

ADMINISTRATIVE POLICY & PROCESS DIVISION

November 21, 2019

STIPULATED SETTLEMENT AGREEMENTS FOR MARIJUANA VIOLATION CASES

- | | | |
|--|--|---|
| <p>1. Deshe', Inc. Emily Lumachi, Pres/Dir/Stockholder Jeremy Lumachi, Sec/Dir/Stkhldr Shane Hutchins, Dir/Stockholder Alan Hutchins, Dir/Stockholder dba DESHE' 17763 SE 82nd Drive, Suite D Gladstone, OR 97027 (Retailer)</p> | <p>OAR 845-025-2800(4)(I) – From about December 1, 2018 to February 7, 2019, Licensee operated other than as the license permits when it sold, transferred, or delivered marijuana items other than as permitted in OAR 845-025-2800(2) to The Emerald Vault, Inc. (retailer license no. 1006546ED54). (1st Level Category I)</p> | <p>Note: Licensee was charged with this violation by Notice dated July 2, 2019. Commission 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.</p> |
|--|--|---|

SYNOPSIS: Marijuana items may not be transferred between retailer licenses unless the retailers are owned by the same or substantially the same persons. This retailer licensee transferred marijuana items to another retailer licensee that was not owned by the same or substantially the same persons. Two months later, this retailer received back its remaining marijuana items.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violation as set out in the Notice.
2. Commission staff originally proposed the standard sanction of license cancellation. The Commission will reduce the sanction to a 45-day license suspension. Licensee may pay a \$4,950.00 civil penalty in lieu of 30 days, with 15 days of the suspension mandatory.
3. Licensee will either **(a)** pay a \$4,950.00 civil penalty before 5:00 PM on December 16, 2019 and serve a 15-day suspension beginning at 7:00 AM on December 21, 2019 and ending at 7:00 AM on January 5, 2020, **OR (b)** serve a 45-day suspension beginning at 7:00 AM on December 21, 2019 and ending at 7:00 AM on February 4, 2020.
4. Licensee withdraws the request for a 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 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 November 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. Decibel Farms, Inc.
Shawn Bishop, President
Horace Wilson, Secretary
dba **DECIBEL FARMS**
(Processor)

OAR 845-025-7700(3)(c) - On or about November 26, 2018, Licensee and/or its employees, agents or representatives failed to generate a printed transport manifest to accompany a transport of marijuana items to Northwest Cannabis Club in Portland, Oregon.

(1st Level Category III)

Note: Licensee was charged with this violation by Notice dated October 15, 2019. The total proposed sanction was a 12-day suspension or a \$1,980.00 civil penalty. Licensee wishes to enter into this settlement agreement.

AGGRAVATION

Staff added two days of aggravation because the violation was personally committed by Licensee Shawn Bishop.

SYNOPSIS: This processor (primarily of medical products) was one of several licensees that brought product to display at an event billed as an “Oregon Harvest Industry Party” held November 26, 2018 at the Northwest Cannabis Club in Portland. This is not a licensed premises and was not a Commission-approved promotional event. In addition to the Category III violation, Licensee received a warning for a Category I violation and received education on promotional events. Licensee was receptive to the education, and pledged to staff that they will not attend any future promotional event without checking with the Commission to ensure it is authorized.

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 personally committed by Licensee Shawn Bishop. 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. Licensee will pay a \$1,485.00 civil penalty before 5:00 PM on December 16, 2019 **or** serve a nine-day suspension beginning at 7:00 AM on December 21, 2019 and ending at 7:00 AM on December 30, 2019.
4. 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.
5. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their November 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.

| | | |
|--|--|--|
| <p>3. Seed Soil Sun, LLC Kevin Blum, Member dba 4-TWENTY MARKET 1293 Lincoln St Eugene, OR 97401 (Retailer)</p> | <p>OAR 845-025-2800(4)(l) – On or about August 15, 2019, Licensee operated other than its retailer license permits when Licensee and/or its employees, agents or representatives sold, transferred and/or delivered 25 packages of non-waste marijuana items on Manifest No. 0001739615 to Jefferson Packing House, a licensed wholesaler (License #100280695C8), under circumstances not constituting a return to a licensee who had originally transferred the marijuana items to Licensee.</p> <p>(Category I)</p> <p>OAR 845-025-7540(1), (2) - On or before September 5, 2019, Licensee and/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 it was found that 38 marijuana items delivered to the premises as trade samples were not labeled as such in CTS and were carried in inventory after consumption.</p> <p>(1st Level Category III)</p> | <p>Note: Licensee was charged with these violations by Notice dated September 24, 2019. Commission staff originally proposed the standard sanction of license cancellation, nonrenewal, and seizure and destruction of marijuana items, for these violations. Licensee wishes to enter into this settlement agreement.</p> |
|--|--|--|

SYNOPSIS: This retailer voluntarily closed its business at the end of 2018 and properly notified the Commission of this closure. The difficulty arose because retailers are strictly limited in making any transfers other than sales to consumers. While awaiting approval for the license for its buyer the Licensee transferred most of its inventory to a licensed wholesaler that was not simply a return of product previously purchased from that wholesaler. This is not a proper transfer, and a Category I violation. The other violation arises from failing to properly track trade samples in CTS. Licensee will surrender its license in conjunction with a sale to an unrelated entity.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violations as set out in the Notice. This was 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.
2. Commission staff proposed the standard sanction of license cancellation, nonrenewal, and seizure and destruction of marijuana items, for these violations.

(continued **4-TWENTY MARKET**)

3. Licensee has begun the process of selling the business. Licensee hereby surrenders its license effective without any further action on the date the transfer of ownership of the business is completed or at 7:00 AM on February 21, 2020, whichever is earlier. Licensee agrees that its license will not be renewed.
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 or pending application for any license by the licensee.
5. Licensee hereby relinquishes any and all interest in any marijuana items at the premises or in its CTS inventory that have 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. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their November 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.

4. Gold River Botanicals, LLC
Richard Porta, Member
Norma Porta, Member
dba **GOLD RIVER BOTANICALS**
204 Madrone Street
Rogue River, OR 97537
(Retailer)

OAR 845-025-1450(1)(a), (b) – From about January 3, 2019 to about March 4, 2019, Licensee or Licensee’s 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.

(Category I)

OAR 845-025-1460(4) - From about January 3, 2019 to about March 11, 2019, Licensee or Licensee’s employees, agents, or representatives failed to keep a surveillance equipment maintenance activity log on the licensed premises to record all service activity including the identity of any individual performing the service, the service date and time and the reason for service to the surveillance system.

(1st Level Category III)

Note: Licensee was charged with these violations by Notice dated July 9, 2019. Commission 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.

SYNOPSIS: During an inspection, Inspectors discovered that cameras were set incorrectly leading to incomplete information being retained between January 3, 2019 and March 4, 2019. The problem has been corrected.

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 in a two year period. Violation Number Two was Licensee’s first Category III violation in a two year period. Any subsequent Category III violation within the same two years will be charged at the second level.
2. Commission staff proposed for these violations the standard sanction of license cancellation and seizure and destruction of any remaining marijuana items.
3. The Commission will reduce the sanction for Violation Number One and impose a \$4,950.00 civil penalty or a 30-day license suspension. The sanction for Violation Number Two remains unchanged.

(continued **GOLD RIVER BOTANICALS**)

4. Licensee will pay a civil penalty of \$6,600.00 before 5:00 PM on December 16, 2019, **OR** serve a 40-day suspension beginning at 7:00 AM on December 21, 2019 and ending at 7:00 AM on January 30, 2020.
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 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 November 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.

5. Top Hill Cannabis, LLC
Loni Schaffer, Member
Robert Schaffer, Member
dba **TOP HILL CANNABIS**
(Producer)

OAR 845-025-2080(1) – On or about January 5, 2019 and January 22, 2019, Licensee failed, within 45 days of harvesting a harvest lot, to physically segregate individual harvest lots from other harvest lots, place the harvest lots in a receptacle or multiple receptacles, and/or assign a unique identification tag to each receptacle that is linked to each plant that was harvested.

(1st Level Category III)

OAR 845-025-7580(1)(a), (b) - On or about April 4, 2019, Licensee and/or its employees, agents, or representatives failed to use the METRC Cannabis Tracking System (CTS) for all inventory tracking activities at the licensed premises, and 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 entries in CTS showed that they packaged 36.6 pounds of marijuana from seven harvests, but had manifests for the transfer of 67.87 pounds from the licensed premises; CTS showed the package ending in 0044 as still in their inventory after having been rejected by a retailer, but the package had actually been thrown away; and 49.68 pounds of marijuana was recorded in CTS as being wasted on 3/28/2019 but video surveillance from that date only showed one plant being destroyed.

(1st Level Category III)

OAR 845-025-7520(1)(d) - On or about April 4, 2019, Licensee and/or its 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 several packages of marijuana in a safe that had no UID tags affixed to them.

(1st Level Category III)

Note: Licensee was charged with these violations by Notice dated September 18, 2019. The total proposed sanction was a 52-day suspension or an \$8,580.00 civil penalty. Licensee wishes to enter into this settlement agreement.

AGGRAVATION

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

(continued **TOP HILL CANNABIS**)

OAR 845-025-2070(4)(a) - On or about April 4, 2019, Licensee and/or its employees, agents, or representatives failed to maintain, at all times and on the licensed premises, a material safety data sheet for all pesticides, fertilizers, or other agricultural chemicals used by the Licensee in the production of marijuana when it failed to have a material safety data sheet for the Orange Guard pest control product they used on their marijuana plants.

(1ST Level Category III)

OAR 845-025-7750(1)(c)(A), (C) - On or about March 28, 2019, Licensee and/or its employees, agents, or representatives failed to hold post-harvest waste for at least three days under camera coverage prior to disposal and/or document the exact time and method of destruction of the waste when 49.68 pounds of marijuana was marked as wasted in CTS, but video surveillance from that date only showed one plant being destroyed by being placed in a burn pile.

(1ST Level Category III)

SYNOPSIS: Inspectors contacted Licensee, who held a Producer license, regarding suspected problems with their Metrc/CTS reporting. While at the premises, it was discovered that several CTS entries were inaccurate, Licensee did not follow proper harvest lot segregation requirements, there was marijuana in Licensee's safe that was not tagged with UID tags, Licensee failed to follow proper waste procedures, and were using a pesticide on their marijuana plants but failed to keep a pesticide log. Regarding the CTS inaccuracies, Licensee stated that the farm was not making enough money to pay someone to be present and entering information into CTS on a daily basis. Regarding the pesticide, Licensee stated that because the pesticide they used was organic, they did not believe it had to be kept on a log.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violations as set out in the Notice. These were Licensee's first through fifth 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 first level Category III violations is a 10-day suspension or \$1,650.00 civil penalty each. Staff added two days of aggravation because Violation Number Two was repeated. The total proposed sanction was a 52-day suspension or an \$8,580.00 civil penalty.
3. The Commission will reduce the sanction by 15 days. This is equivalent to a 30% reduction of the standard sanction.

(continued **TOP HILL CANNABIS**)

4. Licensee will pay a \$6,105.00 civil penalty before 5:00 PM on December 16, 2019 **OR** serve a 37-day license suspension beginning at 7:00 AM on December 21, 2019 and ending at 7:00 AM on January 27, 2020.
5. If a licensee's interest in the license expires or is transferred before the Commission issues a final order on the allegation, the licensee agrees to accept a Letter of Reprimand for the 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 that licensee.
6. This agreement is conditional upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their November 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. Sweet Leaf Cannabis of Eugene, LLC
Jeremy Wheeler, Member
dba **SWEET LEAF CANNABIS**
943 Olive Street
Eugene, OR 97401
(Retailer)

OAR 845-025-2890(1), (4) – From about June 15, 2017 to about January 25, 2019, Licensee and/or Licensee’s employees, agents, or representatives intentionally failed to collect, at the point of sale, the tax imposed on the consumer under ORS 475B.705 and/or intentionally failed to remit the tax to the Oregon Department of Revenue (DOR) in accordance with DOR rules, including OAR 150-475-2010.

(Category I)

OAR 845-025-7580(1)(a), (b), and (4) - From about June 25, 2017 to about January 23, 2019, Licensee and/or Licensee’s employees, agents, or representatives failed to reconcile all on-premises and in-transit marijuana item inventories in the METRC Cannabis Tracking System (CTS) each day at the close of business pursuant to system requirements, and/or failed to record the price before tax and amount of each item sold to consumers and the date of each transaction in CTS for each individual transaction before opening for business the next day.

(1st Level Category III)

OAR 845-025-7540(1)(2) - From about June 15, 2017 to about January 24, 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 marijuana items were identified as having negative weights or negative quantities and/or when marijuana items identified in CTS as being at the licensed premises were not located at the licensed premises.

(1st Level Category III)

Note: Licensee was charged with these violations by Notice dated May 14, 2019. Commission staff proposed to cancel the license for these violations and seize and destroy any remaining marijuana items. Licensee requested a hearing and now wishes to enter into this settlement agreement.

(continued **SWEET LEAF CANNABIS** - Eugene) OAR 845-025-1410(3)(c) - From about June 15, 2017 to January 31, 2019, during all hours when Licensee (a retailer) was not operating, Licensee and/or Licensee's employees, agents, or representatives failed to keep all marijuana items on the licensed premises in a safe or vault.

(1st Level Category III)

OAR 845-025-1450(2)(j) - On or about January 24, 2019, Licensee and/or Licensee's employees, agents, or representatives failed to make video surveillance recordings available immediately upon request to the Commission for the purpose of ensuring compliance with ORS Chapter 475B and Commission rules.

(1st Level Category II)

OAR 845-025-1440(1)(b) - From about January 1, 2019 to January 24, 2019, Licensee failed to have camera coverage for all limited access areas, including an upstairs storage room and a stairwell where marijuana was transported from one floor to the next.

(Category I)

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, first Category II violation, and first, second, and third Category III violations within two years.
2. Commission staff proposed to cancel the license for these violations and seize and destroy any marijuana items remaining on the premises after the effective date of a final order cancelling the license.
3. Licensee has begun the process of selling the business. Licensee surrenders its license effective on the date the transfer of ownership of the business is completed or at 7:00 AM on January 31, 2020, whichever is earlier.

(continued **SWEET LEAF CANNABIS** - Eugene)

4. Licensee 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 the request for a hearing.
6. Licensee accepts a Letter of Reprimand for the violations. This reprimand will become a permanent part of each Licensee's Commission file and may be considered in any future application for any license by Licensee.
7. This agreement is conditional upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their November 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. Sweet Leaf Cannabis, LLC
Jeremy Wheeler, Member
dba **SWEET LEAF CANNABIS**
3912 Main Street
Springfield, OR 97478
(Retailer)

OAR 845-025-2890(1), (4) – From about February 22, 2017 to about January 25, 2019, Licensee and/or Licensee’s employees, agents, or representatives intentionally failed to collect, at the point of sale, the tax imposed on the consumer under ORS 475B.705 and/or intentionally failed to remit the tax to the Oregon Department of Revenue (DOR) in accordance with DOR rules, including OAR 150-475-2010.

(Category I)

OAR 845-025-7580(1)(a), (b), and (4) - From about March 4, 2017 to about January 23, 2019, Licensee and/or Licensee’s employees, agents, or representatives failed to reconcile all on-premises and in-transit marijuana item inventories in the METRC Cannabis Tracking System (CTS) each day at the close of business pursuant to system requirements, and/or failed to record the price before tax and amount of each item sold to consumers and the date of each transaction in CTS for each individual transaction before opening for business the next day.

(1st Level Category III)

OAR 845-025-7540(1)(2) - From about February 22, 2017 to about January 25, 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 marijuana items were identified as having negative weights or negative quantities, when marijuana items identified in CTS as being at the licensed premises were not located at the licensed premises, and/or when marijuana item weights or quantities listed in CTS did not match the actual weights of the products at the licensed premises.

(1st Level Category III)

Note: Licensee was charged with this violation by Notice dated May 14, 2019. Commission staff proposed to cancel the license for these violations and seize and destroy any remaining marijuana items. Licensee requested a hearing and now wishes to enter into this settlement agreement.

(continued **SWEET LEAF
CANNABIS**- Springfield)

OAR 845-025-1230(9)(a) - From about June 30, 2018 to January 25, 2019, Licensee and/or Licensee's employees, agents, or representatives failed to record the name and permit number of employee or license representative Kristie Spears in the METRC Cannabis Tracking System (CTS).

(1st Level Category III)

OAR 845-025-1410(3)(c) - From about February 22, 2019 to January 25, 2019, during all hours when Licensee (a retailer) was not operating, Licensee and/or Licensee's employees, agents, or representatives failed to keep all marijuana items on the licensed premises in a safe or vault.

(1st Level Category III)

OAR 845-025-1450(2)(j) - On or about January 25, 2019, Licensee and/or Licensee's employees, agents, or representatives failed to make video surveillance recordings available immediately upon request to the Commission for the purpose of ensuring compliance with ORS Chapter 475B and Commission rules.

(1st Level Category II)

OAR 845-025-1160(3) - On or about January 22, 2017, Licensee and/or Licensee's employees, agents, or representatives failed to notify the Commission within 24 hours of the theft of marijuana items from the licensed premises.

(1st Level Category III)

(continued **SWEET LEAF
CANNABIS**- Springfield)

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violations as set out in the Notice. These were Licensee's first Category I violation, first Category II violation, and first through fifth Category III violations.
2. Commission staff proposed to cancel the license for these violations and seize and destroy any marijuana items remaining on the premises after the effective date of a final order cancelling the license.
3. Licensee has begun the process of selling the business. Licensee surrenders its license effective on the date the transfer of ownership of the business is completed or at 7:00 AM on January 31, 2020, whichever is earlier.
4. Licensee 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 the request for a hearing.
6. Licensee accepts a Letter of Reprimand for the violations. This reprimand will become a permanent part of each Licensee's Commission file and may be considered in any future application for any license by Licensee.
7. This agreement is conditional upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their November 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.

8. Heavy Lids, LLC
Jeremy Wheeler, Member
dba **HEAVY LIDS**
(Producer)

OAR 845-025-2020(2) - On or before October 11, 2018, Licensee operated other than as the license permits in OAR 845-025-2020(1) when Licensee or Licensee's employees, agents, or representatives transported or delivered marijuana items to an unlicensed premises (Jeremy Wheeler's garage at his personal residence)

Note: Licensee was charged with these violations by Notice dated March 19, 2019. Commission staff proposed to cancel the license for these violations and seize and destroy any marijuana items remaining on the premises. Licensee requested a hearing and now wishes to enter into this settlement agreement.

(1st Level Category I)

OAR 845-025-2040(4)(a) and (6) - On or before October 11, 2018, Licensee (a Tier II outdoor producer) or Licensee's employees, agents, or representatives intentionally changed Licensee's canopy area without prior written approval from the Commission when they grew marijuana plants in areas of the premises outside of the "7 hoop style greenhouses" identified on Licensee's Cultivation Plan.

(1st Level Category I)

OAR 845-025-8540(4)(c) - On or about October 11, 2018, Licensee or Licensee's employees, agents, or representatives failed to promptly give Inspector Hoffman, a Commission regulatory specialist, evidence when lawfully requested to do so.

(1st Level Category II)

OAR 845-025-1450(1)(a) - On or about October 11, 2018, Licensee 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, usable marijuana, or

(continued **HEAVY LIDS**)

cannabinoid products were present on the licensed premises, when there were no cameras in a hoop house containing marijuana plants, and the surveillance system was without power.

(1st Level Category III)

OAR 845-025-1450(2)(I) - On or about October 11, 2018, Licensee or Licensee's employees, agents, or representatives failed to back up video surveillance recordings off-site and in real time for the surveillance room or surveillance area when the off-site camera and Wi-Fi router used to transmit the video to an off-site location were without power.

(1st Level Category III)

OAR 845-025-1175(1) - On or before October 11, 2018, Licensee or Licensee's 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 a conex that was being used as a security room was located outside of the electric-fenced limited area.

(1st Level Category III)

ORS 475B.261(2) and OAR 845-025-5500(4) - From about February 1, 2018 to October 25, 2018, Licensee failed to verify that Licensee/Member Jeremy Wheeler had a valid marijuana worker permit before allowing Jeremy Wheeler to perform any work of the kind described in ORS 475B.261(1) and/or OAR 845-025-5500(1).

(1st Level Category III)

(continued **HEAVY LIDS**)

OAR 845-025-7580(1)(b) - On or about October 11, 2018, Licensee 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, when plants harvested on October 11, 2018 were not tracked in CTS until between October 16 and October 21, 2018, and when plants transported to Licensee's garage at his personal residence were not properly tracked in CTS.

(1st Level Category III)

OAR 845-025-7580(1)(b) - On or about October 16, 2018, Licensee or Licensee's employees, agents, or representatives 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 plants harvested on October 16, 2018 were not tracked in CTS until between October 23 and October 24, 2018.

(1st Level Category III)

SYNOPSIS: Inspectors conducted a harvest inspection at this producer's premises and discovered a number of violations. They found that harvested marijuana items were transported to licensee's personal garage and that the licensee grew plants outside of the area approved by the Commission. Licensee failed to access his camera system when requested by an Inspector, failed to have backup coverage off-site, failed to have cameras in all areas where plants grew, and had moved its security room without approval. Licensee also failed to properly track marijuana items in CTS, and the lone member of the licensee failed to have a marijuana worker permit. Licensee is surrendering the license and will receive a Letter of Reprimand documenting its compliance history.

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, first Category II violation, and first through sixth Category III violations.
2. Commission staff proposed to cancel the license for these violations and seize and destroy any marijuana items remaining on the premises after the effective date of a final order cancelling the license.

(continued **HEAVY LIDS**)

3. Licensee has begun the process of selling the business. Licensee surrenders its license effective on the date the transfer of ownership of the business is completed or at 7:00 AM on January 31, 2020, whichever is earlier.
4. Licensee 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 the request for a hearing.
6. Licensee accepts a Letter of Reprimand for the violations. This reprimand will become a permanent part of each Licensee's Commission file and may be considered in any future application for any license by Licensee.
7. This agreement is conditional upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their November 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.