

ADMINISTRATIVE HEARINGS DIVISION  
October 15, 2020

**STIPULATED SETTLEMENT AGREEMENTS FOR MARIJUANA VIOLATION CASES**

1. GreenRidge Agronomy, LLC  
Stanley Tamiyasu, Member  
Brandon Pierson, Member  
dba **GREENRIDGE AGRONOMY**

(Producer)

OAR 845-025-1450(2)(d)(A) - On or about October 20, 2018, Licensee or Licensee's employees, agents, or representatives failed to keep surveillance recordings for a minimum of 90 calendar days when they only had approximately 23 days of footage stored. into CTS when those sales were recorded.

(Category I)

OAR 845-025-1430(2)(c) - On or about October 20, 2018, Licensee or Licensee's employees, agents, or representatives failed to have video surveillance equipment that was equipped with a failure notification system that provided, within one hour, notification to Licensee or an authorized representative of any prolonged surveillance interruption or failure.

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

ORS 475B.261(2), OAR 845-025-5500(4) - On or about October 20, 2018, Licensee or Licensee's employees, agents, or representatives failed to verify that employee Sandra Carter had a valid marijuana worker permit before allowing Sandra Carter to perform any work at the licensed premises of the kind described in ORS 475B.261(1) and/or OAR 845-025-5500(1).

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

Note: Licensee was charged with these violations by Notice dated March 11, 2020. The total proposed sanction was license cancellation. Licensee requested a hearing and now wishes to enter into this settlement agreement.

(continue **GREENRIDGE AGRONOMY**)

OAR 845-025-7580(1)(d) - On or about October 20, 2018, Licensee or Licensee's employees, agents, or representatives failed to record the wet weight of all harvested marijuana plants immediately after harvest when the wet weight of two harvested marijuana plants was not recorded in the METRC Cannabis Tracking System (CTS) before the marijuana plants were trimmed.

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

OAR 845-025-1410(2), (3)(c) - On or about October 20, 2018, Licensee or Licensee's employees, agents, or representatives failed to ensure that, during all hours when Licensee was not operating, all usable marijuana, cut and drying mature marijuana plants, cannabinoid concentrates, extracts or products on the licensed premises were kept in a locked, enclosed area within the licensed premises that is secured with at a minimum, a properly installed steel door with a steel frame, and a commercial grade, non-residential door lock when the entry door to the building that housed a drying area did not have a steel door and/or a steel frame, and/or when two roll-up garage doors did not have commercial grade locks.

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

OAR 845-025-7520(1)(c) - On or about October 20, 2018, Licensee or Licensee's employees, agents, or representatives failed to properly tag each marijuana plant with a unique identification tag no later than when each plant reached a height of twenty four inches or when the individual plant was identified as female, whichever was sooner.

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

(continue **GREENRIDGE AGRONOMY**)

**SYNOPSIS:** A site inspection uncovered several violations, the most serious of which was a failure to have 90 days of surveillance video. The inspector worked with Licensee to bring them into compliance. The inspector worked with Licensee to bring them into compliance, and all issues have 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. Violation Numbers Two through Six 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. These violations will become a permanent part of each licensee's Commission file and may be considered in any future application for any license or permit by that licensee.
2. Staff originally proposed the standard sanction of license cancellation for the Category I violation. The standard sanction for first-level Category III violations is a 10-day suspension or \$1,650.00 civil penalty each.
3. The Commission will reduce the proposed sanction for Violation Number One, and Licensee agrees to serve a 30-day suspension for this violation.
4. The Commission will reduce the sanction for Violations Number Two through Number Six and impose a seven-day license suspension or a \$1,155.00 civil penalty for each.
5. Licensee will either serve a 65-day license suspension beginning at 12:00 PM (noon) on November 23, 2020 and ending at 12:00 PM (noon) on January 27, 2021 **OR** pay a civil penalty of \$5,775.00 before November 16, 2020, and serve a 30-day license suspension beginning at 12:00 PM (noon) on November 23, 2020 and ending at 12:00 PM (noon) on December 23, 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 or permit 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 October 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. Healing Green, LLC  
Michael Hecht, Member  
dba **HEALING GREEN DISPENSARY**  
769 N. Main Suite  
Independence, OR 97351

(Retailer)

OAR 845-025-1160(2) – On or about November 25, 2018, Licensee Michael Hecht failed to notify the Commission within 24 hours of his November 24, 2018 arrest for Driving Under the Influence of Intoxicants, ORS 813.010(4), a misdemeanor.

(Category I)

OAR 845-025-1160(2) - On or about September 11, 2019, Licensee Michael Hecht failed to notify the Commission within 24-hours of his September 10, 2019 conviction for Driving Under the Influence of Intoxicants, ORS 813.010(4), a misdemeanor.

(Category I)

Note: Licensee was charged with these violations by Notice dated October 22, 2019. The proposed sanction was license cancellation. Licensee requested a hearing and now wishes to enter into this settlement agreement.

**SYNOPSIS:** Licensee was arrested for DUII and failed to report that arrest to the OLCC.

### **TERMS OF AGREEMENT**

1. Licensee accepts responsibility for the violations as set out in the Notice. Violations One and Two were Licensee's first and second Category I violations.
2. Commission staff proposed to cancel the license and seize and destroy any remaining marijuana items on the licensed premises for these violations.
3. Licensee has begun the process of selling the business. Licensee will surrender its marijuana retailer license on the date the transfer of ownership of the business is completed or at 7:00 AM on October 30, 2020, whichever is earlier.
4. Each licensee will receive a Letter of Reprimand for these violations. This Letter of Reprimand will become a permanent part of their Commission file and may be considered in any future application for any license by the licensee.
5. Licensee hereby relinquishes any and all interest in any marijuana items 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.
6. Licensee withdraws its Request for Hearing in this matter.

(continue **HEALING GREEN DISPENSARY**)

7. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their October 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. Sunstone Marketing Partners, LLC  
Robert Frey, Member/Manager  
dba **KAYA FARMS (#A8DF)**  
(Processor)

OAR 845-025-1160(4) – On or before August 18, 2018, Licensee or Licensee’s employees, agents, or representatives failed to notify the Commission of a change to its corporate or ownership structure, or in who has a financial interest in the business prior to making such a change when Bruce Burwick and/or MJAI Oregon 1, LLC obtained an ownership and/or financial interest in the licensed business without notification to or approval from the Commission prior to making the changes. Bruce Burwick obtained an ownership interest, as described in OAR 845-025-1045(3), and/or a financial interest, as defined in OAR 845-025-1015(26), in the licensed business by becoming a 50% member of the licensed entity, Sunstone Management Partners, LLC, and/or providing it with approximately \$3 million in capital investments. MJAI Oregon 1, LLC obtained an ownership interest, as described in OAR 845-025-1045(3), and/or financial interest, as defined in OAR 845-025-1015(26), in the licensed business by, including but not limited to: entering into a contract or contracts that allowed them to operate the licensed business, and subsequently operating the business, such that the performance of the business caused, or was capable of causing, them to benefit or suffer financially; and/or allowed them to exercise control over the business; incur debt or be entitled to incur debt or a similar obligation on behalf of the business; and/or enter into or be entitled to enter into a contract or a similar obligation on behalf of the business, other than as employees acting under the direction of the owner.

(Category I)

OAR 845-025-7520(1)(d) - On or about July 18, 2019, Licensee 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 METRC Cannabis Tracking System when there were several jars of

Note: Licensee was charged with these violations by Third Amended Notice dated January 15, 2020. The total proposed sanction was license cancellation. Licensee requested a hearing and now wishes to enter into this settlement agreement.

(continue **KAYA FARMS # A8DF**)

marijuana in a room on the licensed premises that did not have UID tags on them.

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

OAR 845-025-1410(3)(b) - On or about July 18, 2019, Licensee or Licensee's employees, agents, or representatives failed during all hours when Licensee was not operating to keep all useable marijuana enclosed in an area that was secured with a steel door with a steel frame when several jars of marijuana were in a room with glass exterior doors.

**SYNOPSIS:** An investigation showed that Licensee Sunstone Partners had entered into an agreement with Kaya Farms whereby Kaya Farms was able to obtain ownership and financial interests in the licensed business without prior approval by the Commission. Pursuant to the agreement, Kaya Farms operated and exercised control over the licensed business and Licensee was no longer involved. A site inspection revealed additional Category III violations at both premises. Licensee agreed to surrender its license, and warranted that any sale of the business would not be to the entity that had obtained the unapproved interest in the business.

#### **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. Violations Number Two and Three were Licensee's first and second Category III violations within two years.
2. Commission staff proposed license cancellation for these violations. Licensee has begun the process of selling the business. Licensee will surrender its license on the date the transfer of ownership of the business is completed or at 12:00 PM on January 13, 2021, whichever is earlier.
3. Licensee understands and agrees that the Commission is not representing or guaranteeing that a new owner will have an approved license on or before January 13, 2021. 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.
4. Licensee agrees, represents, and warrants that the business will not be sold to the entity and/or individuals alleged to have obtained an unapproved financial and/or ownership interest in the licensed business, namely MJAI Oregon 1, LLC or Bruce Burwick, or to Kaya Holdings, Inc., the parent company of MJAI Oregon 1, LLC, or any parent, subsidiary, affiliate, or successor of Kaya Holdings, Inc.
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 the licensee's Commission file and may be considered in any future application for any license or permit by the licensee.
6. Licensee hereby relinquishes any and all interest in any marijuana items in its inventory that have not been transferred before the effective date of license surrender, and agrees that the Commission may seize and destroy any such marijuana items.

(continue **KAYA FARMS # A8DF**)

7. Licensee withdraws its Request for Hearing in this matter.
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 Third Amended Notice (including any prior versions of the Third Amended 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 October 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. Sunstone Marketing Partners, LLC  
Robert Frey, Member/Manager  
dba **KAYA FARMS (#035C)**  
(Producer)

OAR 845-025-1160(4) – On or before August 29 18, 2018, Licensee or Licensee’s employees, agents, or representatives failed to notify the Commission of a change to its corporate or ownership structure, or in who has a financial interest in the business prior to making such a change when Bruce Burwick and/or MJAI Oregon 1, LLC obtained an ownership and/or financial interest in the licensed business without notification to or approval from the Commission prior to making the changes. Bruce Burwick obtained an ownership interest, as described in OAR 845-025-1045(3), and/or a financial interest, as defined in OAR 845-025-1015(26), in the licensed business by becoming a 50% member of the licensed entity, Sunstone Management Partners, LLC, and/or providing it with approximately \$3 million in capital investments. MJAI Oregon 1, LLC obtained an ownership interest, as described in OAR 845-025-1045(3), and/or financial interest, as defined in OAR 845-025-1015(26), in the licensed business by, including but not limited to: entering into a contract or contracts that allowed them to operate the licensed business, and subsequently operating the business, such that the performance of the business caused, or was capable of causing, them to benefit or suffer financially; and/or allowed them to exercise control over the business; incur debt or be entitled to incur debt or a similar obligation on behalf of the business; and/or enter into or be entitled to enter into a contract or a similar obligation on behalf of the business, other than as employees acting under the direction of the owner.

(Category I)

OAR 845-025-7520(1)(c), (d) - On or about July 18, 2019, Licensee or Licensee’s employees, agents, or representatives failed to properly tag all marijuana inventory and marijuana plants that were at least twenty four inches or identified as female with unique identification (UID) tags pursuant to the system requirements of METRC Cannabis Tracking System

Note: Licensee was charged with these violations by Third Amended Notice dated January 15, 2020. The total proposed sanction was license cancellation. Licensee requested a hearing and now wishes to enter into this settlement agreement.

(continue **KAYA FARMS (#035C)**)

when there were bags of marijuana trim in a freezer, marijuana in two different drying rooms, and immature marijuana plants that were identified as female on the licensed premises that did not have UID tags on them.

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

OAR 845-025-1410(3)(b) - On or about July 18, 2019, Licensee or Licensee's employees, agents, or representatives failed during all hours when Licensee was not operating to keep all useable marijuana enclosed in an area that was secured with a steel door with a steel frame when marijuana was stored in rooms that did not have steel doors and the exterior door leading into the licensed premises was not a steel door with a steel frame.

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

**SYNOPSIS:** An investigation showed that Licensee Sunstone Partners had entered into an agreement with Kaya Farms whereby Kaya Farms was able to obtain ownership and financial interests in the licensed business without prior approval by the Commission. Pursuant to the agreement, Kaya Farms operated and exercised control over the licensed business and Licensee was no longer involved. A site inspection revealed additional Category III violations at both premises. Licensee agreed to surrender its license, and warranted that any sale of the business would not be to the entity that had obtained the unapproved interest in the business.

### **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. Violations Number Two and Three were Licensee's first and second Category III violations within two years.
2. Commission staff proposed license cancellation for these violations. Licensee has begun the process of selling the business. Licensee will surrender its license on the date the transfer of ownership of the business is completed or at 12:00 PM on January 13, 2021, whichever is earlier.
3. Licensee understands and agrees that the Commission is not representing or guaranteeing that a new owner will have an approved license on or before January 13, 2021. 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.
4. Licensee agrees, represents, and warrants that the business will not be sold to the entity and/or individuals alleged to have obtained an unapproved financial and/or ownership interest in the licensed business, namely MJAI Oregon 1, LLC or Bruce Burwick, or to Kaya Holdings, Inc., the parent company of MJAI Oregon 1, LLC, or any parent, subsidiary, affiliate, or successor of Kaya Holdings, Inc.
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 the licensee's Commission file and may be considered in any future application for any license or permit by the licensee.

(continue **KAYA FARMS (#035C)**)

6. Licensee hereby relinquishes any and all interest in any marijuana items in its inventory that have not been transferred before the effective date of license surrender, and agrees that the Commission may seize and destroy any such marijuana items.
7. Licensee withdraws its Request for Hearing in this matter.
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 Third Amended Notice (including any prior versions of the Third Amended 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 October 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. Umpqua Green Cross, LLC  
Edward Allen, Member  
dba **UMPQUA GREEN CROSS**  
2485 NE Diamond Lake Blvd  
Roseburg, OR 97470

(Retailer)

OAR 845-025-1450(2)(d)(A).<sup>1</sup>– On or about October 30, 2018, Licensee and/or its employees, agents or representatives failed to keep on-site surveillance recordings for a minimum of 90 days, when Licensee only had four days of surveillance recordings.

(Category I)

OAR 845-025-2800(2)(b) and (d), (3)(j) - On or before November 12, 2018, Licensee and/or or Licensee's employees, agents, or representatives acted other than its retail license permits when Licensee Edward Allen sold, transferred, delivered, purchased or received marijuana/useable marijuana from an unlicensed location to the licensed premises and/or from the licensed premises to an unlicensed location, when they sold, transferred, delivered, purchased or received medical marijuana to and/or from the business.

(Category I)

OAR 845-025-7580(1)(a), (b), and (4) - From about March 29, 2017 to about September 18, 2017, 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.

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

OAR 845-025-7540(1)(2) - On or before October 25, 2018, Licensee and/or Licensee's employees, agents, or representatives failed to enter data into CTS that fully and transparently accounted for all inventory tracking

Note: Licensee was charged with these violations by Notice dated August 7, 2019. Staff originally proposed the standard sanction of license cancellation and seizure and destruction of marijuana items. Licensee requested a hearing and now wishes to enter into this settlement agreement.

#### AGGRAVATION

Violations Two, Three, Four and Six were aggravated because they were repeated. Violation Two was aggravated because Licensee personally committed the violation. The violations were also aggravated because the presence of three or more violations within two years under circumstances indicating disregard for law or failure to control the premises.

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<sup>1</sup> All citations are to rules in effect at the time of the incidents in question.

(continue **UMPQUA GREEN CROSS**)

activities when approximately 33 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.

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

OAR 845-025-1410(3)(c) - On or about October 25, 2018, during all hours when Licensee 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 as defined in OAR 845-025-1015(73), (80), when post-harvest/useable marijuana was left out and unsecured on a table inside the premises, and marijuana items were left inside an unsecured freezer, in display cases and shelves in the consumer sales area and in the security room.

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

OAR 845-025-7520(1)(d) - On or before October 30, 2018, Licensee failed to properly tag all marijuana inventory with a unique identification (UID) tag pursuant to the system requirements of CTS when it had multiple bags of marijuana containing buds and/or shake without any UID tags.

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

OAR 845-025-8520(5) - On or before October 29, 2018, Licensee's employees, agents, or representatives used or consumed marijuana and/or alcoholic beverages in or on the licensed premises, or in surrounding areas under the control of the licensee, in a manner not permitted under OAR 845-025-1230(6)(b).

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

(continue **UMPQUA GREEN CROSS**)

**SYNOPSIS:** Since licensure in March 2017 until about September 2017 Licensee failed to upload its daily sales into CTS despite multiple attempts to bring Licensee into compliance. Subsequent inspections in October and November 2018 revealed multiple violations which demonstrated Licensee's disregard for the law and failure to control the premises, including failure to retain video surveillance footage, discrepancies between physical inventory and CTS data, untagged product, failing to implement security requirements and evidence of on-site consumption of marijuana and alcohol.

### **TERMS OF AGREEMENT**

1. Licensee accepts responsibility for the violations as set out in the Notice. Violations One and Two were Licensee's first and second Category I violations. Violations Three through Seven were Licensee's first through fifth Category III violations.
2. Violations Two, Three, Four and Six were aggravated because they were repeated. Violation Two was aggravated because Licensee personally committed the violation. The violations were also aggravated because the presence of three or more violations within two years under circumstances indicating disregard for law or failure to control the premises.
3. Commission staff proposed the standard sanction of license cancellation and seizure and destruction of marijuana items, for these violations.
4. 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 January 31, 2021, whichever is earlier. Licensee agrees that its license will not be renewed.
5. Licensee understands and agrees that the Commission is not representing or guaranteeing that a buyer will have an approved license on or before January 31, 2021, or that a proposed buyer will be licensable. Licensee understands and agrees that any proposed buyer 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.
6. Each licensee agrees to accept a letter of reprimand for the violations specified above. This letter of reprimand will become a permanent part of the licensee's Commission file and may be considered in any future or pending application for any license or permit by the licensee.
7. Licensee agrees that any marijuana items on the premises after the date of license surrender that were not properly transferred to another licensee prior to the date of surrender may be seized and destroyed by the Commission.
8. Licensee withdraws its Request for Hearing in this matter.
9. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their October 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.