ADMINISTRATIVE POLICY & PROCESS DIVISION July 26, 2018

STIPULATED SETTLEMENT AGREEMENTS FOR MARIJUANA VIOLATION CASES

1. CHC Laboratories, LLC Cameron Yee, Managing Member dba LUNCHHBOX ALCHEMY (Processor)

OAR 845-025-3310(7) – Licensee or License's employees, representatives or agents failed to record in the METRC Cannabis Tracking System (CTS) within ten calendar days of licensure, information regarding the usable marijuana, cannabinoid concentrates, extracts or products that the Commission permitted to be transferred in from Licensee's medical marijuana processing site inventory. (February 11. 2017 to about May 22, 2017).

Note: Licensee was charged with this violation by Notice dated December 12, 2017. The proposed sanction was a 12-day suspension or a civil penalty of \$1,980.00. Licensee requested a hearing and now wishes to withdraw that request to enter into this settlement agreement.

AGGRAVATION Repeated failure to comply with laws.

(1st level Category III)

- 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 two years will be charged at the second level.
- Commission staff originally proposed for this violation the standard sanction of a 10-day suspension or a civil penalty of \$1,650,00. Staff added two 2. days of aggravation due to repeated failure to comply with laws. The total proposed sanction was a 12-day suspension or a \$1,980.00 civil penalty.
- The Commission will reduce the standard sanction by three days. This is equivalent to a 30% reduction of the standard sanction. 3.
- Licensee will pay a \$1,485.00 civil penalty before 5:00 PM on August 15, 2018 or serve a nine-day suspension beginning at 7:00 AM on August 20. 4. 2018 and ending at 7:00 AM on August 29, 2018.
- Licensee hereby withdraws its Request for Hearing in this matter. 5.
- If a licensee's interest in the license expires or is transferred before the Commission issues a final order on this allegation, the licensee agrees to 6. accept a Letter of Reprimand for this violation. This reprimand will become a permanent part of 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 July 2018 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.

FJ Ventures, LLC
 Steven Fields, Mng Member
 SR Ventures, Inc., Member
 dba SENSIBLE CANNABIS COMPANY
 3338 N Pacific Hwy
 Medford, Oregon 97504
 (Retailer)

OAR 845-025-1450(2)(d)(A) – Licensee failed to keep surveillance recordings for a minimum of 90 calendar days. (January 17, 2018).

(1st level Category I)

OAR 845-025-2820(2) - Licensee or Licensee's employees, agents, servants, or representatives failed to store marijuana items in such a manner that the items were only accessible to authorized representatives until such time as the final sale to a consumer was completed when an edible item and jars of usable marijuana flower were left unsecured on the retail counter. (On or about October 25, 2017; December 20, 2017; and January 17, 2018).

(1st level Category III)

Note: Licensee was charged with these violations by Notice dated March 28, 2018. The proposed sanction was license cancellation. Licensee requested a hearing and now wishes to withdraw that request to enter into this settlement agreement.

- 1. Licensee accepts responsibility for the violations as set out in the Notice.
- 2. Violation One was Licensee's first Category I violation within two years. Violation Two was Licensee's first Category III violation within two years. Any subsequent Category III violation within two years will be charged at the second level.
- 3. Commission staff originally proposed for these violations the standard sanction of License cancellation.
- 4. The Commission will reduce the sanction for Violation Number One and impose a \$4,950.00 civil penalty or a 30-day license suspension for that violation.
- 5. The standard sanction for Violation Two is a 10-day license suspension or a \$1,650.00 civil penalty. The Commission will reduce the sanction for Violation Two by three days. This is equivalent to a 30% reduction of the standard sanction.
- 6. Licensee will pay a \$6,105.00 civil penalty before 5:00 PM on August 15, 2018 **OR** serve a 37-day suspension beginning at 7:00 AM on August 20, 2018 and ending at 7:00 AM on September 26, 2018.
- 7. Licensee withdraws its request for a hearing.

(continued) SENSIBLE CANNABIS COMPANY

- 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 conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their July 2018 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.

 Pendleton Cannabis, LLC Shawn Pace, Member Roalynn Pace, Member dba PENDLETON CANNABIS 816 Southgate Pendleton, Oregon 97801 (Retailer) OAR 845-025-1410(3)(b) – Licensee or Licensee's employees, agents, or representatives failed to ensure that all marijuana items on the retail premises were kept in a safe or vault. (July 28, July 29, July 30, and July 31, 2017).

(1st level Category III)

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 Shawn Pace was listed as the CTS user, package adjustments were listed as "in house quality control," and items reported to be "package adjustments" were found to still be on the premises. (February 1, 2017 to about September 7, 2017).

(1st level Category III)

Note: Licensee was charged with these violations by Notice dated May 9, 2018. The proposed sanction was a 24-day suspension or a civil penalty of \$3,960.00. Licensee wishes to enter into this settlement agreement.

AGGRAVATION

Each violation was repeated.

- 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. Any subsequent Category III violation within the same two years will be charged at the second level.
- 2. Commission staff originally proposed the standard sanction of a 10-day suspension or a \$1,650.00 civil penalty each for Violations Number One and Two. Staff added four days of aggravation because each violation was repeated. The total proposed sanction for Violations Number One and Two was a 24-day suspension or a \$3,960.00 civil penalty.
- 3. The Commission will reduce the proposed sanction by six days. This is equivalent to a 30% reduction of the standard sanctions.
- 4. Licensees will pay a \$2,970.00 civil penalty before 5:00 PM on August 15, 2018 **OR** serve an 18-day suspension beginning at 7:00 AM on August 20, 2018 and ending at 7:00 AM on September 7, 2018.
- 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 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 conditional upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their July 2018 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.

 Magic Castle, Inc. Suren Vardanyan, President/Sec/Stkhldr SR Ventures, Inc., Member dba MAGIC CASTLE 11321 SW 64th Ave Portland, OR 97219 (Retailer) OAR 845-025-1450(2)(d)(A) – Licensee failed to keep surveillance recordings for a minimum of 90 calendar days. (On or about December 12, 2017).

(1st level Category I)

OAR 845-025-1410(3)(b) - Licensee or Licensee's employees, agents, servants, or representatives failed to ensure that all marijuana items on the licensed retailer's premises were kept in a safe or vault during all hours when Licensee was not operating. (On or about December 12, 2017).

(1st level Category III)

Note: Licensee was charged with these violations by Notice dated May 16, 2018. The proposed sanction was license cancellation. Licensee requested a hearing and now wishes to withdraw that request to enter into this settlement agreement.

- 1. Licensee accepts responsibility for the violations as set out in the Notice. Violation Number One was Licensee's first Category I violation within two years. Violation Number Two was Licensee's first Category III violation within the same two years will be charged at the second level.
- 2. Commission staff originally proposed the standard sanction of license cancellation.
- 3. The Commission will reduce the sanction for Violation Number One and impose a \$4,950.00 civil penalty or a 30-day license suspension for that violation.
- 4. The standard sanction for Violation Number Two is a 10-day license suspension or a \$1,650.00 civil penalty. The Commission will reduce the sanction for Violation Number Two by three days. This is equivalent to a 30% reduction of the standard sanction.
- 5. Licensee will pay a \$6,105.00 civil penalty before 5:00 PM on August 15, 2018 **OR** serve a 37-day suspension beginning at 7:00 AM on August 20, 2018 and ending at 7:00 AM on September 26, 2018.
- 6. Licensee withdraws the 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 July 2018 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.

99 North, Inc.
 Kimberly Yu, Pres/Sec/Stockholder
 dba 99 NORTH
 (Producer)

OAR 845-025-7540(1) – Licensee and/or its employees, agents or representatives failed to enter data into Cannabis Tracking System (CTS) that fully and transparently accounted for all inventory tracking activities. (From about October 17, 2017 to about November 16, 2017).

(1st level Category III)

OAR 845-025-7570(2) - Licensee maintained cultivation batches at the premises that included more than 100 immature marijuana plants less than 8 inches tall. From about March 5, 2017 to about August 3, 2017, Licensee created multiple cultivation batches that included more than 100 immature marijuana plants less than 8 inches tall. (On or about October 17, 2017).

(1st level Category III)

OAR 845-025-2080(1) - Licensee repeatedly failed to, within 45 days of harvesting a harvest lot, physically segregate individual harvest lots from other harvest lots, place the harvest lots in a receptacle or multiple receptacles, and assign a UID tag to each receptacle that is linked to each plant that was harvested. (From about June 28, 2017 to about December 12, 2017).

(1st level Category III)

OAR 845-025-1440(1)(b), (2)(b) - Licensee and/or its employees, agents or representatives failed to ensure that cameras were placed in limited access areas on the premises in such a manner that they could capture clear and certain images of any individual and activity occurring in the limited access area. (On or about October 17, 2017).

(1st level Category III)

Note: Licensee was charged with these violations by Notice dated April 25, 2018. The proposed sanction was a 70-day license suspension or an \$11,550.00 civil penalty. Licensee requested a hearing and now wishes to withdraw that request to enter into this settlement agreement.

AGGRAVATION

Violations One, Two, Three, and Five were repeated. Licensee Yu was personally involved in Violation Six.

(continued) 99 NORTH

OAR 845-025-7520(1)(a)(c)(d)(e) – Licensee failed to use UID tags issued by a Commission-approved vendor, properly tag all inventory with a UID tag no later than when each plant reached a height of 24 inches or when the individual plants were identified as female, whichever was sooner, properly tag all other inventory with a UID tag pursuant to the requirements of CTS, and/or place tags in a position that can be clearly read by an individual standing next to the items, when inspectors located multiple untagged marijuana plants and items at the premises. (On or about October 17, 2017).

(1st level Category III)

OAR 845-025-7540(3) Licensee permitted a person, Julie Larsen, to use another person's unique CTS log-on and password, when Licensee Yu acknowledged that Julie Larsen used both her own unique log-on and password and Licensee's Yu's log-on and password to make entries related to the licensed premises. (On or about November 16, 2017).

(1st level Category III)

- 1. Licensee accepts responsibility for the violations as set out in the Notice.
- 2. Violations One, Two, Three, Four, Five, and Six were Licensee's first, second, third, fourth, fifth, and sixth Category III violations within two years. Any subsequent Category III violation within two years will be charged at the second level.
- 3. Commission staff originally proposed for these violations the standard sanction of a 60-day license suspension or a \$9,900.00 civil penalty. Staff added 10 days of aggravation because Violations One, Two, Three, and Five were repeated and Licensee Yu was personally involved in Violation Six. The total proposed penalty was a 70-day license suspension or an \$11,550.00 civil penalty.
- 4. The standard sanction for each of the above violations is a 10-day license suspension or a \$1,650.00 civil penalty. The Commission will reduce the sanction for each violation by three days. This is equivalent to a 30% reduction of the standard sanction.

(continued) 99 NORTH

- 5. Licensee will pay an \$8,580.00 civil penalty before 5:00 PM on August 15, 2018 **OR** serve a 52-day suspension beginning at 7:00 AM on August 20, 2018 and ending at 7:00 AM on October 11, 2018.
- 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 conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their July 2018 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. **HUNTER NEUBAUER** - WP #L5A994 (OREGROWN - Processor)

OAR 845-025-8540(1)(a) — Permittee made false statement(s) or representation(s) to the Commission in order to induce or prevent action or investigation by the Commission, when Permittee told OLCC Inspector Larry Brown that Licensee Oregrown has not had hemp on the premises since before they received their OLCC license, and that the "Mary's Remedy Concentrated CBD Oil" label listing "hemp flower oil" as an ingredient was a mistake, probably carried over from when they did process hemp items. (May 30, 2017).

(1st level Category II)

Note: Permittee was charged with this violation by Notice dated April 25, 2018. The proposed sanction was 32-day suspension. Permittee requested a hearing and now wishes to withdraw that request to enter into this settlement agreement.

AGGRAVATION

Permittee is a corporate principal.

- 1. Permittee accepts responsibility for the violation as set out in the Notice. This was Permittee's first Category II violation within two years. Any subsequent Category II violation within the same two years will be charged at the second level.
- 2. Commission staff originally proposed the standard sanction of a 30-day suspension for this violation. Staff added two days of aggravation because Permittee is a corporate principal. The total proposed sanction was a 32-day suspension.
- 3. The Commission will reduce the proposed sanction by nine days. This is equivalent to a 30% reduction of the standard sanction.
- 4. Permittee will serve a 23-day suspension beginning at 7:00 AM on August 20, 2018 and ending at 7:00 AM on September 12, 2018.
- 5. Permittee withdraws the request for hearing in this matter.
- 6. If Permittee's interest in the permit expires before the Commission issues a final order on this allegation, Permittee agrees to accept a Letter of Reprimand for the violation. This reprimand will become a permanent part of Permittee's Commission file and may be considered in any future application for any permit by the Permittee.
- 7. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their July 2018 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.

7. Pacific Enterprise Holdings, LLC
Oregrown Industries, Inc., Mng. Member
Hunter Neubauer, Pres/Dir/Stockholder
Kevin Hogan, Sec/Dir/Stockholder
Tsiona Bitton, Director/Stockholder
Justin Crawn, Director/Stockholder
dba OREGROWN
(Processor)

OAR 845-025-8520(10)(e) – Licensee, a marijuana processor, and/or its employees, servants, agents or representatives, permitted industrial hemp or a product derived from industrial hemp that contains cannabinoids to be present on the licensed premises. (On multiple dates from the effective date of its license on January 14, 2017 to December 28, 2017).

(1st level Category I)

OAR 845-025-8540(1)(a) - Licensee's employee, servant, agent or representative Aviv Hadar made a false statement or representation to the Commission in order to induce or prevent action or investigation by the Commission, when he told OLCC Recreational Marijuana Packaging and Labeling Specialist Jamie Dickinson that the "Mary's Remedy Concentrated CBD Oil" label listing "hemp flower oil" as an ingredient was "a typo/mistake from the Mary's design team. (On or about May 25, 2017).

(1st level Category II)

OAR 845-025-8540(1)(a) - Licensee's employee, servant, agent or representative, Managing Member Corporate Principal Hunter Neubauer, made false statement(s) or representation(s) to the Commission in order to induce or prevent action or investigation by the Commission, when he told OLCC Inspector Larry Brown that Licensee has not had hemp on the premises since before they received their OLCC license, and that the "Mary's Remedy Concentrated CBD Oil" label listing "hemp flower oil" as an ingredient was a mistake, probably carried over from when they did process hemp items. (On or about May 30 2017).

(1st Level Category II)

Note: Licensee was charged with these violations by Notice dated April 25, 2018. The proposed sanction was license cancellation. Licensee requested a hearing and now wishes to withdraw that request to enter into this settlement agreement.

AGGRAVATION

The first violation was repeated. The third violation involved corporate principal Hunter Neubauer.

(continued) OREGROWN

- 1. Licensee accepts responsibility for the violations as set out in the Notice. This was Licensee's first Category I violation within two years. These were Licensee's first and second Category II violations within two years, charged at the first level. Any subsequent Category II violation within two years will be charged at the second level.
- 2. Commission staff originally proposed for these violations the standard sanction of license cancellation. Commission staff originally proposed that the first violation be aggravated for repeated conduct, and that the third violation be aggravated for involvement of a corporate principal.
- 3. The Commission will reduce the sanction on Violation Number One to a 30-day license suspension or payment of a \$4,950.00 civil penalty. The Commission will reduce the sanction on Violations Number Two and Number Three by nine days for each violation. This is equivalent to a 30% reduction of the standard sanction.
- 4. Licensee will serve a 76-day license suspension beginning at 7:00 AM on August 20, 2018 and ending at 7:00 AM on November 4, 2018, or pay a \$4,950.00 civil penalty before 5:00 PM on August 15, 2018 and serve a 46-day suspension beginning at 7:00 AM on August 20, 2018 and ending at 7:00 AM on October 5, 2018.
- 5. Licensee withdraws the 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 this allegation, the licensee agrees to accept a Letter of Reprimand for these violations. 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.
- 7. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their July 2018 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. Rogue Coast Growers, LLC John Weinert, Managing Member Gold Beach Ventures, LLC, Member dba ROGUE COAST GROWERS (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. (From about July 13, 2017 to about October 11, 2017).

(1st level Category I)

OAR 845-025-1175(1) - Licensee or Licensee's employees, agents, servants, or representatives intentionally 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 during a premise inspection it was discovered that an unapproved greenhouse structure and a hoop house structure were being used to grow marijuana plants. (October 11, 2017).

(1st Level Category III)

OAR 845-025-1410(2) - Licensee or Licensee's employees, agents, servants, or representatives failed to ensure that commercial grade, non-residential door locks were installed on every external door and gate of the licensed premises where marijuana items were present, specifically, on the door of the greenhouse and hoop house gate. (October 11, 2017)

(1st level Category III)

Note: Licensee was charged with these violations by Notice dated March 7, 2018. The proposed sanction was license cancellation. Licensee requested a hearing and now wishes to withdraw that request to enter into this settlement agreement.

(continued) ROGUE COAST GROWERS

OAR 845-025-1420(2)(a) - Licensee or Licensee's employees, agents, servants, or representatives failed to have a security alarm system able to detect unauthorized entry onto the licensed premises and unauthorized activity within any limited access area where mature marijuana plants, usable marijuana, cannabinoid concentrates, extracts or products are present. (October 11, 2017).

(1st level Category III)

OAR 845-025-1440(1)(a)(b)(d), (2) - Licensee and/or its employees, agents or representatives failed to ensure that cameras were placed in a manner that captures clear and certain images of any individual and activity occurring within 15 feet both inside and outside of all points of ingress and egress to and from the licensed premises in and around the greenhouse structure and the hoop house structure. (October 11, 2017).

(1st level Category III)

- 1. Licensee accepts responsibility for the violations as set out in the Notice for Violations One, Three, Four and Five. Licensee accepts responsibility for Violation Two as set out in the Notice as Alternate Violation Two. Violation Number One was Licensee's first Category I violation within two years. Violations Two, Three, Four, and Five were Licensee's first through fourth Category III violations within two years. Any subsequent Category I or Category III violation within the same two years will be charged at the second level.
- 2. Commission staff originally proposed the standard sanction of license cancellation.
- 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 that violation.
- 4. The standard sanction for Alternate Violation Two, Violation Three, Violation Four, and Violation Five is a 10-day license suspension or a \$1,650.00 civil penalty for each violation. The Commission will reduce the sanction for each of these violations by three days. This is equivalent to a 30% reduction of the standard sanction.
- 5. Licensee will pay a \$9,570.00 civil penalty before 5:00 PM on August 15, 2018 **OR** serve a 58-day suspension beginning at 7:00 AM on August 20, 2018 and ending at 7:00 AM on October 17, 2018.
- 6. Licensee withdraws the request for a hearing.

(continued) ROGUE COAST GROWERS

- 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 July 2018 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.