

ADMINISTRATIVE HEARINGS DIVISION
September 23, 2021

STIPULATED SETTLEMENT AGREEMENTS FOR MARIJUANA VIOLATION CASES

1. B.A.F. Farms, Inc.
Barbara Finch, Pres/Sec/Treas/Stkhldr
PO Box 265
Murphy, OR 97533
dba **RIVER DEW FARMS**

(Producer)

OAR 845-025-1160(4) - From about November 29, 2019 to January 6, 2020, Licensee and/or Licensee's employees, agents, or representatives failed to notify the Commission and obtain its approval for a change to its corporate or ownership structure, or in who had a financial interest in the business prior to making such a change when Angel Botev, Litan Dobrinov, and/or Angel Clouds, LLC obtained an ownership and/or financial interest in the licensed business.

(Category I)

OAR 845-025-8520(3)(c) - On or after November 29, 2019, Licensee failed to retain control of, or the right of access to, all or any part of the licensed premises, when Licensee sold its interest in its marijuana producer business to Angel Botev, Litan Dobrinov, and/or Angel Clouds, LLC

(Category I)

Note: Licensee was charged with these violations by Notice dated August 26, 2020. Staff proposed the standard sanction of license cancellation and seizure and destruction of marijuana items for this violation. Licensee requested a hearing and now wishes to enter into this settlement agreement.

SYNOPSIS: Licensee allowed persons and an entity to obtain an ownership and/or financial interest in the licensed premises without notification or authorization by the Commission, thereby creating undisclosed and unapproved interests in the marijuana business. Licensee has agreed to surrender the license and will sell the business to an individual or entity other than the ones alleged to have obtained the unauthorized interests.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violations as set out in the Notice. These were Licensee's first and second Category I violations.
2. 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 12:00 PM on December 22, 2021, whichever is earlier.

(continue **RIVER DEW FARMS**)

3. Licensee understands and agrees that the Commission is not representing or guaranteeing that a new owner will be licenseable or will have an approved license on or before December 22, 2021. Licensee understands and agrees that any new owner will have to fully complete the application process, and the application has to receive final approval by the Commission, prior to a license being issued. If Licensee's license expires on or before December 22, 2021 and Licensee chooses to keep its license active beyond the expiration date, Licensee understands and agrees that it will have to timely submit a renewal application and any required fees. Renewal will not create any rights beyond the final surrender date.
4. Licensee agrees, represents, and warrants that the business will not be sold to the entity and/or individuals alleged to have obtained an unapproved financial and/or ownership interest in the licensed business, namely Angel Clouds, LLC or Angel Botev or Litan Dobrinov, or any parent, subsidiary, affiliate, or successor of Angel Clouds, LLC.
5. 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 or permit by the licensee.
6. 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.
7. Licensee withdraws its Request for Hearing in this matter.
8. This agreement is conditioned upon final approval of the Oregon Liquor and Cannabis Commission and will be reviewed by the Commissioners at their September 2021 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. Hydroberry Holdings, LLC
Mu-Hsien Hsu, Member/Mgr
dba **HYDROBERRY HOLDINGS**

(Producer)

OAR 845-025-7540(1)(2), (4) - On or about October 10, 2019 and about October 19, 2019, Licensee and/or Licensee's employees, agents, or representatives intentionally failed to enter data into the METRC Cannabis Tracking System (CTS) that fully and transparently accounted for all inventory tracking activities (as that term is defined in OAR 845-025-1015(38)), when on October 10, 2019 data was entered in CTS showing the creation of cultivation batches that were backdated to September 5, 2019 and the change of growth phase was immediately backdated to September 19, 2019; and on October 19, 2019 when data was entered in CTS showing the creation of cultivation batches on August 30, 2019 and/or September 2, 2019 and the destruction of those plants was immediately backdated to October 17, 2019.

(Category I)

OAR 845-025-8540(1)(a), (b) - On October 16, 2019, Licensee's employees, agents, or representatives intentionally made false statements or representations to the Commission in order to induce or prevent action or investigation by the Commission when Louis Collazo and Derek Williams told Inspectors J. Vargas and A. Del Pizzo that they had completed tagging all marijuana plants when in fact at least 44 untagged mature marijuana plants were observed on the premises and later Collazo and Williams stated that they had ran out of UID tags after they tagged as many plants as they could.

(Category I)

OAR 845-025-1160(4)(a)(A)(B) - On or about April 1, 2020, Licensee and/or Licensee's employees, agents, or representatives failed to notify the Commission of a change to its corporate or ownership structure, or in who has a financial interest in the business, prior to making such a change when EEK, Inc. obtained an ownership and/or financial interest in the licensed business without prior Commission approval.

(Category I)

Note: Licensee was charged with these violations by Second Amended Notice dated March 10, 2021. Staff proposed the standard sanction of license cancellation, seizure and destruction of marijuana items, and refusal to renew the license. Licensee requested a hearing and now wishes to enter into this settlement agreement.

AGGRAVATION

Commission staff also proposed to aggravate the penalty because Violation Number Two was repeated.

(continue **HYDROBERRY HOLDINGS**)

SYNOPSIS: Multiple site visits uncovered CTS and UID problems at the licensed premises, and further investigation showed that licensee had allowed a third party to obtain an ownership and/or financial interest in the licensed premises without notification or authorization by the Commission. Licensee has agreed to surrender the license and will sell the business to an individual or entity other than the one alleged to have obtained the unauthorized interest.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violations as set out in the Notice. These were Licensee's first through third Category I violations. These violations will become a permanent part of each licensee's Commission file and may be considered in any future application for any license or permit by that licensee.
2. Commission staff proposed the standard sanction of license cancellation, seizure and destruction of marijuana items, and refusal to renew the license for these violations. Commission staff also proposed to aggravate the penalty because Violation Number Two was repeated.
3. Licensee has begun the process of selling the business. Licensee hereby surrenders its license effective on the date the transfer of ownership of the business is completed or at 12:00 PM on December 22, 2021, whichever is earlier. Licensee agrees that its license will not be renewed.
4. Licensee understands and agrees that the Commission is not representing or guaranteeing that a new owner will have an approved license on or before December 22, 2021. Licensee understands and agrees that any new owner will have to fully complete the application process, and the application has to receive final approval by the Commission, prior to a license being issued.
5. Licensee agrees, represents, and warrants that the business will not be sold to the entity and/or individuals alleged to have obtained an unapproved financial and/or ownership interest in the licensed business, namely EEK, Inc. or any officer, director, or stockholder thereof, or any parent, subsidiary, affiliate, or successor of EEK, Inc.
6. 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 or permit by the licensee.
7. Licensee hereby relinquishes any and all interest in any marijuana items in its inventory that have not been properly transferred before the effective date of license surrender, and agrees that the Commission may seize and destroy any such marijuana items.
8. Licensee withdraws its request for hearing.
9. The terms of this Settlement Agreement and the Final Order entered based on this Agreement are binding on Licensee and any of its agents, employees, representatives, successors or assigns.
10. This agreement is conditioned upon final approval of the Commission and will be reviewed by the Commissioners at their September 2021 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. Waterwheel Ventures, LLC
Jimmy Chang Saeteurn, Mbr
Alexis Korybut, Member/Mgr
dba **WATERWHEEL VENTURES**

(Producer)

OAR 845-025-7750(3) - On or about October 9, 2019 and October 16, 2019, Licensee and/or Licensee's employees, agents, or representatives failed to maintain accurate and comprehensive records regarding waste material that accounts for, reconciles, and evidences all waste activity related to the disposal of marijuana, when license representatives claimed to have wasted multiple marijuana plants but there was no waste log at the premises.

(1st Level Category III)

OAR 845-025-7540(1)(2)(4) - On or about October 12, 2019 and from about October 16, 2019 to about October 20, 2019, Licensee and/or Licensee's employees, agents, or representatives intentionally failed to enter data into CTS that fully and transparently accounted for all inventory tracking activities (as that term is defined in OAR 845-025-1015(38)), when on October 12, 2019 data was entered in CTS showing the creation of marijuana clones backdated to September 20, 2019, but surveillance video showed no clones were created on such date.

(Category I)

OAR 845-025-8540(1)(a), (b) - On or about October 9, 2019 and October 16, 2019, Licensee's employees, agents, or representatives intentionally made false statements or representations to the Commission in order to induce or prevent action or investigation by the Commission when facility manger Daniella Young stated in an email to Inspector K. Valentine on October 9, 2019, that "The workers have tagged the few extra plants that needed to be tagged in the field," but later admitted that there were still untagged plants after she sent that email; and on October 16, 2019, when Louis Collazo and Derek Williams told Inspectors J. Vargas and A. Del Pizzo that they had completed tagging all marijuana plants, when in fact at least 50 untagged mature marijuana plants were later observed on the premises, and Collazo and Williams admitted that they

Note: Licensee was charged with these violations by Second Amended Notice dated March 10, 2021. Staff proposed the standard sanction of license cancellation and seizure and destruction of marijuana items, and refusal to renew the license. Licensee requested a hearing and now wishes to enter into this settlement agreement.

AGGRAVATION

Commission staff also proposed to aggravate the penalty because Violation Number Three was repeated

(continue **WATERWHEEL VENTURES**) had ran out of UID tags after they tagged as many plants as they could.

(Category I)

OAR 845-025-1160(4)(a)(A)(B) - On or about April 1, 2020, Licensee and/or Licensee's employees, agents, or representatives failed to notify the Commission of a change to its corporate or ownership structure, or in who has a financial interest in the business, prior to making such a change when EEK, Inc. obtained an ownership and/or financial interest in the licensed business without prior Commission approval.

(Category I)

SYNOPSIS: Multiple site visits uncovered CTS and UID problems at the licensed premises, and further investigation showed that licensee had allowed a third party to obtain an ownership and/or financial interest in the licensed premises without notification or authorization by the Commission. Licensee has agreed to surrender the license and will sell the business to an individual or entity other than the one alleged to have obtained the unauthorized interest.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violations as set out in the Notice. Violation Number One was Licensee's first Category III violation. Violation Numbers Two, Three, and Four were Licensee's first through third Category I violations. These violations will become a permanent part of each licensee's Commission file and may be considered in any future application for any license or permit by that licensee.
2. Commission staff proposed the standard sanction of license cancellation, seizure and destruction of marijuana items, and refusal to renew the license for these violations. Commission staff also proposed to aggravate the penalty because Violation Number Three was repeated.
3. Licensee has begun the process of selling the business. Licensee hereby surrenders its license effective on the date the transfer of ownership of the business is completed or at 12:00 PM on December 22, 2021, whichever is earlier. Licensee agrees that its license will not be renewed.
4. Licensee understands and agrees that the Commission is not representing or guaranteeing that a new owner will have an approved license on or before December 22, 2021. Licensee understands and agrees that any new owner will have to fully complete the application process, and the application has to receive final approval by the Commission, prior to a license being issued.
5. Licensee agrees, represents, and warrants that the business will not be sold to the entity and/or individuals alleged to have obtained an unapproved financial and/or ownership interest in the licensed business, namely EEK, Inc. or any officer, director, or stockholder thereof, or any parent, subsidiary, affiliate, or successor of EEK, Inc.

(continue **WATERWHEEL VENTURES**)

6. 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 or permit by the licensee.
7. Licensee hereby relinquishes any and all interest in any marijuana items in its inventory that have not been properly transferred before the effective date of license surrender, and agrees that the Commission may seize and destroy any such marijuana items.
8. Licensee withdraws its request for hearing.
9. The terms of this Settlement Agreement and the Final Order entered based on this Agreement are binding on Licensee and any of its agents, employees, representatives, successors or assigns.
10. This agreement is conditioned upon final approval of the Oregon Liquor and Cannabis Commission and will be reviewed by the Commissioners at their September 2021 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. Takilma Road Operator, LLC
Matthew Portnoff, Member
Luiza Portnoff, Member
dba **TAKILMA ROAD OPERATOR**

(Producer)

ORS 475B.227(2), OAR 845-025-1300(1)(a), OAR 845-025-8520(6), and/or OAR 845-025-2020(1)(c)(A)(B), (2) - From about February 29, 2019 to about March 3, 2019, Licensee's employees, agents or representatives, in particular Sam Foy and his crew, exported marijuana items from this state and/or operated other than the Licensee's producer license permits, when they took marijuana items off the licensed premises and delivered them to an unknown location.

(Category I)

OAR 845-025-1450(1)(a)(b) - From about February 29, 2019 to about March 3, 2019, 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, immature marijuana plants, or usable marijuana may be present on the licensed premises, and/or at all points of ingress/egress to and from the licensed premises, when the surveillance system at the premises was nonoperational.

(Category I)

OAR 845-025-7540(1), (2), (4) - On or before March 20, 2019, Licensee and/or its employees, agents or representatives intentionally failed to enter data into the METRC Cannabis Tracking System (CTS) that fully and transparently accounted for all inventory tracking activities, when OLCC Inspector C. Montecino detected multiple discrepancies while comparing inventory in Licensee's CTS account with inventory missing from the premises, and verified that multiple totes that had contained usable marijuana during his inspection on February 19, 2019, were then empty of usable marijuana or only contained small amounts of waste.

(Category I)

OAR 845-025-7540(1), (2) - On or before August 8, 2019, Licensee and/or its employees, agents or representatives failed to enter data into CTS that fully

Note: Licensee was charged with these violations by Second Amended Notice dated August 10, 2021. Staff 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

Violation Number One was aggravated because it was intentional. The violations were aggravated because there are three or more violations under circumstances indicating disregard for law or failure to control the premises.

(continue **TAKILMA ROAD OPERATOR**)

and transparently accounted for all inventory tracking activities, when a full inventory of the premises disclosed multiple discrepancies including marijuana items bearing tags that were not actually entered into CTS, and/or inaccurate entry of the weights of marijuana items entered into Licensee's CTS account.

(1st Level Category III)

OAR 845-025-1450(2)(k) - On or about October 9, 2019, Licensee and/or Licensee's employees, agents, or representatives failed to immediately notify the Commission of any equipment failure or system outage lasting 30 minutes or more when a surveillance system outage occurring on October 9, 2019 was not reported until October 11, 2019.

(1st Level Category II)

OAR 845-025-8520(3)(a) - On or about June 19, 2019, during regular business hours, Licensee and/or its employees, agents or representatives refused to admit or failed to promptly admit to the licensed premises Commission regulatory specialists C. Montecino and J. Vargas, who identified themselves and who wanted to enter to conduct an inspection to ensure compliance with ORS title 475B and/or OAR 845 division 025, affecting the licensed premises.

(1st Level Category II)

OAR 845-025-7750(1)(c) - On or before April 8, 2019, Licensee and/or Licensee's employees, agents, or representatives, for marijuana designated as waste failed to hold it on the licensed premises for at least three business days under camera coverage prior to disposal; failed to document a reason for the waste in a form and manner prescribed by the Commission; and failed to document the exact time and method of destruction in a form and manner prescribed by the Commission.

(1st Level Category III)

(continue **TAKILMA ROAD OPERATOR**)

SYNOPSIS: The owner hired a contractor who abused his authority by removing marijuana from the premises that was untracked and therefore went to an unknown destination. Cameras were disabled during that time. This combined with subsequent failures to properly document disposal of marijuana and subsequent camera failures resulted in proposed cancellation.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violations as set out in the Notice. These were Licensee's first, second, and third Category I violations, first and second Category II violations, and first and second Category III violations within two years. Violation Number One was aggravated because it was intentional. The violations were aggravated because there are three or more violations under circumstances indicating disregard for law or failure to control the premises.
2. Commission staff proposed the standard sanction of license cancellation and seizure and destruction of marijuana items for these violations.
3. Licensee has begun the process of selling the business. Licensee hereby surrenders its license effective on the date the transfer of ownership of the business is completed or at 12:00 PM (noon) on December 23, 2021, whichever is earlier. If Licensee's license expires on or before December 23, 2021 and Licensee chooses to keep its license active beyond the expiration date, Licensee understands and agrees that it will have to timely submit a renewal application and any required fees. Renewal will not create any rights beyond the final surrender date.
4. Licensee understands and agrees that the Commission is not representing or guaranteeing that a new owner will be licensable, or will have an approved license on or before the date of surrender. Licensee understands and agrees that any new owner will have to fully complete the application process, and the application has to receive final approval by the Commission, prior to a license being issued.
5. Licensee agrees, represents, and warrants that the business will not be sold or transferred to Ronald Portnoff, or to any business or entity in which Ronald Portnoff holds an ownership interest or a financial interest as defined in OAR 845-025-1015(29), OAR 845-025-1045(5), or to any entity in which Ronald Portnoff holds an interest sufficient to make him an applicant for the new license as defined in OAR 845-025-1045(3), (4).
6. Each licensee agrees to accept a letter of reprimand for the violations specified in paragraph 1 above. This letter of reprimand will become a permanent part of each licensee's Commission file and may be considered in any future or pending application for any license or permit by the licensee.
7. Licensee agrees that any marijuana items not properly transferred to another licensee prior to the date of surrender may be seized and destroyed by the Commission.
8. Licensee withdraws its Request for Hearing in this matter.

(continue **TAKILMA ROAD OPERATOR**)

9. This agreement is conditioned upon final approval of the Oregon Liquor and Cannabis Commission and will be reviewed by the Commissioners at their September 2021 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. Claywolf, LLC
James Wolfe, Member
Deric Claypool, Member
Gerald Wallis, Member
Johnathan Klobas, Member
Jason Stelle, Member
dba **CLAY WOLF**

(Processor)

NOTE: *Twenty99 Holdings, LLC was granted limited party status in the proceedings regarding Violation Number One in the Cancellation Notice (OLCC-19-MJV-085)*

OAR 845-025-1160(4) - On or about September 6, 2018, Licensee or Licensee's employees, agents, or representatives failed to notify the Commission of a change to its corporate or ownership structure, or in who has a financial interest in the business, prior to making such a change when Twenty99 Holdings, LLC obtained an ownership and/or financial interest in the licensed business without prior Commission approval.

(Category I)

OAR 845-025-8540(3)(a) - On or about February 20, 2019, Licensee and/or its employees, agents, or representatives supplied adulterated marijuana items when it provided samples for taste testing to its employees from a package that had failed pesticide testing.

(Category I)

OAR 845-025-5700(1) - On or about October 3, 2018, Licensee and/or its employees, agents, or representatives failed to test every process lot of finished cannabinoid extract for use by a consumer or patient for pesticides prior to transfer or sale, as required by OAR 333-007-0330(1)(a) and OAR 845-025-0400, when it created trade samples of cannabinoid concentrates from untested marijuana items it had received from another processor, and distributed those trade samples to retail licensees prior to testing the trade samples for pesticides.

(Category I)

OAR 845-025-7580(1)(a), (b) - Between about December 1, 2018 and about December 18, 2018, Licensee and/or its employees, agents, or representatives failed to use the METRC Cannabis Tracking System (CTS) for all inventory tracking activities at the licensed premises, and failed to reconcile all on-premises and in-transit marijuana item inventories each day in CTS at the close of business

Note: Licensee was charged with these violations by Second Amended Notice dated December 4, 2019. Staff proposed the standard sanction of license cancellation and a refusal to renew the license for the violations. Licensee was also sent a Notice of Proposed License Suspension, dated July 22, 2020. Licensee requested a hearing and now wishes to enter into this settlement agreement.

AGGRAVATION

Commission staff proposed to aggravate the penalty because Violation Numbers Four, Five, and Seven were repeated, and because the number of violations indicated a disregard for the law or failure to control the premises.

(continue **CLAY WOLF**)

pursuant to system requirements when reductions in counts and weights were made to 708 marijuana packages in Licensee's CTS account, adjusting for products that were listed as being on the licensed premises and in Licensee's inventory but were not.

(1st Level Category III)

OAR 845-025-7520(1)(d) - On or about December 18, 2018, Licensee and/or its employees, agents, or representatives failed to properly tag all marijuana inventory with a unique identification (UID) tag pursuant to the system requirements of CTS when a box on the premises that contained marijuana extract did not have a UID tag, and another box had a UID tag that showed in CTS as not having any remaining product in its inventory, but the box contained marijuana extracts.

(1st Level Category III)

OAR 845-025-7750(1)(c)(A) - On or about February 7, 2019, Licensee and/or its employees, agents, or representatives failed to hold post-harvest waste for at least three days under camera coverage prior to disposal when marijuana flower deemed as waste was put in garbage bags and then into dumpsters on February 7, 2019 and were picked up for disposal on February 8, 2019.

(1st Level Category III)

OAR 845-025-1360(6)(a) - On or about February 1, 2019, February 8, 2019, and/or February 15, 2019, Licensee and/or its employees, agents, or representatives exceeded the 5 grams per process lot it was permitted to provide to its own license representatives as quality control samples when, on three separate occasions, it provided 25 grams, 32 grams, and 46 grams of extracts to its employees.

(1st Level Category III)

(continue **CLAY WOLF**)

Notice of Proposed Suspension (DOR):

Pursuant to ORS 305.385(4)(a)(b)(c)(d), agencies of the State of Oregon, after having received written notice from the Oregon Department of Revenue (DOR), shall suspend a person's license if the agency finds that returns and taxes have not been filed or paid and that the licensee has not filed in good faith a petition before DOR contesting the tax and DOR has been unable to obtain payment of the tax through other methods of collection. Any license suspended under this subsection shall not be reissued or renewed until the agency receives a certificate issued by DOR that the person is in good standing with respect to any returns due and taxes payable to DOR as of the date of the certificate.

On June 25, 2020, DOR issued a written notice requesting that the OLCC suspend the recreational Marijuana Processor License No. 10045958630 issued to Clay Wolf, LLC for the following reasons:

1. Claywolf, LLC has neglected or refused to file tax return(s) or pay tax,
2. The Department of Revenue has been unable to collect the tax through other collection methods, and
3. Claywolf, LLC has not filed a good-faith appeal before the Department of Revenue.

SYNOPSIS: Licensee sold the licensed entity to a third party without prior notification or approval by the Commission, and the third party operated the business for a significant amount of time without being authorized by the Commission. Investigations into the licensed business uncovered other violations of Commission rules. Licensee was also the subject of a request to suspend the license issued by the Department of Revenue for failure to pay taxes. Licensee has agreed to sell the business to an entity other than the one that obtained the unauthorized interest, pay off any outstanding tax liabilities prior to any change of ownership application being processed, and surrender the license.

TERMS OF AGREEMENT

Licensee, Twenty99 Holdings, LLC and the Executive Director of the Oregon Liquor Control Commission agree as follows:

(continue **CLAY WOLF**)

1. Licensee accepts responsibility for the violations as set out in the Cancellation Notice. Violation Numbers One, Two, and Three were Licensee's first through third Category I violations. Violation Numbers Four, Five, Six, and Seven were Licensee's first through fourth Category III violations within two years. These violations shall become a permanent part of each licensee's Commission file and may be considered in any future application for any license or permit by that licensee.
2. Commission staff proposed the standard sanction of license cancellation and a refusal to renew the license for these violations. Commission staff also proposed to aggravate the penalty because Violation Numbers Four, Five, and Seven were repeated, and because the number of violations indicated a disregard for the law or failure to control the premises.
3. Licensee represents that it has begun the process of selling its business that operates under the license. In selling Licensee's business, the following provisions apply;
 - a. The Commission shall reject any notification of change of ownership submitted by Licensee as invalid unless the Licensee submits a certificate issued by DOR that states Licensee is in good standing with respect to any returns due and taxes payable to DOR as of the date of the certificate (certificate of good standing) within five business days of the date the notification of change of ownership is filed. Without a valid notification of change of ownership, a change of ownership application is considered incomplete. The Commission shall reject any notification of change of ownership submitted by the Licensee after 12:00 PM on November 17, 2021.
 - b. The Commission shall process in accordance with its normal processes any timely change of ownership application received if the Licensee has submitted a notification of change of ownership with the certificate of good standing, and the applicant shall be subject to all applicable standards and requirements. The Commission is not representing or guaranteeing that the Commission will approve a new owner on or before November 17, 2021 or at any time thereafter. Any new owner must fully complete the application process, and the application must receive final approval by the Commission, prior to a license being issued. Without a valid notification of change of ownership and certification of good standing, the change of ownership application is considered incomplete.
4. Licensee agrees that its license shall be deemed surrendered as of the date any transfer of ownership is completed in accordance with Paragraph 3 of this Settlement Agreement, or at 12:00 PM or on November 17, 2021, whichever is earlier.
5. In the final order incorporating this Settlement Agreement, the Commission shall enter a final order denying Licensee's application to renew described in the Cancellation Notice. Upon issuance of the final order the license expires, and Licensee may not exercise any license privileges.
6. Licensee and Twenty99, Holdings, LLC agree, represent, and warrant that the business shall not be sold to the entity and/or individuals alleged to have obtained an unapproved financial and/or ownership interest in the licensed business, namely Twenty99 Holdings, LLC or any member or manager thereof, or any parent, subsidiary, affiliate, or successor of Twenty99 Holdings, LLC.
7. Each licensee agrees to accept a letter of reprimand for the violations specified above. This letter of reprimand shall become a permanent part of the licensee's Commission file and may be considered in any future application for any license or permit by the licensee.

(continue **CLAY WOLF**)

8. Licensee hereby relinquishes any and all interest in any marijuana items in its inventory that have not been properly transferred before the effective date of license surrender, and agrees that the Commission may seize and destroy any such marijuana items.
9. Licensee withdraws its requests for hearing in these matters. Twenty99 Holdings, LLC agrees that these matters may be resolved through this Settlement Agreement.
10. In consideration of the forbearance stated herein, Licensee and Twenty99 Holdings, LLC agree to release and waive any and all claims of any kind, known or unknown, past or future, against the State of Oregon or its agencies, instrumentalities, employees, officers, or agents arising out of the matters set forth in the Suspension Notice and Cancellation Notice (including any prior or amended versions of the Notices) or this Settlement Agreement and the final order based hereon, including but not limited to any claim under federal or state law for damages, declaratory or equitable relief, under 42 USC §1983 *et. seq.*, and for attorneys fees or costs.
11. The terms of this Settlement Agreement and the Final Order entered incorporating this Settlement Agreement are binding on Licensee and any of its agents, employees, representatives, successors or assigns and Twenty99 Holdings, LLC and any of its agents, employees, representatives, successors or assigns.
12. This Settlement Agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their September 2021 Commission Meeting. If the Settlement Agreement is not accepted and approved in its entirety by the Commission it is deemed null and void and Licensee's and Twenty99 Holdings, LLC's hearing rights, if any, will be restored. If the Settlement Agreement is accepted and approved in its entirety by the Commission, Licensee and Twenty99 Holdings 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 Settlement Agreement and the final order. If the Commission accepts and approves this Settlement Agreement, the final order incorporating this Settlement Agreement shall be issued on November 17, 2021.