

ADMINISTRATIVE POLICY & PROCESS DIVISION
May 17, 2018

STIPULATED SETTLEMENT AGREEMENTS FOR MARIJUANA VIOLATION CASES

1. OmniTek Transport, Inc.
Noah Stokes, Stockholder
Houston Family Investments, LLC, Stkhldr
dba **THE CANNABIS DISTRIBUTION CO.**
(Wholesaler)

OAR 845-025-1440(2)(b) – Licensee and/or its employees, agents or representatives failed to ensure that cameras were placed so that they capture clear and certain images of any individual and activity occurring in all locations within limited access, including, the interior of multiple wooden structures used to store marijuana items located within the wholesale storage room. (On or about July 11, 2017, February 7, 2018, and February 8, 2018).

(1st level Category III)

Note: Licensee was charged with this violation by Notice dated March 20, 2018. The proposed sanction was a 10-day suspension or a civil penalty of \$1,650.00. Licensee wishes to enter into this settlement agreement.

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violation as set out in the Notice. This was Licensee's 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. Commission staff originally proposed the standard sanction of a 10-day suspension or a civil penalty of \$1,650.00 for the violation.
3. The Commission will reduce the sanction by three days. This is equivalent to a 30% reduction of the standard sanction.
4. Licensee will pay a \$1,155.00 civil penalty before 5:00 PM on June 15, 2018 or serve a seven-day suspension beginning at 7:00 AM on June 20, 2018 and ending at 7:00 AM on June 27, 2018.
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 this allegation, the 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 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 May 2018 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. Queen Bee Distribution, LLC
Douglas Stiles, Managing Member
William McEvoy, Member
Shannon Japport, Member
dba **QUEEN BEE DISTRIBUTION**
(Wholesaler)

ORS 475B.227(1), OAR 845-025-1300(1)(a) and OAR 845-025-8520(6). – Licensee’s employee, agent or representative exported marijuana items out of this state to Tacoma, Washington. (On or before July 20, 2017).

(1st level Category I)

OAR 845-025-7700(3)(c) - Licensee and/or its employees, agents or representatives failed to use the METRC Cannabis Tracking System (“METRC CTS”) to generate a printed transport manifest that accompanies every transport of marijuana items when they transported trade samples of marijuana items without generating a printed transport manifest. (On or about July 20, 2017).

(1st Level Category III)

OAR 845-025-1410(1) - Licensee failed to ensure the security of all marijuana items on the licensed premises or in transit, and/or to provide adequate safeguards against theft or diversion of marijuana items, when approximately 37 pounds of useable marijuana and a small amount of cannabinoid extract with an estimated fair market value of between \$34,000.00 and \$43,000.00 disappeared from the premises under suspicious circumstances. (From about February 2017 to May 2017).

(2nd Level Category III)

OAR 845-025-1450(2)(d)(A) - Licensee failed to keep video surveillance recordings of all areas required under OAR 845-025-1450(1) for a minimum of 90 calendar days. (From about February 2017 to May 2017).

(2nd Level Category I)

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

(continued) **QUEEN BEE DISTRIBUTION**

OAR 845-025-7540(3) - Licensee failed to ensure that employees, agents or representatives entering data into the METRC CTS system only used their one individual METRC CTS account, and that each METRC CTS user had their own unique log-on and password, which was not used by any other person. (March 2017 to about May 2017).

(3rd Level Category III)

OAR 845-025-1410(1) - Licensee failed to ensure the security of all marijuana items on the licensed premises or in transit, and/or to provide adequate safeguards against theft or diversion of marijuana items, when approximately 3.5 pounds of useable marijuana disappeared from the premises under suspicious circumstances. (On or about September 21, 2017).

(4th Level Category III)

OAR 845-025-1160(3) - Licensee did not notify the Commission of the September 21, 2017 theft of marijuana items as soon as reasonably practical or within 24 hours from the time of the theft.

(5th Level Category III)

OAR 845-025-7540(1), (2) - Licensee's employees, agents or representatives entered inaccurate data into METRC CTS, and/or failed to enter data into METRC CTS that fully and transparently accounted for all inventory tracking activities, in order to cover up discrepancies between the Licensee's METRC CTS inventory, and the actual marijuana items that were on the premises. (August 16, 2017 to December 2017).

(6th Level Category III)

(continued) **QUEEN BEE DISTRIBUTION**

OAR 845-025-1440(1)(b), (2)(b) - Licensee and/or its employees, agents or representatives failed to ensure that cameras were placed in a limited access area on the premises in such a manner that they could capture clear and certain images of any individual and activity occurring in the limited access area. (From about October 19, 2017 to November 11, 2017)

(7th Level Category III)

OAR 845-025-7520(1)(a), (d), (e) - Licensee failed to use UID tags issued by a Commission-approved vendor, properly tag all inventory with a UID tag, and place tags in a position that can be clearly read by an individual standing next to the item, when it was found to be in possession three large garbage bags of useable marijuana, labeled by duct tape as "Sour Trim 7.00 lbs", "Chem 4 Trim 11.85 lbs", "Gold Rush Trim 13.25 lbs", which did not have any UID tags affixed to them. (December 6, 2017).

(8th Level Category III)

OAR 845-025-7540(1), (2) - Licensee's employees, agents or representatives entered inaccurate data into METRC CTS, and/or failed to enter data into METRC CTS that fully and transparently accounted for all inventory tracking activities with respect to three large garbage bags of useable marijuana found at the premise. (December 6, 2017).

(9th Level Category III)

OAR 845-025-8540(1)(a) - Licensee's employees, agents or representatives made a false statement or representation to the Commission in order to induce or prevent action or investigation by the Commission when they falsely represented to OLCC Inspector

(continued) **QUEEN BEE DISTRIBUTION**

Tallmadge that Manifest No. 0000374510 was the manifest associated with the three large garbage bags of useable marijuana found on the premises on December 6, 2017. (December 12, 2017).

(1st Level Category II)

TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violations as set out in the Notice.
2. Violation Number One and Number Four were Licensee's first and second Category I violations within two years. Violation Number Twelve was Licensee's first Category II violation within two years. Violations Number Two, Three, Five, Six, Seven, Eight, Nine, Ten, and Eleven, were Licensee's first through ninth Category III violations within two years.
3. Commission staff originally proposed for these violations the standard sanction of License cancellation.
4. Licensee has begun the process of selling the business. Licensee will surrender its marijuana wholesaler license No. 1001929ED7 on the date the transfer of ownership of the business is completed or at 7:00 AM on August 15, 2018, whichever is earlier.
5. Licensee agrees that any marijuana items left on the premises after the surrender of its license are forfeited to the Commission for seizure and destruction without further notice, opportunity for hearing, or legal process.
6. Licensee accepts a Letter of Reprimand for the violations charged in the Notice. This Letter of Reprimand will become a permanent part of their Commission file and may be considered in any future application for any license by Licensee and each of its members.
7. Licensee withdraws its request for a hearing.
8. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their May 2018 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.