

ADMINISTRATIVE POLICY & PROCESS DIVISION
May 16, 2019

STIPULATED SETTLEMENT AGREEMENTS FOR MARIJUANA VIOLATION CASES

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| <p>1. King Kannabis, LLC
Joy King, Member
dba KING KANNABIS
1544 Newmark Avenue
Coos Bay, OR 97420
(Retailer)</p> | <p>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 October 26, 2018. (November 28, 2018).

(1st Level Category I)</p> | <p>Note: Licensee was charged with this violation by Notice dated March 6, 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.</p> |
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SYNOPSIS: While following up on a complaint inspectors discovered that Licensee had 33 days of video retention. Licensee stated its security company’s firmware update inadvertently caused their system to revert to a default setting that reduced the retention period to under 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 June 17, 2019 **OR** serve a 30-day suspension beginning at 7:00 AM on June 22, 2019 and ending at 7:00 AM on July 22, 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 May 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. Simplee Green, LLC
Janice Grossman, Member
dba OREGON'S GREEN RUSH
2644 River Road, Unit #5
Eugene, OR 97404
(Retailer)

OAR 845-025-2900(3)(d) - Licensee and/or its employees, agents or representatives failed to use the METRC Cannabis Tracking System to record the OMMP receipt or card number of customers to whom they sold or transferred marijuana items for medical purposes. (From about April 28, 2017 to about February 16, 2019).

(1st Level Category III)

Note: Licensee was charged with this violation by Notice dated April 16, 2019. The total proposed sanction was a 12-day suspension or a \$1,980.00 civil penalty. Licensee wishes to enter into this settlement agreement.

AGGRAVATION

Staff added two days of aggravation because the violation was repeated.

SYNOPSIS: This retailer licensee's point of sale software was originally set up with a default setting that entered "12345678" instead of the patient or caregiver number whenever a medical marijuana sale was made. This resulted in failure to capture certain required information for medical sales. The store manager demonstrated to the OLCC Inspector that he could not change this, but it was then fixed by the system vendor.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violation as set out in the Notice. This was Licensee's first Category III violation. Any subsequent Category III violation within the same two years will be charged at the second level.
2. The standard sanction for this violation is a 10-day suspension or a civil penalty of \$1,650.00. Staff added two days of aggravation because the violation was repeated. The total proposed sanction was a 12-day suspension or a \$1,980.00 civil penalty.
3. The Commission will reduce the sanction by three days. This is equivalent to a 30% reduction of the standard sanction.
4. Licensee will pay a \$1,485.00 civil penalty before 5:00 PM on June 17, 2019 **or** serve a nine-day suspension beginning at 7:00 AM on June 22, 2019 and ending at 7:00 AM on July 1, 2019.
5. If a licensee's interest in the license expires or is transferred before the Commission issues a final order on this allegation, that 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 a license by the licensee.
6. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their May 2019 Commission Meeting. If the agreement is not accepted and approved in its entirety by the Commission it is deemed null and void and Licensees' hearing rights, if any, will be restored. If the agreement is accepted and approved in its entirety by the Commission, Licensees waive 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. Judy Neely
dba **WOLF CREEK GARDEN**
(Producer)

OAR 845-025-7 OAR 845-025-7540(1), (2) - Licensee and/or its employees, agents or representatives failed to enter data into CTS that fully and transparently accounted for all inventory tracking activity, with respect to marijuana plants from Harvest Batches Oregon Eclipse, Lucky 23, Twelve Monkeys, Purple U-dub, Oregon State Bad Ass, Sour Diesel, Lemon Kush, Jungle Juice, and Chem Valley, which were harvested from about September 29, 2018 to about October 7, 2018, but not reported in CTS as harvested until October 25, 2018. (On or before October 25, 2018).

(1st Level Category III

Note: Licensee was charged with this violation by Notice dated April 17, 2019. The total proposed sanction was a 12-day suspension or a \$1,980.00 civil penalty. Licensee wishes to enter into this settlement agreement.

AGGRAVATION

Staff added two days of aggravation because the violation was repeated.

SYNOPSIS: An investigation into Licensee's Metrc CTS account showed that 2018 harvest data for nine Harvest Batches had not been entered into CTS until weeks after the reported harvest dates.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violation as set out in the Notice. This was Licensee's first Category III violation within two years. Any subsequent Category III violation within the same two years will be charged at the second level.
2. The standard sanction for this violation is a 10-day suspension or a civil penalty of \$1,650.00. Staff added two days of aggravation because the violation was repeated. The total proposed sanction was a 12-day suspension or a \$1,980.00 civil penalty.
3. The Commission will reduce the sanction by three days. This is equivalent to a 30% reduction of the standard sanction.
4. Licensee will pay a \$1,485.00 civil penalty before 5:00 PM on June 17, 2019 **OR** serve a nine-day suspension beginning at 7:00 AM on June 22, 2019 and ending at 7:00 AM on July 1, 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 May 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. Steven Hanlin
dba **STEVEN DEAN HANLIN**
(Producer)

OAR 845-025-7580(1)(d) – Licensee failed to record the wet weight of all harvested marijuana plants immediately after harvest in the METRC Cannabis Tracking System (CTS), with respect to approximately 650 marijuana plants harvested between October 9, 2018 and November 3, 2018. (On or before November 3, 2018).

(1st Level Category III)

ORS 475B.261(2), OAR 845-025-5500(4) - Licensee failed to verify that he had a valid marijuana worker permit before performing work specified in ORS 475B.261(1) and OAR 845-025-5500(1). (From about October 11, 2018 to about November 12, 2018).

(1st Level Category III)

Note: Licensee was charged with these violations by Notice dated March 26, 2019. The total proposed sanction was a 28-day suspension or a \$4,620.00 civil penalty. Licensee wishes to enter into this settlement agreement.

AGGRAVATION

Staff added eight days of aggravation because these violations were committed by Licensee personally, Violation Number One was repeated, and Violation Number Two was committed for longer than six months.

SYNOPSIS: – During a harvest inspection of this outdoor producer, OLCC inspectors noticed that the wet weight of harvested plants had not been entered into the METRC Cannabis Tracking System (CTS). Further review of CTS disclosed that Licensee did enter all harvests in CTS, but he did not satisfy the requirement of doing so “immediately after harvest.” In addition, Licensee performed tasks at his premises since October 2016 that required a marijuana worker permit, but he did not have a permit. He did obtain the required permit on November 13, 2018.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violations as set out in the Notice. These were Licensee’s first and second Category III violations within two years, charged at the first level. 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 eight days of aggravation because these violations were committed by Licensee personally, Violation Number One was repeated, and Violation Number Two was committed for longer than six months. The total proposed sanction was a 28-day suspension or a \$4,620.00 civil penalty.
3. The Commission will reduce the sanction by three days for each violation. This is equivalent to a 30% reduction of the standard sanction.
4. Licensee will pay a \$3,630.00 civil penalty before 5:00 PM on June 17, 2019 **or** serve a 22-day suspension beginning at 7:00 AM on June 22, 2019 and ending at 7:00 AM on July 14, 2019.

(continued **STEVEN DEAN HANLIN**)

5. If a licensee's interest in the license expires or is transferred before the Commission issues a final order on these charges, 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.
6. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their May 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. IMF Farms, LLC
Michael Lisk, Member
dba **IMF FARMS**
(Producer)

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 added and/or put into use an unapproved greenhouse that was used to dry post-harvest marijuana. (On or before October 28, 2018).

(1st Level Category III)

OAR 845-025-1410(1), (3)(c) - On or about October 28, 2018, during times when the business was not operating, Licensee and/or its employees, agents or representatives failed to provide adequate safeguards against theft or diversion of marijuana items and 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 a properly installed steel door with steel frame and a commercial grade, non-residential door lock, with respect to the newly-added greenhouse structure which lacked solid walls, and a metal door in a metal frame secured by a non-residential commercial lock.

(1st Level Category III)

OAR 845-025-7520(1)(a)(b)(c) - Licensee, whose license became effective August 31, 2018, and/or its employees, agents or representatives, failed to use unique identification (UID) tags issued by a Commission-approved vendor, failed to have an adequate supply of UID tags at all times other than during the first ten calendar days of licensure, and/or failed to tag individual marijuana

Note: Licensee was charged with these violations by Notice dated February 19, 2019. The total proposed sanction was a 56-day suspension or a \$9,240.00 civil penalty. Licensee requested a hearing and now wishes to enter into this settlement agreement.

AGGRAVATION

Staff added six days of aggravation because Violations Number Three, Number Four and Number Five were repeated.

(continued **IMF FARMS**)

plants with a UID tag no later than the sooner of when each plant reached a height of 24 inches or when the individual plant was identified as female, with respect to multiple marijuana plants in its outdoor canopy and/or harvested and drying at the premises. (On or about October 28, 2018).

(1st Level Category III)

OAR 845-025-7580(1)(b)(d). - Licensee and/or Licensee's employees, agents 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 approximately 1,241 marijuana plants harvested between about October 13, 2018 and October 22, 2018, which were not reported in CTS until between about November 7, 2018 and November 30, 2018; and/or with respect to approximately 97 marijuana plants the harvest of which was recorded in CTS on November 7, 2018 and November 10, 2018, with specific harvest weights attributed to each plant, but which were not actually harvested according to Licensee's CTS account until November 16, 2018 and November 22, 2018. (Between about October 13, 2018 to about November 30, 2018).

(1st Level Category III)

(continued **IMF FARMS**)

OAR 845-025-2090(1), (2), (5)(a) - Licensee and/or their employees, agents or representatives harvested usable marijuana from one or more mature marijuana plants in an outdoor canopy area on the licensed premises without submitting a harvest notification in the form and manner prescribed by the Commission identifying the proposed harvest dates no later than by 9:00 AM on the day of the harvest activity. (On or about October 13, 2018, October 15, 2018, October 16, 2018, October 17, 2018, October 18, 2018, November 16, 2018, and November 22, 2018).

(1st Level Category III)

SYNOPSIS: During a harvest inspection of this outdoor producer, OLCC inspectors first noticed a new greenhouse that had not been approved. Licensee stated he believed he didn't need to get approval because it was on the plans initially proposed, but he was mistaken because the structure had not been built and inspected. The new greenhouse was then inspected and found to have working cameras, but it had lacked rigid walls, steel doors with steel frames, and commercial locks. The plants in the field were molding and dead due to delayed harvest. Licensee explained that he had trouble accessing the METRC Cannabis Tracking System (CTS) due to a misspelling of his name, and then when that was solved his UID tags were held up due to inclement weather on the East Coast. This led them to delay tagging and harvesting. Emails later provided did verify the accuracy of this information. Nonetheless, the plants were required to be tagged and they were not. Of the plants that were harvested, Licensee was late in recording some in CTS, inaccurate in recording other harvest dates, and failed to provide some required harvest notifications. However, the plants that were harvested appeared to be all recorded in CTS.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violations as set out in the Notice. These were Licensee's first through fifth Category III violations within two years, charged at the first level. 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 six days of aggravation because Violations Number Three, Number Four and Number Five were repeated. The total proposed sanction was a 56-day suspension or a \$9,240.00 civil penalty.
3. The Commission will reduce the sanction by three days for each violation. This is equivalent to a 30% reduction of the standard sanction.

(continued **IMF FARMS**)

4. Licensee will pay a \$6,765.00 civil penalty before 5:00 PM on June 17, 2019 **or** serve a 41-day suspension beginning at 7:00 AM on June 22, 2019 and ending at 7:00 AM on August 2, 2019.
5. Licensee withdraws its Request for Hearing in this matter.
6. If a licensee's interest in the license expires or is transferred before the Commission issues a final order on these charges, 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.
7. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their May 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. CCW, LLC
Jerry Gompers, Member
dba **THE CANNA COMPANY**
(Wholesaler)

ORS 475B.100(2) and OAR 845-025-1100(2)(a) – Licensee exercised the privileges of a marijuana wholesaler at premises for which it did not have a wholesale license issued by the Commission, when Licensee and/or its employees, agents or representatives received, stored or delivered marijuana items at or from the premises of licensed marijuana retailers NW Compassion Medical Center, Home Grown Apothecary, and/or Slabtown. (From about April 18, 2017 to about August 18, 2017).

(1st Level Category 1)

OAR 845-025-1230(14), OAR 845-025-1300(1)(h), OAR 845-025-3500(2), and OAR 845-025-7700(1) –

On or about July 30, 2018, and for a period of at least two months prior to that date, Licensee operated other than as its license permits by engaging in the privileges of a wholesaler within a residence, when Licensee and/or its employees, agents or representatives delivered marijuana items to, stored marijuana items in, and transferred and transported marijuana items from, the personal residence of Licensee principal Jerry Gompers. (1st Level Category 1)

OAR 845-025-8540(4)(a)- Licensee intentionally concealed potential evidence, or attempted to do so, or asked or encouraged another person to do so, when Licensee Jerry Gompers and/or Licensee's employees, agents or representatives carried marijuana items into the premises through a side window in order to avoid being seen and recorded on security cameras. (On or about July 30, 2018).

(1st Level Category I)

Note: Licensee was charged with these violations by Notice dated November 15, 2018. Staff proposed license cancellation and seizure and destruction of marijuana items for these violations. Licensee requested a hearing and now wishes to enter into this settlement agreement.

AGGRAVATION

Staff recommended aggravation because Violations Number One, Number Two, Number Four and Number Seven were repeated; Violations Number One and Number Two were intentional; and Licensee Jerry Gompers personally committed Violations Number Two, Number Three, Number Six and Number Eight. Commission staff also recommended aggravation for three or more violations within a two-year period, regardless of the category, where the number of violations indicated a disregard for the law or failure to control the premises.

(continued **THE CANNA COMPANY**)

OAR 845-025-3500(2) - Licensee operated other than its license permits when it accepted and received transfers of marijuana items from licensed retailers Home Grown Apothecary and NW Compassion Medical Center that were not waste and were not returns from the original licensee who purchased the item(s). (On or about July 17, 2017, August 4, 2017, August 9, 2017, August 17, 2017, and March 23, 2018).

(1st Level Category I)

OAR 845-025-1400(5) - Licensee failed to comply with the terms of an approved security plan for the premises which assured that, when not operating, “all exterior doors, windows, or other points of ingress/egress [will] be locked,” in that inspectors observed a broken window at the back of the premises through which a vine was growing into the premises. (On or before July 26, 2018).

(1st Level Category III)

OAR 845-025-8520(3)(a)(B) - Licensee refused or failed to promptly admit Commission Inspectors D. Standiford and J. Mereen to the licensed premises after they identified themselves and requested admission to the licensed premises because there was reason to believe that a violation of ORS 475B and/or OAR ch. 845-025 affecting the premises was occurring there, specifically a breach of the security plan and security of the premises due to a broken window, and possible theft of marijuana items. (On about July 26, 2018).

(1st Level Category II)

(continued **THE CANNA COMPANY**)

OAR 845-025-1450(1) - Licensee and/or its employees, servants, agents or representatives failed to have cameras that continuously recorded, 24 hours a day, in all areas where mature marijuana plants, immature marijuana plants, and usable marijuana may have been present on the licensed premises; and all points of ingress and egress to and from areas where mature marijuana plants, immature marijuana plants or usable marijuana were present, when it failed to have any camera coverage in the back bedroom and in the kitchen area of the premises, both of which contained large quantities of marijuana items. (On or about July 30, 2018).

(1st Level Category III)

OAR 845-025-7540(1), (2) - Licensee failed to fully and transparently account in CTS for all inventory tracking activities, and failed to accurately enter data into CTS, when Licensee's principal Jerry Gompers removed 8,176 packages of cannabinoid edibles from inventory noting "testing expired," but 1,903 boxes of expired edibles were discovered at the premises on July 30, 2018. (From about July 25, 2018 to about July 30, 2018).

(1st Level Category III)

ORS 475B.261(2), OAR 845-025-5500(4) - Licensee and/or its employees, servants, agents or representatives failed to verify that its employee Matt Gompers had a valid marijuana worker permit before allowing Matt Gompers to perform any work of the kind described in ORS 475B.261(1) and/or OAR 845-025-5500(1). (On or about August 4, 2017).

(1st Level Category III)

(continued **THE CANNA COMPANY**)

SYNOPSIS: This wholesaler was found significantly out of compliance during a July 30, 2018 inspection that was triggered by a transfer other than license permits by another licensee who was handling product for The Canna Company prior to the time that it was licensed. Staff sought to cancel this license and the worker permit of the sole member of the licensee company (Gompers). Licensee and Permittee retained counsel, and a hearing was set for early May 2019. However, Licensee and Permittee have now agreed to accept responsibility for all violations and to surrender their license (effective July 18, 2019 at the latest) and the worker permit (effective upon ratification of this settlement). The licensee is not currently operating, and an inspection found that no marijuana remains on the premises.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violations as set out in the Notice. These were Licensee's first through fourth Category I violations, first Category II violation and first through fourth Category III violations within two years.
2. Commission staff recommended aggravation because Violations Number One, Number Two, Number Four and Number Seven were repeated; Violations Number One and Number Two were intentional; and Licensee Jerry Gompers personally committed Violations Number Two, Number Three, Number Six and Number Eight. Commission staff also recommended aggravation for three or more violations within a two-year period, regardless of the category, where the number of violations indicated a disregard for the law or failure to control the premises.
3. Commission staff proposed license cancellation for these violations. Licensee has begun the process of selling the business. Licensee will surrender its license on the date the transfer of ownership of the business is completed or at 7:00 AM on July 18, 2019, whichever is earlier.
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 each 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 left at the licensed premises after 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 May 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. **JERRY GOMPERS**

2431 Oregon City Blvd
West Linn, OR 97068
Worker Permit No. 883KA4 and
Worker Permit Application No. 25934
(THE CANNA COMPANY)

OAR 845-025-1230(14), OAR 845-025-1300(1)(h), OAR 845-025-3500(2), and OAR 845-025-7700(1) – On or about July 30, 2018, and for a period of at least two months prior to that date, you exercised permit privileges other than your wholesale license permits when you engaged in the privileges of a wholesaler within a residence, and when you delivered marijuana items to, stored marijuana items in, and transferred and transported marijuana items from, your own personal residence.

(1st Level Category I)

OAR 845-025-7700(3)(c) - On or about July 30, 2018, you transported marijuana items without generating a printed METRC Cannabis Tracking System (CTS) transport manifest, when you transported marijuana items from your personal residence to the licensed premises of The Canna Company.

(1st Level Category III)

OAR 845-025-8540(4)(a) - On or about July 30, 2018, you intentionally concealed potential evidence, or attempted to do so, or asked or encouraged another person to do so, when you and/or your son Matt Gompers carried marijuana items into the premises of The Canna Company through a side window in order to avoid being seen and recorded on security cameras.

(1st Level Category I)

OAR 845-025-8520(3)(a)(B) - On about July 26, 2018, at a time when the premises appeared to be closed, you refused or failed to promptly admit Commission Inspectors D. Standiford and J. Merein to the licensed premises of The Canna Company after they identified themselves and requested

Note: Permittee was charged with these violations by Notice dated November 15, 2018. The proposed sanction was the standard sanction of cancellation of Marijuana Worker Permit No. 883KA4. In addition, Commission staff recommended that the Commission deny Worker Permit Application No. 25934, received July 12, 2017 from Permittee Jerry Gompers. Permittee requested a hearing and now wishes to enter into this settlement agreement.

AGGRAVATION

Commission staff recommended aggravation because Violation Number One was repeated, and because Violations Number One and Number Two were intentional. Commission staff also recommended aggravation for three or more violations within a two-year period, regardless of the category, where the number of violations indicated a disregard for the law or failure to control the premises.

(continued **JERRY GOMPERS**)

admission to the licensed premises because there was reason to believe that a violation of ORS 475B and/or OAR ch. 845-025 affecting the premises was occurring there, specifically a breach of the security plan and security of the premises due to a broken window, and possible theft of marijuana items.

(1st Level Category II)

OAR 845-025-7540(1), (2) - From about July 25, 2018 to about July 30, 2018, you failed to fully and transparently account in CTS for all inventory tracking activities, and failed to accurately enter data into CTS, when you removed 8,176 packages of cannabinoid edibles from inventory noting "testing expired," but 1,903 boxes of expired edibles were discovered at the premises on July 30, 2018.

(1st Level Category III)

SYNOPSIS: This wholesaler was found significantly out of compliance during a July 30, 2018 inspection that was triggered by a transfer other than license permits by another licensee who was handling product for The Canna Company prior to the time that it was licensed. Staff sought to cancel this license and the worker permit of the sole member of the licensee company (Gompers). Licensee and Permittee retained counsel, and a hearing was set for early May 2019. However, Licensee and Permittee have now agreed to accept responsibility for all violations and to surrender their license (effective July 18, 2019 at the latest) and the worker permit (effective upon ratification of this settlement). The licensee is not currently operating, and an inspection found that no marijuana remains on the premises.

TERMS OF AGREEMENT

1. Permittee accepts responsibility for the violations as set out in the Notice. These were Permittee's first and second Category I violations, first Category II violation, and first and second Category III violations within two years.
2. Commission staff recommended aggravation because Violation Number One was repeated, and because Violations Number One and Number Two were intentional. Commission staff also recommended aggravation for three or more violations within a two-year period, regardless of the category, where the number of violations indicated a disregard for the law or failure to control the premises.
3. Commission staff originally proposed the standard sanction of cancellation of Marijuana Worker Permit No. 883KA4. Permittee agrees to surrender Marijuana Worker Permit No. 883KA4 effective as of the date of ratification of this Agreement by the Commission, and the Commission accepts such surrender.
4. Commission staff recommended that the Commission deny Worker Permit Application No. 25934, received July 12, 2017 from Permittee Jerry Gompers. Permittee and the Commission stipulate that Worker Permit Application No. 25934, received July 12, 2017, is denied for the denial bases stated in the Notice, effective as of the date of ratification of this Agreement by the Commission.

(continued **JERRY GOMPERS**)

5. 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.
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 May 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.

8. Nightwood Horticulture
Allen Clark, Pres/Sec/Dir/Stkhldr
dba NIGHTWOOD HORTICULTURE
(Producer)

OAR 845-025-7580(1)(d) - Licensee failed to record the wet weight of harvested marijuana plants immediately after harvest in the METRC Cannabis Tracking System (CTS), with respect to plants harvested between about October 22, 2018 and October 27, 2018. (On or before October 27, 2018).

(1st Level Category III)

OAR 845-025-1230(9)(a) - Licensee or Licensee's employees, agents, or representatives failed to record the name and permit number of employee or license representative Lindsey Kolterman in CTS. (On or about November 27, 2018).

(1st Level Category III)

OAR 845-025-2090(1), (2), (5)(a) - Licensee or Licensee's employees, agents or representatives harvested usable marijuana from one or more mature marijuana plants in an outdoor canopy area on the licensed premises without submitting a harvest notification in the form and manner prescribed by the Commission identifying the proposed harvest dates no later than by 9:00 AM on the day of the harvest activity. (From about October 22, 2018 to about October 26, 2018).

(1st Level Category III)

OAR 845-025-2090(3), (5)(b) - Licensee or Licensee's employees, agents, or representatives failed to properly amend or rescind a harvest notice, when the harvests scheduled between those days did not take place. (From about October 31, 2018 to about November 15, 2018).

(1st Level Category IV)

Note: Licensee was charged with these violations by Notice dated April 2, 2019. The total proposed sanction was a 43-day suspension or a \$7,095.00 civil penalty. Licensee wishes to enter into this settlement agreement.

AGGRAVATION

Staff added 6 days of aggravation because Violations number One, Three and Four were repeated.

(continued NIGHTWOOD HORTICULTURE)

SYNOPSIS: Licensee scheduled harvests, but did not enter data from those harvests into CTS. A subsequent inspection revealed that Licensee failed to rescind some harvests in CTS, harvested on unscheduled dates, and did not timely record the wet weight of harvested plants. Additionally, one of Licensee's employees was not listed as such in CTS.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violations as set out in the Notice. Violations Number One through Three were Licensee's first Category III violations within two years. They were each charged at the first level because they were discovered concurrently. Violation Number Four was Licensee's first Category IV violation within two years. Any subsequent Category III or Category IV violation within the same two years will be charged at the second level.
2. The standard sanction for Violation Number One is a 10-day suspension or a civil penalty of \$1,650.00. Staff added two days of aggravation because the violation was repeated. The total proposed sanction for Violation Number One was a 12-day suspension or a \$1,980.00 civil penalty.
3. The standard sanction for Violation Number Two is a 10-day suspension or a civil penalty of \$1,650.00.
4. The standard sanction for Violation Number Three is a 10-day suspension or a civil penalty of \$1,650.00. Staff added two days of aggravation because the violation was repeated. The total proposed sanction for Violation Number Three was a 12-day suspension or a \$1,980.00 civil penalty.
5. The standard sanction for Violation Number Four is a seven-day suspension or a civil penalty of \$1,155.00. Staff added two days of aggravation because the violation was repeated. The total proposed sanction for Violation Number Four was a nine-day suspension or a \$1,485.00 civil penalty.
6. The total proposed sanction was a 43-day suspension or a \$7,095.00 civil penalty.
7. The Commission will reduce the sanction by 11 days. This is equivalent to a 30% reduction of the standard sanctions.
8. Licensee will pay a \$5,280.00 civil penalty before 5:00 PM on June 17, 2019 **OR** serve a 32-day suspension beginning at 7:00 AM on June 22, 2019 and ending at 7:00 AM on July 24, 2019.
9. 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.
10. This agreement is conditional upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their May 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. Jefferson State Farms, LLC
Benjamin Yuma, Member/Pres
Kathleen Yuma, Member/VP
dba JEFFERSON STATE FARMS
(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 August 28, 2018).

(1st Level Category I)

OAR 845-025-2040(4)(a) and (6) - Licensee (a Tier II outdoor producer) and/or its employees, agents, or representatives changed its canopy area without prior written approval when they added an unapproved third mature canopy area to the licensed premises and used at least one greenhouse designated for immature plants for mature plants. (On or before August 28, 2018).

(1st Level Category I)

OAR 845-025-1175(1) - Licensee or Licensee's employees, agents, servants, 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 without the Commission's prior written approval when Licensee added an unapproved greenhouse used to dry marijuana and a third mature canopy area to the premises. (On or before August 28, 2018).

(1st Level Category III)

OAR 845-025-7520(1)(c) - Licensee and/or its employees, servants, agents or representatives failed to properly tag all marijuana plants no later than when each plant reached a height of twenty four inches or was identified as female with an

Note: Licensee was charged with these violations by Amended Notice dated January 9, 2019. Commission staff proposed license cancellation for these violations. Licensee requested a hearing and now wishes to enter into this settlement agreement.

AGGRAVATION

Commission staff recommended aggravation for three or more violations within a two-year period, regardless of the category, where the number of violations indicate a disregard for the law or failure to control the premises.

(continued **JEFFERSON STATE FARMS**)

UID tag pursuant to the system requirements of CTS. (On or about August 21, 2018 and August 28, 2018).

(1st Level Category III)

845-025-1450(1)(a), (b) - Licensee and/or its employees, agents, or representatives failed to have cameras that continuously recorded, 24 hours a day, in all areas where mature marijuana plants and/or immature marijuana plants may have been present on the licensed premises when it failed to provide sufficient camera coverage of limited access areas within the unapproved third canopy area, and of all points of ingress and egress to and from areas where mature marijuana plants and/or immature marijuana plants may have been when it failed to provide sufficient camera coverage of all entry points to the licensed premises. (On or about August 28, 2018).

(1st Level Category III)

OAR 845-025-8040(1)(b) - Licensee or Licensee's employees, agents, servants, or representatives engaged in advertising that included images of minors, when they posted images of minor children on the licensed premises in front of marijuana plants on social media and included numerous hashtags referring to marijuana. (Between about August 14, 2017 and January 1, 2018).

(1st Level Category IV)

OAR 845-025-8040(1)(f) - Licensee or Licensee's employees, agents, servants, or representatives engaged in advertising that displayed the consumption of marijuana, when

(continued **JEFFERSON STATE FARMS**)

they posted a video of a woman smoking what they claimed to be one of their marijuana products on social media. (On or about April 6, 2018).

(1st Level Category IV)

OAR 845-025-8520(3)(a)(A) - Licensee or Licensee's employees, agents, servants, or representatives refused to admit an OLCC inspector, who identified himself as such, onto the licensed premises during regular business hours when the inspector requested access to conduct an inspection. (On or about November 20, 2018).

(1st Level Category II)

OAR 845-025-1230(6)(b) - Licensee allowed the consumption of alcohol and/or marijuana by its employees on the licensed premises while they were on duty. (From about October 1, 2018 to about November 30, 2018).

(1st Level Category III)

SYNOPSIS: An inspection of the premises of this outdoor producer resulted in numerous violations. The inspector observed that the Licensee made two significant alterations to the premises without having received prior permission or approval from the Commission – the addition of an entirely new canopy area to grow marijuana and a large greenhouse used to dry marijuana. The addition of the new canopy area resulted in the Licensee having a total growing area that was larger than the maximum total allowed growing area set by rule. They were also observed using an existing greenhouse that was designated in their original documents as being solely for immature marijuana plants for mature marijuana plants instead. Licensee also had two security violations – they did not have the required 90 days of surveillance video, and lacked sufficient camera coverage in several areas. A review of their social media accounts also resulted in two advertising violations, the first being a picture on their Instagram account showing a woman smoking marijuana that they grew in violation of the restriction on showing the consumption of marijuana, and several pictures of their minor children on the licensed premises in front of marijuana plants. The inspector subsequently received an anonymous tip from a former employee that Licensee allowed its employees to consume marijuana and alcohol on the premises while they were working, which was then corroborated by two other former employees. When the inspector went to the licensed premises to follow up on the allegations, Licensee was not on the premises. Despite other employees being present that could have let him on the property, Licensee would not allow the Inspector to enter the property.

(continued **JEFFERSON STATE FARMS**)

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violations as set out in the Notice. These were Licensee's first Category I and Category II violations, first through fourth Category III violations, and first two Category IV violations.
2. Commission staff recommended aggravation for three or more violations within a two-year period, regardless of the category, where the number of violations indicate a disregard for the law or failure to control the premises.
3. Commission staff proposed license cancellation for these violations. Licensee has tendered the surrender of its license and the Commission accepts surrender of Marijuana Producer License No. 1001471F91A, effective as of the date of ratification of this agreement.
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 left at the licensed premises after 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 May 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.