

ADMINISTRATIVE POLICY & PROCESS DIVISION  
September 21, 2018

**STIPULATED SETTLEMENT AGREEMENTS FOR MARIJUANA VIOLATION CASES**

1. Next Generation Nurseries, LLC  
Karen Osovsky, Member  
dba **NEXT GENERATION NURSERIES**  
(Producer)

OAR 845-025-8520(7) – Licensee permitted activity which is unlawful under Oregon state law on the licensed premises or in areas adjacent to or outside the licensed premises under the control of the Licensee, when Licensee and/or its employees, agents, or representatives used water from well L-127622 for irrigation purposes without the benefit of a water right in violation of ORS 537.535(2), as determined in Water Resources Department Final Order dated January 16, 2018. (On or about January 12, 2018).

(1<sup>st</sup> level Category III)

Note: Licensee was charged with this violation by Notice dated July 24, 2018. The proposed sanction was a 14-day suspension or a \$2,310.00 civil penalty. Licensee requested a hearing and now wishes to withdraw that request to enter into this settlement agreement.

AGGRAVATION

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

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, and two days of aggravation because the violation was intentional. The total proposed sanction was a 14-day suspension or a \$2,310.00 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 \$1,815.00 civil penalty before 5:00 PM on October 15, 2018 or serve an 11-day suspension beginning at 7:00 AM on October 20, 2018 and ending at 7:00 AM on October 31, 2018.
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 September 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.

2. Strong Roots Farm, LLC  
Clemente Fierros, Mng Mbr  
Leopoldo Ramos, Mbr  
dba **STRONG ROOTS FARM**  
(Producer)

OAR 845-025-1450(2)(d)(A) – Licensee, whose license was issued or renewed after August 31, 2016, failed to keep surveillance recordings, except for back-up off-site recordings of the surveillance area, for a minimum of 90 days. (April 12, 2018).

Note: Licensee was charged with this violation by Notice dated August 7, 2018. The proposed sanction was license cancellation. Licensee wishes to enter into this settlement agreement.

(1<sup>st</sup> level Category I)

### TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violation as set out in the Notice. This was Licensee's first Category I violation within two years.
2. The standard sanction for this violation is license cancellation. The Commission will reduce the sanction under the circumstances of this case.
3. Licensee will pay a \$4,950.00 civil penalty before 5:00 PM on October 15, 2018 or serve a 30-day suspension beginning at 7:00 AM on October 20, 2018 and ending at 7:00 AM on November 19, 2018.
4. 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.
5. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their September 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.

3. Byzantium Corp.  
Charles Ringo, President/Stockholder  
Leonard Peverieri, Stockholder  
dba **HIGH CASCADE FARMS**  
(Producer)

ORS 475B.206(1), OAR 845-025-1300(1)(h), and OAR 845-025-2020(2) – Licensee operated other than its license permits when Licensee and/or Licensee's employees, agents or representatives sold, delivered, or transported marijuana items other than to the licensed premises of a marijuana processor, wholesaler, retailer, laboratory, non-profit dispensary, or research certificate holder. (On or before March 18, 2018).

Note: Licensee was charged with these violations by Amended Notice dated June 26, 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<sup>st</sup> level Category I)

OAR 845-025-7540(1), (4) - Licensee and/or Licensee's employees, agents or representatives entered data into the METRC Cannabis Tracking System (CTS) that did not fully and transparently account for all inventory tracking activity, when the account for Licensee's employee Andrew Heller was used to report that marijuana plants tagged 1A4010200013C06000000390 and 1A4010200013C06000000419 were destroyed due to pests, which were intentional misrepresentations in that these plant tags were recovered from a butane honey oil (BHO) explosion in a duplex at 3058 NE Weddell Street, Unit #2, Bend, Oregon on or about March 18, 2018. (On or about April 3, 2018).

(1<sup>st</sup> level Category I)

OAR 845-025-7540(1), (4) - Licensee and/or Licensee's employees, agents or representatives entered data into the METRC Cannabis Tracking System (CTS) that did not fully and transparently account for all inventory tracking activity, when the account for Licensee's Employee Andrew Heller was used to report that marijuana plant tagged 1A4010200013C06000000081 was destroyed due to powdery mildew, which was an intentional misrepresentation in that the plant was found at the premises in the drying room on April 19, 2018. (On or about April 3, 2018). (1<sup>st</sup> level Category I)

(continued HIGH CASCADE FARMS)

OAR 845-025-8540(4)(a) - Licensee and/or Licensee's employees, agents or representatives intentionally destroyed, damaged, altered, removed or concealed potential evidence, or attempted to do so, or asked or encouraged another person to do so, when they caused certain entries in the Visitors Log Book for the premises to be blacked out. (On or before April 19, 2018).

(1<sup>st</sup> level Category I)

OAR 845-025-1115(2)(c) - Licensee and/or Licensee's employees, agents or representatives failed to disclose the interest in the licensed business of David Carl Paulsen, a person with an ownership interest in Licensee within the meaning of OAR 845-025-1045(3). (From about September 21, 2017 to the present).

(1<sup>st</sup> level Category I)

OAR 845-025-1115(2)(a)(B) - Licensee's disclosed principals, Charles Ringo and Leonard Peverieri, signed and submitted to the Commission a Marijuana License Acknowledgement stating, *inter alia*, "I have reviewed all information submitted as part of the application including, but not limited to, information regarding ... financial involvement in the business. All information submitted is true and correct to the best of my knowledge." At the time, Ringo and/or Peverieri knew or should have known that David Carl Paulsen had an undisclosed ownership interest in Licensee within the meaning of OAR 845-025-1045(3), and/or an undisclosed financial interest in Licensee within the meaning of OAR 845-025-1015(23), and therefore the signing and submission of the Marijuana License Acknowledgement constitutes a false statement to the Commission. (On or about September 21, 2017).

(1<sup>st</sup> level Category I)

(continued **HIGH CASCADE FARMS**)

OAR 845-025-7540(1) - Licensee and/or Licensee's employees, agents or representatives entered data into CTS that did not fully and transparently account for all inventory tracking activity, with respect to approximately 268 unaccounted-for packages of cannabis seeds created in CTS on November 11, 2017, November 26, 2017, December 13, 2017, December 14, 2017, January 16, 2018, January 31, 2018, February 1, 2018, and February 2, 2018, which were reported in CTS as present on the premises as of April 19, 2018, but which in fact were not present on the premises as of that date. (On or before April 19, 2018.)

(1<sup>st</sup> Level Category III)

OAR 845-025-7540(1) - Licensee and/or Licensee's employees, agents or representatives entered data into CTS that did not fully and transparently account for all inventory tracking activity, with respect to mature marijuana plants, plastic totes containing useable marijuana, and bags of marijuana bud/flower found on the premises that were not entered into or tracked in CTS. (On or before April 19, 2018).

(1<sup>st</sup> Level Category III)

OAR 845-025-7520(1)(c) - Licensee and/or Licensee's employees, agents or representatives failed to tag individual marijuana plants with CTS unique identification (UID) tags, with respect to several mature marijuana plants found on the premises that were not tagged with a CTS UID. (On or before April 19, 2018).

(1<sup>st</sup> Level Category III)

OAR 845-025-7570(1) - Licensee and/or Licensee's employees, agents or representatives failed to establish a marijuana cultivation batch in CTS that was found on the premises, and assign a CTS unique identification number to that cultivation batch. (On or before April 19, 2018).

(1<sup>st</sup> Level Category III)

(continued **HIGH CASCADE FARMS**)

OAR 845-025-7520(1)(d) - Licensee and/or Licensee's employees, agents or representatives failed to properly tag inventory with CTS UID tags, with respect to plastic totes of useable marijuana and bags of marijuana bud/flower found on the premises that were not tagged with CTS UIDs. (On or before April 19, 2018).

(1<sup>st</sup> Level Category III)

OAR 845-025-5500(4) - Licensee failed to verify that its employee, Andrew Heller, held a valid marijuana worker permit issued by the Commission, before allowing him to participate at the licensed premises in the possession, production, propagation, processing, securing or selling of marijuana items, or the recording of the same, or the verification of identification in connection with selling or providing a marijuana item to a person, or the supervision of a person who performs any of these functions. (From February 1, 2018 to about April 3, 2018).

(1<sup>st</sup> Level Category III)

OAR 845-025-8580(3)(b) - Licensee removed the suspension notice sign from the front door of the licensed premises. (Between April 25, 2018 and May 22, 2018).

(1<sup>st</sup> Category Level IV)

### **TERMS OF AGREEMENT**

1. Licensee agrees not to contest the violations as set out in the Amended Notice.
2. Violations Number One, Number Two, Number Three, Number Four, Number Five and Number Six were Licensee's first, second, third, fourth, fifth and sixth Category I violations within two years. Violations Number Seven, Number Eight, Number Nine, Number Ten, Number Eleven and Number Twelve were Licensee's first, second, third, fourth, fifth and sixth Category III violations within two years. Violation Number Thirteen was Licensee's first Category IV violation within two years.
3. Commission staff originally proposed for these violations the standard sanction of License cancellation. Licensee agrees to accept this proposed penalty, and therefore marijuana producer license No. 100478027D8 will be cancelled upon approval of this settlement agreement.

(continued **HIGH CASCADE FARMS**)

4. Licensee accepts a Letter of Reprimand for the violations charged in the Amended Notice. This Letter of Reprimand will become a permanent part of their Commission file and may be considered in any future application for any license by Licensee.
5. Licensee withdraws its request for a hearing.
6. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their September 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.

4. Coastal Growers, LLC  
John Ambrosini II, Managing Member  
Michelle Ambrosini, Managing Member  
dba **COASTAL GROWERS**  
(Producer)

OAR 845-025-1450(2)(d)(A) – Licensee, whose license was issued or renewed after August 31, 2016, failed to keep surveillance recordings, except for back-up off-site recordings of the surveillance area, for a minimum of 90 days. (On or about October 12, 2017).

(1<sup>st</sup> level Category I)

OAR 845-025-7520(1)(a), (c) - Licensee and/or its employees, servants, agents or representatives failed to use Unique Identification (UID) tags issued by a Commission-approved vendor to tag individual marijuana plants with a UID tag at the sooner of when the plant reached a height of twenty-four inches or was identified as female, when it was found to be in possession of approximately 300 mature marijuana plants that did not have UID tags affixed to them, as well as approximately five mother plants in the cloning room that did not have UID tags affixed to them. (On or about October 12, 2017).

(1<sup>st</sup> level Category III)

OAR 845-025-7570(1)- Licensee and/or its employees, servants, agents or representatives failed to assign each cultivation batch a UID, when it was found to be in possession of approximately five batches of clones, each of which contained approximately 50 clones, which did not have UID numbers assigned to them. (On or about October 12, 2017).

(1<sup>st</sup> level Category III)

Note: Licensee was charged with these violations by Notice dated June 5, 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

Commission staff originally proposed that Violations Number Two, Number Three, and Number Four be aggravated for repeated conduct.



(continued **COASTAL GROWERS**)

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 its surveillance system was not operating. (On or about October 1-3, 2017, and October 5-12, 2017, and for all but 40 minutes of October 4, 2017).

(1<sup>st</sup> level Category III)

### **TERMS OF AGREEMENT**

1. Licensee accepts responsibility for the violations as set out in the Notice. Violation Number One was Licensee's first Category I violation within two years. Violations Number Two through Four were Licensee's first, second, and third Category III violations within two years, charged at the first level. Any subsequent Category III 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 Violations Number Two, Number Three, and Number Four be aggravated for repeated conduct.
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 One, Number Two, and Number Three by three days for each violation. This is equivalent to a 30% reduction of the standard sanction.
4. Licensee will pay a \$9,405.00 civil penalty before 5:00 PM on October 15, 2018 or serve a 57-day license suspension beginning at 7:00 AM on October 20, 2018 and ending at 7:00 AM on December 16, 2018.
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 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 September 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.