



Public Health Division
Oregon Medical Marijuana Program

Kate Brown, Governor

Oregon
Health
Authority

PO Box 14116
Portland, OR 97293
Voice: (855) 244-9580
Fax: (971) 673-0076

Email: medmj.dispensaries@state.or.us
Website: mmj.oregon.gov

April 3, 2017

Siskiyou Medical Supply, LLC
Michael Welch, Primary PRD
900 Murphy Road
Medford, OR 97504

Re: Notice of Intent to Impose Civil Penalties MMD No. 05218

Dear Mr. Welch:

Attached is a Notice of Intent to Impose Civil Penalties (Notice) based on numerous violations of ORS 475B.450 and Oregon Medical Marijuana Program (OMMP) rules for selling marijuana items to non-OMMP cardholders between January 2, 2017 and January 23, 2017, as well as for providing the services of a medical marijuana dispensary without being duly registered between January 24, 2017 and January 27, 2017. That Notice explains your right to request a hearing.

In lieu of requesting a hearing, OHA is willing to settle this matter if you agree to admit to the violations and pay a civil penalty. OHA could, under the law, impose a civil penalty of \$500 per violation for each of the 1164 documented violations. The total civil penalty amount would be \$582,000.00. Under the settlement, OHA proposes that you pay a civil penalty of only \$75,000.

If you accept this settlement, you waive your right to a hearing on the Notice. You have 21 days from the date of this Notice to sign the settlement agreement and you must pay the civil penalty within 10 days of returning the signed settlement agreement. The proposed settlement agreement is attached.

If you decide to sign the settlement agreement, you must, within 21 days:

- Scan and email a copy of the signed settlement agreement to medmj.dispensaries@state.or.us
OR
- Mail the hard-copy signed document to OMMP at P.O. Box 14116, Portland, Oregon 97293.

If you sign the settlement agreement, you must also mail a certified check or money order in the amount of \$75,000.00, payable to OMMP, at P.O. Box 14116, Portland, Oregon 97293. OHA must receive full payment, within 10 days from the date you signed the settlement agreement.

You may contact me by phone at (971) 673-2506, if you have any questions.

Christopher Westfall
Compliance Unit Manager
Medical Marijuana Program
Oregon Health Authority

Enclosures: Notice of Intent to Impose Civil Penalties
Proposed Stipulated Settlement Agreement

**STATE OF OREGON
OREGON HEALTH AUTHORITY
PUBLIC HEALTH DIVISION, MEDICAL MARIJUANA PROGRAM**

<p>In the Matter of:</p> <p>Siskiyou Medical Supply, LLC MMD No: 05218</p>	<p style="text-align:center">NOTICE OF VIOLATION AND INTENT TO IMPOSE CIVIL PENALTIES</p>
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To: Siskiyou Medical Supply, LLC
1796 Ashland Street
Ashland, OR 97520

Michael Welch, Owner
900 Murphy Road
Medford, OR 97504

Michael Welch, Registered Agent
1908 Ashland Street Suites B and E
Ashland, OR 97520

AUTHORITY

1. The Oregon Health Authority (OHA), Oregon Medical Marijuana Program (OMMP) regulates medical marijuana dispensaries under ORS 475B.450 to 475B.525.
2. Siskiyou Medical Supply, LLC (Siskiyou Medical) has been a registered dispensary since January 23, 2015 with Michael Welch (Owner) listed as the sole owner.
3. Starting October 1, 2015, and ending December 31, 2016, registered medical marijuana dispensaries were permitted to sell limited marijuana retail products to a person 21 years of age or older, without an OMMP card. Sections 2 and 3, chapter 784, Oregon Laws 2015, OAR 333-008-1500(2), OAR 333-008-1245(1).
4. On and after January 1, 2017, registered medical marijuana dispensaries are only permitted to sell or transfer medical marijuana to OMMP patients and designated primary caregivers (cardholders). ORS 475B.450, OAR 333-008-1245.
5. On December 7, 2016, OHA sent a bulletin to all dispensaries that December 31, 2016, would be the last day registered dispensaries could sell marijuana to adult recreational users.
6. On December 20, 2016, OHA sent out a press release reminding registered medical marijuana dispensaries that adult recreational sales of marijuana would end on December 31, 2016.
7. On February 1, 2017, an OMMP Investigator conducted a compliance check at Siskiyou Medical and was informed by Owner that Siskiyou Medical had knowingly continued to complete transfers and sales to recreational customers through the month of January 2017.

8. Siskiyou Medical's OMMP registration expired on January 23, 2017 and no application for renewal was submitted.

9. On March 27, 2017, OMMP obtained from Owner electronic records of all transfers of marijuana out of the registered medical dispensary that had occurred in January 2017.

10. Transfer records document that between January 2, 2017 and January 23, 2017, Siskiyou Medical transferred or sold marijuana items to 1129 non-OMMP cardholders.

11. Transfer records document that between January 24, 2017 and January 27, 2017, Siskiyou Medical transferred or sold marijuana items to 35 OMMP cardholders.

12. Under OAR 333-008-2200(2)(c), OHA may issue a civil penalty for a violation of OAR 333-008-1000 to 333-008-2180, not to exceed \$500 per day, for each violation that occurred.

13. Under ORS 475B.495(1), OHA may issue a civil penalty for a violation of ORS 475B.400 to 475B.525, not to exceed \$500 for each day that the violation occurred.

FINDING OF FACT/CONCLUSIONS OF LAW

1. Siskiyou Medical was an OHA registered dispensary, MMD number 05218, from January 23, 2015 through January 23, 2017.

2. Between January 2 and January 23, 2017 Siskiyou Medical sold marijuana items to 1129 non-OMMP cardholders, in violation of OAR 333-008-1500(2), OAR 333-008-1245, and OAR 333-008-2180(1)(c).

3. Between January 24, 2017 and January 27, 2017, Siskiyou Medical provided the services of a medical marijuana dispensary without being duly registered by transferring or selling marijuana items to 35 OMMP cardholders, in violation of ORS 475B.450(1)(b) and OAR 333-008-2180(2).

4. OHA may issue a civil penalty of up to \$500 per day per violation for a violation of ORS 475B.450(1)(b). Siskiyou Medical violated ORS 475B.450(1)(b) 35 times between January 24, 2017, and January 27, 2017. OHA proposes to impose a civil penalty of \$17,500 for these violations (35 x \$500 = \$17,500).

5. OHA may issue a civil penalty of up to \$500 per day per violation for a violation of OAR 333-008-1000 to 333-008-2180. Siskiyou Medical violated OAR 333-008-1500(2), OAR 333-008-1245, and OAR 333-008-2180(1)(c) 1129 times by selling marijuana items to non-OMMP cardholders. OHA proposes to impose a civil penalty of \$564,500 for these violations (1129 x \$500 = \$564,500).

6. OHA proposes to impose civil penalties totalling \$582,000 (\$17,500 + 564,500 = \$582,000) on Siskiyou Medical for the violations cited above and to prohibit Siskiyou Medical and Owner from applying for a medical marijuana dispensary registration with the OHA for two years from the date a final order is issued.

NOTICE OF HEARING RIGHTS

You are entitled to a hearing as provided by the Administrative Procedures Act (chapter 183, Oregon Revised Statutes). If you want a hearing you must file a written request for a hearing with the program within **21 days from the date this notice was mailed**. In order for a hearing request that is mailed to be timely, it must be postmarked within 21 days from the date this notice was mailed. You may mail your request for hearing to the address below. **Be sure to include your OMMP# in your request.**

Oregon Health Authority
Oregon Medical Marijuana Program
P.O. Box 14116, Portland, OR 97293

You may fax your request for hearing to (971) 673-0076 or e-mail your request for hearing to medmj.dispensaries@state.or.us.

If you fax your request for hearing it must be received by OHA by 5:00 p.m. PST, within 21 days from the date this notice was mailed. If you e-mail your request for hearing, it must be sent to OHA by 5:00 p.m. PST, within 21 days from the date this notice was mailed.

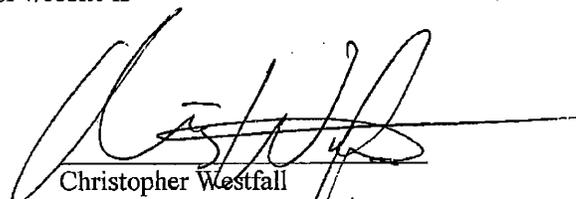
If you request a hearing, you will be notified of the time and place of the hearing. You may be represented by legal counsel at the hearing. Legal aid organizations may be able to assist those with limited financial resources. Per ORS 413.041, a party that is not a natural person may be represented by an attorney or by any officer or authorized agent or employee of the party.

OHA will be represented by an Assistant Attorney General. You will be provided information on the procedures, right of representation and other rights of parties relating to the conduct of the hearing before commencement of the hearing. Any hearing will be held by an administrative law judge from the Office of Administrative Hearings, assigned as required by ORS 183.635.

If a request for hearing is not received within this 21-day period, your right to a hearing under ORS chapter 183 shall be considered waived except as provided in OAR 137-003-0670(2). If you do not request a hearing within 21 days, if you withdraw a request for hearing, if you notify OHA or the administrative law judge that you will not appear, or if you fail to appear at a scheduled hearing, OHA may issue a final order by default imposing civil penalties. If OHA issues a final order by default, OHA designates the relevant portions of its files on this matter, including all materials that you have submitted relating to this matter, as the record for purposes of proving a prima facie case upon default.

Notice to Active Duty Service members. Active duty service members have a right to stay proceedings under the federal Service members Civil Relief Act and may contact the Oregon State Bar at 1 (800) 452-8260 or the Oregon Military Department at 1 (800) 452-7500 for more information. The internet address for the United States Armed Forces Legal Assistance Locator website is <http://legalassistance.law.af.mil/content/locator.php>.

Dated: April 3, 2017



Christopher Westfall
Compliance Unit Manager
Medical Marijuana Program
Oregon Health Authority

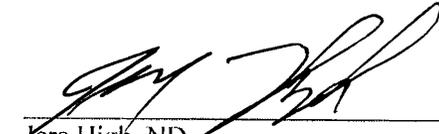
**STATE OF OREGON
OREGON HEALTH AUTHORITY
PUBLIC HEALTH DIVISION, MEDICAL MARIJUANA PROGRAM**

<p>In the matter of the registration of:</p> <p>Siskiyou Medical Supply, LLC MMD # 05218</p>	<p style="text-align:center">STIPULATED SETTLEMENT ORDER</p>
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1. The Oregon Health Authority (OHA), Oregon Medical Marijuana Program (OMMP) is responsible for enforcing the law related to the registration of dispensaries. ORS 475B.450.
2. Siskiyou Medical Supply, LLC, MMD05218 (hereinafter "Dispensary") has been registered since January 23, 2015. Michael Welch is the primary owner of Dispensary (hereinafter "Owner") and is acting on behalf of Dispensary.
3. OHA issued a Notice of Violation and Intent to Impose Civil Penalties dated April 3, 2017 (hereinafter "Notice") to Dispensary for the illegal sale of marijuana items to non-OMMP-cardholders in violation of Sections 2 and 3, Chapter 784, Oregon Laws 2015, ORS 475B.450, OAR 333-008-1500(2), OAR 333-008-1245, and OAR 333-008-2180(1) and for providing the services of a medical marijuana dispensary in violation of Oregon Laws Sections 2 and 3, Chapter 784, Oregon Laws 2015, ORS 475B.450(1)(b) and OAR 333-008-2180(1)(j).
4. Owner agrees, for purposes of this settlement, that OHA could prove the violations in the Notice at hearing and admits to the violations.
5. Dispensary and OHA desire to settle this matter. Owner has been fully advised of the right to notice and a contested case hearing under the Administrative Procedures Act (Oregon Revised Statutes chapter 183), and fully and finally waives all such rights and any rights to appeal or otherwise challenge the Notice or this Stipulated Settlement Order (hereinafter "Settlement Order").
6. Owner and OHA agree to resolve this matter by entry of this Settlement Order, subject to the following conditions:
 - 6.1 Owner agrees to pay a civil penalty of \$10,000. Payment of the civil penalty must be received by OHA within 10 days from the date this Settlement Order is signed by Owner. Payment (money order or certified check) shall be sent to the OMMP at P.O. Box 14116, Portland, Oregon 97293.

- 6.2 Civil penalties in the amount of \$582,000 are immediately due and payable if Owner fails to timely pay the agreed upon civil penalty of \$10,000.
7. Owner may not reapply for a registration with OHA under ORS 475B.400 to 475B.535 for two years from the date Owner signed the Order.
8. The terms of this Settlement Order apply to any subsequent owner of Dispensary.
9. The terms of this Settlement Order remain in effect for two years from the date Owner signed the Order.
10. OHA and Owner agree that this Settlement Order may be executed in one or more multiple counterparts, including facsimile, scanned, and electronically transmitted counterparts, each of which shall constitute an original and all of which together shall constitute one and the same agreement.

Dated: 4/25/17



Jere High, ND
Administrator, Center for Health Protection

Dated: 4/24/17



Michael Welch
Owner Signature
Siskiyou Medical Supply, LLC