ADMINISTRATIVE POLICY & PROCESS DIVISION February 21, 2019

STIPULATED SETTLEMENT AGREEMENTS FOR MARIJUANA VIOLATION CASES

 Linda Mayfield, Co-Licensee Larry Mayfield, Co-Licensee dba CR HEALTHY OPTIONS (Producer) OAR 845-025-2090(1), (2) – Licensee and/or their employees, agents or representatives harvested usable marijuana from one or more mature 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 a.m. on the day of the harvest activity. (On or about October 15, 2018, October 16, 2018, October 17, 2018, October 19, 2018, October 20, 2018, October 21, 2018, October 22, 2018, October 22, 2018, October 20, 2018, October 21, 2018, October 22, 2018, October 20, 2018, Octo

Note: Licensee was charged with this violation by Notice dated January 22, 2019. The proposed sanction was a 12-day suspension or a civil penalty of \$1,980.00. Licensee wishes to enter into this settlement agreement.

October 23, 2018, and October 24, 2018).

(1st Level Category III)

SYNOPSIS: This outdoor producer harvested 14 times between October 10 and October 24, 2018. They only provided the Commission with harvest notifications for five of those harvests, and were charged accordingly.

- 1. Licensees accept responsibility for the violation as set out in the Notice. This was Licensees' first Category III violation within two years. Any subsequent Category III violation within the same two years will be charged at the second level.
- 2. The standard sanction for this violation is a 10-day suspension or a civil penalty of \$1,650.00. Staff added two days of aggravation because the violation was repeated. The total proposed sanction was a 12-day suspension or a \$1,980.00 civil penalty.
- 3. The Commission will reduce the sanction by three days. This is equivalent to a 30% reduction of the standard sanction.
- 4. Licensees will pay a \$1,485.00 civil penalty before 5:00 PM on March 15, 2019 **or** serve a nine-day suspension beginning at 7:00 AM on March 20, 2019 and ending at 7:00 AM on March 29, 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.
- This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their February 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.

 Phillips Field Facility, LLC Susan Phillips, Member dba PHILLIPS FIELD FACILITY (Producer) 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 Susan Phillips intentionally designated as "destroyed" in CTS five plants from cultivation batch ending 0002 and five plants from cultivation batch ending 0003, when in fact those plants were not destroyed. (On or about September 21, 2018).

(1st Level Category I)

OAR 845-025-7520(1)(a)(d)(e) - Licensee failed to use unique identification (UID) tags issued by a Commission-approved vendor authorized to provide UID tags for CTS; failed to properly tag all inventory with a UID tag pursuant to CTS requirements; and failed to place UID tags in a position that could be clearly read by an individual standing next to the item, when Licensee Susan Phillips intentionally elected not to tag any of the vegetative and/or flowering marijuana plants on the premises until they were nearly ready for harvest. (From approximately May 20, 2018 to September 21, 2018).

(1st Level Category III)

Note: Licensee was charged with these violations by Notice dated December 21, 2018. The proposed sanction was license cancellation. Licensee requested a hearing and now wishes to enter into this settlement agreement.

AGGRAVATION

Staff proposed aggravation because Violation Number One and Number Two were repeated and personally committed by Licensee, and because Violation Number Two was intentional.

SYNOPSIS: This micro-tier I outdoor producer was inspected on September 23 and September 26, 2018. Inspectors found a total of eleven plants at the premises that were missing UID tags. The licensee admitted that she did not have enough UID tags for all her plants, and that as a consequence she had failed to advance the untagged plants from the clone stage to the vegetative stage in CTS. Later, she attempted to "solve" this problem by marking these five plants as "destroyed" in CTS, rather than advancing them to vegetative on the eve of harvest.

- 1. Licensee accepts responsibility for the violations as set out in the Notice. Violation Number One was Licensee's first Category I violation. Any subsequent Category I violation may result in license cancellation. Violation Number Two was Licensee's first Category III violation. Any subsequent Category III violation within the same two years will be charged at the second level.
- 2. Commission staff originally proposed for these violations the standard sanction of license cancellation. Commission staff proposed aggravation because Violation Number One and Number Two were repeated and personally committed by Licensee, and because Violation Number Two was intentional.

(continued PHILLIPS FIELD FACILITY)

- 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 Violation Number Two to a seven-day suspension or payment of a \$1,155.00 civil penalty. This is equivalent to a 30% reduction of the standard sanction for Violation Number Two. The Commission added a 10-day suspension or a \$1,650.00 civil penalty for aggravating factors.
- 4. Licensee will pay a \$7,755.00 civil penalty before 5:00 PM on March 15, 2019 **or** serve a 47-day suspension beginning at 7:00 AM on March 20, 2019 and ending at 7:00 AM on May 6, 2019.
- 5. Licensee withdraws its Request for Hearing in this matter.
- 6. If a licensee's interest in the license expires or is transferred before the Commission issues a final order, that licensee agrees to accept a Letter of Reprimand for these violations. This reprimand will become a permanent part of the licensee's Commission file and may be considered in any future application for a 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 February 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

Kleen Karma Gardens, Inc.
Oregon Care 4 You, LLC, Stockholder
Mark Mobray, Pres/Sec/Dir/Member
Kimberly Bottaro, VP/Director
dba KLEEN KARMA GARDENS
(Producer)

OAR 845-025-7520(1)(a)(d)(e) - Licensee failed to use unique identification (UID) tags issued by the Commission-approved vendor authorized to provide UID tags for the METRC Cannabis Tracking System (CTS); failed to properly tag all inventory with a UID tag pursuant to CTS requirements; and failed to place UID tags in a position that could be clearly read by an individual standing next to the item, when OLCC Inspectors observed the following marijuana items at the premises without any apparent UID tags: pre-rolled marijuana cigarettes, a glass jar containing useable marijuana, three one-half pound packages of useable marijuana, multiple bags of useable marijuana on top of black totes with yellow lids, multiple stainless steel containers of useable marijuana, and some fivegallon buckets containing useable marijuana (On or about January 11, 2018 and/or January 12, 2018).

(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 was insufficient camera coverage and there were many blind spots in the second-floor grow room. (On or about January 12, 2018).

(1st Level Category III)

ndividual standing next to the item, when OLCC Inspectors observed the following marijuana tems at the premises without any apparent UID tags: pre-rolled marijuana cigarettes, a glass jar containing useable marijuana, three one-half bound packages of useable marijuana on top of black totos.

Note: Licensee was charged with these violations by Notice dated November 27, 2018. The proposed sanction was a 22-day suspension or a \$3,360.00 civil penalty. Licensee requested a hearing and now wishes to enter into this settlement agreement.

AGGRAVATION

SYNOPSIS: This indoor producer premises was inspected on January 11 and January 12, 2018. At the first inspection, the premises was disorganized in places, with various untagged marijuana items observed by the inspector. These problems were mostly cleaned up by the next day, and the inspector followed up thereafter to ensure future compliance. There was also insufficient camera coverage of the second floor grow room. This problem was fixed by January 17, 2018.

(continued KLEEN KARMA GARDENS)

- 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.
- 2. The standard sanction for these violations is a 10-day suspension or a civil penalty of \$1,650.00 each. Staff added two days of aggravation because Violation Number One was repeated. The total proposed sanction was a 22-day suspension or a \$3,630.00 civil penalty.
- 3. The Commission will reduce the sanction by three days for each violation. This is equivalent to a 30% reduction of the standard sanction.
- 4. Licensee will pay a \$2,640.00 civil penalty before 5:00 PM on March 15, 2019 **or** serve a 16-day suspension beginning at 7:00 AM on March 20, 2019 and ending at 7:00 AM on April 5, 2019.
- 5. Licensee withdraws its Request for Hearing in this matter.
- 6. 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 these violations. 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.
- 7. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their February 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

 CHC Laboratories, LLC Cameron Yee, Managing Member dba LUNCHBOX ALCHEMY (Processor) OAR 845-025-1450(2)(d)(A) – Licensee or Licensee's employees, agents, servants, or representatives failed to keep surveillance recordings for a minimum of 90 calendar days. (On or about May 24, 2018).

(1st Level Category I)

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 several marijuana items that had previously been tagged as evidence by OLCC with instructions to keep secure until otherwise notified, were destroyed. (On or about March 2, 2018, March 5, 2018, March 30 and/or April 6, 2018).

(1st Level Category II)

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

SYNOPSIS: Licensee was in the process of moving/approving a new business location. OLCC inquired about marijuana items that had previously been tagged as evidence with instructions not to destroy, and discovered the items were unintentionally destroyed. Video was requested to verify destruction but Licensee failed to have the full 90 days of recordings. Video was obtained from a neighboring Licensee, which corroborated the items' destruction and that no diversion occurred.

- 1. Licensee accepts responsibility for the violations as set out in the Notice. Violation One was Licensee's first Category I violation within two years. Any subsequent Category I violation may result in license cancellation. Violation Two was Licensee's first Category II violation within two years. Any subsequent Category II violation within the same two years will be charged at the second level.
- 2. Commission staff originally proposed the standard sanction of license cancellation.
- 3. The Commission will reduce the sanction for Violation One and impose a \$4,950.00 civil penalty or a 30-day suspension for that violation.
- 4. The standard sanction for Violation Two at the time was a \$4,950.00 civil penalty or a 30-day suspension. The Commission will reduce the sanction by nine days. This is equivalent to a 30% reduction of the standard sanction.
- 5. Licensee will pay an \$8,415.00 civil penalty before 5:00 PM on March 15, 2019 **OR** serve a 51-day suspension beginning at 7:00 AM on March 20, 2019 and ending at 7:00 AM on May 10, 2019.

(continued LUNCHBOX ALCHEMY)

- 6. Licensee withdraws the 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 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.
- 8. This agreement is conditional upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their February 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.

 Gorgeous Green Farms, LLC Dungey Holdings, LLC, Member Scott Dungey, Member F&P Investments, LLC, Member Jeffrey, Froug, Member dba GORGEOUS GREEN FARMS (Producer)

OAR 845-025-1115(4)(a) – Licensee or Licensee's employees, agents, servants, or representatives allowed unapproved medical marijuana items to be produced, processed, stored, sold or transported, to or from the same address or location of the licensed business. (From about July 26, 2017 to about November 20, 2017).

(1st Level Category I)

OAR 845-025-1470(1) - Licensee or Licensee's employees, agents, servants, or representatives failed to effectively prevent public access to all areas of the licensed premises used in the production of marijuana when a propane delivery truck was observed to enter the premises unescorted and Licensee's employee Cory Page admitted that the propane company had the access code to the premises (On or about November 16, 2017).

(1st Level Category III)

OAR 845-025-1440(2) - Licensee and/or its employees, agents or representatives failed to ensure that cameras were placed in a manner that captures clear and certain images of any individual and activity occurring within 15 feet both inside and outside of all points of ingress and egress to and from the licensed premises, and in all locations within limited access areas in and around the two hoop house structures. (On or about November 16, 2017).

(1st Level Category III)

Note: Licensee was charged with these violations by Notice dated April 27, 2018. The proposed sanction was license cancellation. Licensee requested a hearing and now wishes to enter into this settlement agreement.

<u>SYNOPSIS:</u> During a change inspection, Inspectors discovered a medical marijuana grow inside the same building area licensed by the OLCC, access to which required crossing through the licensed premises. Inspectors observed a propane delivery truck enter the premises unescorted and observed an added wall to the premises blocked outdoor camera coverage near two hoop houses. Inspectors subsequently verified the medical grow was evicted from the property and the premises was in compliance. *Note: Member Jeffrey Froug, who at the time of the violations was also co-managing member of the landlord company has been removed from the business and Licensee is in process of a change of ownership 51% or greater.

(continued GORGEOUS GREEN FARMS)

- 1. Licensee accepts responsibility for the violations as set out in the Notice.
- 2. Violation One was Licensee's first Category I violation within two years. Violation Two and Violation Three were Licensee's first and second Category III violations within two years. Any subsequent Category III violation within two years will be charged at the second level.
- 3. Commission staff originally proposed for these violations the standard sanction of license cancellation and seizure and destruction of marijuana items.
- 4. The Commission will reduce the sanction for Violation Number One and impose a \$4,950.00 civil penalty or a 30-day license suspension for that violation.
- 5. The standard sanction for Violation Two and Violation Three is a 10-day license suspension or a \$1,650.00 civil penalty each. Violation Two and Violation Three were both charged at the first level because they were discovered concurrently. The Commission will reduce the sanction for Violation Two and Violation Three by three days for each violation. This is equivalent to a 30% reduction of the standard sanction.
- 6. Licensee will pay a \$7,260.00 civil penalty before 5:00 PM on March 15, 2019 **OR** serve a 44-day suspension beginning at 7:00 AM on March 20, 2019 and ending at 7:00 AM on May 3, 2019.
- 7. Licensee has removed former Member Jeffrey Froug from the business entity, Gorgeous Green Farms, LLC. Former Member Jeffrey Froug agrees to accept a Letter of Reprimand for the above violations.
- 8. Licensee withdraws its request for a hearing.
- 9. 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.
- 10. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their February 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.

Geiger Industries, LLC
Kali Mata, LLC, Managing Member
Nitin Khanna, Managing Member
Karan Khanna, Member
Portsmouth Enterprises, Mgng Member
dba PANDA FARMS
(Producer)

OAR 845-025-1175(1) – Licensee and/or its employees, agents or representatives made physical changes to the licensed premises that materially or substantially altered the licensed premises or the usage of the licensed premises from the plans originally approved by the Commission when they added a Conex container containing immature marijuana plants, and a large corrugated metal soft-walled greenhouse structure which had been used to house an indoor grow, and was then used as a drying room. (On or before October 3, 2017).

(1st Level Category III)

OAR 845-025-1450(1)(a)(b) - Licensee and/or its employees, agents or representatives failed to have cameras that continuously recorded, 24 hours a day, in all areas where mature marijuana plants, immature marijuana plants, usable marijuana, cannabinoid concentrates, extracts or products may have been present on the licensed premises, and at all points of ingress and egress to the same, when it failed to provide any interior camera coverage for the newly-added Conex container containing immature marijuana plants, and when it failed to provide any interior or exterior camera coverage for the large corrugated metal soft-walled greenhouse structure containing drying marijuana plants, which had previously also been used as a marijuana indoor grow facility. (On or about October 3, 2017, and from approximately June-August, 2017 during the time of an indoor grow).

(1st Level Category III)

OAR 845-025-1410(1)(3)(c) - Licensee and/or its employees, agents or representatives failed to provide adequate safeguards against theft or

Note: Licensee was charged with these violations by Amended Notice dated January 25, 2019. The proposed sanction was license cancellation. Licensee requested a hearing and now wishes to enter into this settlement agreement.

AGGRAVATION

Staff recommended aggravation of Violations Number One, Number Two, Number Four, Number Five, Number Six, Number Seven and Number Eight for repeated misconduct. Staff recommended aggravation for three or more violations within a two-year period, regardless of the category, where the number of violations indicate a disregard for the law or failure to control the premises.

diversion of marijuana items and failed to ensure that all useable marijuana and cut and drying mature marijuana plants on the licensed premises were kept in a locked, enclosed area within the licensed premises that was secured with a properly installed steel door with steel frame and a commercial grade, non-residential door lock, with respect to the large corrugated metal softwalled greenhouse structure. (On or before October 3, 2017, during times when the business was not operating).

(1st Level Category III)

OAR 845-025-1470(1) - Licensee and/or its employees, agents or representatives failed to effectively prevent public access to all areas of the licensed premises used in the production of marijuana, when it failed to maintain a perimeter fence around the licensed premises. (On or before October 3, 2017, and on about February 28, 2018 and March 6, 2018).

(1st Level Category III)

OAR 845-025-1460(1)(a) - Licensee and/or its employees, agents or representatives failed to have a surveillance room or area in a limited access area, when it was found that the surveillance room was located in the basement of a nearby residence which is not part of the licensed premises. (On or about October 3, 2017, and on about February 28, 2018 and March 6, 2018).

(1st Level Category III)

OAR 845-025-1450(2)(j) - Licensee, its employees, agents, and/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 OAR Chapter 845-025, when the manager on the premises did not have access to the security room and the landlord who did was not immediately available, and then on March 6, 2018, when the landlord was able to permit inspectors access the security room but was unable to show the inspectors any video. (On or about February 25, 2018, and again on or about March 6, 2018).

(2nd Level Category III)

OAR 845-025-7580(1)(b) - Licensee or Licensee's employees, agents, servants or representatives, failed to reconcile all on-premises and in-transit marijuana item inventories each day in the METRC Cannabis Tracking System (CTS) at the close of business pursuant to system requirements, when five black totes with yellow lids, each about 50% full of untracked, untagged dried/cured marijuana bud/flower, were located in the middle Conex on the premises; and when a cardboard box containing multiple plastic bags of untracked, untagged dried/cured marijuana bud/flower was located in the computer area of the north Conex on the premises. (From about February 25, 2018 to about March 6, 2018).

(3rd Level Category III)

OAR 845-025-1450(1) - 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, usable marijuana, cannabinoid concentrates, extracts or products may be present on the licensed premises; and all points of ingress and egress to and from areas where mature marijuana

plants, immature marijuana plants, usable marijuana, cannabinoid concentrates, extracts or products are present, when multiple containers of marijuana items and flats of immature marijuana plants in the vegetative state were discovered on premises in the middle Conex and the north Conex without any camera coverage. (From about February 25, 2018 to about March 6, 2018).

(4th Level Category III)

OAR 845-025-1410(1)(3)(c) - Licensee and/or its employees, agents or representatives failed to provide adequate safeguards against theft or diversion of marijuana items and failed to ensure that all useable marijuana and cut and drying mature marijuana plants on the licensed premises were kept in a locked, enclosed area within the licensed premises that was secured with a properly installed steel door with steel frame and a commercial grade, non-residential door lock, with respect to the five black totes with yellow lids found to contain untracked, untagged dried/cured marijuana bud/flower, located in the middle Conex on the premises, which was left unlocked. (From about February 25, 2018 to about March 6, 2018).

(5th Level Category III)

SYNOPSIS: This outdoor producer premises was inspected October 3, 2017, February 28, 2018, and March 6, 2018, and each time the inspectors found significant compliance issues. Unapproved structures had been added and put in use in the production and drying of marijuana. The unapproved greenhouse had insufficient camera coverage and inadequate security features. The premises as approved by the Commission was supposed to have a six foot tall perimeter fence, but it did not. The surveillance room was off-premises, in the basement of the landlord's house. Personnel at the premises were unable to show inspectors video surveillance back-up footage. There was untracked, untagged marijuana at the premises, some of which was not under camera coverage. A Conex containing marijuana items was unlocked. The circumstances demonstrated a disregard for the law or failure to control the premises.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violations as set out in the Notice. These were Licensee's first through ninth Category III violations. Violations Number One through Five were charged at the first level. The remaining violations were charged at successive levels.

- 2. Commission staff recommended aggravation of Violations Number One, Number Two, Number Four, Number Five, Number Six, Number Seven and Number Eight for repeated misconduct. Commission staff recommended aggravation for three or more violations within a two-year period, regardless of the category, where the number of violations indicate a disregard for the law or failure to control the premises.
- 3. 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 7:00 AM on May 21, 2019, whichever is earlier.
- 4. 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.
- 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.
- 7. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their February 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