



News Release

Oregon Liquor & Cannabis Commission
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Commission fines recreational marijuana licensee Processor deliberately violated packaging and labeling laws

Southern Oregon legislators update Commission on illegal cannabis activity Criminal cartels still suspected of openly operating in Josephine & Jackson counties

PORTLAND, OR. – The Oregon Liquor and Cannabis Commission unanimously agreed to fine a Portland based recreational marijuana processor \$100,000 for deliberately sidestepping packaging and labeling rules designed to protect consumers. At its regularly scheduled meeting on **October 21, 2021**, Commissioners also heard from southern Oregon legislators who remain alarmed by continued illegal cannabis commerce linked to criminal cartels operating in Jackson and Josephine counties. The Commission also approved three stipulated settlements with recreational marijuana licensees.

OLCC's six commissioners voted to uphold the decision of an Oregon Administrative Law Judge (ALJ) who found Luminous Botanicals sold small vials of a marijuana-derived THC tincture even though it was out of compliance with OLCC rules. OLCC staff determined that the item's labels were not properly affixed and could fall off when used by a consumer. These unlabeled vials, with no markings indicating their contents to be marijuana, could inadvertently be used by an unsuspecting consumer, and thus posed a public safety issue.

"Small vials of marijuana product don't provide any distinction on whether or not the product is from the legal or illegal market," said OLCC Executive Director Steve Marks. "That's what this was about."

The trial-sized vial of "Universal Cannabis Tonic" was labeled as having less than an ounce of the marijuana THC containing product, or enough for two servings. However Luminous Botanicals refused to make their labels compliant with OLCC packaging and labeling rules by properly labeling the thumb-sized vial.

OLCC staff worked with Luminous Botanicals for more than a year to try to help the licensee devise a compatible solution. But during this time period Luminous Botanicals continued to sell products that violated OLCC packaging and labeling rules.

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Ultimately the OLCC charged Luminous Botanicals with multiple violations – each sale of the trial-sized vial constituted a violation. The OLCC offered to settle the case for \$30,000, instead of having to pay the maximum \$100,000 penalty. Without the civil penalty cap the proposed violations would have resulted in a proposed penalty of millions of dollars. Eventually the issue ended up before an ALJ who heard the case in February, 2021; in August, 2021 the ALJ issued a ruling upholding the OLCC’s findings.

Arguing before the Commission, Luminous’ legal counsel said that the licensee had been exemplary in their dealings with the OLCC, had misunderstood the rules and had made an innocent error, and deserved leniency in the form of a warning, instead of a monetary penalty. The Commission decided otherwise.

This past summer, in response to public outcry, the OLCC coordinated with the Oregon Department of Agriculture, other state and local agencies, and southern Oregon law enforcement in Operation Table Rock to crack down on illegal cannabis producers masquerading as legitimate hemp or marijuana producers.

Operation Table Rock confirmed widely held suspicions about the illegal activity, but a bipartisan trio of southern Oregon lawmakers shared their lingering concerns about the safety of rural residents living near sites of illegal activity, pilfering of public and private water, and the human trafficking of workers at illegal grow sites.

Representative Lily Morgan (R-Grants Pass) told the Commission that law enforcement is spread so thin there’s little ability to investigate water misuse in the drought stricken area. “Water theft and water storage and water diversion has probably been the biggest unanswered call,” said Morgan.

“We are outgunned and out resourced,” said Senator Jeff Golden (D-Ashland). According to Golden, Southern Oregon residents fear that criminal cartels will return next year because they’ve found that it’s easy to get away with illegal growing. “It is an all hands on deck situation and we have to secure the resources proportional to this crisis,” he said.

Representative Pam Marsh (D-Ashland) praised the partnership with the OLCC and other state agencies during Operation Table Rock but said additional collaboration was needed to deal with a crisis that hasn’t subsided.

Commissioners ratified the following violation fines and suspensions based on stipulated settlements (*detailed information on specific cases can be found [here on the OLCC website](#)*):

HYDROGANICS will surrender its recreational marijuana producer license for one violation, on the date the transfer of ownership of the business is completed or on January 21, 2022, whichever is earlier.

Licensee is: Nature Based Corporation; Yen Nguyen, President/Stockholder; Men-Truc Nguyen, Secretary/Stockholder.

HIGHLY DISTRIBUTED, a recreational marijuana wholesale licensee will receive a letter of reprimand for two violations.

Licensee is: Highly Distributed, LLC; Jamin Giersbach, Member; Melissa Giersbach, Member.

October 22, 2021
OLCC Commission Meeting - Marijuana

The Commission approved restrictions to a recreational marijuana producer license for the applicants of **FLOWERS CITY**. The application includes one individual who made false statements to the Commission. The license restrictions requires the licensee to prohibit that individual from any involvement in the operation or management of the business, or providing any services to the business, and not be on the licensed premises at any time.

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*The locations of OLCC marijuana producer, processor and wholesale licensees are exempt from public disclosure under Oregon law.

A copy of the Stipulated Settlement Agreements for Marijuana Violation Cases can be found on the [OLCC website](#), on the Laws & Rules page under the [Final Orders](#) section.