

## ADMINISTRATIVE POLICY & PROCESS DIVISION

August 15, 2019

### STIPULATED SETTLEMENT AGREEMENTS FOR MARIJUANA VIOLATION CASES

1. Bud Bros, LLC  
David Scott, Member  
Josh Scott, Member  
dba **BUD BROS**  
335 S. Redwood Hwy  
Cave Junction, OR 97523  
(Retailer)

OAR 845-025-1450(1)(a), (b) – From about July 1, 2018 to January 16, 2019, Licensee and/or its employees, agents, or representatives failed to ensure that they had cameras that continuously recorded, 24 hours a day, in all areas where mature marijuana plants, immature marijuana plants, usable marijuana, or products may be present on the licensed premises; and at all points of ingress and egress to and from areas where mature marijuana plants and usable marijuana plants were present, due to gaps in coverage caused by incorrect settings on the recording system.

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

Note: Licensee was charged with this violation by Notice dated May 13, 2019. Commission staff originally proposed the standard sanction of license cancellation, and the seizure and destruction of marijuana items. Licensee requested a hearing and now wishes to enter into this settlement agreement.

**SYNOPSIS:** During an inspection it was discovered that the cameras were set to motion record rather than continuous. The camera is now correctly configured. Sales were tracked in Metrc while the camera was incorrectly set.

#### TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violation as set out in the Notice. This is Licensee's first Category I violation.
2. Commission staff originally proposed for this violation the standard sanction of license cancellation and seizure and destruction of marijuana items.
3. The Commission will reduce the sanction for this violation and impose a \$4,950.00 civil penalty or a 30-day license suspension.
4. Licensee will pay a civil penalty of \$4,950.00 before 5:00 PM on September 16, 2019, **OR** serve a 30-day suspension beginning at 7:00 AM on September 21, 2019 and ending at 7:00 AM on October 21, 2019.
5. Licensee withdraws the request for 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 this violation. 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.

(continued **BUD BROS**)

7. This agreement is conditional upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their August 2019 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. SMW Agriculture, LLC  
Stacey Kelley, Member  
dba **RIPPED CITY**  
(Producer)

OAR 845-025-7580(1)(b) - From about October 22, 2018 to about February 26, 2019, Licensee and/or its employees, agents or representatives failed to reconcile all on-premises and in-transit marijuana inventories each day in the METRC Cannabis Tracking System (CTS) at the close of business pursuant to system requirements, when marijuana item Phantom Cookies (bud) in CTS had a negative weight and another was mislabeled as a different strain.

Note: Licensee was charged with these violations by Notice dated May 29, 2019. The total proposed sanction was a 12-day suspension or a \$1,980.00 civil penalty. Licensee requested a hearing and now wishes to enter into this settlement agreement.

AGGRAVATION

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

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

**SYNOPSIS:** This CTS violation arose out of a failure to adjust packages to record inventory accurately when packages were manifested to another licensee who did not accept them. After failing to make proper package adjustments to the original item, employees assigned new UID for the same product which created negative weights in their inventory.

**TERMS OF AGREEMENT**

1. Licensee accepts responsibility for the violation as set out in the Notice. This was Licensee's first Category III violation. 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. The total proposed sanction was a 12-day suspension or a \$1,980.00 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 \$1,485.00 civil penalty before 5:00 PM on September 16, 2019 **or** serve a nine-day suspension beginning at 7:00 AM on September 21, 2019 and ending at 7:00 AM on September 30, 2019.
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 August 2019 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.

3. MCTSA Management Corporation  
Matthew Kimber, President/Stockholder  
Trenton Mohwinkle, Secretary/Stockholder  
Chris Tafoya, Stockholder  
Anthony McNamer, Stockholder  
dba **ROSE CITY CONFECTIONS**  
(Processor)

OAR 845-025-3215(2)\*– On or about May 24, 2018, Licensee operated other than its license permits when Licensee and/or its employees, agents or representatives received approximately 5.795 pounds of useable marijuana from marijuana retailer Home Grown Apothecary.

*\*Citation is to rule in effect at the time of the violation*

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

OAR 845-025-3215(2) and/or OAR 845-025-1045(2) - On or about May 6, 2018, Licensee operated other than its license permits when Licensee and/or its employees, agents or representatives entered into a contract with Endless Organics, LLC, an unlicensed entity which was not an applicant on Licensee’s license and/or an authorized representative of Licensee, to permit it to use Licensee’s premises and processor license for the purpose of processing marijuana items.

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

Note: Licensee was charged with these violations by Notice dated February 12, 2019. Commission staff originally proposed for these violations the standard sanction of license cancellation, destruction of marijuana items remaining at the premises, and refusal to renew the license. Licensee requested a hearing and now wishes to enter into this settlement agreement.

AGGRAVATION

Commission staff proposed aggravation because Licensee Kimber personally committed these violations.

**SYNOPSIS:** About two months after this processor was first licensed it entered into a contract to allow a person associated with a retail license who also was involved in an unlicensed company to supply marijuana product from her licensed company, and use it to prepare a topical formulation. This resulted in two Category I charges: one for accepting marijuana from a retailer, and one for allowing the person’s unlicensed company to use Rose City’s processor license to process a marijuana item. Staff, with the approval of DOJ, negotiated a unique settlement, under which there is a mandatory 30-day suspension, and the new penalty authority of \$10,000 per violation applies *by agreement of the parties* to permit Licensee to pay a civil penalty of \$10,000 in lieu of the second violation’s 30-day suspension if Licensee so chooses. *This matter is related to other matters that are still pending hearing. The Commission is cautioned that any remarks made regarding this matter could be used at the hearing in related matters.*

**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, arising out of the same incident. Any subsequent Category I violation within two years may result in license cancellation.
2. Commission staff originally proposed for these violations the standard sanction of license cancellation, destruction of marijuana items remaining at the premises, and refusal to renew the license. Commission staff proposed aggravation because Licensee Kimber personally committed these violations.

(continued **ROSE CITY CONFECTIONS**)

3. The Commission will reduce the sanction on Violation Number One to a 30-day suspension **or** payment of a \$10,000.00 civil penalty. The Commission will reduce the sanction on Violation Number Two to a 30-day suspension.
4. Licensee will either: (1) pay a \$10,000.00 civil penalty before 5:00 PM on September 16, 2019 **and** serve a 30-day suspension beginning at 7:00 AM on September 21, 2019 and ending at 7:00 AM on October 21, 2019; **OR** (2) serve a 60-day suspension beginning at 7:00 AM on September 21, 2019 and ending at 7:00 AM on November 20, 2019.
5. The Commission will process Licensee's renewal application in normal course.
6. Licensee withdraws its Request for Hearing in this matter.
7. If a licensee's interest in the license expires or is transferred before the Commission issues a final order, that 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.
8. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their August 2019 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.

<p>4. <b>RYAN BIGLIONE</b> (WP# 1074JJ)  Worker Permittee  <b>ALTERNATIVE REMEDIES</b>  (Producer)</p>	<p>OAR 845-025-7700(1). – On or about September 19, 2018, Permittee transported, transferred and/or delivered marijuana other than to a licensed premises when he transported, transferred and/or delivered approximately 24 marijuana plants from the licensed premises of Alternative Remedies, OLCC Producer No. 1000523654B, to an unlicensed location.</p> <p>(1<sup>st</sup> Level Category I)</p> <p>OAR 845-025-7700(3)(c) - On or about September 19, 2018, Permittee failed to package in shipping containers and label with a UID tag and/or failed to use CTS to generate a printed transport manifest with respect to the transport of approximately 24 marijuana plants that he transported from the premises.</p> <p>(1<sup>st</sup> Level Category III)</p> <p>OAR 845-025-8520(7) - On or about September 19, 2018, Permittee permitted unlawful activity on the licensed premises or in areas adjacent to the licensed premises under the control of the licensee when he knowingly possessed 24 marijuana plants in the parking lot adjacent to the premises while not acting in accordance with ORS 475B.010 to 475.545 or any rule adopted under ORS 475B.010 to 475.545, in that these marijuana plants were held without any manifest and were loaded into a vehicle for the purpose of transporting them to an unlicensed location, and therefore he possessed these marijuana plants contrary to ORS 475B.337(1)(a).</p> <p>(1<sup>st</sup> Level Category III)</p>	<p>Note: Permittee was charged with these violations by Notice dated April 9, 2019. Commission staff originally proposed the standard sanction of permit cancellation. Permittee requested a hearing and now wishes to enter into this settlement agreement.</p> <p style="text-align: center;"><u>AGGRAVATION</u></p> <p>Commission staff recommended aggravation because Violation Number One was intentional.</p>
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(continued **RYAN BIGLIONE** (Worker Permit))

**SYNOPSIS:** This individual holds a marijuana worker permit under which he was employed by Licensee Alternative Remedies as a grower. He also is a licensee in a separate processor business. The evidence shows that Permittee, at the direction of his employer, transported marijuana items off the licensed premises to an unlicensed location in Portland. Commission staff sought cancellation of his permit. Permittee now agrees to admit the charges and to surrender his worker permit, effective immediately upon ratification of the agreement by the Commission. Meanwhile, a license cancellation compliance action remains pending against Licensee Alternative Remedies. *The Commission is cautioned that any remarks made regarding this matter could be used at the hearing in that related matter.*

### **TERMS OF AGREEMENT**

1. Permittee accepts responsibility for the violations as set out in the Notice. These were Permittee's first Category I violation, and first and second Category III violations within two years.
2. Commission staff recommended aggravation because Violation Number One was intentional.
3. Commission staff originally proposed the standard sanction of permit cancellation. Permittee agrees to surrender Marijuana Worker Permit No. 1074JJ effective as of the date of ratification of this Agreement by the Commission, and the Commission accepts such surrender.
4. Permittee agrees to accept a letter of reprimand for the violations specified above. This letter of reprimand will become a permanent part of Permittee's Commission file and may be considered in any future application for any permit or license by Permittee.
5. Permittee withdraws the request for hearing in this matter.
6. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their August 2019 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.

5. Bella Caramella, LLC  
Michelle Aver, Managing Member  
dba **BHOMBHELLY'S JELLY'S**  
(Processor)

OAR 845-025-1045(3)(a)(c)(d) – From about March 6, 2018 to about July 18, 2018, Garren Gammell and/or Forty to Five, LLC, had an undisclosed ownership interest in the licensed business when Gammell exercised control over the business, or was entitled to enter into a contract or similar obligations of behalf of the business for the sale of Forty to Five marijuana-infused cookies to retail stores, or was a lessee of the premises. The Commission may revoke a license for any of the reasons that it may deny a license. OAR 845-025-1115(6).

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

OAR 845-025-1230(13) - From about March 6, 2018 to about July 18, 2018, Licensee subleased a portion of the licensed premises to Garren Gammell, an individual not licensed by the Commission, who paid rent to Licensee for use of the premises' kitchen for the purposes of making marijuana-infused cookies (marijuana items).

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

OAR 845-025-3215(1)(2)(3) - From about March 6, 2018 to about July 18, 2018, Licensee operated other than its license permits when Licensee and/or its employees, agents or representatives used its license privileges to transfer, sell, transport, purchase or receive "Forty to Five Cannabis Cookies," marijuana items processed by Garren Gammell and/or Forty to Five, LLC, an individual and/or entity not licensed by the Commission and without a proper processor endorsement per OAR 845-025-3210.

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

OAR 845-025-8520(3)(a)(C) - On or about July 17, 2018, Licensee and/or Licensee's employees, agents, servants, or representatives asked OLCC

Note: Licensee was charged with these violations by Notice dated December 6, 2018. Commission staff originally proposed for these violations 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.

(continued **BHOMBHELLY'S JELLY'S**)

regulatory specialists D. Standiford and J. Mereen to leave the licensed premises prior to them having the opportunity to conduct an inspection to ensure compliance with ORS 475B affecting the licensed privileges or administrative rules.

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

**SYNOPSIS:** During an inspection Licensee's employees asked two OLCC inspectors to leave the premises. Licensee was not present at the time and indicated she had instructed her employees not to allow anyone into the premises. The investigation revealed an undisclosed interest in the business, in that an individual was using license privileges without Licensee having disclosed it or receiving approval from the Commission. The individual was making marijuana infused cookies under his label and transferring/selling the product under Licensee's license. The settlement involves two licenses (Processor and Wholesaler) held by the Licensee at the same premises.

### **TERMS OF AGREEMENT**

1. Licensee accepts responsibility for the violations as set out in the Notice. Violations One, Two and Three were Licensee's first through third Category I violations. Violation Four was Licensee's first Category II violation.
2. Commission staff originally proposed the standard sanction of license cancellation and the seizure and destruction of marijuana items.
3. Licensee has begun the process of selling the business. Licensee hereby surrenders its Marijuana Processor License No. 1000330C704 effective as of the date that the sale is completed or October 31, 2019, whichever is earlier. Licensee agrees that any marijuana items left in its METRC Cannabis Tracking System (CTS) inventory which were not properly transferred prior to the effective date of license surrender may be seized and destroyed by the Commission.
4. Additionally, under the same terms as its processor license identified above, Licensee agrees to surrender its Marijuana Wholesale Licensee No. 10003283A31, which is located at the same location. Licensee hereby surrenders its Marijuana Wholesaler License No. 10003283A31 effective as of the date that the sale is completed or October 31, 2019, whichever is earlier. Licensee agrees that any marijuana items left in its CTS inventory which were not properly transferred prior to the effective date of license surrender may be seized and destroyed by the Commission.
5. 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 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 its two license surrenders, 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 Control Commission and will be reviewed by the Commissioners at their August 2019 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. B&W Brother, LLC  
Bob Tu, Member  
Chaohui Wang, Member  
dba **B&W BROTHER**  
(Producer)

OAR 845-025-1450(2)(d)(A) - On or about October 23, 2018, Licensee or Licensee's employees, agents, servants, or representatives failed to keep surveillance recordings for a minimum of 90 calendar days, when it only kept surveillance recordings since August 16, 2018.

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

OAR 845-025-7520(1)(c) - On or about October 23, 2018, Licensee or Licensee's employees, agents, or representatives failed to tag individual marijuana plants with a unique identification (UID) tag no later than when each plant reached a height of twenty four inches or when the individual plant was identified as female, whichever was sooner.

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

OAR 845-025-7520(1)(d)) - On or about October 23, 2018, Licensee or Licensee's employees, agents, or representatives failed to properly tag marijuana all other inventory, including a large plastic bag containing usable marijuana on a drying rack, with a UID tag pursuant to system requirements of CTS.

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

OAR 845-025-8520(10)(e) - From about October 20, 2018 to October 23, 2018, Licensee or Licensee's employees, agents, or representatives permitted hemp items to be present on the licensed premises.

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

Note: Licensee was charged with these violations by Notice dated March 5, 2019. Staff originally proposed the standard sanction of license cancellation, and the seizure and destruction of marijuana items. Licensee requested a hearing and now wishes to enter into this settlement agreement.

AGGRAVATION

Commission staff proposed that Violations Number Two and Number Four be aggravated because the violations were repeated.

**SYNOPSIS:** An inspection of this producer's premises revealed that Licensee had plants in the ground that were not tagged with UID tags after reaching a height of 24 inches or being identified as female. The licensee also had a plastic bag of untagged usable marijuana that the licensee identified as waste. Additionally, Licensee volunteered that plants drying in two greenhouses were hemp plants brought over from Licensee's nearby ODA-licensed hemp grow. Licensee was able to show inspectors video of the hemp delivery, but Inspectors saw that Licensee only had about 67 days of surveillance recordings.

(continued **B & W BROTHER**)

### **TERMS OF AGREEMENT**

1. Licensee accepts responsibility for the violations as set out in the Notice. These were Licensee's first Category I and 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 license cancellation. Commission staff proposed that Violations Number Two and Number Four be aggravated because the violations were repeated.
3. The Commission will reduce the sanctions on Violations Number One and Number Four to a 30-day license suspension or payment of a \$4,950.00 civil penalty for each. Two days of suspension will be added to Violation Number Four due to the aggravating factor. The Commission will reduce the sanction on Violation Number Two by three days. This is equivalent to a 30% reduction of the standard sanction for a Category III violation. Two days of suspension will be added due to the aggravating factor. The Commission will reduce the sanction on Violation Number Three by three days. This is equivalent to a 30% reduction of the standard sanction for a Category III violation.
4. Licensee will either (a) pay a \$12,540.00 civil penalty before 5:00 PM on September 16, 2019 and serve a two-day suspension beginning at 7:00 AM on September 21, 2019 and ending at 7:00 AM on September 23, 2019, **OR** (b) serve a 78-day suspension beginning at 7:00 AM on September 21, 2019 and ending at 7:00 AM on December 8, 2019.
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 the allegations, the licensee agrees to accept a Letter of Reprimand for the 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.
7. This agreement is conditional upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their August 2019 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.

7. Canna Royal, Inc.  
Wesley Mathis, Pres/Stkholder  
dba **CANNA ROYAL**  
25808 Suite 1-B, Hwy 126  
Veneta, OR 97487  
(Retailer)

OAR 845-025-1045(3), OAR 845-025-1115(2)(c)-  
From about June 1, 2018 to the present, a  
person with an ownership interest was not  
identified as an applicant on this license and/or  
an undisclosed ownership interest was permitted  
to exist in this business, when an asset transfer  
and management/control turn-over was carried  
out from Licensee to Tony Ray Matsu, Suzanne  
Matsu, Jesse Meyer, Jeromy Bruce, Michelle  
Nelson, Oregon Green Industries, LLC, and/or  
Canna Royal the Store, LLC. The Commission  
may revoke a license for any of the reasons that  
it may deny a license. OAR 845-025-1115(6).

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

OAR 845-025-1450(2)(d)(A) - From about June  
30, 2018 to about November 12, 2018, Licensee  
and/or its employees, agents or representatives  
failed to keep on-site surveillance recordings for  
a minimum of 90 days.

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

OAR 845-025-1450(2)(k) - On or about June 30,  
2018, Licensee and/or its agents, employees or  
representatives failed to immediately notify the  
Commission of any surveillance equipment  
failure or system outage lasting 30 minutes or  
more when employee Michelle Nelson noticed  
that the surveillance system would not perform  
on-site backup for 90 days and would only  
backup for about seven days, but did not notify  
the Commission until about October 22, 2018.

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

Note: Licensee was charged with these violations by  
Notice dated March 12, 2019. Staff originally  
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.

(continued **CANNA ROYAL**)

**SYNOPSIS:** This retailer turned over control to another company effective June 1, 2018 without obtaining OLCC approval, thus creating an undisclosed interest in the business. This deprives the Commission of the opportunity to determine the qualifications of the new owners, and is a Category I violation. In addition, the premises had trouble with the surveillance system such that it was unable to save more than seven days of backup recordings, starting when the premises reopened under new management at the end of June, 2018, until the problem was fixed in mid-August, 2018. The rest of the charged violation is based on the time it took to become compliant again with the 90-day backup requirement. Notification of the problem did not occur until after it was discovered by an inspector. The Licensee has admitted the violations, and agreed to surrender its license as of the date of a transfer of the business or by October 31, 2019, whichever is earlier.

### **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, and first Category III violation, within two years.
2. Commission staff proposed the standard sanction of license cancellation for these violations.
3. 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 7:00 AM on October 31, 2019, whichever is earlier.
4. Each licensee agrees to accept a letter of reprimand for the violations specified above. This letter of reprimand will become a permanent part of each licensee's Commission file and may be considered in any future application for any license by the licensee.
5. Licensee hereby relinquishes any and all interest in any marijuana items in its CTS inventory that has not been properly transferred to another licensee as of the effective date of license surrender, and agrees that the Commission may seize and destroy any such untransferred marijuana items.
6. Licensee withdraws its Request for Hearing in this matter.
7. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their August 2019 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

8. Chez Day West, LLC  
Stephen Day, Jr., Member  
dba **STARSEED ORGANICS**  
(Producer)

OAR 845-025-1450(2)(d)(A) - On or about October 27, 2018, Licensee and/or its employees, agents or representatives failed to keep on-site surveillance recordings for a minimum of 90 days, when they were found to have only about 31 days of surveillance backup recordings, dating back to September 26, 2018.

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

OAR 845-025-1450(1) - From about September 27, 2018 to about October 27, 2018, 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, usable marijuana, cannabinoid concentrates, extracts or products may have been present on the licensed premises, and at all points of ingress and egress to and from areas where mature marijuana plants, immature marijuana plants, usable marijuana, cannabinoid concentrates, extracts or products were present, when it was found that a camera located at the gate entry of the fenced canopy area had not been recording for about one month as of October 27, 2018; and that cameras located in two conexas containing drying post-harvest marijuana had ceased functioning on October 3, 2018 and October 26, 2018, respectively.

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

OAR 845-025-1175(1) - From about August 1, 2018 to about October 27, 2018, Licensee and/or its employees, agents or representatives 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 approved by the Commission when they removed from the premises three

Note: Licensee was charged with these violations by Amended Notice dated June 5, 2019. The standard sanction for these violations is license cancellation. Licensee requested a hearing and now wishes to enter into this settlement agreement.

(continued **STARSEED ORGANICS**)

conexes along with six surveillance cameras that were part of the approved plan of the premises, without first seeking or obtaining Commission approval

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

OAR 845-025-2090(1), (3), (5)(b) - On or about October 1, 2018, October 2, 2018, October 6, 2018, October 7, 2018, October 10, 2018, October 12, 2018, October 14, 2018, October 20, 2018, November 3, 2018, and November 4, 2018, Licensee and/or its employees, agents or representatives, notified the Commission of its intent to harvest marijuana but did not in fact harvest marijuana on those dates, and failed to properly amend these harvest notifications to show that it was not harvesting on the dates indicated.

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

OAR 845-025-7580(1)(b)(d).- Between about September 27, 2018 and about November 12, 2018, Licensee and/or Licensee's employees, agents or representatives failed to reconcile all on-premises and in-transit marijuana item inventories each day in the METRC Cannabis Tracking System (CTS) at the close of business pursuant to system requirements and/or failed to record the wet weight of all harvested marijuana plants immediately after harvest, with respect to hundreds of marijuana plants harvested between about September 27, 2018 and about November 9, 2018, which were not reconciled and recorded in CTS on the date of harvest.

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

OAR 845-025-1230(9)(a) - From about April 28, 2017 to about March 1, 2018, Licensee and/or its employees, agents or representatives failed to

(continued **STARSEED ORGANICS**)

record the name and permit number of every current employee and license representative in CTS, when they failed to record the name and permit number of employee Noah Edwards.

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

**SYNOPSIS:** At a harvest inspection of this marijuana producer it was found that there was only 31 days of surveillance backup, that cameras were not functioning at the gate or in two conexas containing post-harvest marijuana, that there were unapproved alterations to the premises, that there were harvest notification violations, that hundreds of harvested marijuana plants had not been recorded in the METRC Cannabis Tracking System as required by rule, and that there were recordkeeping problems regarding tracking employees. Commission staff proposed license cancellation. Licensee agrees to admit the charges and to surrender his license, effective immediately upon ratification of the agreement by the Commission. Although the agreement also surrenders any marijuana items remaining at the premises, OLCC inspectors state that there are none. *This matter is related to an ongoing criminal investigation. The Commission is cautioned that any remarks made regarding this matter could be used in that related matter.*

#### **TERMS OF AGREEMENT**

1. Licensee accepts responsibility for the violations as set out in the Notice. This was Licensee's first Category I violation, first through fourth Category III violations, and first Category IV violation.
2. The standard sanction for these violations is license cancellation. Licensee hereby tenders the surrender of its license and the Commission accepts surrender of Marijuana Producer License No. 100417297FE, effective as of the date of ratification of this agreement.
3. 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 the licensee's Commission file and may be considered in any future application for any license by the licensee.
4. Licensee hereby relinquishes any and all interest in any marijuana items left at the licensed premises after the effective date of license surrender, and agrees that the Commission may seize and destroy any such marijuana items.
5. Licensee withdraws its Request for Hearing in this matter.
6. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their August 2019 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.

9. XW Cultivation, LLC  
Xing Wang, Member  
dba **XW CULTIVATION**  
(Producer)

OAR 845-025-1450(2)(d)(A) - On or about October 25, 2018, Licensee and/or Licensee's employees, agents, or representatives failed to keep video surveillance recordings of all areas required under OAR 845-025-1450(1) for a minimum of 90 calendar days, when only 15 days were available.

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

Note: Licensee was charged with this violation by Notice dated March 12, 2019. Staff originally proposed the standard sanction of license cancellation, and the seizure and destruction of marijuana items. Licensee requested a hearing and now wishes to enter into this settlement agreement.

**SYNOPSIS:** During an inspection, it was discovered that Licensee's surveillance equipment was not operational. They had been working with their vendor in an attempt to address the issues. The problems were resolved when they changed vendors.

### **TERMS OF AGREEMENT**

1. Licensee accepts responsibility for the violation as set out in the Notice. This is Licensee's first Category I violation.
2. Commission staff originally proposed for this violation the standard sanction of license cancellation and seizure and destruction of marijuana items.
3. The Commission will reduce the sanction for this violation and impose a \$4,950.00 civil penalty or a 30-day license suspension.
4. Licensee will pay a civil penalty of \$4,950.00 before 5:00 PM on September 16, 2019, **OR** serve a 30-day suspension beginning at 7:00 AM on September 21, 2019 and ending at 7:00 AM on October 21, 2019.
5. If Licensee's interest in the license expires or is transferred before the Commission issues a final order on this allegation, 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 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 August 2019 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.