

ADMINISTRATIVE POLICY & PROCESS DIVISION

October 17, 2019

STIPULATED SETTLEMENT AGREEMENTS FOR MARIJUANA VIOLATION CASES

1. Cave Junction Farms, LLC
David Rudoy, Managing Member
Danny Bitar, Member
Jonathan Kohn, Member
Nicholas Bascue, Member
dba **CAVE JUNCTION FARMS**
(Producer)

OAR 845-025-7540(1)(2) – From about December 17, 2018 to March 11, 2019, Licensee or Licensee’s employees, agents, or representatives failed to enter data into METRC Cannabis Tracking System (CTS) that fully and transparently accounted for all inventory tracking activities when marijuana items stolen on December 17, 2018 were not identified as such.

Note: Licensee was charged with this violation by Notice dated July 2, 2019. The total proposed sanction was a 32-day suspension. Licensee could have paid \$4,950.00 in lieu of 30 days, with two days of the suspension mandatory. Licensee requested a hearing and now wishes to enter into this settlement agreement.

(2nd Level Category III)

AGGRAVATION

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

SYNOPSIS: Marijuana items were stolen from Licensee’s premises on 12/17/18. An inspector followed-up with Licensee the next day, and reminded them of the need to reconcile the stolen items in CTS. The inspector again reminded Licensee to do this several times over the next several months, until CTS was finally updated on 3/11/19.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violation as set out in the Notice. The violation was charged at the second level. Any subsequent Category III violation within the same two years will be charged at the third level.
2. The standard sanction for this violation is a 30-day suspension or a civil penalty of \$4,950.00. Staff added two days of aggravation because the violation was repeated. The total proposed sanction was a 32-day suspension. Licensee could have paid \$4,950.00 in lieu of 30 days, with two days of the suspension mandatory.
3. The Commission will reduce the sanction by nine days. This is equivalent to a 30% reduction of the standard sanction.
4. Licensee will pay a \$3,795.00 civil penalty before 5:00 PM on November 15, 2019 **OR** serve a 23-day suspension beginning at 7:00 AM on November 20, 2019 and ending at 7:00 AM on December 13, 2019.
5. Licensee withdraws the request for hearing.

(Continued **CAVE JUNCTION FARMS**)

6. If a licensee's interest in the license expires or is transferred before the Commission issues a final order on the allegation(s), the licensee agrees to accept a Letter of Reprimand for the violation(s). This reprimand will become a permanent part of the licensee's Commission file and may be considered in any future application for any license by the licensee.
7. This agreement is conditional upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their October 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. De Amsterdam
Linda Hopmann, Pres/Sec/Treasurer
dba **THE HERB CENTER**
2205 NE Division Street
Bend, OR 97703
(Retailer)

OAR 845-025-1450(2)(e) - On or about February 13, 2019, Licensee or Licensee's employees, agents, or representatives failed to keep off-site backup recordings described in OAR 845-025-1450(2)(l) for a minimum of 30 days.

(1st Level Category II)

OAR 845-025-7540(1)(2) - On or before February 13, 2019, Licensee or Licensee's 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 marijuana items identified in CTS as being at the licensed premises were not located at the licensed premises, when marijuana item weights listed in CTS did not match the actual weights of the products at the licensed premises, and when marijuana items were identified as having negative weights.

(1st Level Category III)

OAR 845-025-1230(9)(a) - On or about February 13, 2019, Licensee or Licensee's employees, agents, or representatives failed to record the name and permit number of employees or license representatives Stephanie Celorie and Kevin McMahon in CTS.

(1st Level Category III)

Note: Licensee was charged with these violations by Notice dated July 2, 2019. The total proposed sanction was a 54-day suspension. Licensee could pay a civil penalty of \$3,960.00 in lieu of 24 days, with the remaining 30 days mandatory. Licensee requested a hearing and now wishes to enter into this settlement agreement.

AGGRAVATION

Staff added four days of aggravation because Violation Number Two was repeated and Violation Number Three involved more than one employee.

SYNOPSIS: Commission staff conducted a proactive inspection of a retail premises. The inspection revealed discrepancies between product on-hand and information recorded in CTS. Licensee's employee believed that items listed as having negative weights was due to data entry error. Later, they stated that their point-of-sale system failed to accurately communicate information to CTS. Other items could not be located at the premises. Licensee did not have an explanation for this. Additionally, Licensee could not access the off-site video recordings of its surveillance room. They discovered that the system's battery back-up had failed. Licensee's security provider responded and corrected the issue.

(Continued THE HERB CENTER)

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violations as set out in the Notice. Violation Number One was Licensee's first Category II violation within two years. Violations Number Two and Number Three were Licensee's first and second Category III violations within two years. Violations Number Two and Number Three were each charged at the first level because they were discovered concurrently. Any subsequent Category II or Category III violation within the same two years will be charged at the second level.
2. The standard sanction for Violation Number One is a 30-day license suspension. The standard sanction for Violations Number Two and Number Three is a 10-day suspension or a \$1,650.00 civil penalty for each. Staff added four days of aggravation because Violation Number Two was repeated and Violation Number Three involved more than one employee. The total proposed sanction was a 54-day suspension. Licensee could pay a civil penalty of \$3,960.00 in lieu of 24 days, with the remaining 30 days mandatory.
3. The Commission will reduce the sanction on Violation Number One to a 30-day suspension or payment of a \$4,950.00 civil penalty. The Commission will reduce the sanction on Violations Number Two and Number Three by three days each. This is equivalent to a 30% reduction of the standard sanctions.
4. Licensee will either pay a \$7,920.00 civil penalty before 5:00 PM on November 15, 2019 **OR** serve a 48-day suspension beginning at 7:00 AM on November 20, 2019 and ending at 7:00 AM on January 7, 2020.
5. Licensee withdraws the request for hearing.
6. If a licensee's interest in the license expires or is transferred before the Commission issues a final order on the allegation(s), the licensee agrees to accept a Letter of Reprimand for the violation(s). This reprimand will become a permanent part of the licensee's Commission file and may be considered in any future application for any license by the licensee.
7. This agreement is conditional upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their October 2019 Commission Meeting. If the agreement is not accepted and approved in its entirety by the Commission it is deemed null and void and Licensee's hearing rights, if any, will be restored. If the agreement is accepted and approved in its entirety by the Commission, Licensee waives any and all rights to a contested case hearing under the Administrative Procedures Act (ORS Chapter 183) and to judicial review, or to otherwise challenge this agreement and the final order.

<p>3. Greenway Farm, LLC Michael Baggs, Member Paul Baggs, Member dba GREENWAY FARM (Producer)</p>	<p>OAR 845-025-1450(2)(d)(A) – On or about December 11, 2017, Licensee or Licensee’s employees, agents, servants, or representatives failed to keep surveillance recordings for a minimum of 90 calendar days, when it only kept surveillance recordings since November 18, 2017.</p> <p>(Category I)</p> <p>OAR 845-025-8520(3)(a)(A) - On or about November 20, 2017 and November 27, 2017, during regular business hours for the licensed premises, Licensee or Licensee’s employees, agents, servants, or representatives refused to admit or failed to promptly admit a Commission regulatory specialist who identified himself and requested entry, and who wanted to enter the licensed premises to conduct an inspection to ensure compliance with ORS chapter 475B affecting license privileges or Commission rules.</p> <p>(1st Level Category II)</p> <p>OAR 845-025-7700(8) - On or about November 13, 2017, Licensee’s employee, agent, or representative Sylvia Lee failed to provide to Deputy O’Donnell, a law enforcement officer, a copy of a transport manifest of in-transit marijuana when requested to do so.</p> <p>(1st Level Category III)</p>	<p>Note: Licensee was charged with these violations by Notice dated February 5, 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> <p style="text-align: center;"><u>AGGRAVATION</u></p> <p>Commission staff proposed that Violation Number Two be aggravated because Licensee Paul Baggs was personally involved in the violation, and the violation was repeated.</p>
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SYNOPSIS: A representative of the licensee was transporting marijuana, but made a stop at an auto repair shop for what she claimed was an emergency. An off-duty Sheriff deputy saw that the representative was in possession of marijuana. The deputy identified himself and asked to see her transport manifest. She either refused or was unable to provide it. The deputy reported the matter to the Commission. An inspector followed up and attempted to contact Licensee. During the first attempt, which was during regular business hours, Licensee stated he was on his way out and he would need to meet another day. Inspectors returned a week later, also during regular business hours, but Licensee stated no one was available to assist them. Licensee later claimed to have been ill. When an inspector was finally able to connect with Licensee, he only had about 23 days of video footage retained. Licensee states that the business identified the camera issue itself a few weeks prior to being contacted by an inspector, and took steps to correct it.

(continued **GREENWAY FARM**)

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violations as set out in the Notice. These were Licensee's first Category I, Category II, and Category III violations within two years. Any subsequent Category II or Category III violation within the same two years will be charged at the second level.
2. Commission staff originally proposed the standard sanction of license cancellation. Commission staff proposed that Violation Number Two be aggravated because Licensee Paul Baggs was personally involved in the violation, and the violation was repeated.
3. The Commission will reduce the sanction on Violation Number One to a 30-day license suspension or payment of a \$4,950.00 civil penalty. The Commission will reduce the sanction on Violation Number Two by nine days. This is equivalent to a 30% reduction of the standard sanction for a Category II violation. Four days of suspension will be added due to the aggravating factors. The Commission will reduce the sanction on Violation Number Three by three days. This is equivalent to a 30% reduction of the standard sanction for a Category III violation.
4. Licensee will either **(a)** pay a \$6,105.00 civil penalty before 5:00 PM on November 15, 2019 and serve a 25-day suspension beginning at 7:00 AM on November 20, 2019 and ending at 7:00 AM on December 15, 2019, **OR (b)** serve a 62-day suspension beginning at 7:00 AM on November 20, 2019 and ending at 7:00 AM on January 21, 2020.
5. Licensee withdraws the request for a hearing.
6. If a licensee's interest in the license expires or is transferred before the Commission issues a final order on the allegations, the licensee agrees to accept a Letter of Reprimand for the violations. This reprimand will become a permanent part of the licensee's Commission file and may be considered in any future application for any license by the licensee.
7. This agreement is conditional upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their October 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. Green Factory, LLC
Jessica Cheung, Mng. Member
Yingyang Ma, Member
dba **ARTISAN AGRICULTURE**
(Producer)

OAR 845-025-2020(2)(a) – From about April 4, 2018 to about May 9, 2018, Licensee operated other than its license permits in OAR 845-025-2020(1), when Licensee and/or Licensee’s representatives, employees, or agents possessed, planted, cultivated, grew, harvested, dried, sold, delivered, transferred, or transported marijuana plants off of the licensed premises to an unlicensed location(s).

Note: Licensee was charged with these violations by an Amended Notice dated August 14, 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.

(Category I)

OAR 845-025-1450(1)(a)(b)¹ - From about April 4, 2018 to about May 9, 2018, Licensee or Licensee’s employees, agents, or representatives failed to have cameras that continuously record, 24 hours a day in all areas where mature marijuana plants, immature marijuana plants, useable marijuana, cannabinoid concentrates, extracts, products or waste may be present on the licensed premises and all points of ingress and egress to and from these areas, when it failed to have camera coverage in the unapproved room or area on the second floor of the building that was used to store marijuana plants and/or items.

¹ Citations are to rules in effect at the time of the violation.

(1st Level Category III)

OAR 845-025-7540(1)(2) - From about April 5, 2018 to the present, Licensee or Licensee’s 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 approximately 203 marijuana plants that were damaged and/or destroyed due to an air conditioner outage were not accurately tracked in CTS.

(1st Level Category III)

(continued **ARTISAN AGRICULTURE**)

OAR 845-025-2020(1)(c), (2)(a) - On or about June 28, 2019, Licensee or Licensee's employees, agents, or representatives operated other than its license permits when it sold, transferred, transported or delivered 240 mature marijuana plants to another licensed producer (Bull Moon License No. 1008901972C).

(Category I)

OAR 845-025-7540(1)(2) - On or before June 28, 2019, Licensee or Licensee's employees, agents, or representatives failed to enter data into CTS that fully and transparently accounted for all inventory tracking activities when approximately 240 mature marijuana plants were not accurately tracked in CTS because they were still entered as immature plants.

(2nd Level Category III)

OAR 845-025-1450(1)(a) - On or about May 7, 2019, Licensee and/or its employees, agents or representatives failed to have cameras that continuously record, 24 hours a day in all areas where mature marijuana plants, immature marijuana plants, useable marijuana plants or waste may be present on the licensed premises, when there was no camera coverage in the clone room.

(Category I)

SYNOPSIS: After Licensee reported an air conditioning outage which caused destruction of 203 plants, an inspector reviewed video and discovered some marijuana plants and waste had been moved to an unapproved area in the second story of the building that was not part of the licensed premises. The plants were not properly recorded in CTS as destroyed. In June 2019 Licensee transported 240 plants to another licensed premises. The plants in Licensee's CTS showed they were immature but video and other CTS records indicate the plants were mature plants. Further investigation showed there was no camera coverage in the clone room for 24 hours.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violations as set out in the Notice. These were Licensee's first through third Category I violations and first through third Category III violations. Violation Five was charged at the second level because it was discovered at a later date.
2. Commission staff proposed license cancellation and the seizure and destruction of any remaining marijuana items at the premises for these violations.

(continued **ARTISAN AGRICULTURE**)

3. Licensee's Marijuana Producer License No. 100315580DD expired on August 19, 2019. Licensee will not seek renewal of this License.
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 the licensee's Commission file and may be considered in any future application for any license by the licensee.
5. Licensee hereby relinquishes any and all interest in any marijuana items in its inventory that have not been transferred before the ratification of this agreement, and agrees that the Commission may seize and destroy any such marijuana items.
6. Licensee withdraws its Request for Hearing in this matter.
7. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their October 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. Gras on 7th, Inc.
Joseph Mangione, Sr., Pres/Dir/Stkhldr
Marilyn Neville, Secretary
dba **GRAS CANNABIS**
621 SE 7th Ave
Portland, OR 97214
(Retailer)

OAR 845-025-2800(3)(a)(B) – On or about August 1, 2018 (receipt #0026883029) and August 15, 2018 (receipt #0027683528), Licensee and/or its employees, agents or representatives knowingly exceeded the daily sales limit (24 ounces per valid OMMP card per day) for usable marijuana sold or transferred purportedly for medical purposes to Customer A, who presented the same OMMP registry patient card number for each purchase.

(1st Level Category I)

OAR 845-025-2800(3)(a)(B) - On or about August 13, 2018 (receipt ##0027583859, 0027587926) and August 23, 2018 (receipt ##0028139940, 0028140225, 0028140589), Licensee and/or its employees, agents or representatives knowingly exceeded the daily sales limit (24 ounces per valid OMMP card per day) for usable marijuana sold or transferred purportedly for medical purposes to Customer B, who presented OMMP registry patient and/or caregiver cards ##1421402, 1425864, and/or another non-OMMP form of identification for these purchases.

(1st Level Category I)

OAR 845-025-2900(3)(d) - On some or all of the listed dates and transactions from May 30, 2018 to August 22, 2018, Licensee and/or its employees, agents or representatives failed to use the METRC Cannabis Tracking System (CTS) to record the OMMP receipt or card number of customer(s) to whom they sold or transferred marijuana items purportedly for medical purposes.

(1st Level Category III)

Note: Licensee was charged with these violations by Amended Notice dated July 11, 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: At the end of August 2018, the Commission’s CTS monitoring staff noticed apparently irregular purchases of medical marijuana at this retailer prior to the imposition of stricter daily limit sales. Investigation revealed a number of sales right at the limit, but also two patients/caregivers to whom substantially over-limit sales were made close enough in time on a single day that the sales appeared to be in knowing violation (as required by the rule for there to be a violation). In addition, CTS monitoring and subsequent investigation revealed multiple purported medical marijuana sales in which the OMMP number was not recorded in CTS. Licensee requested a hearing, which was set for October, and then negotiated a settlement under which Licensee admits the violations and will surrender the license no later than January 31, 2020.

(continue **GRAS CANNABIS**)

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violations as set out in the Notice. These were Licensee's first and second Category I violations, and first Category III violation, within two years.
2. Commission staff proposed the standard sanction of license cancellation for these violations.
3. Licensee has begun the process of selling the business. Licensee hereby 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. Each licensee agrees to accept a letter of reprimand for the violations specified above. This letter of reprimand will become a permanent part of each licensee's Commission file and may be considered in any future application for any license by the licensee.
5. Licensee hereby relinquishes any and all interest in any marijuana item(s) in its CTS inventory that has not been properly transferred to another licensee as of the effective date of license surrender, and agrees that the Commission may seize and destroy any such marijuana items.
6. Licensee withdraws its Request for Hearing in this matter.
7. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their October 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

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| <p>6. Bite One's Lip, LLC
Dean Brundidge, Member
Andrew Weitz, Member
dba DEANZ GREENZ
5625 B SE 85th Ave
Portland, OR 97266
(Retailer)</p> | <p>OAR 845-025-7540(1), (2) – On or before January 16, 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 32 packages of marijuana had negative weight in Licensee's CTS inventory.</p> | <p>Note: Licensee was charged with this violation by Notice dated August 27, 2019. The total proposed sanction was a 32-day suspension. Licensee was given the option to pay a \$4,950.00 civil penalty in lieu of 30 days, with the remaining two days mandatory. Licensee wishes to enter into this settlement agreement.</p> |
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(2nd Level Category III)

AGGRAVATION

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

SYNOPSIS: A proactive inventory audit of this licensee's retail shop on SE 85th Avenue in Portland disclosed multiple packages with a negative weight in CTS. This was attributed to creating sub-packages for display and sale which were not accurately tracked to the mother packages. Because this retail license had prior violations in 2018 (product stolen from the shop which was not tracked in CTS), this violation is charged at the second level.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violation as set out in the Notice. This was Licensee's third Category III violation, charged at the second level. Any subsequent Category III violation within the same two years will be charged at the third level.
2. The standard sanction for this violation is a 30-day suspension or a civil penalty of \$4,950.00. Staff added two days of aggravation because the violation was repeated. The total proposed sanction was a 32-day suspension. Licensee was given the option to pay a \$4,950.00 civil penalty in lieu of 30 days, with the remaining two days mandatory.
3. The Commission will reduce the sanction by nine days. This is equivalent to a 30% reduction of the standard sanction.
4. Licensee will pay a \$3,795.00 civil penalty before 5:00 PM on November 15, 2019 **or** serve a 23-day suspension beginning at 7:00 AM on November 20, 2019 and ending at 7:00 AM on December 13, 2019.
5. If a licensee's interest in the license expires or is transferred before the Commission issues a final order on this allegation, that licensee agrees to accept a Letter of Reprimand for this violation. This reprimand will become a permanent part of the licensee's Commission file and may be considered in any future application for a license by the licensee.
6. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their October 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.