

ADMINISTRATIVE POLICY & PROCESS DIVISION
January 17, 2019

STIPULATED SETTLEMENT AGREEMENTS FOR MARIJUANA VIOLATION CASES

1. Odin Distillations, LLC
Odin Enterprises, LLC, Mng Mbr
Galt Industries, Inc., Member
Paul Amsbury, Pres/Stockholder
Mithlond Ventures, LLC, Member
David Loverink, Member
Pluto, LLC, Member
Nasem Issak, Member
dba **ODIN DISTILLATIONS**
(Processor)

OAR 845-025-1335(9)(a) – Licensee or Licensee’s employees, representatives, or agents failed to track and tag all marijuana items that were at a promotional event pursuant to the Metrc Cannabis Tracking System (CTS) requirements. (On or about October 29, 2017).

(1st Level Category III)

OAR 845-025-1335(9)(c) - Licensee or Licensee’s employees, representatives, or agents failed to generate a printed transport manifest in CTS that accompanies all marijuana items during of the promotional event that contains the following information: (A) the name, contact information of a license representative, licensed premises address and license number of the licensee transporting the marijuana items; (B) product name, and quantities (by weight or unit) of each marijuana item contained in each transport, along with the UIDs for every items; (C) the date of transport and approximate time of departure; (D) date and estimated time when the marijuana items will be returned to the licensed premises at the conclusion of the promotional event; and (E) delivery vehicle make and model and license plate information. (On or about October 29, 2017).

(1st Level Category III)

Note: Licensee was charged with these violations by Amended Notice dated December 10, 2018. The proposed sanction was a 20-day suspension or a civil penalty of \$3,300.00. Licensee requested a hearing and now wishes to enter into this settlement agreement.

SYNOPSIS: Licensee failed to track in the Cannabis Tracking System (CTS) marijuana items brought to a promotional event (Dope Cup 2017) and failed to generate a printed transport manifest to accompany the transport.

(continued ODIN DISTILLATIONS)

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violations as set out in the Amended Notice. Violation One and Violation Two were Licensee's first and second Category III violations within two years. Any subsequent Category III violations within the same two years will be charged at the second level.
2. Commission staff originally proposed for Violation One and Violation Two the standard sanction of a 10-day suspension or a \$1,650.00 civil penalty for each violation. The total proposed sanction was a 20-day suspension or a \$3,300.00 civil penalty.
3. The Commission will reduce the sanction for Violation One and Violation Two by three days for each violation. This is equivalent to a 30% reduction of the standard sanction.
4. Licensee will pay a \$2,310.00 civil penalty before 5:00 PM on February 15, 2019 **OR** serve a 14-day suspension beginning at 7:00 AM on February 20, 2019 and ending at 7:00 AM on March 6, 2019.
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 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 that licensee.
7. This agreement is conditional upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their January 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. Rogue Farmer at Quartz Creek, LLC
Ryan Beyerlein, Mbr
dba **ROGUE FARMER**
PO Box 1052
Merlin, OR 97532
(Producer)

OAR 845-025-1450(2)(d)(A) - Licensee, whose license was issued or renewed after August 31, 2016, failed to keep surveillance recordings, except for back-up off-site recordings of the surveillance area, for a minimum of 90 days, when OLCC Inspectors noted that the earliest date of video retention was April 28, 2018 (46 days). (On or about June 12, 2018).

(1st Level Category I)

OAR 845-025-2040(1)(c)(A) - Licensee, who was licensed as an outdoor producer, engaged in mixed indoor and outdoor production without having applied for and been granted approval by the Commission to change production types, when it engaged in indoor production with the use of artificial grow lights on mature marijuana plants in its "cold frame" greenhouse. (From about April 3, 2018 to about May 29, 2018).

(1st Level Category III)

OAR 845-025-1440(2)(b) - Licensee failed to ensure cameras were placed so that they captured clear and certain images of any individual and activity occurring in all locations within limited access areas, when its cameras in the "cold frame" greenhouse captured only blurry, out-of-focus images. (From about April 28, 2018 to about June 12, 2018).

(1st Level Category III)

Note: Licensee was charged with these violations by Notice dated August 14, 2018. The proposed sanction was license cancellation. Licensee requested a hearing and now wishes to enter into this settlement agreement.

SYNOPSIS: During a scheduled change inspection of this outdoor producer in late May, inspectors noticed flowering marijuana plants in a "cold frame" greenhouse. This seemed unlikely absent application of artificial light, for which indoor production approval would have been required. In seeking to view video to verify this violation, inspectors found that the licensee lacked the required 90-day off-site backup, and that several cameras in the cold frame greenhouse were too out of focus to provide useful images.

(continued **ROGUE FARMER**)

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violations as set out in the Notice. This was Licensee's first Category I violation within two years. These were Licensee's first and second Category III violations within two years, discovered concurrently. Any subsequent Category III violations within two years will be charged at the second level.
2. Commission staff originally proposed for these violations the standard sanction of license cancellation. 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.
3. The standard sanction for Category III violations when discovered concurrently is a 10-day suspension or a civil penalty of \$1,650.00 each. The Commission will reduce the sanction on Violations Number Two and Number Three by three days for each violation. This is equivalent to a 30% reduction of the standard sanction.
4. Licensee will pay a \$7,260.00 civil penalty before 5:00 PM on February 15, 2019 **OR** serve a 44-day suspension beginning at 7:00 AM on February 20, 2019 and ending at 7:00 AM on April 5, 2019.
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 this allegation, the licensee agrees to accept a Letter of Reprimand for these violations. 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.
7. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their January 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.

3. Nug Run Farms, LLC
RJV, LLC, Mng Mbr
James Deneen Holdings, LLC, Managing
Member
Norris Monson, Managing Member
SDFM, LLC, Managing Member
Steve Miller, Managing Member
David Boies, Member
dba **CULTIVATED INDUSTRIES**
(Producer)

OAR 845-025-1450(2)(j) – Licensee¹ and/or its employees, servants, agents or representatives failed to make video surveillance records and recordings available immediately upon request to the Commission in a format specified by the Commission for the purpose of ensuring compliance with ORS Chapter 475B and the rules made pursuant thereto. (On or about September 28, 2017).

¹ “Licensee” as designated in the Second Amended Notice means “Former Licensees” herein.

(1st Level Category III)

OAR 845-025-1450(1)(a)(b) - Licensee and/or its employees, servants, agents or representatives failed to have cameras that continuously record, 24 hours a day, in all areas where mature marijuana plants, immature marijuana plants, or usable marijuana may be present on the licensed premises, and at all points of ingress and egress to such places, in that no data was available on these two dates from surveillance cameras 19, 20, 21 or 24, and in addition no data was available on September 28, 2017 from surveillance camera 27. (On or about August 29, 2017 and September 28, 2017).

(1st Level Category III)

OAR 845-025-1440(2)(b) - Licensee and/or its employees, servants, agents or representatives failed to ensure that cameras were placed so that they captured clear and certain images of any individual and activity occurring in all locations within limited access areas on the licensed premises, when there were blind spots in the canopy grow rooms, blocked views of the outdoor grow areas, and tarps and other hanging items

Note: Licensee was charged with these violations by Second Amended Notice dated November 29, 2018. Licensee requested a hearing and now wishes to enter into this settlement agreement.

(continued **CULTIVATED INDUSTRIES**)

obstructed the view of cameras placed in the greenhouse area. (On or about August 29, 2017 and September 28, 2017.)

(1st Level Category III)

SYNOPSIS: Several violations were found at the premises of a licensee who had lost its lease and surrendered its license. First, the surveillance room was locked and nobody on site had access, so inspectors could not immediately access video records. Second, when camera data was later provided, inspectors noted that several cameras (out of about 30 total) were offline. Third, some of the cameras that were functioning were obstructed by objects hanging from the walls or ceiling of the premises.

TERMS OF AGREEMENT

1. Former Licensees accept responsibility for the violations as set out in the Second Amended Notice. These were Former Licensees' first, second and third Category III violations within two years.
2. Because the surrender of Former Licensees' producer license was accepted by the Commission on May 8, 2018, the standard sanction for these violations is a Letter of Reprimand.
3. Staff recommended a Letter of Reprimand, and Former Licensees agree to receive a Letter of Reprimand for these violations. This reprimand will become a permanent part of Former Licensees' Commission file and may be considered in any future application for a license by any of the former licensees.
4. Former Licensees withdraw all requests for hearing in this matter and authorize Steve Miller to sign this agreement on behalf of all Former Licensees.
5. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their January 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. CR Labs, Inc.
Lori Glauser, Co-Licensee/Pres/Dir/Stkhldr
William Waldrop, Co-Licensee/Sec/Dir/
Stockholder
Anthony Smith, Co-Licensee/Stockholder
EVIO, Inc., Stockholder
Signal Bay, Inc., Stockholder
dba **EVIO LABS BEND**
(Lab)

OAR 845-025-5000(1)(b)(d) – Licensee operated other than its license permits when Licensee and/or its employees, agents or representatives transferred, transported or disposed of marijuana items consisting of usable marijuana, concentrates, extracts or cannabinoid products left over from sample packages provided to it for testing (retention samples), by giving these marijuana items to its employees and/or permitting them to remove these marijuana items from the licensed premises. (From approximately January 27, 2017 to December 31, 2017).

(1st Level Category I)

OAR 845-025-7540(1), (4) - Licensee intentionally failed to enter data into the METRC Cannabis Tracking System (CTS) that fully and transparently accounted for all inventory tracking activities, when Licensee and/or its employees, agents or representatives intentionally failed to disclose that it was transferring retention samples to its employees to take off the premises, and/or intentionally failed to disclose that the retention samples had left the licensed premises, and/or when it intentionally designated retention samples given to employees for personal use as “sample destroyed” in CTS. (From approximately January 27, 2017 to December 31, 2017).

(1st Level Category I)

OAR 845-025-7580(1)(b) Licensee failed to reconcile all on-premises and in-transit marijuana item inventories each day in CTS at the close of business, when Licensee and/or its employees, agents or representatives failed to disclose that it was transferring retention samples to its employees to take home, and/or failed to disclose

Note: Licensee was charged with these violations by Notice dated December 11, 2018. The proposed sanction was license cancellation. Licensee wishes to enter into this settlement agreement.

(continued EVIO LABS BEND)

that the samples had left the licensed premises, and/or when it designated these transferred retention samples as "destroyed" in CTS. (From approximately January 27, 2017 to December 31, 2017).

(1st Level Category III)

OAR 845-025-8520(7) - Licensee permitted unlawful activity at the premises or in areas adjacent to or outside the licensed premises under the control of the licensee, when Licensee and/or its employees, agents or representatives delivered marijuana items to its employees other than in accordance with ORS 475B.010 to ORS 475B.545 and any rule adopted under ORS 475B.010 to ORS 475B.545, contrary to the provisions of ORS 475B.346(1). (From approximately January 27, 2017 to December 31, 2017).

(1st Level Category III)

SYNOPSIS: Samples sent to labs for testing are divided in half, with one-half tested, and the other half retained in case there is a need to do a re-test (called a "retention sample"). Usually no re-test is required, so after about 40 days the retention sample should be properly disposed of. This licensee "disposed" of the retention samples by giving them to employees to take home for personal use, in violation of OLCC rules.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the Violations Number One and Three, and Alternate Violation Number Two, as set out in the Notice.
2. The standard sanction for these violations is license cancellation. Licensee has tendered the surrender of its license and the Commission accepts surrender of Marijuana Laboratory License No. 10012439773, effective as of the date of ratification of this agreement.
3. Each licensee agrees to accept a letter of reprimand for the violations specified in paragraph (1) 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.
4. 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.
5. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their January 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. EVIO Labs Eugene, LLC
EVIO Labs OR, Inc., Member
Lori Glauser, Mgr/Pres/Dir
William Waldrop, Manager/Sec/Dir
EVIO, Inc., Stockholder
dba **EVIO LABS EUGENE /
OREGON ANALYTICAL SERVICES**
(Lab)

OAR 845-025-5000(1)(b)(d) – Licensee operated other than its license permits when Licensee and/or its employees, agents or representatives transferred, transported or disposed of marijuana items consisting of usable marijuana, concentrates, extracts or cannabinoid products left over from sample packages provided to it for testing, by giving these marijuana items to its employees and/or permitting them to remove these marijuana items from the licensed premises. (From approximately January 27, 2017 to March 9, 2018).

(1st Level Category I)

OAR 845-025-8540(4)(a) - Licensee intentionally destroyed, damaged, altered, removed or concealed potential evidence, or attempted to do so, or asked or encouraged another person or persons to do so, when Licensee's Manager/President/Director Lori Glauser and/or Chief Scientific Officer Anthony Smith and/or other agents or representatives of Licensee pressured and encouraged Licensee's employees, agents and representatives, including without limitation Jenna Hensley, Kaylynne Marquez and Lauren Frankl, to conceal from OLCC Marijuana Regulatory Specialists (Inspectors) the practice of giving to employees for personal use and/or permitting employees to remove from the premises marijuana items consisting of usable marijuana, concentrates, extracts or cannabinoid products left over from sample packages provided to it for testing; and otherwise engaged in a cover-up of this practice. (From about March 1, 2018 to about April 3, 2018).

(1st Level Category I)

Note: Licensee was charged with these violations by Notice dated August 7, 2018. The proposed sanction was license cancellation. Licensee requested a hearing and now wishes to enter into this settlement agreement.

(continued EVIO LABS EUGENE)

OAR 845-025-8540(4)(b) - Licensee destroyed, damaged, altered, removed or concealed potential evidence, or attempted to do so, or asked or encouraged another person or persons to do so, when Licensee's Mgr/President/Director Lori Glauser and/or Chief Scientific Officer Anthony Smith and/or other agents or representatives of Licensee pressured and encouraged Licensee's employees, agents and representatives, including without limitation Jenna Hensley, Kaylynne Marquez and Lauren Frankl, to conceal from OLCC Marijuana Inspectors the practice of giving to employees for personal use and/or permitting employees to remove from the premises marijuana items consisting of usable marijuana, concentrates, extracts or cannabinoid products left over from sample packages provided to it for testing; and otherwise engaged in a cover-up of this practice. (From approximately March 1, 2018 to about April 3, 2018).

(1st Level Category II)

OAR 845-025-8540(1)(a)(b) - Licensee and/or its employees, agents or representatives intentionally made false statement(s) or representation(s) to the Commission in order to induce or prevent action or investigation by the Commission, when employee Kaylynne Marquez and/or general manager Ellen Parkin and/or other agents or representatives of Licensee told OLCC Inspector D. Green that all marijuana testing samples were destroyed after testing was completed, and when they intentionally omitted the fact that marijuana items consisting of usable marijuana, concentrates, extracts or cannabinoid products left over from testing samples were given to employees for personal use and/or that employees were permitted to remove such marijuana items from the premises. (On about March 1, 2018, and again on about March 6, 2018).

(1st Level Category I)

(continued **EVIO LABS EUGENE**)

OAR 845-025-8540(1)(a)(b) – Licensee and/or its employees, agents or representatives made false statement(s) or representation(s) to the Commission in order to induce or prevent action or investigation by the Commission, when employee Kaylynn Marquez and/or general manager Ellen Parkin and/or other agents or representatives of Licensee told OLCC Inspector D. Green that all marijuana testing samples were destroyed after testing was completed, and when they omitted the fact that marijuana items consisting of usable marijuana, concentrates, extracts or cannabinoid products left over from testing samples were given to employees for personal use and/or that employees were permitted to remove such marijuana items from the premises. (On about March 1, 2018 and again on about March 6, 2018).

(1st Level Category II)

OAR 845-025-7540(1), (4) - Licensee intentionally failed to enter data into the METRC Cannabis Tracking System (CTS) that fully and transparently accounted for all inventory tracking activities, when Licensee and/or its employees, agents or representatives failed to disclose that it was transferring marijuana items consisting of usable marijuana, concentrates, extracts or cannabinoid products left over from testing samples to its employees. (From approximately January 27, 2017 to March 9, 2018).

(1st Level Category I)

OAR 845-025-7540(1), (4) - Licensee failed to enter data into CTS that fully and transparently accounted for all inventory tracking activities, when Licensee and/or its employees, agents or representatives failed to disclose that it was transferring marijuana

(continued **EVIO LABS EUGENE**)

items consisting of usable marijuana, concentrates, extracts or cannabinoid products left over from testing samples to its employees. (From approximately January 27, 2017 to March 9, 2018).

(1st Level Category III)

OAR 845-025-8520(7) - Licensee permitted unlawful activity at the premises or in areas adjacent to or outside the licensed premises under the control of the licensee, when Licensee and/or its employees, agents or representatives delivered marijuana items to its employees, including without limitation employee Stephanie Head and employee Jenna Hensley, other than in accordance with ORS 475B.010 to ORS 475B.545 and any rule adopted under ORS 475B.010 to ORS 475B.545, contrary to the provisions of ORS 475B.346(1). (From approximately January 27, 2017 to March 9, 2018).

(1st Level Category III)

OAR 845-025-8520(4)(b) - Licensee's employees or representatives Michael Lausmann and/or Sarah Lausmann were under the influence of intoxicating substances while on duty. (On multiple occasions from approximately January 1, 2017 to September 30, 2017, including without limitation in March 2017 and on September 7, 2017).

(1st Level Category II)

OAR 845-025-8520(4)(a) - Licensee's employees or representatives Michael Lausmann and/or Sarah Lausmann consumed intoxicating substances while on duty, (On multiple occasions from approximately January 1, 2017 to September 30, 2017, including without limitation in March 2017 and on September 7, 2017).

(1st Level Category III)

(continued **EVIO LABS EUGENE**)

SYNOPSIS: Samples sent to labs for testing are divided in half, with one-half tested, and the other half retained in case there is a need to do a re-test (called a "retention sample"). Usually no re-test is required, so after about 40 days the retention sample should be properly disposed of. This licensee "disposed" of the retention samples by giving them to employees to take home for personal use, in violation of OLCC rules. Later, management encouraged employees not to discuss this practice with OLCC inspectors.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for Violations Number One and Five, and Alternate Violations Number Two, Three, Four and Six, as set out in the Notice.
2. The standard sanction for these violations is license cancellation. Licensee has tendered the surrender of its license and the Commission accepts surrender of Marijuana Laboratory License No. 10035420314, effective as of the date of ratification of this agreement.
3. Each licensee agrees to accept a letter of reprimand for the violations specified in paragraph (1) 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.
4. 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.
5. Licensee withdraws its Request for Hearing in this matter.
6. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their January 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.