

ADMINISTRATIVE POLICY & PROCESS DIVISION

May 28, 2020

STIPULATED SETTLEMENT AGREEMENTS FOR MARIJUANA VIOLATION CASES

1. Mana Holdings, LLC
Gordon Massie, Member
WWM, LLC, Member
Morgan Whitford, Member
Shadow Ray Unltd, LLC, Member
Reuben Ray, Manager/Member
Joint Holdings, LLC, Member
Sean Carriger, Manager/Member
dba **MANA FARMS**
(Producer)

OAR 845-025-2080(1) - On or about April 21, 2018 and/or October 17, 2018, Licensee or its employees, agents, or representatives failed to, within 45 days of harvesting the harvest lot, physically segregate individual harvest lots from other harvest lots, place the harvest lots in a receptacle or multiple receptacles, and/or assign a UID tag to each receptacle that was linked to each plant that was harvested.

(1st Level Category III)

OAR 845-025-7540(1)(2) - On or about February 13, 2019, Licensee or its employees, agents, or representatives failed to enter data into the METRC Cannabis Tracking System (CTS) that fully and transparently accounted for all inventory tracking activities when harvested marijuana was not segregated into packages and could not be located on the licensed premises, and when the weight of a package listed in CTS did not match the actual weight of the package in Licensee's physical inventory.

(1st Level Category III)

Note: Licensee was charged with these violations by Notice dated March 18, 2020. The total proposed sanction was a 22-day license suspension or \$3,630.00 civil penalty. Licensee requested a hearing and now wishes to enter into this settlement agreement.

AGGRAVATION

Staff added two days of aggravation because Violation Number One was repeated..

SYNOPSIS: – A site inspection revealed that the licensee had failed to accurately record harvest information. On two occasions, licensee failed to segregate harvest lots within 45 days of harvest. Licensee also had discrepancies between what was listed in CTS and its physical inventory for one package, and harvested marijuana could not be located on the premises during the inspection.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violations as set out in the Notice.
2. These violations were Licensee's first and second Category III violations within two years. They were charged at the first level because they were discovered concurrently. Any subsequent Category III violation within two years will be charged at the second level.

(continue **MANA FARMS**)

3. Commission staff originally proposed for these violations the standard sanction of a 10-day suspension or civil penalty of \$1,650.00 for each. Staff added two days of aggravation because Violation Number One was repeated. The total proposed sanction was a 22-day license suspension or \$3,630.00 civil penalty.
4. The Commission will reduce the sanction by six days.
5. Licensee will pay a \$2,640.00 civil penalty before 5:00 PM on June 15, 2020 **OR** serve a 16-day suspension beginning at 12:00 PM (noon) on June 22, 2020 and ending at 12:00 PM (noon) on July 8, 2020.
7. Licensee withdraws its request for a hearing.
8. 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 that licensee.
9. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their May 2020 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. TKO Holdings, Inc.
Charlie Cassidy, Pres/Dir/Stkhldr
Joanne Beckett, Secretary
Tracy Bouchard, Treas/Dir/Stkhldr
Bruce Beckett, Director/Stkhldr
dba **TKO RESERVES**
(Producer)

OAR 845-025-2020(2) - On or about January 15, 2019, January 3, 2019, December 21, 2018, December 26, 2018, October 22, 2018, and/or October 18, 2018, Licensee or Licensee's employees, agents, or representatives operated other than as its license permitted when it sold, delivered, transported, or transferred marijuana or marijuana items to and/or purchased or received marijuana or marijuana items from Licensee Oso Verde Farms, Producer License No. 10055769A84 and/or Licensee Shennong, Producer License No. 1004714490B..

(Category I)

OAR 845-025-1115(1)(e) - On or before January 22, 2019, Licensee's licensed premises was located on the same tax lot as a site registered with Oregon Department of Agriculture for the production of industrial hemp without having submitted a hemp control plan to the Commission or receiving approval thereof. Pursuant to OAR 845-025-1115(6), the Commission may revoke a license for any of the reasons that it may deny a license.

(Category I)

Note: Licensee was charged with these violations by Notice dated February 19, 2020. The total proposed sanction license cancellation. Licensee requested a hearing and now wishes to enter into this settlement agreement.

AGGRAVATION

Staff aggravated the sanction because Violation Number One was repeated.

SYNOPSIS: Licensee, who held a producer license, was discovered to have engaged in the transfer of marijuana product between two different producer licensees, which is prohibited under the rules. During the course of the investigation into the transfers, it was discovered that Licensee also had an ODA-registered hemp grow on the same tax lot as the licensed premises, but failed to submit a hemp control plan to the Commission for approval. Licensee subsequently obtained Commission approval for a hemp control plan.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violations as set out in the Notice. Violation Number One and Alternate Violation Number Two were Licensee's first and second Category I violations.
2. Staff originally proposed the standard sanction of license cancellation for these violations. Staff aggravated the sanction because Violation Number One was repeated.

(continue **TKO RESERVES**)

3. The Commission will reduce the proposed sanction for Violation Number One and impose a 30-day license suspension **AND** a \$4,950.00 civil penalty for the violation.
4. The Commission will reduce the sanction for Alternate Violation Number Two and impose a 30-day license suspension **OR** a \$4,950.00 civil penalty.
5. Licensee will either pay a \$4,950.00 civil penalty before 5:00 PM on June 15, 2020 and serve a 60-day suspension beginning at 12:00 PM on June 22, 2020 and ending at 12:00 PM on August 21, 2020, **OR** pay a \$9,900.00 civil penalty before 5:00 PM on June 15, 2020 and serve a 30-day license suspension beginning at 12:00 PM on June 22, 2020 and ending at 7:00 AM on July 22, 2020.
6. Licensee withdraws its request for a hearing.
7. 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 that licensee.
8. This agreement is conditional upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their May 2020 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. Tap-ReLoop, LLC, Co-Licensee
High Spirit Acres, LLC, Co-Licensee
Patrick Pooler, Member
dba **TAP-RELOOP**
(Producer)

OAR 845-025-8520(10)(e) – On or before May 30, 2019, Licensees or Licensees’ employees, agents, or representatives permitted industrial hemp or hemp items to be present on the licensed premises other than allowed by OAR chapter 845 division 025, when they permitted industrial hemp plants on the premises without having submitted a hemp control plan to the Commission or receiving approval thereof.

Note: Licensees were charged with these violations by Notice dated April 22, 2020. The total proposed sanction was license cancellation.

(Category I)

OAR 845-025-1175(1) - On or before June 4, 2019, Licensees or Licensees’ 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 originally approved by the Commission without the Commission’s prior written approval when offices, a greenhouse for immature marijuana plants, and a storage container were added to the Tap-ReLoop [Tap-ReLoop] premises, and a building identified as being used for storage on the original floor plans for the High Spirit Acres premises was in the process of being converted to be used for marijuana production, without the prior notification or approval from the Commission.

(1st Level Category III)

SYNOPSIS: It was discovered that Licensee was improperly growing hemp on the licensed premises, and had hemp products on-site. Licensee had also altered the premises by adding a greenhouse, offices, and a storage container without obtaining approval from the Commission beforehand. Licensee’s prior compliance officer had falsely represented to Licensee that the appropriate forms had been submitted and approved by the Commission. When Licensee discovered the problems, they were rectified soon after.

TERMS OF AGREEMENT

1. Licensees accept responsibility for the violations as set out in the Notice. These were Licensees’ 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. The standard sanction for a Category I violation is license cancellation. The standard sanction for a first level Category III violation is a 10-day suspension or \$1,650.00 civil penalty. Commission staff originally proposed the standard sanction of license cancellation.

(continue **TAP-RELOOP**)

3. The Commission will reduce the proposed sanction for Violation Number One and impose a 30-day license suspension or a \$4,950.00 civil penalty for the violation. The Commission will reduce the proposed sanction for Violation Number Two and impose a seven-day suspension or a \$1,155.00 civil penalty.
4. Licensees will pay a \$6,105.00 civil penalty before 5:00 PM on June 15, 2020 **OR** serve a 37-day license suspension beginning at 12:00 PM on June 22, 2020 and ending at 12:00 PM on July 29, 2020.
4. 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 that licensee.
5. This agreement is conditional upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their May 2020 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. AJ's Nirvana Farm, LLC
Michael Petrin, Member
dba **AJ'S NIRVANA FARM**
(Producer)

OAR 845-025-8520(10)(e) - On or about April 26, 2019 and/or May 7, 2019, Licensee acted other than its producer license permits when Licensee and/or its employees, agents or representatives permitted industrial hemp (as defined in OAR 845-025-1015(39)(a)) and/or hemp item(s) in the form of usable hemp (as defined in OAR 845-025-1015(34)(a)(A)) to be on the licensed premises other than as permitted by OAR chapter 845 division 025.

(Category I)

ORS 475B.090(2), OAR 845-025-2020(1), OAR 845-025-3210(2) and/or OAR 845-025-3215(2)(c), (4) - On or about April 26, 2019 and/or May 7, 2019, Licensee operated other than its producer license permits when Licensee and/or its employees, agents or representatives processed (as defined in OAR 845-025-1015(68)) industrial hemp (as defined in OAR 845-025-1015(39)(a)) and/or hemp item(s) (as defined in OAR 845-025-1015(34)(a)) into other hemp items without a recreational marijuana processor license, and industrial hemp processor endorsement issued by the Commission under OAR 845-025-3210. Pursuant to OAR 845-025-2785(7), all requirements for marijuana items apply to industrial hemp and hemp items received, delivered, or manufactured by a licensee unless specifically excluded by OAR chapter 845 division 025.

(Category I)

Note: Licensee was charged with these violations by Notice dated January 14, 2020. Staff proposed the standard sanction of license cancellation and seizure and destruction of marijuana items for these violations. Licensee requested a hearing and now wishes to enter into this settlement agreement.

AGGRAVATION

These violations were aggravated because they were repeated and intentional.

SYNOPSIS: OLCC Dispatch received a complaint of an explosion at the premises. Investigation revealed that this producer Licensee was processing hemp without either a processor license or a hemp endorsement. The lack of a processor license meant that the processing equipment had not been safety-certified as required as part of the OLCC pre-licensing process. Fortunately there was no report of serious injury.

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. These violations were aggravated because they were repeated and intentional.
2. Commission staff proposed the standard sanction of license cancellation and seizure and destruction of marijuana items for these violations.

(continue **AJ'S NIRVANA**)

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 (noon) on August 26, 2020, whichever is earlier.
4. Licensee understands and agrees that the Commission is not representing or guaranteeing that a new owner will be licenseable or will have an approved license on or before the date of surrender. 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. 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 or pending application for any license by the licensee.
6. Licensee agrees that any marijuana items not properly transferred to another licensee prior to the date of surrender may be seized and destroyed by the Commission.
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 May 2020 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.

5. Nectar Markets, LLC
Nectar Holdings, Inc., Member
Jeremy Pratt, Pres/Dir/Stkhldr
Jeffrey Johnson, Vice President
Michael Olson, Sec/Treas
dba **NECTAR**
5918 SE 89th Avenue
Portland, OR 97266
(Retailer)

ORS 475B.211 and/or OAR 845-025-8520(1)(b) - On or about May 13, 2019, Licensee's employee, agent, or representative Rachel Blair sold, delivered, transferred or made available marijuana items to Rachel Steffanson, a person under 21 years of age who did not hold a valid OMMP patient or caregiver card.

(1st Level Category II (b))

Note: Licensee was charged with this violation by Notice dated January 15, 2020. Staff proposed the standard sanction 30-day suspension or \$4,950.00 civil penalty. Licensee requested a hearing and now wishes to enter into this settlement agreement.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violation as set out in the Notice. This was Licensee's first Category II(b) violation within two years. Any subsequent Category II(b) violation within the same two years will be charged at the second level.
2. The standard sanction for a first level Category II(b) violation is a 30-day suspension or \$4,950.00 civil penalty.
3. The Commission will reduce the sanction by nine days. Licensee will pay a \$3,465.00 civil penalty before 5:00 PM on June 15, 2020 **OR** serve a 21-day suspension beginning at 12:00 PM on June 22, 2020 and ending at 12:00 PM on July 12, 2020.
4. Licensee withdraws the request for hearing.
5. 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 that licensee.
6. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their May 2020 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. Nectar Markets, LLC
Nectar Holdings, Inc., Member
Jeremy Pratt, Pres/Dir/Stkhldr
Jeffrey Johnson, Vice President
Michael Olson, Sec/Treas
dba **NECTAR**
(Wholesaler)

OAR 845-025-3500(1)(a)(A)(E), (c), and/or (2)(a) - On or about April 26, 2019, Licensee and/or Licensee's employees, agents, or representatives operated other than its license permitted when they transferred or delivered approximately 21 packages of marijuana items identified in Manifest No. 0001475415 to an unlicensed residence in Central Point, Oregon.

(Category I)

OAR 845-025-7700(3)(c)(D), (E) - On or about April 26, 2019, Licensee and/or Licensee's employees, agents, or representatives failed to generate a printed transport manifest that accompanied the transport of marijuana items that contained the date of transport and approximate time of departure as well as the arrival date and estimated time of arrival when Licensee's Manifest No. 0001475415 for the transport of approximately 21 packages of marijuana items contained an estimated time of departure of April 26, 2019 at 8:05 am and an estimated time of arrival of April 26, 2019 at 8:05 am.

(1st Level Category III)

OAR 845-025-7700(3)(c) - On or about May 23, 2019, Licensee and/or Licensee's employees, agents, or representatives failed to have a printed transport manifest that accompanied the transport of marijuana items.

(1st Level Category III)

OAR 845-025-7700(5) - On or about May 23, 2019, Licensee and/or Licensee's employees, agents, or representatives changed a transportation manifest after departing from the originating premises when the destination, driver, vehicle, and approximate departure time were altered after the vehicle departed from the licensed premises, and/or when several packages on the transportation manifest were created in the METRC

Note: Licensee was charged with these violations by Notice dated January 22, 2020. The standard sanction for first-level Category III violations is a 10-day suspension or \$1,650.00 civil penalty each. The total proposed sanction was license cancellation. Licensee requested a hearing and now wishes to enter into this settlement agreement.

(continue **NECTAR # C2FD**)

Cannabis Tracking System (CTS) after the vehicle departed from the licensed premises.

(1st Level Category III)

OAR 845-025-7520(1)(d) - On or about May 23, 2019, Licensee and/or Licensee's employees, agents, or representatives failed to properly tag all marijuana inventory with a unique identification (UID) tag pursuant to the system requirements of CTS when there were packages of marijuana items being transported without any UID tags and/or totes containing marijuana items that were being transported had UID tags that did not match the UID tags that were listed on the transport manifests.

(1st Level Category III)

OAR 845-025-7700(3)(b)(C) - On or about May 23, 2019, Licensee and/or Licensee's employees, agents, or representatives failed to use a vehicle that was equipped with an alarm system to transport marijuana items.

(1st Level Category III)

OAR 845-025-7540(1), (2) - On or about May 23, 2019, Licensee and/or Licensee's employees, agents, or representatives failed to enter data into CTS that fully and transparently accounted for all inventory tracking activities when numerous packages of marijuana were physically labeled as waste and identified by a license representative as waste, but were not accounted for as waste in Licensee's CTS account at the time the vehicle transporting the marijuana left the licensed premises.

(1st Level Category III)

OAR 845-025-7540(1), (2) - On or about June 6, 2019, Licensee and/or Licensee's employees, agents, or representatives failed to enter data into CTS that fully and transparently accounted for all inventory tracking

(continue **NECTAR # C2FD**)

activities when numerous packages in Licensee's CTS account were listed as having negative weights, items that were listed in CTS as bulk flower were identified by license representatives as actually being trim and waste, and/or several packages of marijuana items that were listed as being in Licensee's inventory in CTS were not were not physically on the licensed premises.

(1st Level Category III)

SYNOPSIS: OLCC inspectors were contacted by Oregon law enforcement after officers pulled over a U-Haul truck for a routine traffic stop and discovered that it contained multiple totes containing marijuana and purported marijuana waste. The driver was transporting the items on behalf of Wholesaler Licensee Nectar and claimed to be taking the items to the licensed premises of one of Nectar's various Producer Licenses for destruction, but was unable to produce his marijuana worker permit or a manifest for the items. The unmanifested transfer of the items led to investigations into the Wholesale license and several of the various producer licenses, where additional violations were discovered.

Regarding the U-Haul that was pulled over, inspectors found that Licensee failed to comply with several of the rules governing the transport of marijuana items, in addition to failing to have a printed manifest and the driver failing to have his worker permit with him, leading to multiple Category III violations. It was also discovered that on a separate occasion, marijuana items originating at Licensee's wholesaler premises were not delivered to Licensee's producer premises, as stated on the manifest, but were instead delivered to Licensee's administrative offices, which was an unlicensed location. In response to the multiple problems discovered with Licensee's operations, Licensee subsequently created and implemented new standard operating procedures and protocols to ensure compliance with the rules.

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. Violation Numbers Two through Eight were Licensee's first through seventh Category III violations within two years. They were charged at the first level because they were discovered concurrently. Any subsequent Category III violation within the same two years will be charged at the second level.
2. The standard sanction for a Category I violation is license cancellation. The standard sanction for first-level Category III violations is a 10-day suspension or \$1,650.00 civil penalty each. The total proposed sanction was license cancellation.
3. The Commission will reduce the sanction for Violation Number One, and impose a 30-day license suspension. Licensee may pay a \$3,795.00 civil penalty in lieu of 23 days of the suspension, with the remaining seven days mandatory.
4. The Commission will reduce the sanction for Violations Number Two through Eight and impose a seven-day license suspension **OR** a \$1,155.00 civil penalty for each.

(continue **NECTAR # C2FD**)

5. Licensee will either serve a 79-day suspension beginning at 12:00 PM (noon) on June 22, 2020 and ending at 12:00 PM (noon) on September 9, 2020 **OR** pay a \$11,880.00 civil penalty before 5:00 PM on June 15, 2020 and serve a seven-day license suspension beginning at 12:00 PM (noon) on June 22, 2020 and ending at 12:00 PM (noon) on June 29, 2020.
6. Licensee withdraws the request for hearing.
7. 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 that licensee.
8. In consideration of the forbearance stated herein, Licensee agrees to release and waive any and all claims of any kind, known or unknown, past or future, against the State of Oregon or its agencies, instrumentalities, employees, officers, or agents arising out of the matters set forth in the Notice or this Settlement Agreement and the final order based hereon, including but not limited to any claim under federal or state law for damages, declaratory or equitable relief, under 42 USC §1983 *et. seq.*, and for attorneys fees or costs.
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 Oregon Liquor Control Commission and will be reviewed by the Commissioners at their May 2020 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. Applegate Valley Organics, LLC
Nectar Holdings, Inc., Mng Member
Jeremy Pratt, Pres/Dir/Stkhldr
Jeffrey Johnson, Vice President
Michael Olson, Sec/Treas
dba **NECTAR/APPLEGATE
VALLEY (AVO) (#A0F3)**
(Producer)

OAR 845-025-7540(1)(2) - On or about April 26, 2019 to about April 29, 2019, Licensee and/or Licensee's employees, agents, or representatives failed to enter data into the METRC Cannabis Tracking System that fully and transparently accounted for all inventory tracking activities when marijuana items listed in Manifest No. 0001475526 were accepted into Licensee's inventory but were delivered to an unlicensed location on Old Stage Road.

Note: Licensee was charged with these violations by Notice dated February 5, 2020. Commission staff originally proposed the sanction of license cancellation, nonrenewal, and seizure and destruction of marijuana items. Licensee requested a hearing and now wishes to enter into this settlement agreement.

(1st Level Category III)

OAR 845-025-7750(1)(c)(A)(C) - On or before April 29, 2019, Licensee and/or Licensee's employees, agents, or representatives failed to hold post-harvest waste listed in Manifest No. 0001475526, on the licensed premises for at least three business days under camera coverage prior to disposal, and failed to document the exact time and method of destruction in a form or manner prescribed by the Commission.

(1st Level Category III)

OAR 845-025-2070(4)(a)(b)(c)(A)(B).¹ - On or before June 12, 2019, Licensee and/or Licensee's employees, agents, or representatives failed to maintain on the licensed premises for all pesticides, fertilizers or other agricultural chemicals used by Licensee in the production of marijuana, a material data safety sheet (MSDS); the original label or a copy thereof; and/or a log of the information required to be documented by a pesticide operator in ORS 634.146 and the unique identification tag number (as defined in OAR 845-025-1015(82)) of the cultivation batch or individual mature

¹ The Notice contained a scrivener's error in the citation by omitting Division 025 and citing OAR 845-2070(4)(a)(b)(c)(A)(B).

(continue **NECTAR/APPLEGATE VALLEY (AVO) (#A0F3)**)

marijuana plant to which the product was applied, or if applied to all plants on the licensed premises a statement to that affect.

(1st Level Category III)

SYNOPSIS: Investigations on five of Licensee's producer premises were initiated subsequent to a Nectar wholesaler improperly transporting a U-Haul truck containing multiple totes of untagged marijuana to one of the producer premises. Violations were found while investigating all five producer licenses, including a violation for entering marijuana items transferred from a Nectar wholesaler as inventory in Licensee's CTS when it was actually delivered to Licensee's unlicensed administrative offices. Other violations include camera violations, and/or failing to maintain on premises documentation for pesticides, fertilizers and agricultural chemical used in the production of marijuana.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for Alternate Violation One, Violation Two and Violation Three as set out in the Notice and as cited above. These were Licensee's first, second and third Category III violations within two years.
2. Commission staff originally proposed the sanction of license cancellation, nonrenewal, and seizure and destruction of marijuana items. The standard penalty for a Category III violation is a 10-day suspension or a \$1,650.00 civil penalty each.
3. Licensee will either pay a \$4,950.00 civil penalty before 5:00 PM on June 15, 2020 **or** serve a 30-day suspension beginning at 12:00 PM (noon) on June 22, 2020 and ending at 12:00 PM (noon) on July 22, 2020.
4. Licensee withdraws the request for hearing.
5. 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 that licensee.
6. In consideration of the forbearance stated herein, Licensee agrees to release and waive any and all claims of any kind, known or unknown, past or future, against the State of Oregon or its agencies, instrumentalities, employees, officers, or agents arising out of the matters set forth in the Notice or this Settlement Agreement and the final order based hereon, including but not limited to any claim under federal or state law for damages, declaratory or equitable relief, under 42 USC §1983 *et. seq.*, and for attorneys fees or costs.
7. 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.
8. This Agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their May 2020 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 and appeal rights, and the Commission's deliberations on the proposed order, will be restored and resumed. If the agreement is accepted and approved in its entirety by the Commission, Licensee waives any and all rights to any further 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.

8. Applegate Valley Organics, LLC
Nectar Holdings, Inc., Mng Member
Jeremy Pratt, Pres/Dir/Stkhldr
Jeffrey Johnson, Vice President
Michael Olson, Sec/Treas
dba **NECTAR/APPLEGATE
VALLEY (AVO) (#E7E2)**
(Producer)

OAR 845-025-7540(1)(2) - On or about April 26, 2019 to about April 29, 2019, Licensee and/or Licensee's employees, agents, or representatives failed to enter data into the METRC Cannabis Tracking System that fully and transparently accounted for all inventory tracking activities when marijuana items listed in Manifest No. 0001475527 were accepted into Licensee's inventory but were delivered to an unlicensed location on Old Stage Road.

(1st Level Category III)

OAR 845-025-7750(1)(c)(A)(C)- On or before April 29, 2019, Licensee and/or Licensee's employees, agents, or representatives failed to hold post-harvest waste listed in Manifest No. 000147415, on the licensed premises for at least three business days under camera coverage prior to disposal, and failed to document the exact time and method of destruction in a form or manner prescribed by the Commission.

(1st Level Category III)

OAR 845-025-1430(1)(2)(c) - On or before June 12, 2019, Licensee and/or Licensee's employees, agents, or representatives failed to have video surveillance equipment equipped with an operational failure notification system that provides, within one hour, notification to the licensee or an authorized representative or any prolonged surveillance interruption or failure for one of the cameras that had failed inside the surveillance room.

(1st Level Category III)

OAR 845-025-1450(2)(d) - On or about June 12, 2019, Licensee and/or Licensee's employees, agents or representatives failed to keep onsite surveillance recordings for a minimum of 90 calendar days, when

Note: Licensee was charged with these violations by Notice dated February 5, 2020. Commission staff proposed the sanction of license cancellation, nonrenewal, and seizure and destruction of marijuana items. Licensee requested a hearing and now wishes to enter into this settlement agreement.

the premises only had about 71 days of surveillance recordings available.

(1st Level Category III)

OAR 845-025-2070(4)(a)(b)(c)(A)(B).² - On or before June 12, 2019, Licensee and/or Licensee’s employees, agents, or representatives failed to maintain on the licensed premises for all pesticides, fertilizers or other agricultural chemicals used by Licensee in the production of marijuana, a material data safety sheet (MSDS); the original label or a copy thereof; and/or a log of the information required to be documented by a pesticide operator in ORS 634.146 and the unique identification tag number (as defined in OAR 845-025-1015(82)) of the cultivation batch or individual mature marijuana plant to which the product was applied, or if applied to all plants on the licensed premises a statement to that affect.

(1st Level Category III)

SYNOPSIS: Investigations on five of Licensee’s producer premises were initiated subsequent to a Nectar wholesaler improperly transporting a U-Haul truck containing multiple totes of untagged marijuana to one of the producer premises. Violations were found while investigating all five producer licenses, including a violation for entering marijuana items transferred from a Nectar wholesaler as inventory in Licensee’s CTS when it was actually delivered to Licensee’s unlicensed administrative offices. Other violations include camera violations, and/or failing to maintain on premises documentation for pesticides, fertilizers and agricultural chemical used in the production of marijuana.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for Alternate Violation One, Violation Two, Violation Three, Violation Four and Violation Five as set out in the Notice and as cited above. These were Licensee’s first through fifth Category III violations within two years.
2. Commission staff proposed the sanction of license cancellation, nonrenewal, and seizure and destruction of marijuana items. The standard penalty for a Category III violation is a 10-day suspension or a \$1,650.00 civil penalty each.
3. Licensee will either pay an \$8,250.00 civil penalty before 5:00 PM on June 15, 2020 **or** serve a 50-day suspension beginning at 12:00 PM (noon) on June 22, 2020 and ending at 12:00 PM (noon) on August 11, 2020.
4. Licensee withdraws the request for hearing.

2 The Notice contained a scrivener’s error in the citation, by omitting Division 025 and citing OAR 845-2070(4)(a)(b)(c)(A)(B).

(continue **NECTAR/APPLEGATE VALLEY (AVO) (#E7E2)**)

5. 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 that licensee.
6. In consideration of the forbearance stated herein, Licensee agrees to release and waive any and all claims of any kind, known or unknown, past or future, against the State of Oregon or its agencies, instrumentalities, employees, officers, or agents arising out of the matters set forth in the Notice or this Settlement Agreement and the final order based hereon, including but not limited to any claim under federal or state law for damages, declaratory or equitable relief, under 42 USC §1983 *et. seq.*, and for attorneys fees or costs.
7. 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.
8. This Agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their May 2020 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 and appeal rights, and the Commission's deliberations on the proposed order, will be restored and resumed. If the agreement is accepted and approved in its entirety by the Commission, Licensee waives any and all rights to any further 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. Applegate Valley Organics, LLC
Nectar Holdings, Inc., Mng Member
Jeremy Pratt, Pres/Dir/Stkhldr
Jeffrey Johnson, Vice President
Michael Olson, Sec/Treas
dba **NECTAR/APPLEGATE
VALLEY (AVO) (#7A3E)**
(Producer)

OAR 845-025-7540(1)(2) - On or about April 26, 2019 to about April 29, 2019, Licensee and/or Licensee's employees, agents, or representatives failed to enter data into the METRC Cannabis Tracking System that fully and transparently accounted for all inventory tracking activities when marijuana items listed in Manifest No. 0001475525 were accepted into Licensee's inventory but were delivered to an unlicensed location on Old Stage Road.

(1st Level Category III)

OAR 845-025-7750(1)(c)(A)(C) - On or about April 29, 2019, Licensee and/or Licensee's employees, agents, or representatives failed to hold post-harvest waste listed in Manifest No. 0001475525, on the licensed premises for at least three business days under camera coverage prior to disposal, and failed to document the exact time and method of destruction in a form or manner prescribed by the Commission.

(1st Level Category III)

OAR 845-025-2070(4)(a)(b)(c)(A)(B).³ - On or before June 12, 2019, Licensee and/or Licensee's employees, agents, or representatives failed to maintain on the licensed premises for all pesticides, fertilizers or other agricultural chemicals used by Licensee in the production of marijuana, a material data safety sheet (MSDS); the original label or a copy thereof; and/or a log of the information required to be documented by a pesticide operator in ORS 634.146 and the unique identification tag number (as defined in OAR 845-025-1015(82)) of the cultivation batch or individual mature marijuana plant to which the product was applied, or if applied to all plants on the licensed premises a statement to that affect.

(1st Level Category III)

Note: Licensee was charged with these violations by Notice dated February 5, 2020. Commission staff proposed the sanction of license cancellation, nonrenewal, and seizure and destruction of marijuana items. Licensee requested a hearing and now wishes to enter into this settlement.

³ The Notice contained a scrivener's error in the citation, by omitting Division 025 and citing OAR 845-2070(4)(a)(b)(c)(A)(B).

SYNOPSIS: Investigations on five of Licensee's producer premises were initiated subsequent to a Nectar wholesaler improperly transporting a U-Haul truck containing multiple totes of untagged marijuana to one of the producer premises. Violations were found while investigating all five producer licenses, including a violation for entering marijuana items transferred from a Nectar wholesaler as inventory in Licensee's CTS when it was actually delivered to Licensee's unlicensed administrative offices. Other violations include camera violations, and/or failing to maintain on premises documentation for pesticides, fertilizers and agricultural chemical used in the production of marijuana.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for Alternate Violation One, Violation Two and Alternate Violation Three as set out in the Notice and as cited above. These were Licensee's first, second and third Category III violations within two years.
2. Commission staff proposed the sanction of license cancellation, nonrenewal, and seizure and destruction of marijuana items. The standard penalty for a Category III violation is a 10-day suspension or a \$1,650.00 civil penalty each.
3. Licensee will either pay a \$4,950.00 civil penalty before 5:00 PM on June 15, 2020 **or** serve a 30-day suspension beginning at 12:00 PM (noon) on June 22, 2020 and ending at 12:00 PM (noon) on July 22, 2020.
4. Licensee withdraws the request for hearing.
5. 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 that licensee.
6. In consideration of the forbearance stated herein, Licensee agrees to release and waive any and all claims of any kind, known or unknown, past or future, against the State of Oregon or its agencies, instrumentalities, employees, officers, or agents arising out of the matters set forth in the Notice or this Settlement Agreement and the final order based hereon, including but not limited to any claim under federal or state law for damages, declaratory or equitable relief, under 42 USC §1983 *et. seq.*, and for attorneys fees or costs.
7. 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.
8. This Agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their May 2020 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 and appeal rights, and the Commission's deliberations on the proposed order, will be restored and resumed. If the agreement is accepted and approved in its entirety by the Commission, Licensee waives any and all rights to any further 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.

10. Applegate Valley Organics, LLC
Nectar Holdings, Inc., Mng Member
Jeremy Pratt, Pres/Dir/Stkhldr
Jeffrey Johnson, Vice President
Michael Olson, Sec/Treas
dba **NECTAR/APPLEGATE
VALLEY (AVO) (#3833)**
(Producer)

OAR 845-025-7540(1)(2) - On or about April 26, 2019 to about April 29, 2019, Licensee and/or Licensee's employees, agents, or representatives failed to enter data into the METRC Cannabis Tracking System that fully and transparently accounted for all inventory tracking activities when marijuana items listed in Manifest No. 000147415 were accepted into Licensee's inventory but were delivered to an unlicensed location on Old Stage Road.

(2nd Level Category III)

OAR 845-025-1450(2)(d) - On or about June 12, 2019, Licensee and/or Licensee's employees, agents or representatives failed to keep onsite surveillance recordings for a minimum of 90 calendar days, when the premises only had about 70 days of surveillance recordings available.

(Category I)

OAR 845-025-1430(1), (2)(c) - On or before June 12, 2019, Licensee and/or Licensee's employees, agents, or representatives failed to have video surveillance equipment equipped with an operational failure notification system that provides, within one hour, notification to the licensee or an authorized representative or any prolonged surveillance interruption or failure.

(2nd Level Category III)

OAR 845-025-2070(4)(a)(b)(c)(A)(B).⁴ - On or before June 12, 2019, Licensee and/or Licensee's employees, agents, or representatives failed to maintain on the licensed premises for all pesticides, fertilizers or other agricultural chemicals used by Licensee in the production of marijuana, a material data safety sheet (MSDS); the original label or a copy thereof; and/or a log of the information required to be documented by a

Note: Licensee was charged with these violations by Notice dated February 5, 2020. Commission staff proposed the sanction of license cancellation, nonrenewal, and seizure and destruction of marijuana items. Licensee requested a hearing and now wishes to enter into this settlement.

4 The Notice contained a scrivener's error in the citation, by omitting Division 025 and citing OAR 845-2070(4)(a)(b)(c)(A)(B).

(continue **NECTAR/APPLEGATE VALLEY (AVO) #3833**)

pesticide operator in ORS 634.146 and the unique identification tag number (as defined in OAR 845-025-1015(82)) of the cultivation batch or individual mature marijuana plant to which the product was applied, or if applied to all plants on the licensed premises a statement to that affect.

(2nd Level Category III)

SYNOPSIS: Investigations on five of Licensee’s producer premises were initiated subsequent to a Nectar wholesaler improperly transporting a U-Haul truck containing multiple totes of untagged marijuana to one of the producer premises. Violations were found while investigating all five producer licenses, including a violation for entering marijuana items transferred from a Nectar wholesaler as inventory in Licensee’s CTS when it was actually delivered to Licensee’s unlicensed administrative offices. Other violations include camera violations, and/or failing to maintain on premises documentation for pesticides, fertilizers and agricultural chemical used in the production of marijuana.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for Alternate Violation One, Violation Two, Violation Three and Violation Four as set out in the Notice. Violation Two was Licensee’s second Category I violation. Violations One, Three and Four were Licensee’s third through fifth Category III violations within two years. They were charged at the second level because they were discovered concurrently. Licensee’s first and second Category III violations occurred on or about November 13, 2018. Any subsequent Category III violation within two years will be charged at the third level.
2. Commission staff originally proposed the sanction of license cancellation, nonrenewal, and seizure and destruction of marijuana items. The standard penalty for a Category I violation is license cancellation. The standard penalty for a Category III violation charged at the second level is a 30-day suspension or a \$4,950.00 civil penalty each.
3. The Commission will reduce the sanction for Violation Two, and impose a 30-day suspension or a \$4,950.00 civil penalty.
4. The Commission will assess a \$4,950.00 civil penalty or a 30-day suspension each for Violation One, Violation Three and Violation Four.
5. Licensee will either pay a \$19,800.00 civil penalty before 5:00 PM on June 15, 2020 **or** serve a 120-day suspension beginning at 12:00 PM (noon) on June 22, 2020 and ending at 12:00 PM (noon) on October 20, 2020.
6. Licensee withdraws the request for hearing.
7. 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 that licensee.
8. In consideration of the forbearance stated herein, Licensee agrees to release and waive any and all claims of any kind, known or unknown, past or future, against the State of Oregon or its agencies, instrumentalities, employees, officers, or agents arising out of the matters set forth in the Notice or this Settlement Agreement and the final order based hereon, including but not limited to any claim under federal or state law for damages, declaratory or equitable relief, under 42 USC §1983 *et. seq.*, and for attorneys fees or costs.

(continue **NECTAR/APPLEGATE VALLEY (AVO) #3833**)

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 Oregon Liquor Control Commission and will be reviewed by the Commissioners at their May 2020 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 and appeal rights, and the Commission's deliberations on the proposed order, will be restored and resumed. If the agreement is accepted and approved in its entirety by the Commission, Licensee waives any and all rights to any further 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.

11. Applegate Valley Organics, LLC
Nectar Holdings, Inc., Mng Member
Jeremy Pratt, Pres/Dir/Stkhldr
Jeffrey Johnson, Vice President
Michael Olson, Sec/Treas
dba **NECTAR/APPLEGATE
VALLEY (AVO) (#8267)**
(Producer)

OAR 845-025-7540(1)(2) - On or about April 26, 2019 to about April 29, 2019, Licensee and/or Licensee's employees, agents, or representatives failed to enter data into the METRC Cannabis Tracking System that fully and transparently accounted for all inventory tracking activities when marijuana items listed in Manifest No. 0001475527 were accepted into Licensee's inventory but were delivered to an unlicensed location on Old Stage Road.

Note: Licensee was charged with these violations by Notice dated February 5, 2020. Commission staff proposed the sanction of license cancellation, nonrenewal, and seizure and destruction of marijuana items. Licensee requested a hearing and now wishes to enter into this settlement.

(1st Level Category III)

OAR 845-025-1450(1)(a)(b) - On or about January 19, 2019 and/or June 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 and all points of ingress and egress to and from areas where mature marijuana plants, immature marijuana plants, useable marijuana or waste were present, when three cameras in the greenhouse and outdoor canopy areas were offline and not recording (camera Nos. 1, 23 & 27).

(Category I)

OAR 845-025-1450(2)(e)(I) - On or about June 18, 2019 and/or October 8, 2019, Licensee and/or Licensee's employees, agents or representatives failed to keep backup video surveillance recordings off-site and in real time for the surveillance room or surveillance area for a minimum of 30 days.

(1st Level Category II)

OAR 845-025-7570(3) - On or about June 12, 2019, Licensee and/or Licensee's employees, agents, or representatives failed to have cultivation batch names physically affixed to the corresponding cultivation batch or the segregated area where the cultivation batch was physically located.

(1st Level Category III)

SYNOPSIS: Investigations on five of Licensee's producer premises were initiated subsequent to a Nectar wholesaler improperly transporting a U-Haul truck containing multiple totes of untagged marijuana to one of the producer premises. Violations were found while investigating all five producer licenses, including a violation for entering marijuana items transferred from a Nectar wholesaler as inventory in Licensee's CTS when it was actually delivered to Licensee's unlicensed administrative offices. Other violations include camera violations, and/or failing to maintain on premises documentation for pesticides, fertilizers and agricultural chemical used in the production of marijuana.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for Alternate Violation One, Violation Two, Violation Three and Violation Four as set out in the Notice. Violation Two was Licensee's first Category I violation. Violation Three was Licensee's first Category II violation in two years. Violation One and Violation Four were Licensee's first and second Category III violations within two years.
2. Commission staff proposed the sanction of license cancellation, nonrenewal, and seizure and destruction of marijuana items. The standard penalty for a Category II violation is a 30-day suspension. The standard penalty for a Category III violation is a 10-day suspension or a \$1,650.00 civil penalty each.
3. The Commission will reduce the sanction for Violation Two, and impose a 30-day suspension or a \$4,950.00 civil penalty.
4. The Commission will assess a \$4,950.00 civil penalty or a 30-day suspension for Violation Three. For Violation One and Violation Four, the Commission will assess for each a \$1,650.00 civil penalty or 10-day suspension.
5. Licensee will either pay a \$13,200.00 civil penalty before 5:00 PM on June 15, 2020 **or** serve an 80-day suspension beginning at 12:00 PM (noon) on June 22, 2020 and ending at 12:00 PM (noon) on September 10, 2020.
6. Licensee withdraws the request for hearing.
7. 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 that licensee.
8. In consideration of the forbearance stated herein, Licensee agrees to release and waive any and all claims of any kind, known or unknown, past or future, against the State of Oregon or its agencies, instrumentalities, employees, officers, or agents arising out of the matters set forth in the Notice or this Settlement Agreement and the final order based hereon, including but not limited to any claim under federal or state law for damages, declaratory or equitable relief, under 42 USC §1983 *et. seq.*, and for attorneys fees or costs.
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 Oregon Liquor Control Commission and will be reviewed by the Commissioners at their May 2020 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 and appeal rights, and the Commission's deliberations on the proposed order, will be restored and resumed. If the agreement is accepted and approved in its entirety by the Commission, Licensee waives any and all rights to any further 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.