

ADMINISTRATIVE HEARINGS DIVISION

November 18, 2021

STIPULATED SETTLEMENT AGREEMENTS FOR MARIJUANA VIOLATION CASES

1. WCCDI, LLC
David Pippenger, Member
dba **WHISKEY CREEK CANNABIS**
(Producer)

OAR 845-025-2090(1), (2) - On or about October 11, 2019 and/or October 13, 2019, Licensee and/or Licensee's employees, agents, or representatives harvested usable marijuana from one or more mature marijuana plants in an outdoor canopy area on the licensed premises without submitting a harvest notification in the form and manner prescribed by the Commission identifying the proposed harvest dates no later than by 9:00 AM on the day of the harvest activity.

(1st Level Category III)

OAR 845-025-2080(1) - On or before December 18, 2019, Licensee and/or its employees, agents, or representatives failed to, within 45 days of harvesting the harvest lot, physically segregate individual harvest lots from other harvest lots, place the harvest lots in a receptacle or multiple receptacles, and/or assign a UID tag to each receptacle that was linked to each plant that was harvested when marijuana that was harvested on October 13, 2019 was not reported in the METRC Cannabis Tracking System until December 18, 2019.

(1st Level Category III)

Note: Licensee was charged with these violations by Notice dated September 29, 2021. The total proposed sanction was a 22-day license suspension or a civil penalty of \$3,630.00. Licensee wishes to enter into this settlement agreement.

AGGRAVATION

Violation Number One was aggravated because it was repeated.

SYNOPSIS: Violations were discovered after Licensee submitted a harvest notification that had no corresponding data entered into CTS. It was found that marijuana had been harvested on two days without submitting a harvest notification and Licensee also failed to timely enter harvest data into METRC within 45 days.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violations as set out in the Notice. These were Licensee's first and second Category III violations within two years, charged at the first level. 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.

(continue **WHISKEY CREEK CANNABIS**)

2. The standard sanction for each Category III violation charged at the first level is a 10-day license suspension or a \$1,650.00 civil penalty. Violation Number One was aggravated because it was repeated.
3. Staff recommended a 22-day license suspension or a civil penalty of \$3,630.00.
4. The Commission will reduce the sanction for each violation by three days.
5. Licensee will either pay a \$2,640.00 civil penalty before 5:00 PM on December 15, 2021 **OR** serve a 16-day suspension beginning at 12:00 PM (noon) on December 22, 2021 and ending at 12:00 PM (noon) on January 7, 2022.
6. 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. This reprimand will become a permanent part of the licensee's Commission file and may be considered in any future application for a license or permit by that licensee.
7. This agreement is conditioned upon final approval of the Commission and will be reviewed by the Commissioners at their November 2021 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. Rainwater Holdings, LLC
Rajeev Yalamanchili, Member
dba **RAINWATER HOLDINGS**
(Producer)

OAR 845-025-7540(1)(2), (4) - On or about October 10, 2019 and October 20, 2019, Licensee and/or Licensee's employees, agents, or representatives intentionally failed to enter data into CTS that fully and transparently accounted for all inventory tracking activities (as that term is defined in OAR 845-025-1015(38)), when on October 10, 2019 data entered in CTS showing the creation of cultivation batches were back dated to September 9, 2019 and then changed growth phase on September 12, 2019; and on October 20, 2019 when data was entered in CTS showing the creation of cultivation batches back dated to August 1, 2019 and the destruction of those plants backdated to October 17, 2019.

(Category I)

OAR 845-025-8540(1)(a), (b) - On October 16, 2019, Licensee and/or Licensee's employees, agents, or representatives intentionally made false statements or representations to the Commission in order to induce or prevent action or investigation by the Commission when Louis Collazo and Derek Williams told Inspectors J. Vargas and A. Del Pizzo that they had completed tagging all marijuana plants when in fact at least six untagged mature marijuana plants were observed on the premises and later Collazo and Williams stated that they had run out of UID tags after they tagged as many plants as they could.

(Category I)

OAR 845-025-1160(4)(a)(A)(B) – On or about April 1, 2020, Licensee and/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 EEK, Inc. obtained an ownership and/or financial interest in the licensed business without prior Commission approval.

(Category I)

Note: Licensee was charged with these violations by a Second Amended Notice dated March 10, 2021. The proposed sanction was license cancellation, seizure and destruction of marijuana items, and refusal to renew the license. Licensee requested a hearing and now wishes to enter into this settlement agreement.

AGGRAVATION

Staff proposed to aggravate the penalty because Violation Number Two was repeated.

(continue **RAINWATER HOLDINGS**)

SYNOPSIS: Multiple site visits uncovered widespread CTS and UID problems at the licensed premises, and further investigation showed that licensee had allowed a third party to obtain an ownership and/or financial interest in the licensed premises without notification or authorization by the Commission. Licensee has agreed to surrender the license and will sell the business to an individual or entity other than the one alleged to have obtained the unauthorized interest.

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. 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. Commission staff proposed the standard sanction of license cancellation, seizure and destruction of marijuana items, and refusal to renew the license for these violations. Commission staff also proposed to aggravate the penalty because Violation Number Two was repeated.
3. Licensee has begun the process of selling the business. Licensee hereby surrenders its license effective on the date the transfer of ownership of the business is completed or at 12:00 PM on February 16, 2022, whichever is earlier. Licensee agrees that its license will not be renewed.
4. Licensee understands and agrees that the Commission is not representing or guaranteeing that a new owner will be licensable or will have an approved license on or before February 16, 2022. Licensee understands and agrees that any new owner will have to fully complete the application process, and the application has to receive final approval by the Commission, prior to a license being issued.
5. 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 EEK, Inc. or any officer, director, or stockholder thereof, or any parent, subsidiary, affiliate, or successor of EEK, Inc.
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 application for any license or permit by the licensee.
7. Licensee hereby relinquishes any and all interest in any marijuana items in its inventory that have not been properly transferred before the effective date of license surrender, and agrees that the Commission may seize and destroy any such marijuana items.
8. Licensee withdraws its request for hearing.
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 Commission and will be reviewed by the Commissioners at their November 2021 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. Spyglass Management, LLC
Ankit Patel, Member
dba **SPYGLASS MANAGEMENT**
(Producer)

OAR 845-025-7540(1)(2), (4) - On or about October 10, 2019 and about November 2, 2019, Licensee and/or Licensee's employees, agents, or representatives intentionally failed to enter data into CTS that fully and transparently accounted for all inventory tracking activities (as that term is defined in OAR 845-025-1015(38)), when on October 10, 2019 data was entered in CTS showing the creation of cultivation batches that were backdated to September 5, 2019 with the change of growth phase changing from clone to flowering in 10 days, backdated to September 15, 2019; and on November 2, 2019 when data was entered in CTS showing the creation of cultivation batches on July 19, 2019 and/or September 10, 2019 and the destruction of those plants was immediately backdated to October 22, 2019.

(Category I)

OAR 845-025-8540(1)(a), (b) - On October 16, 2019, Licensee's employees, agents, or representatives intentionally made false statements or representations to the Commission in order to induce or prevent action or investigation by the Commission when Louis Collazo and Derek Williams told Inspectors J. Vargas and A. Del Pizzo that they had completed tagging all marijuana plants when in fact at least 20 untagged mature marijuana plants were later observed on the premises, and Collazo and Williams admitted that they had ran out of UID tags after they tagged as many plants as they could.

(Category I)

OAR 845-025-1160(4)(a)(A)(B) - On or about April 1, 2020, Licensee and/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 EEK, Inc. obtained an ownership and/or financial interest in the licensed business without prior Commission approval.

(Category I)

Note: Licensee was charged with these violations by a Second Amended Notice dated March 10, 2021. The proposed sanction was license cancellation, seizure and destruction of marijuana items, and refusal to renew the license. Licensee requested a hearing and now wishes to enter into this settlement agreement.

AGGRAVATION

Commission staff also proposed to aggravate the penalty because Violation Number Two was repeated.

(continue **SPYGLASS MANAGEMENT**)

SYNOPSIS: Multiple site visits uncovered widespread CTS and UID problems at the licensed premises, and further investigation showed that licensee had allowed a third party to obtain an ownership and/or financial interest in the licensed premises without notification or authorization by the Commission. Licensee has agreed to surrender the license and will sell the business to an individual or entity other than the one alleged to have obtained the unauthorized interest.

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. 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. Commission staff proposed the standard sanction of license cancellation, seizure and destruction of marijuana items, and refusal to renew the license for these violations. Commission staff also proposed to aggravate the penalty because Violation Number Two was repeated.
3. Licensee has begun the process of selling the business. Licensee hereby surrenders its license effective on the date the transfer of ownership of the business is completed or at 12:00 PM on February 16, 2022, whichever is earlier. Licensee agrees that its license will not be renewed.
4. Licensee understands and agrees that the Commission is not representing or guaranteeing that a new owner will be licensable or will have an approved license on or before February 16, 2022. Licensee understands and agrees that any new owner will have to fully complete the application process, and the application has to receive final approval by the Commission, prior to a license being issued.
5. 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 EEK, Inc. or any officer, director, or stockholder thereof, or any parent, subsidiary, affiliate, or successor of EEK, Inc.
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 application for any license or permit by the licensee.
7. Licensee hereby relinquishes any and all interest in any marijuana items in its inventory that have not been properly transferred before the effective date of license surrender, and agrees that the Commission may seize and destroy any such marijuana items.
8. Licensee withdraws its request for hearing.
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 Commission and will be reviewed by the Commissioners at their November 2021 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.