Cox told MLive. "As you probably know, the offending marijuana stores pay the legal fees for the city under the crazy settlement that the city signed with Higher Love, Lume, and Nirvana (that) essentially allows stores to dictate to city employees."

MLive requested but didn't receive comment from attorneys representing Lume, Higher Love or Nirvana Center.

The judge scheduled a hearing on Nov. 15 to give the parties an opportunity to argue whether the shops should be allowed to remain open until a Feb. 22, when a permanent injunction hearing is scheduled. Following the February hearing, Barglind will decide if the shops should remain closed permanently.

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# Weed war intensifies in small Michigan U.P. town

Updated: Dec. 01, 2023, 11:41 a.m. | Published: Aug. 26, 2023, 7:00 a.m.



Michigan regulators don't limit the number of cannabis businesses allowed to operate in a community. Instead, licensing allotments are determined by local government or voter initiatives. Many Michigan cities, townships and villages have passed ordinances banning marijuana business altogether.

Menominee was among them, until the city council passed its own marijuana licensing ordinance in October 2020, establishing a scoring system for applicants and a plan to allow two recreational marijuana shops.

First Property Holdings, which operates retail stores under name Rize, and the Fire Station won the two licenses in September 2021. Fourteen businesses applied.

Some of the losers claimed the selection process was flawed and sued Menominee.

The companies that sued include: Lume, a large chain operated by Attitude Wellness; Higher Love, owned by OI Holdings and Higher Love Corp.; Nu Group, operating seven retail licenses under the name Nirvana Center Provisioning; Highwire Farms with stores in Adrian and Coldwater; and Rocky North, the company that operates Green Pharm stores.

Rize and the Fire Station weren't allowed to open until the lawsuits worked their way through the courts over the next two years. On May 17, Judge Mary Barglind dismissed the lawsuits. The Fire Station opened in July and Rize in August.

The cannabis companies lost in court, but the fight was far from over.

### **Settlement agreement**

Prior to lawsuit dismissal, the cannabis companies submitted a settlement offer to the city council. In exchange for withdrawing the lawsuits, the city would agree to issue business licenses to the businesses, the settlement proposed.

"I was against even acknowledging the settlement agreement," Menominee City Councilwoman Donna Marineau told MLive.

Along with Marineau, Mayor Jean Stegeman and Councilman Michael DeDamos opposed the settlement.

"We wanted to patiently wait for Judge Barglind's ruling," Marineau said. "When it did come down, we just wanted to stop this whole process. Nobody would listen."

The settlement called for City Council to alter its marijuana ordinance and uncap the number of retail marijuana licenses available, with the first six going to the Lume, Nu Group, Highwire Farms, Higher Love, Green Pharm and Agri-Med. It didn't mention any



Councilman Jones later voted for the settlement agreement that benefits his brother's client.

In addition to licensing changes, the settlement ordinance that Jones and five other councilmembers supported amended ethics language that the lawsuit said "paved the way for a majority of City Council to agree to the settlement agreement and release."

The previous ethics language said no council member "shall have an interest, directly or indirectly, in a marihuana establishment."

The revised version only excluded elected officials from owning or operating a marijuana business.

Neither Jones brother responded to MLive requests for comment.

The lawsuit claims an attorney with OI Holdings met with Councilwoman Jacqueline Nutter at a local bar to discuss the lawsuit. When contacted by MLive, the attorney denied that happened. Nutter didn't respond to requests for comment.

Councilwoman William Plemel, who's also accused of communicating with OI Holdings representatives prior to the settlement, is one of two councilmembers who spoke with MLive. He said his vote in favor of the settlement was a matter of political philosophy and an effort to avoid more lawsuits.

"I'm kind of a believer in free markets," he said. "Free enterprise is what tells you how many care dealers you're going to have or how many grocery stores you're going to have, and I feel the same way about marijuana."

Plemel also voted in favor of the original 2020 ordinance that limited the number of marijuana shops in Menominee, but said that was based largely on the recommendation of the city attorney.

Another councilmember, Joe Dulak, works in real estate. When contacted by MLive by phone, he declined comment.

The lawsuit alleges Dulak "stands to gain, or has already received funds, financially through commissions or referrals, whether directly or indirectly, from the sale of properties involving" the interested cannabis companies.

"Mr. Dulak has stated at public meetings that his status as a real estate broker (who could or would presumably make money off property sales to new marihuana applicants) does not preclude him from voting on marihuana matters," the lawsuit said.

## **A voter referendum**

The special meeting outcome spurred yet another lawsuit filed on Aug. 17 in Menominee Circuit Court by the ballot committee, Rize and the Fire Station. It alleges a violation of the Open Meetings Act and asks the court to negate the councils' actions.

"To upend this status quo, the Menominee City Council held a rushed special meeting ... did not disclose in the meeting agenda what it intended to discuss, went into a closed session without any valid purpose and failed to deliberate in public before deciding on actions to moot the referendum petition," the lawsuit said. "Plaintiffs seek to remediate the secrecy and improper conduct the Council and shine a light on its future hearings — for as in the words of Justice Brandeis, 'sunshine is the best disinfectant.'"

Former University of Michigan ethics professor John Chamberlin said his classes often discussed some of the ethical issues raised by the lawsuits filed against Menominee.

"Wow," Chamberlin said, regarding the council's move to bypass the voter initiative. "If I were on the other side of this I'd start my recall petition right now and really complicate things.

"This has a smell to it, but if every step in this process is legal, then I guess you're stuck with it."

#### **More on MLive:**

[‘Confident that we can compete’: New marijuana dispensary pitched just outside Ann Arbor](#)

[Michigan marijuana sales likely to surpass \\$3 billion, helped by record-breaking July](#)

[You can't sue, marijuana is illegal, federal judge tells Michigan cannabis business](#)

[Are Michigan marijuana customers being 'ripped off' by inflated THC potency claims?](#)

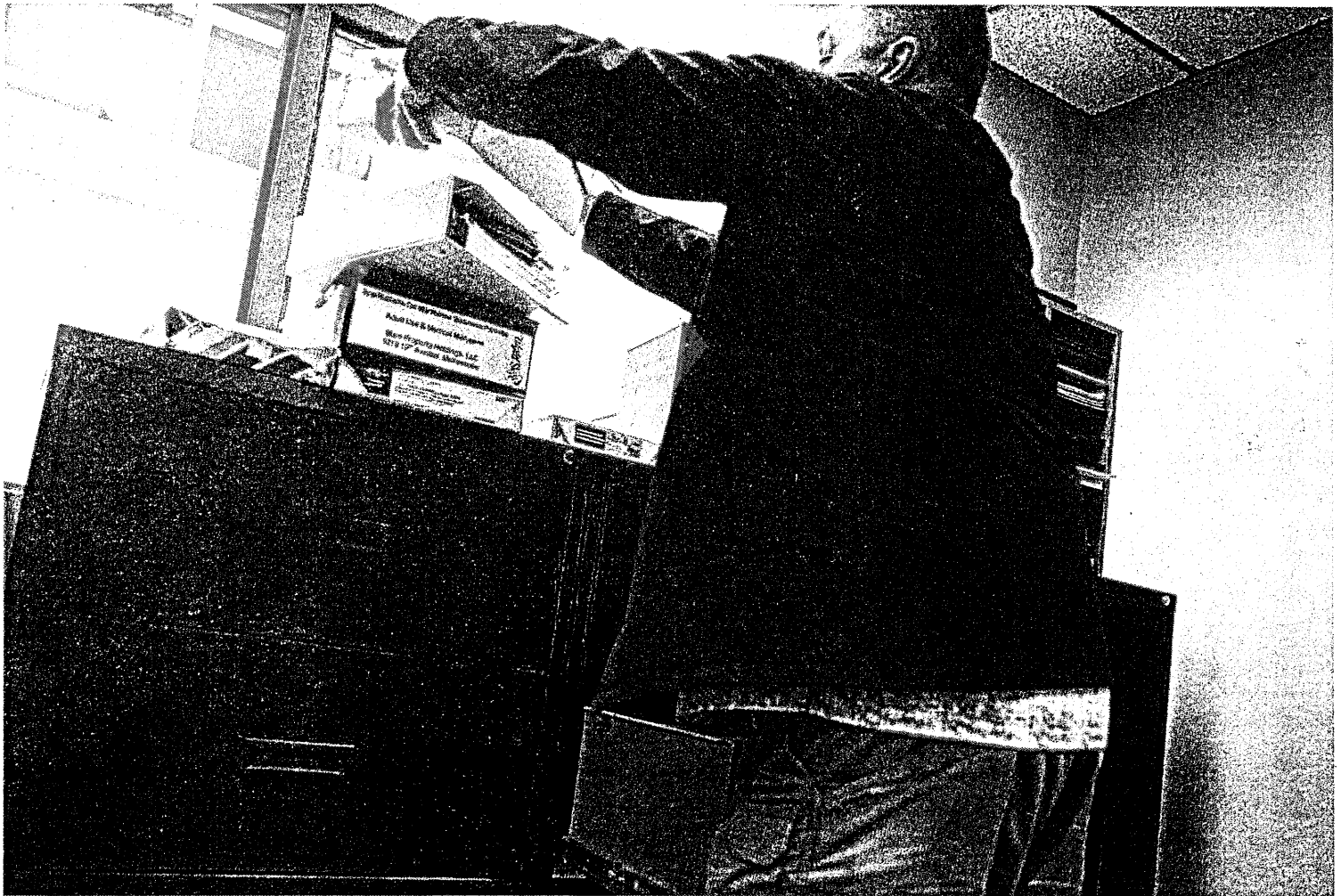
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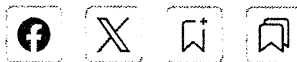
## NEWS

# ‘The toothpaste has left the tube’: Ethical concerns, conflicts of interest emerge in U.P. weed war

Updated: Dec. 07, 2023, 10:29 a.m. | Published: Dec. 07, 2023, 7:23 a.m.



Menominee Interim City Manager, Brett Botbyl, pulls out marijuana business applications at the city clerks office in Menominee, Michigan on Wednesday, Oct. 11, 2023. MLive was able to photograph the exterior of the applications, but was not allowed to view the documents because they are exempt from FOIA according to Botbyl. Joel Bissell | [jbissell@mlive.com](mailto:jbissell@mlive.com)



By [Gus Burns](#) | [fburns@mlive.com](mailto:fburns@mlive.com)

MENOMINEE, MI -- A marijuana war has taken root in Menominee.

And Michael DeDamos is in the middle of it.

DeDamos is one of seven City Councilmembers involved in deciding which pot shops can come to the small Upper Peninsula town to potentially make tens of millions of dollars, given its proximity to the Wisconsin border, where marijuana remains illegal.

"There's so many layers to this onion that I think a book could be written by the time it's all said and done," DeDamos said recently when interviewed at his modest second-floor apartment in Menominee.

Advertisement

Ad removed. [Details](#)

The unlikely politician is a single father who grew up in Menominee and helps care for his father, who lives in the apartment below.

"I'm a third-shift gas station clerk who was making minimum wage," DeDamos said. "I never thought someone like me could get elected to office. It never occurred to me that I could be sitting in this (situation)."



Menominee city councilman Michael DeDamos in his first ward neighborhood in Menominee, Michigan on Monday, Oct. 9, 2023. (Joel Bissell | MLive.com) Joel Bissell | [jbissell@mlive.com](mailto:jbissell@mlive.com)

## **'Only in America'**

DeDamos was among a three-member minority of the City Council who voted against allowing six new marijuana businesses to open up shop. A majority on the council supported the move, however. A flurry of lawsuits followed.

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The showdown has led to allegations of secret deals between city leaders and marijuana retailers; a questionable decision by City Council to remove an ethics clause from the city's marijuana ordinance; and a contentious move by the council to block a ballot proposal that would limit marijuana stores.

Conflict of interest concerns have also been raised, including a councilmember whose brother is one of the attorneys for the marijuana companies.

The divisions in Menominee are clear.

One side is made up of a majority of City Council and six weed retailers hoping to open in Menominee. On the other, a minority of councilmembers, and two already-opened marijuana businesses that would prefer not to share the market.

## **A town built by lumber barons**

Advertisement

Founded in 1863, Menominee first grew to prominence as a booming lumber town.

Lumbermen in the early 1900s razed thousands of trees, shipping timber to markets like Chicago. Lumber barons became wealthy and built hard-to-heat, ornate houses along the lakefront. Some still stand.

The lumber industry faded, along with Menominee's luster, but the cannabis industry is offering a revival.



A historic photo of a logging family moving logs along the Menominee River on display at the Michael J Anuta Research Center in Menominee, Michigan on Wednesday, Oct. 11, 2023. Joel Bissell | [jbissell@mlive.com](mailto:jbissell@mlive.com)

Three bridges cross the Menominee River to Marinette, Wisconsin, a slightly larger, more bustling city where thousands of Menominee residents travel each day to work, many at the Fincantieri Marinette Marine shipbuilding company that contracts with the U.S. Navy and Lockheed Martin.

While not without natural beauty, Menominee lacks some of the tourism pizzazz that enriches other U.P. towns. It's a little more industrial, has paper mills, a diesel engine parts factory and a helicopter manufacturing plant.

"The tourism that we do (well) is basically sport fishing and ... recreational boating," Menominee historian Mike Kaufman said amid stacks of leatherbound ledgers of archived newspapers dating back to the 1870s. "We have three 18-hole golf courses, stuff like that, but we don't have the natural attraction, we don't have the Pictured Rocks."

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## U.P. MARIJUANA

**'The toothpaste has left the tube': Ethical concerns, conflicts of interest emerge in U.P. weed war**

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**Legal in one state, illegal in the other: The risk of buying weed along the Michigan-Wisconsin border**

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**Weed on the border: What happened when marijuana money came to small U.P. towns**

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**Judge allows 3 shuttered marijuana shops in Michigan U.P. to reopen**

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**Judge orders 3 marijuana shops to close in Michigan U.P.**

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Menominee's population peaked in the early 1900s, he said, and the city has since lost nearly 5,000 residents. The city had 8,347 residents in 2022, per the U.S. Census.

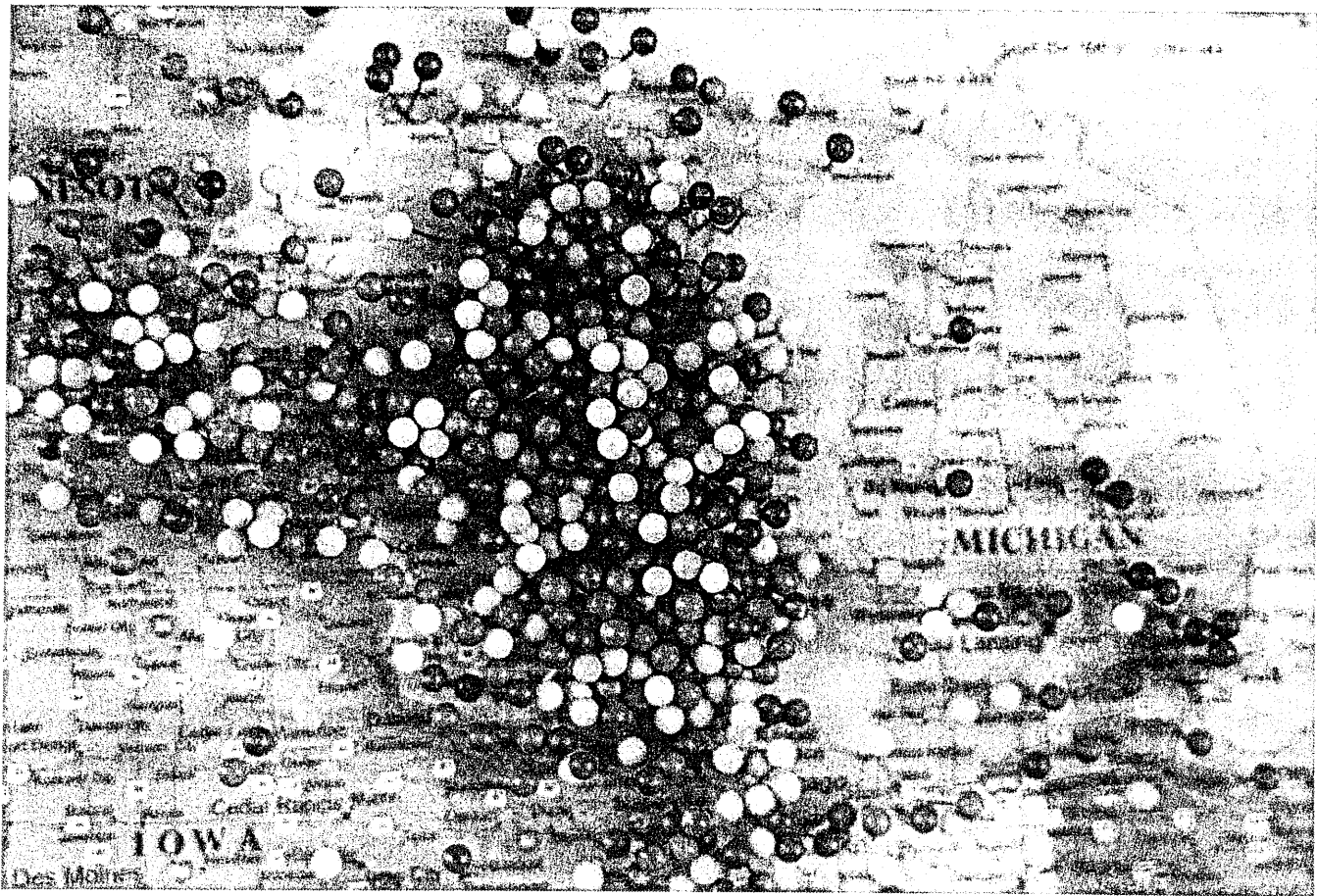
"Businesses seem to prefer to go to Wisconsin ... because they get a better tax deal from the state," Kaufman said.

"Almost all of our commercial (business) has shifted over to Wisconsin, which does not have legal marijuana.

"But Michigan does."

Since 2020, 19 marijuana shops, from Ironwood in the north to Menominee in the south, have begun ringing up customers.

Representatives from stores in Menominee estimate Wisconsin customers represent up to 85% of their clientele.



A map with pins showing where customers have come from at Glazed and Confused recreational marijuana shop in Mastodon Twp., Michigan on Tuesday, Oct. 10, 2023. The store located at 2465 on U.S. 2 is less than a mile from the Wisconsin border where marijuana is illegal. Joel Bissell | [jbissell@mlive.com](mailto:jbissell@mlive.com)

### **From reluctance to all-in**

While Menominee's city leaders were initially hesitant to allow marijuana shops into town – passing a ban in 2019 – they eventually approved allowing two.

Fourteen applied.

"It was set up as a competitive process that was fair and equitable," Menominee City Manager Brett Botbyl said.

Fire Station originally received the highest score of the applicants, with Lume placing second and Rize third.

But Lume was denied the second license because it wasn't "best suited or in the best interest of the city," Botbyl said in a memo.

Licenses were announced for Rize and the Fire Station on Sept. 20, 2021.





Rize cannabis located at 3213 10th in Menominee Michigan on Monday, Oct. 9, 2023. Joel Bissell | [Jbissell@mlive.com](mailto:Jbissell@mlive.com)

Lume filed the first lawsuit four days later.

Others followed. Nu Group, which operates a dozen Nirvana Center stores in Michigan, sued Oct. 8, 2021; Highwire Farms sued Oct. 15, 2021; Ottawa Innovations Holdings, which operates Higher Love with seven U.P. stores, filed suit Nov. 12, 2021; and Rocky North, which operates nine stores under the name Greenpharm, sued Dec. 17, 2021.

They argued the selection process was flawed.

A judge ordered Menominee not to issue any licenses until the lawsuits were sorted. Rize and the Fire Station paused their plans.



A sign for Lume Cannabis Co. located at 2812 10th St in Menominee, Michigan on Wednesday, Oct. 11, 2023. In the background is an advertisement for The Fire Station Cannabis Co., which is located across the street from Lume Joel Bissell | [jbissell@mlive.com](mailto:jbissell@mlive.com)

### **'A chink in the armor'**

Meanwhile, the other marijuana companies began maneuvering.

Due to the pending lawsuits, Botbyl directed all communications from the marijuana companies to go to attorneys representing the city. Instead, the city manager said they went directly to some councilmembers.

The marijuana businesses "were trying to find a chink in the armor," he said. "We would have councilmembers that would receive emails from the companies, (but) myself, our city attorney, our legal team, would not receive that email, so we were kind of cut out of it."

## Timeline: Menominee marijuana lawsuit

Date	Event
June 26, 2019	An ordinance to ban marijuana businesses passes, 7-1.
Oct. 6, 2020	Menominee, 8-1, passes an ordinance allowing two recreational marijuana retail businesses.
Sept. 20, 2021	Recreational retail licenses are issued to Rize and the Fire Station. Councilman Josh Jones votes against both decisions and Councilman Doug Robinson the latter.
Sept. 24, 2021	Attitude Wellness, parent company of Lume, files a lawsuit related to the selection process.
Oct. 8, 2021	Nu Group, which operates a dozen Nirvana Center stores in Michigan, files a lawsuit related to the selection process.
Oct. 15, 2021	Highwire Farms files a lawsuit related to the selection process.
Nov. 12, 2021	Ottawa Innovations Holdings, which operates Higher Love with seven U.P. stores, filed a lawsuit related to the selection process.
Dec. 3, 2021	Menominee County Circuit Judge Mary Barglind consolidates the lawsuits.

The suing marijuana companies were unified when presiding Menominee County Circuit Court Judge Mary Barglind consolidated the lawsuits. Rize and the Fire Station joined forces in opposition by offering to assist in Menominee's defense, Botbyl said.

A ruling was expected soon, but some councilmembers began floating the idea of a settlement.

"Some members of council wanted to settle (with the litigating marijuana companies), even though we were almost at the verge of it being ruled and thrown out," said Menominee Councilmember Donna Marineau, who opposed the settlement.

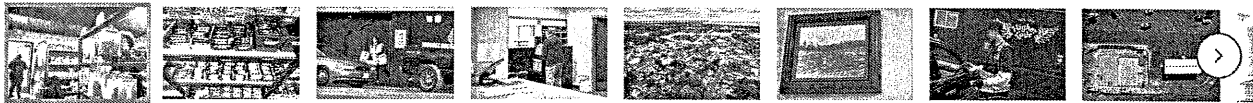
On May 9, Barglind ruled Menominee's selection process didn't violate the law.

The losing businesses appealed.

Councilmember DeDamos said the city's legal advisers believed the appeal would fail. There was no reason, DeDamos said, to pursue a settlement.

"We (the council) basically gave them (our attorneys) the middle finger," he said.

A settlement agreement was approved by the four-member majority on council May 22.



The rise of cannabis in Menominee

### **'Inside interest'**

Signing the agreement on behalf of Higher Love and its parent company was attorney Joseph Jones, whose brother, Josh Jones, sits on the council and voted in favor of the settlement, according to a copy reviewed by MLive.

Tara Povich, an executive assistant for Rize, doesn't feel this was fair.

"You can tell there's inside interest," she said.



Rize cannabis vehicles block a truck with advertisement for Higher Love next to their curbside service entrance in Menominee Michigan on Monday, Oct. 9, 2023. Joel Bissell | Jbissell@mlive.com

The settlement required City Council to alter its marijuana ordinance and uncap limits on retailer licenses. It also offered legal protections to Menominee if anyone filed a lawsuit as a result of the settlement.

However, before others could apply for a license, the settlement required the city issue licenses first to the five companies that sued, as well as a sixth license to Agri-Med, which hadn't sued, but was threatening to.

The revised marijuana ordinance was approved June 29.

The new ordinance also changed language in an ethics clause. Under the 2020 ordinance, no one employed by or acting as a consultant or adviser to the city "may have an interest, directly or indirectly, in a marijuana establishment."

The revised version removed the adviser or consultant language, which a federal lawsuit later claimed "paved the way" for the majority of City Council to approve the settlement.

"I'm still confused as to why our councilmembers wanted to push this through," Marineau said. "I don't get it. If I start thinking about it and speculating, what I speculate is not going to be good."



Renovation work being done to the retail shop for Fire Station Cannabis Co. located at 3101 10th St. in Menominee Michigan on Monday, Oct. 9, 2023. They currently are operating on a curbside system. Joel Bissell | [jbissell@mlive.com](mailto:jbissell@mlive.com)

### **Rize, Fire Station fight back**

Meanwhile, the Fire Station and Rize came up with a plan of their own.

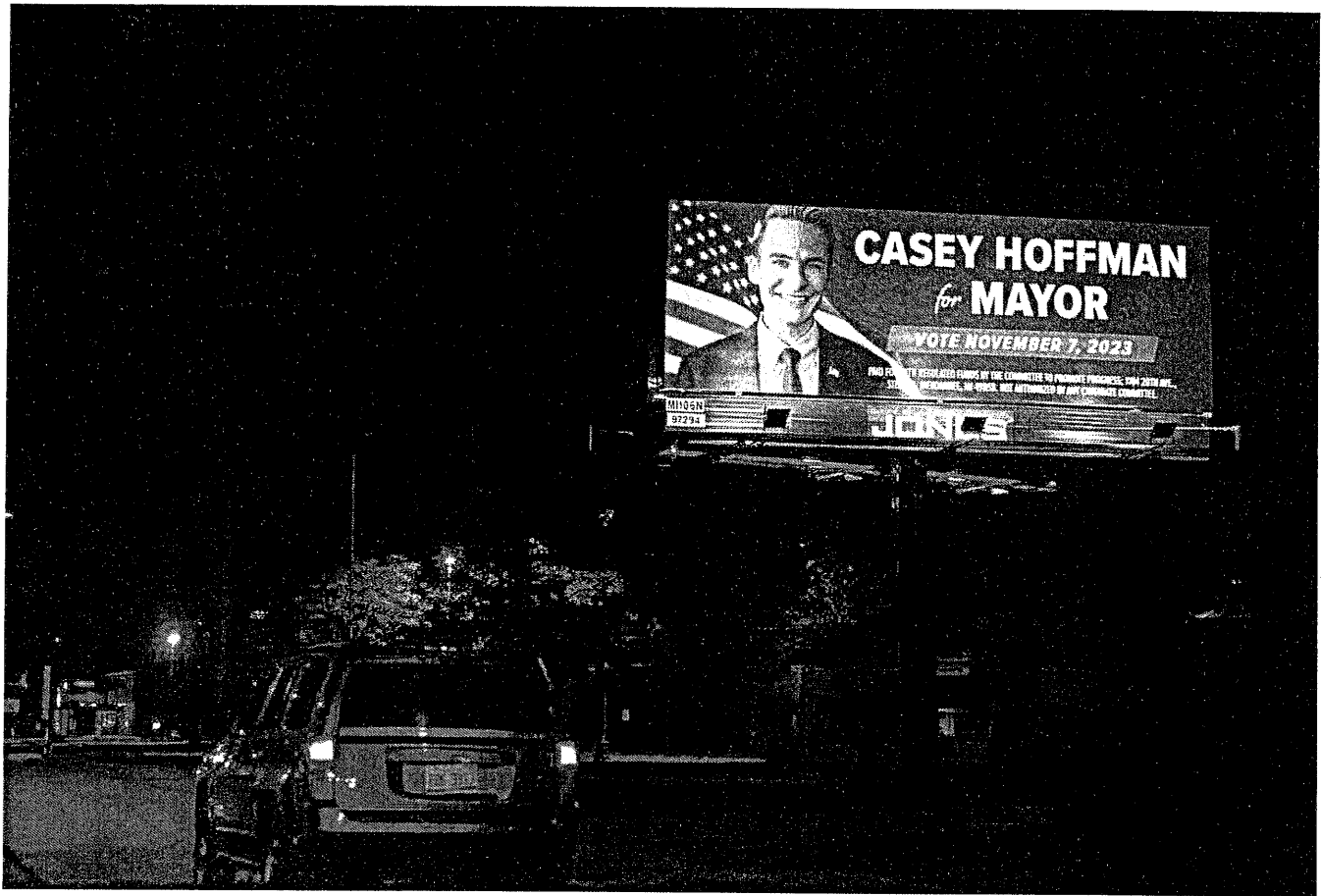
As of Oct. 20, they've spent \$200,000 on a petition drive to get a ballot question before voters that would block the new licenses, according to committee filings obtained by MLive through a Freedom of Information Act request.

The petition drive collected more than 1,200 signatures and was certified July 25, meaning voters would have an opportunity to reverse the ordinance.

However, the council majority found a way around the ballot question. Two days after the petitions were certified, a special meeting was called.

DeDamos talked to Councilmember Doug Robinson before the meeting.

"He would only tell me that he had a plan, but he was very tight-lipped about it and not revealing it to anybody," DeDamos said.



A campaign billboard for Casey Hoffman who was running for mayor of Menominee on Tuesday, Oct. 10, 2023. In the Nov. 7 election, Hoffman defeated incumbent mayor Jean Stegeman. Joel Bissell | Jbissell@mlive.com

Before entering the closed session that night, a comment from then-mayoral candidate Casey Hoffman confused people. He praised the council for its decision to amend the marijuana ordinance to include a \$15,000 budget boost for police, according to DeDamos and allegations in subsequent lawsuits.

What caused the confusion? This hadn't happened yet, according to meeting minutes.

Once in closed session, Robinson, who hasn't responded to MLive requests for comment, presented what was called the repeal-and-replace marijuana ordinance.

Robinson recommended the council repeal the ordinance created as a result of the settlement agreement and issue a new, nearly identical ordinance, except with an appropriation for police.

Voters have the power to adopt or reject ordinances at city elections, "but such power shall not extend to the budget or capital program or any ordinance relating to appropriation of money," according to the Menominee City Charter.

Botbyl said the meeting made it obvious "things were going on behind the scenes."

The city manager and Councilmember DeDamos questioned how Hoffman knew about the ordinance before it was revealed in public.

Neither Hoffman nor Joseph Jones, whose law firm MLive visited in early October, have responded to requests for comment.

Councilmember Josh Jones did return a call to MLive, but declined to discuss the alleged conflict of interest because of ongoing litigation.





A Higher Love Cannabis Co. employee takes a curbside order from a customer in Menominee, Michigan on Wednesday, Oct. 11, 2023. Joel Bissell | Jbissell@mlive.com

### **'Stabbed in the back'**

The settlement agreement and the move to subvert the ballot proposal led to more litigation.

Rize and the Fire Station filed a federal lawsuit against the city of Menominee – their former allies – and the competing businesses.

Councilmember DeDamos said the companies felt like they'd been "stabbed in the back."

The lawsuit alleges an "ill-conceived conspiracy to deprive Rize and (the Fire Station) of their constitutional rights to due process and equal protection of the law.

"A majority of the Menominee City Council ... created a plan with the (marijuana businesses) to open the door to profiteering by members of the Menominee City Council ... and to deprive Menominee's citizens from participating in — or even knowing about — deliberations or decisions on Menominee public policy."

Specific allegations include a meeting in a local bar between Councilmember Jacqueline Nutter and one of Higher Love's attorneys; and an email communication in March about altering the marijuana ordinance between Councilmember William Plemel, and a Higher Love representative.

Higher Love attorneys have denied the accusations.

Plemel said he was not surprised by the lawsuit.

"They've got more money than God," he said, "so who knows how many lawsuits we're going to have."

Attorneys for the marijuana companies listed in the lawsuit did not respond to MLive requests for comment.



Vehicles line up for curbside service at Lume Cannabis Co. located at 2812 10th St in Menominee, Michigan on Wednesday, Oct. 11, 2023.  
Joel Bissell | Jbissell@mlive.com

### **A 'pattern' of Open Meetings Act violations**

Next up, a civil lawsuit filed by Rize and the Fire Station, seeking to invalidate the latest marijuana ordinance over claims of Open Meetings Act violations.

The lawsuit alleges City Council met in closed session, didn't hold a required roll call vote and failed to make the minutes available within eight days.

Citing a "pattern" of Open Meetings Act violations, Judge Barglind temporarily shut down Lume, Higher Love and Nirvana Center.

The closures only lasted 10 days. On Nov. 13, the judge suspended her restraining order, allowing the three marijuana shops to reopen. Judge Barglind said, based on new affidavits and information provided by City Council, it became "unlikely" the ordinance would be overturned, despite Open Meetings Act violations.

Licenses for the Agri-Med's New Standard, Rocky North's Greenpharm and Highwire Farms stores are on hold.



A coming soon billboard for GreenPharm Cannabis Company outside of their future retail space inside the Nerat's Plumbing Heating and Cooling Building along 10th Street in Menominee, Michigan. Joel Bissell | [jbissell@mlive.com](mailto:jbissell@mlive.com)

### 'Back to where we started'

So while the lawsuits play out, the question remains: Has the Menominee City Council behaved ethically?

"If they're representing the people in the right way, they should be doing it in a transparent, open manner," said Eric Scorsone, an associate professor and director of the Michigan State University Center for Local Government. "It's really on the voters of that community to decide when they think (an elected official) crossed the line."

Meanwhile, the future for marijuana in Menominee is cloudy.

The most recent election could change things. The mayor, who opposed marijuana expansion, and two councilmembers who supported it, lost their reelection bids on Nov. 7.

Back in his kitchen, Councilmember DeDamos reflects on the two-year marijuana saga that's consumed the entirety of his short political career.

"The toothpaste has left the tube," DeDamos said of the burgeoning marijuana trade in Menominee. "We're kind of back where we started. We were saying, instead of settling, just through the courts."

Marijuana money will provide some jobs, tax revenue and DeDamos said. But how much is too much?

"Even people who are avid marijuana users are looking at DeDamos said.



# Cannabis operators sue Detroit over facility near high school

*CRAIN'S Detroit 12/11/23*

By Dustin Walsh

Schools are a drug-free zone.

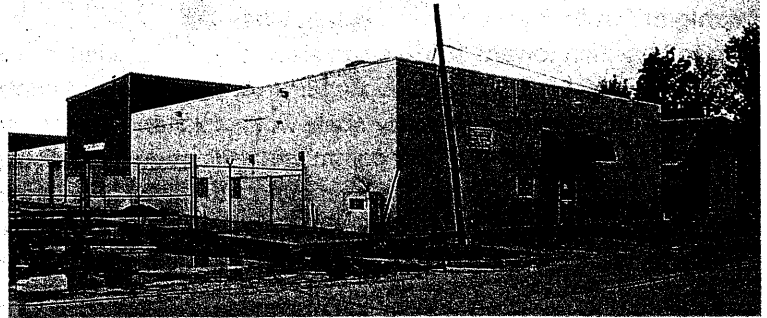
Yet the city of Detroit approved a group of marijuana companies to operate a multi-use marijuana facility near Detroit Community High School, including signing off on a certificate of occupancy this fall, according to a lawsuit.

Six weeks later, the city allegedly discovered the school's proximity to the building and revoked the operating licenses linked to the companies after the operators allegedly invested millions of dollars and secured lucrative customer contracts.

The operators — Cannabis Professional Design LLC, MB City Transportation LLC, HZ Detroit Holdings 1 LLC and HZ Detroit Holdings 2 LLC — in turn filed a lawsuit seeking an immediate injunction from Wayne County Circuit Court on Nov. 9. Dave Bell, director of the city's Buildings, Safety Engineering and Environmental Department, and Detroit City Clerk Janice Winfrey are named as defendants in the case.

Neither the city nor representation from the companies responded to requests to discuss the lawsuit.

The plaintiffs allege the city issued building, mechanical and plumbing permits as well as a special land use permit for the buildings in 2022 that would house a marijuana processor, testing lab and transporter.



The city revoked a group of marijuana companies' business licenses because their operation at 20601 Glendale St. on the city's west side is too close to a drug-free zone. | COSTAR GROUP

The companies claim in the lawsuit they invested \$15 million in retrofitting the building, as well as securing "verbal" contracts with customers worth an additional \$20 million. State law does not allow companies to secure written contracts until they have secured state licensure, which had not yet occurred. Three of the four companies did secure pre-qualification for state permits. It's unclear what Cannabis Professional Design does, but a non-plant-touching company does not require a marijuana license to operate.

The city issued the final building permit for the operation at 20601 Glendale St. on the city's west side on May 3, followed by a post-inspection certificate of occupancy on Sept. 13.

However, on Oct. 27, the city re-

voked the companies' business licenses due to the marijuana businesses being within 1,000 feet of a drug-free zone, the Detroit Community High School charter school, in violation of the city's marijuana ordinance.

The companies were licensed to process bulk marijuana, test and transport marijuana. The plaintiffs did not seek to operate a dispensary, which has even stricter rules near schools.

The plaintiffs allege the city's original zoning map did not include the school, which has been open for 14 years.

The plaintiffs are seeking an immediate injunction to prevent the city from revoking its licenses and a declaration that their permits are valid and enforceable.

The first hearing on the case is set for Jan. 30.



This screen capture from a video on Nov. 1 shows would-be cannabis licensing applicants racing to be first in line in Harper Woods' first-to-file application system. One would-be applicant at the top left has fallen down.

## WEED RACERS

Harper Woods' cannabis licensing day devolved into a footrace. Now it may turn into legal fights.

By Dustin Walsh

Getting a local marijuana license in Michigan is supposed to be a competitive process.

Municipalities are required under state law to make the selections based on a competitive process that typically takes the form of a scoring system — of-

ten revolving around an applicant's ability to invest in curb appeal or sustainable operations.

But in Harper Woods, the process devolved into a show of athletic prowess, much like issues are settled on the play-

ground. With a footrace.

The outcome of that mad dash has created controversy as applicants who lost prepare potential lawsuits while the municipality moves forward with reviewing the race winners' documents at a Feb. 28 planning

commission meeting. Licenses could be issued soon thereafter.

The wild scene in Harper Woods is emblematic of a cannabis licensing regime where each municipality can create its own rules to allow some or many cannabis businesses.

Now, several years into legalization, fewer and fewer towns are opening up to legal weed, and that has amped up competition when licenses do become available.

See CANNABIS on Page 19

# CANNABIS

From Page 1

Whether the footrace abides by state rules that forbid "arbitrary" licensing processes is up for debate. A city hall employee who did not give her name told Crain's by phone that the city did not host a sanctioned footrace to determine whose planning documents would be reviewed and that the process was simply a first-to-file system.

But to those who participated, those who sprinted from the parking lot to the back door of Harper Woods City Hall that day, it was only the fastest who are being rewarded.

Emails sent to the mayor, every City Council member, the city manager and both economic development officials were not returned. Attempts to reach the mayor, city manager and economic development office by phone were not successful.

## 'A total ruckus'

The event that turned into a race started with Harper Woods City Council's decision to limit cannabis licenses and the method by which it would decide who received those licenses.

The city settled on three available dispensary licenses and decided it would abstain from scoring applicants and instead settled on the seemingly simpler approach of choosing those that filed their planning documents first.

It's not a new method. Other cities, including Garden City and Westland, used the first-to-file method as their competitive process as well, seemingly without a hiccup.

But there was no footrace in Garden City. Instead, applicants secured their spot in line outside city hall days before the city took review documents, like concert ticket buyers of old.

Harper Woods, however, didn't want applicants "loiter-

the process incentivized participants to run, not walk, to secure a spot in line.

Pandemonium ensued.

"I've never seen anyone going for a business, trying to establish a business anywhere where a footrace is involved to get your doors open," said Maj Dabish, owner of real estate development firm Heavy Industrial LLC. "You usually show your plans, you show your financials, you show things you've done in the past. That's how these things get done. But instead there was running and people shoving and a total ruckus."

Dabish has applied for a local marijuana license with intention of leasing out his property at 19950 Kelly Road to a marijuana dispensary operator.

Dabish's son, who joined him on that day, landed in the sixth spot in front of the city hall door after being pushed aside by other applicants, Dabish said.

Another applicant, who spoke to Crain's on the condition of anonymity, finished fourth, just out of the running for planning commission review.

"This wasn't a competitive process like the state demands," the applicant said. "It was running a race. There was an elderly man there. That guy can't run. This was a joke."

The state Cannabis Regulatory Agency declined to comment on the happenings in Harper Woods.

## 'It was pure chaos'

Security video obtained by one of the applicants through the Freedom of Information Act and shared with Crain's shows a chaotic scene of applicants sprinting with their planning documents in arms and crashing into each other as they reached the city hall door. One applicant even fell in the parking lot and got up limping.

Some applicants realized ahead of time that running speed would wind up being a factor.

House of Dank, which operates nine dispensaries across the state, sent three runners, all with duplicate materials, to secure a top 3 spot in line. It didn't happen.

"We sent them down there early to scope the place out and figure out a strategy," said Mike DiLaura, House of Dank's chief corporate officer and general counsel. "But it's awkward. No one knows when a race is supposed to start unless there's a starting gun or something. It was pure chaos."

Stephen Lindley, the city's economic and community development deputy director, stood in front of the door, according to the video obtained by Crain's. Numbers were chalked on the sidewalk to his right, according to three people there that day who spoke to Crain's.

Once the rest of the applicants reached the door, there were

shoves and jostling to get a space in line. One applicant had run from the side of the building, not the designated parking lot, per the rules, to secure the third spot in line, the video showed.

Crain's has been unable to verify the identity of the first three applicants in line.

"I broke the rules every single way possible," said an applicant who did not make the top three and asked not to be named due to their company still seeking a license in Harper Woods. "They gave us guidelines that said if the rules were broken, they'd do a random draw from a hat. We wanted that, because this clearly wasn't a fair process. But they must have liked the outcome of the lineup because they didn't even question the wrongdoing."

Dabish said when people complained to Lindley about the process, he told several applicants they had weeks to prepare and that they could have had a faster runner show up. Dabish said Lindley said this to an elderly applicant.

Lindley did not return an email on the matter, and calls to city hall would not be connected to Lindley or the city manager.

"To walk away after years of negotiating for properties and dealing with rules changes, realizing you've lost all of that in 30 seconds, I'm at a loss for words," DiLaura said. "Harper Woods put together a process that was doomed to fail. I've seen less malfeasance in this industry and more just dumbass decisions. It's not bad faith, but bad lawyering and bad advice."

## Lawsuits threatened

Travis Copenhaver, a partner at cannabis law firm Vincente LLP in Ann Arbor, said he warned the city about using an "arbitrary" selection process.

Copenhaver represents Altum LLC in its application for a dispensary in Harper Woods. Altum operates a single dispensary in the state, Pure Canna in Lansing.

"We've been telling them there needs to be a merit-based system, but they kept sticking with this first-come, first-serve selection process," Copenhaver said. "My clients have written why they have a problem with this, and I don't think it's too out of our way to say that if this method officially gets used, my clients will seek legal proceedings."

Dabish also said he plans to sue the city if licenses are distributed based on the footrace results.

"We will definitely 100% take legal action as soon as they follow through and issue the licenses," Dabish said.

House of Dank isn't as sure it wants to pursue legal action, DiLaura said.

"Absent a clear path to a license, I don't think we'll sue," DiLaura said. "Three or four years ago, everyone was primed to fight for every license in every municipality. Things have changed. To spend \$100,000 or more fighting

for a shot at a license just doesn't make sense for us."

Those potential lawsuits will likely be filed sometime after the Harper Woods planning commission holds its Feb. 28 meeting and licenses are distributed. If one of the first three to file is denied a license, the city would move to the next applicant in line, which is why some of the applicants asked to speak off the record.

Cannabis lawsuits over the selection process have embroiled several municipalities across the state.

The city of Detroit's launch of recreational marijuana licensing was delayed by two years due to lawsuits over its selection process. Royal Oak, Warren, Pontiac and others also remain tangled in lawsuits.

"The driver of all of this is from probably the worst decision that the drafters of the adult-use statute made — requiring that competitive selection process," Lance Boldrey, partner and cannabis attorney at Detroit-based law firm Dykema Gossett PLLC, told Crain's last year. "It all sounds well and good from a policy standpoint, trying to eliminate picking favorites, but it is the longest process and most expensive process for applicants to follow, and you end up with these lawsuits that can tie applicants up in court for three or four years."

Harper Woods' marijuana ordinance, only allowing for three dispensaries, is largely based on a rule dictating a 1,500-foot buf-

fer between all marijuana businesses. The small city near Detroit's east side is only 2.61 square miles. But the city was also taking heat for its selection process.

To avoid litigation, the acting city manager recommended the city eliminate its 1,500-foot buffer, which could open the city to unlimited licensure that would effectively eliminate the need for a competitive process.

However, residents pushed back, gathering to support the buffer at an August council meeting. The City Council voted 4-3 to keep the buffer and limit the number of licenses, WDIV-TV reported.

But the city chose not to create a more advanced competitive structure than the lineup in November.

The city of Roseville, for example, uses a scoring system to determine whether a medical marijuana license is issued based on scores from several factors, such as sufficient application information; whether a proposed facility is consistent with land use; physical improvements to the property; whether applicants have any criminal record; sufficient financial resources; proximity to existing facilities; reasonable size; sufficient operating experience, and more.

"I'm \$100,000 into this already, and it's been nothing but a joke," said the applicant who requested anonymity. "We're getting blackballed because I didn't run to the front of the line fast enough? Come on."

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County	Municipality	Grower-Class A	Grower-Class B	Grower-Class C	Processor	Retailer	Safety Compliance	Secure Transporter	Microbusiness	Event Organizers	Temporary Events	Designated Consumption
Alger	Munising	no cap	no cap	no cap	no cap	no cap	no cap	no cap	no cap	no cap	no cap	no cap
	Munising Township	2										
Allegan	Allegan	no cap-zoning dependent	no cap-zoning dependent	no cap-zoning dependent	no cap-zoning dependent	no cap-zoning dependent	no cap-zoning dependent	no cap-zoning dependent	no cap-zoning dependent	opt-out	opt-out	opt-out
	Saugatuck Township	no cap	no cap	no cap	opt-out	no cap	no cap	opt-out	opt-out	opt-out	opt-out	opt-out
Barry	Rutland Charter Township	Unspecified	Unspecified	Unspecified	Unspecified	Unspecified	Unspecified	Unspecified	Unspecified	opt-out	opt-out	opt-out
Bay	Bay City	25	25	25	25	50	25	25	25	opt-out	opt-out	opt-out
Berrien	Niles	no cap	no cap	no cap	no cap	4	no cap	no cap	4	no cap	no cap	3
	Benton Harbor	3	3	4	7	4	3	3	3	opt-out	opt-out	1
	Buchanan	5	5	5	5	5	5	5	1	1	1	2
Branch	Coldwater	unspecified-zoning dependent	unspecified-zoning dependent	unspecified-zoning dependent	unspecified-zoning dependent	unspecified-zoning dependent	unspecified-zoning dependent	unspecified-zoning dependent	unspecified-zoning dependent	opt-out	opt-out	opt-out
	Ovid Township	opt-out	opt-out	opt-out	opt-out	2	opt-out	opt-out	opt-out	opt-out	opt-out	opt-out
	Quincy, Village of	15		5	3	5	5	5	opt-out	opt-out	opt-out	opt-out
Calhoun	Athens Township	opt-out	opt-out	opt-out	opt-out	opt-out	opt-out	opt-out	3	opt-out	opt-out	opt-out
	Battle Creek	no cap	no cap	no cap	no cap	no cap	no cap	no cap	no cap	opt-out	opt-out	opt-out
	Bedford Township	no cap - needs to have equivalent license in medical			no cap - needs to have equivalent	no cap - needs to have equivalent license	no cap - needs to have equivalent	no cap - needs to have equivalent license in medical	opt-out	opt-out	opt-out	opt-out
	City of Springfield	3	3	3	3	3	3	3	0	0	0	0
	Marengo Township	5	5	60	9	opt-out	1	1	opt-out	opt-out	opt-out	opt-out
	Marshall	no cap	no cap	no cap	no cap	opt-out	2	no cap	opt-out	opt-out	opt-out	opt-out
Cass	City of Dowagiac	unspecified	unspecified	unspecified	unspecified	unspecified	unspecified	unspecified	unspecified -	opt-out	opt-out	opt-out
	Marcellus Township	no cap	no cap	no cap	4 total between MMFLA and MRTMA	4 Total Licenses between Retailers and Provisioning	3 total between MMFLA and MRTMA	3 total between MMFLA and MRTMA	2	opt-out	opt-out	opt-out
	Penn Township	Outdoor Grows-no cap; Indoor Grows-6 locations			10	opt-out	no cap	no cap	10	opt-out	opt-out	opt-out
Cheboygan	Village of Wolverine	opt-out	opt-out	opt-out	opt-out	1	opt-out	opt-out	opt-out	opt-out	opt-out	opt-out
Chippewa	Pickford Township	no cap	no cap	no cap	no cap	opt-out	5	5	opt-out	opt-out	opt-out	opt-out
	Sault Ste. Marie	no cap	no cap	no cap	no cap	no cap	no cap	no cap	no cap	opt-out	opt-out	opt-out
Clare	Clare	no cap	no cap	no cap	no cap	opt-out	no cap	no cap	opt-out	opt-out	opt-out	opt-out
Clinton	DeWitt Charter Township	Restricted to Districts: I-L, I-H, I-P			Restricted to Districts: I-L, I-H, I-P	opt-out	Restricted to Districts: I-L, I-H, I-P	Restricted to Districts: I-L, I-H, I-P, BC	opt-out	opt-out	opt-out	opt-out
Dickinson	Iron Mountain	2		2	2	2	no cap	no cap	opt-out	opt-out	opt-out	opt-out
Eaton	Windsor Charter Township	10	10	100	10	opt-out	5	3	opt-out	opt-out	opt-out	opt-out
Genesee	Burton	no cap	no cap	no cap	no cap	no cap	no cap	no cap	no cap	no cap	no cap	no cap
	Flint	no cap	no cap	no cap	no cap	no cap	no cap	no cap	no cap	no cap	no cap	no cap
Gladwin	Clement Township	unspecified	unspecified	unspecified	unspecified	unspecified	unspecified	unspecified	unspecified	unspecified	unspecified	unspecified
	Hay Township	opt-out	opt-out	opt-out	opt-out	1	opt-out	opt-out	opt-out	opt-out	opt-out	opt-out
Grand Traverse	Fife Lake Township	no cap	no cap	no cap	no cap	no cap	no cap	no cap	opt-out	opt-out	opt-out	opt-out
	Traverse City	no cap	no cap	no cap	no cap	24	no cap	no cap	2	no cap	opt-out	opt-out
	Garfield Township	opt-out	opt-out	opt-out	opt-out	opt-out	3	opt-out	opt-out	opt-out	opt-out	opt-out
Gogebic	Ironwood	2	2	2	2	2	no cap	no cap	2	opt-out	opt-out	opt-out
Hillsdale	Camden, Village of	no cap	no cap	no cap	6	5	6	6	2	opt-out	opt-out	opt-out
	Jefferson Township	2		opt-out	opt-out	opt-out	1	1	2	opt-out	opt-out	opt-out
	Reading	no cap	no cap	no cap	5	3	5	5	1	opt-out	opt-out	opt-out
Houghton	Calumet Charter Township	opt-out	opt-out	opt-out	opt-out	opt-out	opt-out	opt-out	3	opt-out	opt-out	opt-out
	Houghton	opt-out	opt-out	opt-out	opt-out	1	opt-out	opt-out	opt-out	opt-out	opt-out	opt-out
Ingham	East Lansing	no cap	no cap	no cap	no cap	no cap	no cap	no cap	opt-out	opt-out	opt-out	opt-out
	Lansing	75			no cap	28	no cap	no cap	1 per ward	opt-out	opt-out	1 per ward
Ionia	Easton Township	opt-out	opt-out	2	2	1	2	3	opt-out	opt-out	opt-out	opt-out
	Ionia	no cap	no cap	no cap	no cap	no cap	no cap	no cap	opt-out	opt-out	opt-out	opt-out
	Saranac, Village of	no cap	no cap	no cap	no cap	no cap	no cap	no cap	opt-out	opt-out	opt-out	opt-out
Iosco	AuSable Charter Township	1	opt-out	opt-out	1	1	1	1	no cap	no cap	no cap	no cap
Iron	Crystal Falls	no cap	no cap	no cap	no cap	2	no cap	no cap	2	opt-out	opt-out	opt-out
	Caspian City	opt out	opt out	opt out	opt out	no cap	opt-out	opt-out	opt-out	opt-out	opt-out	no cap
	Iron River	opt-out	2		opt-out	2	opt-out	opt-out	2	opt-out	opt-out	opt-out
Isabella	Mount Pleasant	5	3		no cap	3	no cap	no cap	2	opt-out	opt-out	opt-out
	Wise Township	2	3	8	4	5	1	1	3	opt-out	opt-out	3



Jackson	Jackson	2	2	opt-out	opt-out	3	2	2	2	opt-out	opt-out	opt-out
	Parma Township	opt-out	opt-out	2	2	2	opt-out	2	opt-out	opt-out	no cap	opt-out
	Pulaski Township	opt-out	opt-out	30	7	1	2	2	opt-out	opt-out	opt-out	opt-out
Kalamazoo	Kalamazoo	no cap	no cap	no cap	no cap	no cap	no cap	no cap	no cap	opt-out	opt-out	no cap
	Kalamazoo Charter-Township	no cap	no cap	no cap	no cap	no cap	opt-out	no cap	opt-out	no cap	opt-out	opt-out
	Portage	no cap	no cap	no cap	no cap	no cap	no cap	no cap	no cap	opt-out	opt-out	opt-out
Kalkaska	Kalkaska, Village of	no cap- zoning dependent			no cap- zoning	8	no cap- zoning dependent	no cap- zoning dependent	3	opt-out	opt-out	opt-out
Kent	Cedar Springs	no cap	no cap	no cap	no cap	no cap	no cap	opt-out	no cap	opt-out	opt-out	opt-out
	Grand Rapids	no cap	no cap	no cap	no cap	no cap	no cap	no cap	no cap	opt-out	opt-out	opt-out
	Lowell	no cap	no cap	no cap	no cap	no cap	no cap	no cap	no cap	opt-out	opt-out	opt-out
Lake	Township of Peacock	Total of 15 Grower for all Classes	Total of 15 Grower for all Classes	Total of 15 Grower for all Classes	15	15	15	15	5	opt-out	opt-out	opt-out
Lapeer	Lapeer	no cap	no cap	no cap	no cap	6	no cap	no cap	opt-out	opt-out	opt-out	opt-out
Leelanau	Northport, Village of	opt-out	opt-out	opt-out	1	2	1	1	opt-out	opt-out	opt-out	opt-out
Lenawee	Addison, Village of	30			4	3	2	2	opt-out	opt-out	opt-out	opt-out
	Adrian	no cap	no cap	no cap	no cap	10	no cap	no cap	opt-out	opt-out	opt-out	opt-out
	Morenci	no cap	no cap	no cap	no cap	5	no cap	no cap	opt-out	opt-out	opt-out	opt-out
Livingston	Pinckney, Village of	1	1	1	1	2	1	1	1	opt-out	opt-out	1
Mackinac	Clark Township	opt-out	opt-out	opt-out	no cap	opt-out	no cap	no cap	7	no cap	no cap	7
	Garfield Township	1		1	opt-out	1	2	opt-out	opt-out	opt-out	opt-out	opt-out
	Newton Township	opt-out	opt-out	opt-out	opt-out	1	opt-out	opt-out	opt-out	opt-out	opt-out	opt-out
Macomb	Center Line	5	5	20	15	15	15	15	5	opt-out	opt-out	opt-out
	Chesterfield	unspecified	unspecified	unspecified	unspecified	unspecified	unspecified	unspecified	unspecified	unspecified	unspecified	unspecified
	Memphis	1 Total license between	1 Total license between MMFLA and MRTMA	1 Total license between	1	1	1 Total license between MMFLA	1 Total license between MMFLA and	opt-out	opt-out	opt-out	opt-out
	Warren	no cap	no cap	no cap	no cap	opt-out	no cap	no cap	opt-out	opt-out	opt-out	opt-out
Manistee	Brown Township	unspecified	unspecified	unspecified	unspecified	opt-out	opt-out	unspecified	opt-out	opt-out	opt-out	opt-out
	Manistee	12		12	3	2	2	3	opt-out	opt-out	opt-out	opt-out
Marquette	Marquette	no cap-zoning dependent	no cap-zoning dependent	no cap-zoning dependent	no cap-zoning dependent	no cap-zoning dependent	no cap- zoning dependent	no cap-zoning dependent	no cap-zoning dependent	no cap-zoning dependent	no cap- zoning dependent	no cap- zoning dependent
	Negaunee	no cap	no cap	no cap	no cap	1 per 2500 residents	no cap	no cap	1 per 2500 residents	opt-out	opt-out	opt-out
	Republic Township	no cap	no cap	no cap	no cap	no cap	no cap	no cap	no cap	no cap	no cap	no cap
Mecosta	Big Rapids	no cap	no cap	no cap	no cap	no cap	no cap	no cap	no cap	opt-out	opt-out	opt-out
	Village of Barryton	2	no cap	no cap	no cap	1	no cap	no cap	opt-out	1	no cap	1
Missaukee	Norwich Township	opt-out	opt-out	opt-out	opt-out	1	opt-out	opt-out	opt-out	opt-out	opt-out	opt-out
Monroe	Monroe Charter Township	Allowed to be located within (i) L-I (light undustrial) zoned districts or (ii) C-2 (general commercial) zoned districts with special approval			unspecified	unspecified	unspecified	unspecified	opt-out	opt-out	opt-out	opt-out
	Petersburg	2		2	2	2	2	2	opt-out	opt-out	opt-out	opt-out
Montcalm	Crystal Township	opt-out	opt-out	opt-out	opt-out	4 Total Licenses between Retailers, Microbusinesses and Provisioning Centers (MMFLA)	opt-out	opt-out	4 Total Licenses between Retailers, Microbusinesses and Provisioning Centers (MMFLA)	opt-out	opt-out	opt-out
	Edmore, Village of	2		2	1	4	4	1	opt-out	opt-out	opt-out	opt-out
Montmorency	Avery Township	2		opt-out	opt-out	opt-out	opt-out	opt-out	opt-out	opt-out	opt-out	opt-out
Muskegon	Dalton Township	no cap AR/RC zoning only	opt-out	opt-out	opt-out	2 total for Retailer and Provisioning	No cap D-1 zoning only	No cap D-1 zoning only	opt-out	opt-out	opt-out	opt-out
	Muskegon	unspecified	unspecified	unspecified	unspecified	unspecified	unspecified	unspecified	unspecified	opt-out	opt-out	unspecified
	Muskegon Charter Township	no cap	no cap	no cap	no cap	7	no cap	no cap	opt-out	opt-out	opt-out	opt-out
Newaygo	Grant	opt-out	opt-out	opt-out	opt-out	1	1	1	opt-out	opt-out	opt-out	opt-out
	White Cloud	no cap	no cap	no cap	no cap	no cap	no cap	no cap	no cap	opt-out	opt-out	opt-out
Oakland	Auburn Hills	unspecified	unspecified	unspecified	unspecified	unspecified	unspecified	unspecified	unspecified	unspecified	unspecified	unspecified
	Berkley	opt-out	opt-out	opt-out	opt-out	1	opt-out	opt-out	opt-out	opt-out	opt-out	opt-out
	Ferndale	opt-out	opt-out	opt-out	opt-out	3	1	opt-out	opt-out	opt-out	opt-out	opt-out
	Lake Orion, Village of	opt-out	opt-out	opt-out	opt-out	2 Total for Retailer and Provisioning Centers	opt-out	opt-out	opt-out	opt-out	opt-out	opt-out
	Orion Charter Township	opt-out	opt-out	6	2	opt-out	2	2	opt-out	opt-out	opt-out	opt-out
	Pleasant Ridge	opt-out	opt-out	opt-out	2	2	2	1	opt-out	opt-out	opt-out	opt-out
	Royal Oak	1	1	1	1	2	1	2	opt-out	opt-out	opt-out	opt-out
	Southfeild	9		9	5	unspecified	unspecified	opt-out	opt-out	opt-out	opt-out	opt-out

