

ADMINISTRATIVE HEARINGS DIVISION

December 16, 2021

STIPULATED SETTLEMENT AGREEMENTS FOR MARIJUANA VIOLATION CASES

1. Minthorne, LLC
Quismet, LLC, Member
Matthew Brennan, Member
dba **MINTHORNE**

(Producer)

OAR 845-025-1450(1)(a)(b) - On or about August 12, 2019, Licensee and/or Licensee's 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, useable marijuana or waste may be present, and all areas of ingress and egress to the premises, when four cameras covering the canopy areas were offline and not recording (camera Nos. 3, 4, 5, 6), when a tractor cut the lines to some of the cameras on July 4, 2019, and when Licensee Matthew Brennan intentionally unplugged all the cameras from July 5, 2019 to July 20, 2019.

(Category I)

OAR 845-025-7750(3) - On or before August 12, 2019, Licensee and/or Licensee's employees, agents, or representatives failed to maintain accurate and comprehensive records in addition to CTS entries regarding waste materials that accounted for, reconciled, and evidenced all waste activity related to the disposal of marijuana, by not keeping records of the exact date and time of the waste, the marijuana items wasted, the weight of the marijuana wasted, and the disposal method, with respect to approximately 1,000 marijuana plants claimed to have been wasted in late July, 2019..

(1st Level Category III)

Note: Licensee was charged with these violations by Amended Notice dated December 22, 2020. The proposed sanction was license cancellation. Licensee requested a hearing and now wishes to enter into this settlement agreement.

AGGRAVATION

Violation Number One was aggravated for licensee's personal involvement. These violations were also aggravated for repeated misconduct.

SYNOPSIS: During an unscheduled inspection, OLCC inspectors discovered that licensee was not keeping records of waste activity for approximately 1,000 plants. Additionally, several cameras were unplugged for a period of 15 days in July 2019. Staff recommend settlement due to the passage of time from the incident, the fact that there have been no further violations since 2019, and because licensee had just entered the cannabis industry at the time of the incident.

(continue **MINTHORNE**)

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violations as set out in the Notice. These were Licensee's first Category I violation, and first Category III violation within two years. Any subsequent Category III violation within the same two years will be charged at the second level. These violations will become a permanent part of each licensee's Commission file and may be considered in any future application for any license or permit by that licensee.
2. The standard sanction for the Category I violation is license cancellation. The standard sanction for the Category III violation is a 10-day suspension or \$1,650.00 civil penalty. Violation Number One was aggravated for licensee's personal involvement. These violations were also aggravated for repeated misconduct.
3. The Commission will reduce the sanction for Violation Number One to a 34-day suspension or a \$5,610.00 civil penalty. The Commission will reduce the sanction for Violation Number Two to a nine-day suspension or a \$1,485.00 civil penalty.
4. Licensee will pay a civil penalty of \$7,095.00 before 5:00 PM on January 14, 2022, **OR** serve a 43-day suspension beginning at 12:00 PM (noon) on January 21, 2022 and ending at 12:00 PM (noon) on March 5, 2022.
5. If a licensee's interest in the license expires or is transferred before the Commission issues a final order on these allegations, 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 or permit by the licensee.
6. Licensee withdraws its Request for Hearing in this matter.
7. This agreement is conditioned upon final approval of the Commission and will be reviewed by the Commissioners at their December 2021 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. Oregon Expedition, LLC
Rodney Eales, Member
Olney Kohr, Member
Peter Maffitt, Member
dba **OREGON EXPEDITION**
(Producer)

OAR 845-025-7580(1)(b) - On or about October 9, 2019, October 10, 2019 and October 20, 2019, Licensee and/or Licensee's employees, agents, or representatives intentionally failed to reconcile all on-premises and in-transit marijuana item inventories each day in CTS at the close of business pursuant to system requirements, when on October 9, 2019 data was entered in CTS showing the creation of cultivation batches that were backdated to August 25, 2019 and the change of growth phase was backdated to September 5, 2019; on October 10, 2019 when data entered in CTS showing the creation of cultivation batches that were back dated to September 5, 2019 and then destroyed on September 12, 2019; and on October 20, 2019 when data was entered in CTS showing the creation of cultivation batches on August 1, 2019 and the destruction of those plants was backdated to October 18, 2019.

(Category I)

OAR 845-025-8540(1)(a), (b) - On October 16, 2019, Licensee and/or Licensee's employees, agents, or representatives intentionally made false statements or representations to the Commission in order to induce or prevent action or investigation by the Commission when Louis Collazo and Derek Williams told Inspectors J. Vargas and A. Del Pizzo that they had completed tagging all marijuana plants when in fact at least six untagged mature marijuana plants were observed on the premises and later Collazo and Williams stated that they had run out of UID tags after they tagged as many plants as they could.

(Category I)

OAR 845-025-1160(4)(a)(A)(B) – On or about April 1, 2020, Licensee and/or Licensee's employees, agents, or representatives failed to notify the Commission of a change to its corporate or ownership structure, or in who has a financial interest in the business, prior to making such a change when EEK, Inc. obtained an ownership and/or financial interest in the licensed business without prior Commission approval.

(Category I)

Note: Licensee was charged with these violations by a Second Amended Notice dated April 14, 2021. The proposed sanction was license cancellation, seizure and destruction of marijuana items, and refusal to renew the license. Licensee requested a hearing and now wishes to enter into this settlement agreement.

AGGRAVATION

Staff proposed to aggravate the penalty because Violation Number Two was repeated.

(continue **OREGON EXPEDITION**)

SYNOPSIS: Multiple site visits uncovered widespread CTS and UID problems at the licensed premises, and further investigation showed that licensee had allowed a third party to obtain an ownership and/or financial interest in the licensed premises without notification or authorization by the Commission. Licensee has agreed to surrender the license and will sell the business to an individual or entity other than the one alleged to have obtained the unauthorized interest.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violations as set out in the Notice. These were Licensee's first through third Category I violations. These violations will become a permanent part of each licensee's Commission file and may be considered in any future application for any license or permit by that licensee.
2. Commission staff proposed the standard sanction of license cancellation, seizure and destruction of marijuana items, and refusal to renew the license for these violations. Commission staff also proposed to aggravate the penalty because Violation Number Two was repeated.
3. Licensee has begun the process of selling the business. Licensee hereby surrenders its license effective on the date the transfer of ownership of the business is completed or at 12:00 PM on February 16, 2022, whichever is earlier. Licensee agrees that its license will not be renewed.
4. Licensee understands and agrees that the Commission is not representing or guaranteeing that a new owner will be licensable or will have an approved license on or before February 16, 2022. Licensee understands and agrees that any new owner will have to fully complete the application process, and the application has to receive final approval by the Commission, prior to a license being issued.
5. Licensee agrees, represents, and warrants that the business will not be sold to the entity and/or individuals alleged to have obtained an unapproved financial and/or ownership interest in the licensed business, namely EEK, Inc. or any officer, director, or stockholder thereof, or any parent, subsidiary, affiliate, or successor of EEK, Inc.
6. Each 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 or permit by the licensee.
7. Licensee hereby relinquishes any and all interest in any marijuana items in its inventory that have not been properly transferred before the effective date of license surrender, and agrees that the Commission may seize and destroy any such marijuana items.
8. Licensee withdraws its request for hearing.
9. The terms of this Settlement Agreement and the Final Order entered based on this Agreement are binding on Licensee and any of its agents, employees, representatives, successors or assigns.
10. This agreement is conditioned upon final approval of the Commission and will be reviewed by the Commissioners at their December 2021 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.