

ADMINISTRATIVE POLICY & PROCESS DIVISION
June 20, 2019

STIPULATED SETTLEMENT AGREEMENTS FOR MARIJUANA VIOLATION CASES

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| 1. Herbal Ally, Inc.
Michael Gonzales, Pres/Dir/Stkhldr
Michelle Lovrich, VP/Dir/Stkhldr
dba HERBAL ALLY
(Producer) | OAR 845-025-1450(2)(d)(A) – Licensee or Licensee’s employees, agents, servants, or representatives failed to keep surveillance recordings for a minimum of 90 calendar days. (September 22, 2018).

(1 st Level Category I) | Note: Licensee was charged with this violation by Notice dated March 13, 2019. Commission staff originally proposed the standard sanction of license cancellation and the seizure and destruction of marijuana items. Licensee requested a hearing and now wishes to enter into this settlement agreement. |
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SYNOPSIS: During a harvest inspection it was discovered that Licensee was missing video recordings for 45 days of the required 90 days.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violation as set out in the Notice. The violation was Licensee’s first Category I violation within two years.
2. Commission staff originally proposed the standard sanction of license cancellation and the seizure and destruction of marijuana items.
3. The Commission will reduce the sanction for the violation and impose a \$4,950.00 civil penalty or a 30-day license suspension for the violation.
4. Licensee will pay a \$4,950.00 civil penalty before 5:00 PM on July 15, 2019 **OR** serve a 30-day suspension beginning at 7:00 AM on July 20, 2019 and ending at 7:00 AM on August 19, 2019.
5. Licensee withdraws its request for a hearing.
6. If a licensee’s interest in the license expires or is transferred before the Commission issues a final order on the allegation(s), the licensee agrees to accept a Letter of Reprimand for the violation(s). This reprimand will become a permanent part of the licensee’s Commission file and may be considered in any future application for any license by that licensee.
7. This agreement is conditional upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their June 2019 Commission Meeting. If the agreement is not accepted and approved in its entirety by the Commission it is deemed null and void and Licensee’s hearing rights, if any, will be restored. If the agreement is accepted and approved in its entirety by the Commission, Licensee waives any and all rights to a contested case hearing under the Administrative Procedures Act (ORS Chapter 183) and to judicial review, or to otherwise challenge this agreement and the final order.

2. TLC Medical, Inc.
Patrick Todd, Pres/Sec/Dir/Stckhldr
Shari Lowry, Stockholder
**dba GREEN CROSS CANNABIS
EMPORIUM**
1440 Commercial St. SE
Salem, OR 97302
(Retailer)

OAR 845-025-2800(3)(i) - Licensee or
Licensee's employees, agents, or
representatives operated other than the
license permits when they sold or transferred a
returned marijuana item to another consumer.
(From about July 7, 2018 to approximately
October 4, 2018).

(1st Level Category I)

Note: Licensee was charged with this violation by
Notice dated March 26, 2019. Staff originally
proposed the standard sanction of license
cancellation and seizure and destruction of
marijuana items. Licensee requested a
hearing and now wishes to enter into this
settlement agreement.

SYNOPSIS: Licensee's employee accepted a returned marijuana product from a customer. The product was then re-sold to another customer. The original penalty was license cancellation and seizure and destruction of marijuana items. The settlement is for \$4,950.00 civil penalty or a 30-day license suspension.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violation as set out in the Notice. This is Licensee's first Category I violation.
2. Commission staff originally proposed for this violation the standard sanction of license cancellation and seizure and destruction of marijuana items.
3. The Commission will reduce the sanction for this violation and impose a \$4,950.00 civil penalty or a 30-day license suspension.
4. Licensee will pay a civil penalty of \$4,950.00 before 5:00 PM on July 15, 2019, **OR** serve a 30-day suspension or suspension beginning at 7:00 AM on July 20, 2019 and ending at 7:00 AM on August 19, 2019.
5. If Licensee's interest in the license expires or is transferred before the Commission issues a final order on this allegation, Licensee agrees to accept a Letter of Reprimand for this violation. This reprimand will become a permanent part of the Licensee's Commission file and may be considered in any future application for any license by the Licensee.
6. This agreement is conditional upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their June 2019 Commission Meeting. If the agreement is not accepted and approved in its entirety by the Commission it is deemed null and void and Licensee's hearing rights, if any, will be restored. If the agreement is accepted and approved in its entirety by the Commission, Licensee waives any and all rights to a contested case hearing under the Administrative Procedures Act (ORS Chapter 183) and to judicial review, or to otherwise challenge this agreement and the final order.

3. Greenhaus Analytical Labs, LLC
Evio, Inc., Member
Signal Bay, Inc., Stockholder
Henry Grimmett, President/Director
William Waldrop, Stockholder
Lori Glauser, Stockholder
Anthony Smith, Co-Licensee
dba **EVIO LABS PORTLAND**
(Laboratory)

OAR 845-025-5000(1)(c), (6) - Licensees and/or Licensees' employees, agents, or representatives operated other than the license permits when they failed to perform testing on marijuana items in a manner consistent with the laboratory's accreditation by the Oregon Health Authority (OHA) and OAR 333, Division 64, as documented in OHA's Notice of Proposed Revocation of Marijuana Sampling Accreditation to Evio Labs, ORELAP ID #4088, dated June 18, 2018. (On or about December 28, 2017, January 10, 2018, January 18, 2018, January 26, 2018).

Note: Licensee was charged with this violation by Notice dated March 19, 2019. Staff originally proposed the standard sanction of license cancellation and seizure and destruction of marijuana items. Licensee requested a hearing and now wishes to enter into this settlement agreement.

AGGRAVATION

The violation was aggravated because there was a repeated failure to comply with laws.

(1st Level Category I)

SYNOPSIS: This laboratory, which is both a licensee of the Commission and is accredited by the Oregon Health Authority (OHA), performed testing on marijuana items in a manner inconsistent with OHA testing requirements and OHA rules. OHA took administrative action against this Licensee because Licensee did not follow OHA testing rules, including failing to take test samples from random locations within a batch of usable marijuana. There was some suspicion that this could affect test results. OHA resolved its action against Licensee for a \$16,000 civil penalty, allowing Licensee to retain its accreditation.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violation as set out in the Notice. This was Licensee's first Category I violation within two years.
2. Commission staff originally proposed the standard sanction of license cancellation. The violation was aggravated because there was a repeated failure to comply with laws.
3. The Commission will reduce the sanction and impose a 32-day suspension.
4. Licensee will serve a 32-day suspension beginning at 7:00 AM on July 20, 2019 and ending at 7:00 AM on August 21, 2019.
5. If a licensee's interest in the license expires or is transferred before the Commission issues a final order on the allegation(s), the licensee agrees to accept a Letter of Reprimand for the violation(s). This reprimand will become a permanent part of the licensee's Commission file and may be considered in any future application for any license by that licensee.
6. This agreement is conditional upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their June 2019 Commission Meeting. If the agreement is not accepted and approved in its entirety by the Commission it is deemed null and void and Licensee's hearing rights, if any, will be restored. If the agreement is accepted and approved in its entirety by the Commission, Licensee waives any and all rights to a contested case hearing under the Administrative Procedures Act (ORS Chapter 183) and to judicial review, or to otherwise challenge this agreement and the final order.

4. Sun Breeze, Inc.
Brie Malarkey, Pres/Dir/Stockholder
Jon Cunningham, Sec/Treas/Dir/Stckhldr
dba **BREEZE BOTANICALS GOLD HILL**
315 2ND Avenue
Gold Hill, OR 97525
(Retailer)

OAR 845-025-8040(1)(b) – Licensee or Licensee’s employees, agents, or representatives engaged in advertising that could reasonably be considered to target individuals under the age of 21 when it posted images of the cartoon characters from Peanuts, Santa Claus, and the Grinch via the licensed business’s Instagram account. (On or about December 22, 2017, November 6, 2018, December 20, 2018, and December 23, 2018).

(1st Level Category IV)

OAR 845-025-8040(1)(f) - Licensee or Licensee’s employees, agents, or representatives engaged in advertising that displayed the consumption of marijuana items via the licensed business’s Instagram account. (On or about November 28, 2017).

(1st Level Category IV)

Note: Licensee was charged with these violations by Notice dated April 2, 2019. The total proposed sanction was a 16-day suspension or a \$2,640.00 civil penalty. Licensee requested a hearing and now wishes to enter into this settlement agreement.

AGGRAVATION

Staff added two days of aggravation because Violation Number One was repeated.

SYNOPSIS: A check of Licensee’s Instagram revealed marijuana advertising that included cartoon characters from the comic strip Peanuts, Santa Claus, and the Grinch. Also, Licensee had advertising that showed people smoking marijuana.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violations as set out in the Notice. These were Licensee’s first Category IV violations within two years. They were each charged at the first level because they were discovered concurrently. Any subsequent Category IV violation within the same two years will be charged at the second level.
2. The standard sanction for these violations is a seven-day suspension or a civil penalty of \$1,155.00 each. Staff added two days of aggravation because Violation Number One was repeated. The total proposed sanction was a 16-day suspension or a \$2,640.00 civil penalty.
3. The Commission will reduce the sanction by four days. This is equivalent to a 30% reduction of the standard sanctions.

(continued **BREEZE BOTANICALS GOLD HILL**)

4. Licensee will pay a \$1,980.00 civil penalty before 5:00 PM on July 15, 2019 **OR** serve a 12-day suspension beginning at 7:00 AM on July 20, 2019 and ending at 7:00 AM on August 1, 2019.
5. Licensee withdraws the request for hearing.
6. If a licensee's interest in the license expires or is transferred before the Commission issues a final order on the allegation(s), the licensee agrees to accept a Letter of Reprimand for the violation(s). This reprimand will become a permanent part of the licensee's Commission file and may be considered in any future application for any license by the licensee.
7. This agreement is conditional upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their June 2019 Commission Meeting. If the agreement is not accepted and approved in its entirety by the Commission it is deemed null and void and Licensee's hearing rights, if any, will be restored. If the agreement is accepted and approved in its entirety by the Commission, Licensee waives any and all rights to a contested case hearing under the Administrative Procedures Act (ORS Chapter 183) and to judicial review, or to otherwise challenge this agreement and the final order.

5. Epoch Farms, LLC
S3 Investors, LLC, Member
Ricardo Fontg, Member/Manager
Chad Hansen, Member/Manager
West Coast Equity Holdings, LLC,
Member
Patrick Dubbert, Member/Manager
dba **EPOCH FARM**
(Producer)

OAR 845-025-1440(1)(b), (d) – Licensee failed to have cameras that continuously recorded, 24 hours a day, in all limited access areas, as that term is defined in OAR 845-025-1015, when it failed to have any camera coverage of the licensed premises due to a total system failure, and failed to have cameras covering all points of entry to or exit from limited access areas when there were no cameras that covered the rear doors of the shipping containers on the licensed premises used to store post-harvest marijuana. (From about December 14, 2018 to about December 29, 2018).

(1st Level Category III)

OAR 845-025-1400(5) – Licensee and/or its employees, agents, or representatives failed to comply with its approved security plan when it continued to use the network video recorder and monitor on an adjacent tax lot (covered by Marijuana Producer License No. 100153913C0 held by Licensee) following the expiration of the security waiver allowing it to do so, and failed to have an independent video surveillance system for the licensed premises. (From about October 18, 2018 to about January 24, 2019).

(1st Level Category III)

OAR 845-025-1420(2)(a) - Licensee and/or its employees, agents, or representatives failed to ensure that it had a fully operational security alarm system that was able to detect unauthorized entry and/or unauthorized activity within a limited access area where usable marijuana was present when it failed to have contact or other alarms on the rear doors of the shipping containers on the licensed premises that were used to store post-harvest marijuana. (On or about December 27, 2018).

(1st Level Category III)

Note: Licensee was charged with these violations by Notice dated April 3, 2019. The total proposed sanction was a 32-day suspension or a \$5,280.00 civil penalty. Licensee requested a hearing and now wishes to enter into this settlement agreement.

AGGRAVATION

Staff added two days of aggravation because Violation Number One was repeated.

(continued **EPOCH FARMS**)

SYNOPSIS: Licensee, a recreational marijuana producer, had received a temporary waiver of the requirement that it have its own, independent security surveillance system and was permitted to share a surveillance system with its other licensed premises on the neighboring lot until October 17, 2018. Licensee, however, failed to obtain an independent security surveillance system after October 17, 2018. In addition, the surveillance system on the neighboring lot that Licensee had been relying on suffered an outage, and as a result no surveillance footage was recorded from the time of the outage on December 14, 2018 until the system was repaired on December 29, 2018.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violations as set out in the Notice. These were Licensee's first through third Category III violations within two years. They were charged at the first level because they were discovered concurrently. Any subsequent Category III violation within the same two years will be charged at the second level.
2. The standard sanction for first level Category III violations is a 10-day suspension or \$1,650.00 civil penalty each. Staff added two days of aggravation because Violation Number One was repeated. The total proposed sanction was a 32-day suspension or a \$5,280.00 civil penalty.
3. The Commission will reduce the sanction by nine days. This is equivalent to a 30% reduction of the standard sanction.
4. Licensee will pay a \$3,795.00 civil penalty before 5:00 PM on July 15, 2019 **OR** serve a 23-day license suspension beginning at 7:00 AM on July 20, 2019 and ending at 7:00 AM on August 12, 2019.
5. If a licensee's interest in the license expires or is transferred before the Commission issues a final order on the allegation, the licensee agrees to accept a Letter of Reprimand for the violation. This reprimand will become a permanent part of the licensee's Commission file and may be considered in any future application for any license by that licensee.
6. Licensee withdraws its request for a hearing.
7. This agreement is conditional upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their June 2019 Commission Meeting. If the agreement is not accepted and approved in its entirety by the Commission it is deemed null and void and Licensee's hearing rights, if any, will be restored. If the agreement is accepted and approved in its entirety by the Commission, Licensee waives any and all rights to a contested case hearing under the Administrative Procedures Act (ORS Chapter 183) and to judicial review, or to otherwise challenge this agreement and the final order.

6. MNG Holdings, LLC
Michael Ng, Member
Patrick Martin, Member
dba **MR. NICE GUY RETAIL**
852 S Broadway
Coos Bay, OR 97420
(Retailer)

OAR 845-025-7540(1)(2) – Licensee or Licensee’s employees, agents, or representatives failed to enter data into the METRC Cannabis Tracking System (CTS) that fully and transparently accounted for all inventory tracking activities when marijuana items listed in CTS were not located at the licensed premises and when marijuana item weights listed in CTS did not match the actual weights of the products at the licensed premises. (On or before February 13, 2019).

Note: Licensee was charged with these violations by Notice dated April 16, 2019. The total proposed sanction was a 32-day suspension or a \$5,280.00 civil penalty. Licensee wishes to enter into this settlement agreement.

AGGRAVATION

Staff added two days of aggravation because Violation Number One was repeated.

(1st Level Category III)

OAR 845-025-7700(3)(c) - Licensee or Licensee’s employees, agents, or representatives failed to generate a printed transport manifest that accompanied the transport of marijuana items (packages ending in 9909, 3043, and 3009) that were returned to the vendor who supplied them. (On or before February 13, 2019).

(1st Level Category III)

OAR 845-025-1410(3)(b) - On or about February 13, 2019, during all hours when Licensee (a retailer) was not operating, Licensee or Licensee’s employees, agents, or representatives failed to keep all marijuana items on the licensed premises in a safe or vault.

(1st Level Category III)

SYNOPSIS: Inspection of a retail premises revealed a few discrepancies with inventory. Some actual package weights did not match the weights recorded in CTS, and some packages identified in CTS as being at the premises were in fact not at the premises. The packages that were not at the premises were returned to the vendor, but no manifest for that transfer was ever created. Also, Licensee was storing some items overnight in a cage that did not meet the definition of a “safe” or “vault.”

(continued **MR. NICE GUY RETAIL**)

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violations as set out in the Notice. These were Licensee's first Category III violations within two years. They were each charged at the first level because they were discovered concurrently. Any subsequent Category III violation within the same two years will be charged at the second level.
2. The standard sanction for these violations is a 10-day suspension or a civil penalty of \$1,650.00 each. Staff added two days of aggravation because Violation Number One was repeated. The total proposed sanction was a 32-day suspension or a \$5,280.00 civil penalty.
3. The Commission will reduce the sanction by nine days. This is equivalent to a 30% reduction of the standard sanction.
4. Licensee will pay a \$3,795.00 civil penalty before 5:00 PM on July 15, 2019 **OR** serve a 23-day suspension beginning at 7:00 AM on July 20, 2019 and ending at 7:00 AM on August 12, 2019.
5. If a licensee's interest in the license expires or is transferred before the Commission issues a final order on the allegation(s), the licensee agrees to accept a Letter of Reprimand for the violation(s). This reprimand will become a permanent part of the licensee's Commission file and may be considered in any future application for any license by the licensee.
6. This agreement is conditional upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their June 2019 Commission Meeting. If the agreement is not accepted and approved in its entirety by the Commission it is deemed null and void and Licensee's hearing rights, if any, will be restored. If the agreement is accepted and approved in its entirety by the Commission, Licensee waives any and all rights to a contested case hearing under the Administrative Procedures Act (ORS Chapter 183) and to judicial review, or to otherwise challenge this agreement and the final order.

7. Applegate Valley Organics, LLC
Nectar Holdings, Inc., Member
Jeremy Pratt, Pres/Dir/Stockholder
Jeffrey Johnson, VP
Michael Olson, Sec/Treas
dba **NECTAR/APPLEGATE VALLEY
ORGANICS**
(Producer)

OAR 845-025-1450(2)(d)(A) - Licensee or Licensee's employees, agents, servants, or representatives failed to keep surveillance recordings for a minimum of 90 calendar days, when it only kept surveillance recordings since August 30, 2018 (75 days). (On or about November 13, 2018).

(1st Level Category I)

OAR 845-025-8540(1)(a) - Licensee and/or Licensee's employees, agents, or representatives made false statements or representations to the Commission or law enforcement in order to prevent action or investigation by the Commission or law enforcement, when on-site manager Allen Foster told OLCC Inspector J. Vargas that all marijuana is immediately transferred the day it is harvested and does not remain on-site, but video surveillance recordings showed that harvested marijuana on four portable racks was left unsecured overnight on November 12, 2018; and when Foster told Vargas no marijuana was stored in the security room but Vargas then discovered a tote filled with molded marijuana in that room. (On or about November 13, 2018).

(1st Level Category II)

OAR 845-025-1440(1)(a)(f) - Licensee and/or its employees, agents, or representatives failed to have camera coverage for all points of ingress and egress to and from the licensed premises, when four portable racks containing harvested marijuana were not under camera coverage. (On or about November 12-13, 2018).

(1st Level Category III)

Note: Licensee was charged with these violations by Notice dated March 6, 2019. Staff originally proposed the standard sanction of license cancellation and the seizure and destruction of marijuana items. Licensee requested a hearing and now wishes to enter into this settlement agreement.

(continued **NECTAR/APPLEGATE VALLEY ORGANICS**)

OAR 845-025-1410(3)(c) - Licensee and/or its employees, agents, or representatives, during all hours when the licensee was not operating, failed to ensure that all useable marijuana and cut and drying mature marijuana plants on the licensed premises were kept in a locked, enclosed area within the licensed premises that was secured with, at a minimum, a properly installed steel door with a steel frame, and a commercial grade, non-residential door lock. (On or about November 12, 2018).

(1st Level Category III)

SYNOPSIS: During a harvest inspection it was discovered Licensee had only 75 days of video recordings. Inspectors also observed portable racks with harvested marijuana drying. When asked about this, the onsite manager stated that all harvested marijuana is immediately transferred to a wholesaler the day of harvest for drying and storage. However, video recording showed partial and incomplete views of the harvested marijuana left unsecured overnight. The inspector also found a tote with molded marijuana being stored in the security room.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violations as set out in the Notice. Violation One was Licensee's first Category I violation. Violation Two was Licensee's first Category II violation. Violation Three and Violation Four were Licensee's first and second Category III violations. Violation Three and Violation Four were both charged at the first level because they were discovered concurrently. Any subsequent Category II or Category III violation within two years will be charged at the second level.
2. Commission staff originally proposed the standard sanction of license cancellation and the seizure and destruction of marijuana items.
3. The Commission will reduce the sanction for Violation One and impose a \$4,950.00 civil penalty or a 30-day license suspension for the violation.
4. The standard sanction for Violation Two is a 30-day license suspension. The Commission will reduce the penalty for Violation Two by nine days and impose a 21-day mandatory suspension. This is equivalent to a 30% reduction of the standard sanction.
5. The standard sanction for Violation Three and Violation Four is a 10-day license suspension or a \$1,650.00 civil penalty each. The Commission will reduce the sanction for Violation Three and Violation Four by three days for each violation. This is equivalent to a 30% reduction of the standard sanction.
6. Licensee will pay a \$7,260.00 civil penalty before 5:00 PM on July 15, 2019 and serve the 21-day suspension beginning at 7:00 AM on July 20, 2019 and ending at 7:00 AM on August 10, 2019, **OR** serve a 65-day suspension beginning at 7:00 AM on July 20, 2019 and ending at 7:00 AM on September 23, 2019.

(continued **NECTAR/APPLEGATE VALLEY ORGANICS**)

7. Licensee withdraws its request for a hearing.
8. If a licensee's interest in the license expires or is transferred before the Commission issues a final order on the allegation(s), the licensee agrees to accept a Letter of Reprimand for the violation(s). This reprimand will become a permanent part of the licensee's Commission file and may be considered in any future application for any license by that licensee.
9. This agreement is conditional upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their June 2019 Commission Meeting. If the agreement is not accepted and approved in its entirety by the Commission it is deemed null and void and Licensee's hearing rights, if any, will be restored. If the agreement is accepted and approved in its entirety by the Commission, Licensee waives any and all rights to a contested case hearing under the Administrative Procedures Act (ORS Chapter 183) and to judicial review, or to otherwise challenge this agreement and the final order.

8. Rose City Buds & Flowers, LLC
Dana Weihman, Member
dba ROSE CITY BUDS & FLOWERS
20595 SW Tualatin Valley Hwy, #102
Aloha, OR 97003
(Retailer)

OAR 845-025-1450(1)(a) - Licensee or Licensee's employees, agents, servants, or representatives failed to have cameras that continuously recorded, 24 hours a day, in all areas where usable marijuana, cannabinoid concentrates, extracts and/or products were present on the licensed premises. (From about July 12, 2018 to July 13, 2018, and again from about July 24, 2018 to July 25, 2018).

(1st Level Category III)

OAR 845-025-1450(2)(k) - Licensee or Licensee's employees, agents, servants, or representatives failed to immediately notify the Commission of any surveillance equipment failure or system outage that lasted 30 minutes or more. (On or about July 12, 2018 and again on July 24, 2018).

(1st Level Category III)

OAR 845-025-1175(1) - Licensee and/or its employees, agents, or representatives made physical changes to the licensed premises that materially or substantially altered the licensed premises or the usage of the licensed premises from the plans originally approved by the Commission when they removed the walls of the existing security room and moved the security room to an area that was identified in the plans approved by the Commission as an office. (Between about July 16, 2018 and July 25, 2018).

(1st Level Category III)

OAR 845-025-1230(13) - Licensee and/or its employees, agents, or representatives failed to maintain a log of all visitor activity in limited access areas when it allowed contractors into the licensed premises for the purpose of remodeling

Note: Licensee was charged with these violations by Amended Notice dated January 30, 2019. The total proposed sanction was a 44-day suspension or a \$7,260.00 civil penalty. Licensee requested a hearing and now wishes to enter into this settlement agreement.

AGGRAVATION

Staff added four days of aggravation because Violations Number One and Number Two were repeated.

(continued **ROSE CITY BUDS & FLOWERS**) and failed to document their first and last names, date of birth, or the date they were on the premises.

(1st Level Category III)

SYNOPSIS: Licensee, who held a recreation marijuana retailer license, undertook a renovation project in the licensed premises, which involved having contractors come into the premises and, among other things, remove certain walls and relocate the security room to a different location within the building. These changes to the licensed premises were not previously approved by the Commission. In the process of the renovation work, the cameras inside the premises were also turned off for a period of 17 hours. There was no camera coverage during that period and the Commission was not informed of the outage. Lastly, the Licensee failed to keep a log of the contractors that came into the premises to work on the renovations and did not have a record of who came into the premises, despite the fact that these contractors would be considered to be “visitors” under the relevant rule.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violations as set out in the Notice. These were Licensee’s first through fourth Category III violations. They were charged at the first level because they were discovered concurrently.
2. The standard sanction for first level Category III violations is a 10-day suspension or \$1,650.00 civil penalty each. Staff added four days of aggravation because Violations Number One and Number Two were repeated. The total proposed sanction was a 44-day suspension or a \$7,260.00 civil penalty.
3. Licensee has tendered the surrender of its license and the Commission accepted the surrender of Marijuana Retailer License No. 1005993ED4E on April 23, 2019.
4. Each licensee agrees to accept a Letter of Reprimand for the violations specified above. This Letter of Reprimand will become a permanent part of the licensee’s Commission file and may be considered in any future application for any license by the licensee.
5. Licensee hereby relinquishes any and all interest in any marijuana items in its inventory that have not been transferred before the effective date of license surrender, and agrees that the Commission may seize and destroy any such marijuana items.
6. Licensee withdraws its Request for Hearing in this matter.
7. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their June 2019 Commission Meeting. If the agreement is not accepted and approved in its entirety by the Commission it is deemed null and void and Licensee’s hearing rights, if any, will be restored. If the agreement is accepted and approved in its entirety by the Commission, Licensee waives any and all rights to a contested case hearing under the Administrative Procedures Act (ORS Chapter 183) and to judicial review, or to otherwise challenge this agreement and the final order.

9. West Coast Cannabis Consortium, LLC
Christopher Roll, Member
Christopher Wytovicz, Member
Heidi Wytovicz, Member
Pamela Lovejoy, Member
Cave Junction, OR 97523
dba **WEST COAST CANNABIS**
(Producer)

OAR 845-025-1450(2)(d)(A) – Licensee or Licensee’s employees, agents, servants, or representatives failed to keep surveillance recordings for a minimum of 90 calendar days. (On or about October 25, 2018).

(1st Level Category I)

OAR 845-025-7580(1)(b), (d) - From about October 17, 2017 to about November 30, 2017, and again from about October 16, 2018 to about November 2, 2018, Licensee and/or its employees, agents or representatives failed to reconcile all on-premises and in-transit marijuana inventories each day in the METRC Cannabis Tracking System (CTS) at the close of business pursuant to system requirements, with respect to marijuana plants from multiple Harvest Batches that were harvested on October 17, 2017 and October 16, 2018, respectively, but not entered into CTS until on or about November 30, 2017 and November 2, 2018, respectively.

(1st Level Category III)

OAR 845-025-1410(3)(c) - Licensee and/or its employees, agents, or representatives, during all hours when the licensee was not operating, failed to ensure that all useable marijuana and cut and drying mature marijuana plants on the licensed premises were kept in a locked, enclosed area within the licensed premises that was secured with, at a minimum, a properly installed steel door with a steel frame, and a commercial grade, non-residential door lock, when a harvested marijuana was drying in an unsecure greenhouse. (On or about October 25, 2018).

(1st Level Category III)

OAR 845-025-1460(1) - Licensee and/or Licensee’s employees, agents, or representatives failed to have its surveillance room or surveillance area in a limited

Note: Licensee was charged with these violations by Notice dated May 1, 2019. Staff originally proposed the standard sanction of license cancellation and the seizure and destruction of marijuana items. Licensee requested a hearing and now wishes to enter into this settlement agreement.

AGGRAVATION

Staff added two days of aggravation because Violation Two was repeated.

(continued **WEST COAST CANNABIS**)

access area and have the surveillance recording equipment housed in a designated, locked, and secured room or other enclosure with access limited to a licensee, licensee representative, authorized personnel, employees of the Commission, state and local enforcements agencies and service personnel or contractors. (On or about October 25, 2018).

(1st Level Category III)

SYNOPSIS: Licensee and Operational Manager operates a Mixed Tier One grow (small producer grow). During harvest inspection Licensee did not have 90 days of video recordings and had inadequate security measures where drying harvested marijuana was stored overnight. Licensee's CTS account showed harvest data had not been entered pursuant to system requirements. Not all camera video was maintained onsite, as some cameras were connected to a separate system inside the licensee's residence. Licensee stated he has regularly contacted Metrc for assistance with entering data. Subsequent to these violations Licensee has proactively sought inspector's assistance with a premises compliance check.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violations as set out in the Notice. Violation One was Licensee's first Category I violation. Violations Two, Three and Four were Licensee's first, second and third Category III violations. Staff added two days of aggravation because Violation Two was repeated. Violation Two, Three and Four were charged at the first level because they were discovered concurrently. Any subsequent Category III violation within two years will be charged at the second level.
2. Commission staff originally proposed the standard sanction of license cancellation and the seizure and destruction of marijuana items.
3. The Commission will reduce the sanction for Violation One and impose a \$4,950.00 civil penalty or a 30-day license suspension for the violation.
4. The standard sanction for Violations Two, Three and Four is a 10-day license suspension or a \$1,650.00 civil penalty each. The Commission will reduce the sanction by three days for each Category III violation. This is equivalent to a 30% reduction of the standard sanction.
5. Licensee will pay an \$8,745.00 civil penalty before 5:00 PM on July 15, 2019 **OR** serve a 53-day suspension beginning at 7:00 AM on July 20, 2019 and ending at 7:00 AM on September 11, 2019.
6. Licensee withdraws its request for a hearing.
7. If a licensee's interest in the license expires or is transferred before the Commission issues a final order on the allegation(s), the licensee agrees to accept a Letter of Reprimand for the violation(s). This reprimand will become a permanent part of the licensee's Commission file and may be considered in any future application for any license by that licensee.
8. This agreement is conditional upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their June 2019 Commission Meeting. If the agreement is not accepted and approved in its entirety by the Commission it is deemed null and void and Licensee's hearing rights, if any, will be restored. If the agreement is accepted and approved in its entirety by the Commission, Licensee waives any and all rights to a contested case hearing under the Administrative Procedures Act (ORS Chapter 183) and to judicial review, or to otherwise challenge this agreement and the final order.

10. Pacific Enterprise Holdings, LLC
Oregrown Industries, Inc., Mng Member
Hunter Neubauer, President/Dir/Stkhldr
Kevin Hogan, Secretary/Dir/Stockholder
Tsiona Bitton, Director/Stockholder
Justin Crown, Director/Stockholder
dba **OREGROWN**
(Producer)

OAR 845-025-2020(2) and/or 845-025-7700(1) – Licensee acted other than its producer license permits when Licensee Justin Crown transported and delivered marijuana seeds and clones from the licensed premises to an unlicensed location. (On or about January 12, 2018).

(1st Level Category I)

OAR 845-025-1160(3) - Licensee and/or its agents, employees or representatives, failed to give the Commission timely notice of a theft from the premises, when a purported theft of marijuana seeds, marijuana clones and equipment allegedly occurring on or about January 11-13, 2018 was first reported to the police by Licensee Hunter Neubauer on March 6, 2018, and was not reported to the Commission prior to the report to the police. (On or about January 14, 2018).

(1st Level Category III)

OAR 845-025-1160(4) - Licensee and/or its agents, employees or representatives, failed to submit a form notifying the Commission and requesting its approval for a change in ownership structure and/or a change in who has a financial interest in the business prior to attempting to remove Justin Crown from Licensee ownership/financial interest. (On or about January 11, 2018).

(1st Level Category III)

OAR 845-025-7580(1)(b) - Licensee and/or its agents, employees or representatives, failed to reconcile all on-premises and in-transit marijuana item inventories each day in the METRC Cannabis Tracking System (CTS) at the close of business pursuant to system requirements, with respect to over 500 marijuana seeds and several marijuana

Note: Licensee was charged with these violations by Second Amended Notice dated May 31, 2019. Staff originally proposed the standard sanction of license cancellation and the seizure and destruction of marijuana items, and refusal to renew license. Licensee requested a hearing and now wishes to enter into this settlement agreement.

AGGRAVATION

Staff proposed aggravation because Violations Number One and Number Two were personally committed by licensees, Violation Number One was intentional, and Violations Number Four, Number Five and Number Six were repeated.

(continued **OREGROWN**)

clones removed from the premises by Justin Crawn. (From about January 12, 2018 to November 9, 2018).

(1st Level Category III)

OAR 845-025-1450(2)(k) - Licensee and/or its agents, employees or representatives, failed to immediately notify the Commission of any surveillance equipment failure or system outage lasting 30 minutes or more when camera outages were discovered in the forever flowering greenhouse, the main greenhouse, and/or camera 18, which had been out for at least 30 minutes and which had not been previously reported to the Commission. (On or about September 21, 2018).

(1st Level Category III)

OAR 845-025-7570(1) - Licensee and/or its agents, employees or representatives, failed to assign unique identification (UID) number CTS tags to approximately eight marijuana cultivation batches found on the premises in the “forever flowering” greenhouse. (On or about September 21, 2018).

(1st Level Category III)

OAR 845-025-1450(1)(a) - Licensee and/or its agents, employees or representatives, failed to have cameras that continuously recorded, 24 hours a day, in all areas where marijuana items were present, when a camera outage occurred in the forever flowering greenhouse, a location where marijuana plants were present. (From about November 7, 2018 to about November 26, 2018).

(2nd Level Category III)

(continued **OREGROWN**)

SYNOPSIS: The Oregrown and Justin Crawn cases originated when Licensees reported a theft of marijuana seeds and clones from the premises by Justin Crawn, a co-owner who was being removed from the business. Crawn took the seeds and clones to his personal residence when he was told he was being removed from the business. The theft and the change in ownership structure were not reported to OLCC in timely fashions, and CTS was not updated appropriately. Later, Licensees were found to have problems with camera coverage and proper tagging of marijuana items. In addition to serving a suspension and paying a civil penalty, Justin Crawn is being removed from the business and is being removed as a licensee. Mr. Crawn also surrenders his marijuana worker permit, and is required to return the stolen marijuana seeds to the licensed premises, which has already been accomplished.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violations as set out in the Notice. Violation Number One was Licensee's first Category I violation. Any subsequent Category I violation may result in license cancellation. Violations Number Two through Seven were Licensee's first through sixth Category III violations, all charged at the first level except for Violation Number Seven, which was charged at the second level. Any subsequent Category III violation within the same two years will be charged at the third level.
2. Commission staff originally proposed for these violations the standard sanction of license cancellation. Commission staff proposed aggravation because Violations Number One and Number Two were personally committed by licensees, Violation Number One was intentional, and Violations Number Four, Number Five and Number Six were repeated.
3. The Commission will reduce the sanction on Violation Number One to a 34-day suspension and payment of a \$4,950.00 civil penalty. The Commission will reduce the sanction on Violations Number Two, Number Four, Number Five and Number Six to a nine-day suspension or payment of a \$1,485.00 civil penalty each; on Violation Number Three a seven-day suspension or payment of a \$1,155.00 civil penalty; and on Violation Number Seven to a 21-day suspension or payment of a \$3,465.00 civil penalty. This is equivalent to a 30% reduction of the standard sanction for Violations Number Two through Number Seven.
4. Licensee will either: (1) pay a \$4,950.00 civil penalty before 5:00 PM on July 15, 2019 **and** serve a 98-day suspension beginning at 7:00 AM on July 20, 2019 and ending at 7:00 AM on October 26, 2019; **OR** (2) pay a \$15,510.00 civil penalty before 5:00 PM on July 15, 2019 **and** serve a 34-day suspension beginning at 7:00 AM on July 20, 2019 and ending at 7:00 AM on August 23, 2019.
5. The Commission will process Licensee's renewal application in normal course. Justin Crawn will not be a Director/Stockholder or otherwise be a licensee on the renewed license.
6. Licensee withdraws its Request for Hearing in this matter.
7. If a licensee's interest in the license expires or is transferred before the Commission issues a final order, that licensee agrees to accept a Letter of Reprimand for these violations. This reprimand will become a permanent part of the licensee's Commission file and may be considered in any future application for any license by the licensee.
8. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their June 2019 Commission Meeting. If the agreement is not accepted and approved in its entirety by the Commission it is deemed null and void and Licensee's hearing rights, if any, will be restored. If the agreement is accepted and approved in its entirety by the Commission, Licensee waives any and all rights to a contested case hearing under the Administrative Procedures Act (ORS Chapter 183) and to judicial review, or to otherwise challenge this agreement and the final order.

11. **JUSTIN CRAWN**

Worker Permit No. 58C08L
(OREGROWN)

OAR 845-025-7700(1) – Permittee transported and delivered marijuana seeds and clones from the licensed premises of Pacific Enterprise Holdings, LLC dba Oregrown, OLCC Producer License No. 10021828E2E (Oregrown), to an unlicensed location. This is a violation of OAR 845-025-7700(1) and is therefore a ground for suspension or revocation of Permittee’s worker permit pursuant to OAR 845-025-5590(1)(b). (On or about January 11, 2018 and/or January 13, 2018).

(1st Level Category I)

OAR 845-025-8520(7) - Permittee permitted unlawful activity on the licensed premises or in areas adjacent to the licensed premises under the control of the licensee when Permittee transported over 500 marijuana seeds and/or several marijuana clones from the licensed premises of Oregrown without a printed METRC Cannabis Tracking System (CTS) transport manifest, and these marijuana items were not labeled with CTS uniform identification (UID) tags prior to transport, as required by OAR 845-025-7700(3)(c), (6). This is a violation of OAR 845-025-8520(7) and is therefore a ground for suspension or revocation of Permittee’s worker permit pursuant to OAR 845-025-5590(1)(b). (On or about January 11, 2018 and/or January 13, 2018).

(1st Level Category III)

OAR 845-025-8520 (7) - Permittee permitted unlawful activity on the licensed premises or in areas adjacent to the licensed premises under the control of the licensee when Permittee failed to reconcile all on-premises and in-transit marijuana item inventories that day in CTS at the close of business pursuant to system requirements, with respect to over 500 marijuana seeds and several marijuana clones that Permittee removed from the premises of Oregrown, as required by OAR 845-025-7580(1)(b). This is a

Note: Permittee was charged with these violations by Notice dated December 11, 2018. The proposed sanction was the standard sanction of cancellation of Marijuana Worker Permit No. 58C08L. Permittee requested a hearing and now wishes to enter into this settlement agreement.

AGGRAVATION

Commission staff recommended aggravation because Violation Number One, Number Two and Number Three were intentional, and because they indicated a disregard for law or failure to control the premises.

(continued **JUSTIN CRAWN**)

violation of OAR 845-025-8520(7) and is therefore a ground for suspension or revocation of Permittee's worker permit pursuant to OAR 845-025-5590(1)(b). (On or about January 11, 2018 and/or January 13, 2018).

(1st Level Category III)

SYNOPSIS: The Oregrown and Justin Crawn cases originated when Licensees reported a theft of marijuana seeds and clones from the premises by Justin Crawn, a co-owner who was being removed from the business. Crawn took the seeds and clones to his personal residence when he was told he was being removed from the business. The theft and the change in ownership structure were not reported to OLCC in timely fashions, and CTS was not updated appropriately. Later, Licensees were found to have problems with camera coverage and proper tagging of marijuana items. In addition to serving a suspension and paying a civil penalty, Justin Crawn is being removed from the business and is being removed as a licensee. Mr. Crawn also surrenders his marijuana worker permit, and is required to return the stolen marijuana seeds to the licensed premises, which has already been accomplished.

TERMS OF AGREEMENT

1. Permittee accepts responsibility for the violations as set out in the Notice. This was Permittee's first Category I violation, and first and second Category III violations within two years.
2. Commission staff recommended aggravation because Violation Number One, Number Two and Number Three were intentional, and because they indicated a disregard for law or failure to control the premises.
3. Commission staff originally proposed the standard sanction of permit cancellation. Permittee agrees to surrender Marijuana Worker Permit No. 58C08L effective as of the date of ratification of this Agreement by the Commission, and the Commission accepts such surrender.
4. Permittee agrees to accept a letter of reprimand for the violations specified above. This letter of reprimand will become a permanent part of Permittee's Commission file and may be considered in any future application for any permit or license by Permittee.
5. Unless Permittee has already returned the marijuana seeds that he removed from the licensed premises of Oregrown (PROD No. 10021828E2E) prior to signing this Agreement and such return is confirmed by Oregrown, Permittee will surrender those seeds to an OLCC Inspector no later than by July 15, 2019. The Commission will facilitate re-entry of this material into the Oregrown METRC Cannabis Tracking System, as needed.
6. Permittee withdraws the request for hearing in this matter.
7. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their June 2019 Commission Meeting. If the agreement is not accepted and approved in its entirety by the Commission it is deemed null and void and Permittee's hearing rights will be restored. If the agreement is accepted and approved in its entirety by the Commission, Permittee waives any and all rights to a contested case hearing under the Administrative Procedures Act (ORS Chapter 183) and to judicial review, or to otherwise challenge this agreement and the final order.

12. Columbia River Herbals, LLC
Norman Brock, Member
dba **COLUMBIA RIVER HERBALS**
609 E 2nd St
The Dalles, OR 97058
(Retailer)

OAR 845-025-2890(1), (4) – Licensee and/or its employees, agents or representatives intentionally failed to collect, at the point of sale, the tax imposed on the consumer under ORS 475B.705 and/or intentionally failed to remit the tax to the Oregon Department of Revenue (DOR) in accordance with DOR rules. (From March 31, 2017 to about January 31, 2019).

Note: Licensee was charged with this violation by Notice dated April 16, 2019. Staff originally proposed the standard sanction of license cancellation and seizure and destruction of marijuana items. Licensee wishes to enter into this settlement agreement.

(1st Level Category III)

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violation as set out in the Notice. This was Licensee's first Category I violation.
2. The standard sanction for this violation is license cancellation.
3. Licensee has begun the process of selling the business. Licensee hereby surrenders its license effective as of the earlier of the date that the sale is completed or July 31, 2019. Licensee agrees that any marijuana items at the premises which were not transferred prior to the effective date of license surrender may be seized and destroyed by the Commission.
4. Each licensee agrees to accept a Letter of Reprimand for this violation. This reprimand will become a permanent part of each licensee's Commission file and may be considered in any future application for any license by the licensee.
5. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their June 2019 Commission Meeting. If the agreement is not accepted and approved in its entirety by the Commission it is deemed null and void and Licensee's hearing rights, if any, will be restored. If the agreement is accepted and approved in its entirety by the Commission, Licensee waives any and all rights to a contested case hearing under the Administrative Procedures Act (ORS Chapter 183) and to judicial review, or to otherwise challenge this agreement and the final order.