

ADMINISTRATIVE HEARINGS DIVISION  
December 17, 2020

**STIPULATED SETTLEMENT AGREEMENTS FOR MARIJUANA VIOLATION CASES**

1. Rogue Valley Group, LLC  
Tim Winner, Manager  
Artemis Group, LLC, Member  
Joseph Bundy, Member  
Megan Bundy, Member  
Bryan Bundy, Member  
dba **SHADOWBOX FARMS (#2EEB6)**

(Producer)

OAR 845-025-1430(1)(2)(a)(b) - On or about January 5, 2019, January 18-23, 2019, January 25, 2019, January 29, 2019, February 12-13, 2019, February 14, 2019, February 26, 2019, and April 15-22, 2019, Licensee and/or Licensee's employees, agents, or failed to have a fully operational video surveillance recording system with video surveillance equipment that at a minimum consists of digital or network video recorders, camera capable of meeting the requirements of OAR 845-025-1430 and 845-025-1450, video monitors, digital archiving devices, a minimum of one monitor on premises capable of viewing video, and have the capability of producing and printing a still photograph from any camera image.

(Category I)

Note: Licensee was charged with this violation by Amended Notice dated November 18, 2020. The total proposed sanction was license cancellation. Licensee requested a hearing and now wishes to enter into this settlement agreement.

**AGGRAVATION**

The violation was aggravated because it was repeated.

**SYNOPSIS:** The premises has had repeated and ongoing camera and surveillance system outages. Inspectors had multiple interactions to discuss surveillance issues and warned about making repairs. Licensee attributed many of the issues to severe weather and area-wide outages. Attempts were made to remedy these issues with technical repairs but ongoing problems persisted. Licensee has subsequently made system upgrades to reduce the risk of future outages.

**TERMS OF AGREEMENT**

1. Licensee accepts responsibility for the violation as set out in the Notice. The violation was Licensee's third Category I violation in two years. The violation was aggravated because it was repeated. The violation 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.
3. The Commission will reduce the sanction and impose a \$5,280.00 civil penalty or a 32-day suspension.

(continue **SHADOWBOX FARMS (#2EEB6)**)

4. Licensee will either pay a \$5,280.00 civil penalty before 5:00 PM on January 15, 2021 **OR** serve a 32-day suspension beginning at 12:00 PM (noon) on January 22, 2021 and ending at 12:00 PM (noon) on February 23, 2021.
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, the licensee agrees to accept a Letter of Reprimand for the 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 or permit by that licensee.
7. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their December 2020 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 Valley Group, LLC  
Tim Winner, Manager  
Artemis Group, LLC, Member  
Joseph Bundy, Member  
Megan Bundy, Member  
Bryan Bundy, Member  
dba **SHADOWBOX FARMS (#1467A)**

(Producer)

OAR 845-025-1430(1)(2)(a)(b) - On or about January 5-7, 2019, January 30-February 1, 2019, February 14, 2019, February 24-25, 2019, February 26-27, 2019, April 18-24, 2019, April 26-May 3, 2019 and September 27-30, 2019, Licensee and/or Licensee's employees, agents, or representatives failed to have a fully operational video surveillance recording system with video surveillance equipment that at a minimum consists of digital or network video recorders, camera capable of meeting the requirements of OAR 845-025-1430 and 845-025-1450, video monitors, digital archiving devices, a minimum of one monitor on premises capable of viewing video, and have the capability of producing and printing a still photograph from any camera image.

(Category I)

Note: Licensee was charged with this violation by Amended Notice dated November 18, 2020. The total proposed sanction was license cancellation. Licensee requested a hearing and now wishes to enter into this settlement agreement.

#### **AGGRAVATION**

The violation was aggravated because it was repeated.

**SYNOPSIS:** The premises has had repeated and ongoing camera and surveillance system outages. Inspectors had multiple interactions to discuss surveillance issues and warned about making repairs. Licensee attributed many of the issues to severe weather and area-wide outages. Attempts were made to remedy these issues with technical repairs but ongoing problems persisted. Licensee has subsequently made system upgrades to reduce the risk of future outages.

#### **TERMS OF AGREEMENT**

1. Licensee accepts responsibility for the violation as set out in the Notice. The violation was Licensee's third Category I violation in two years. The violation was aggravated because it was repeated. The violation 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.
3. The Commission will reduce the sanction and impose a \$5,280.00 civil penalty or a 32-day suspension.
4. Licensee will either pay a \$5,280.00 civil penalty before 5:00 PM on January 15, 2021 **OR** serve a 32-day suspension beginning at 12:00 PM (noon) on January 22, 2021 and ending at 12:00 PM (noon) on February 23, 2021.
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, the licensee agrees to accept a Letter of Reprimand for the 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 or permit by that licensee.

(continue **SHADOWBOX FARMS #1467A**)

7. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their December 2020 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. Flowersmith, LLC  
Samuel Felton, Member  
Gavin Henner, Member  
dba **FLOWERSMITH**

(Producer)

ORS 475B.261(2), OAR 845-025-5500(4) - From about April 13, 2018 to about September 25, 2019, Licensee and/or its employees, agents or representatives failed to verify that Steven Lange had a valid marijuana worker permit before allowing him to perform work at the premises of the kind specified in ORS 475B.261(1) and OAR 845-025-5500(1).

(Category III)

OAR 845-025-1230(9)(a) From about April 13, 2018 to about November 17, 2019, Licensee and/or its employees, agents, or representatives, failed to record the name and permit number of every current employee and license representative in the METRC Cannabis Tracking System (CTS), when Steven Lange was hired to work at the premises on or before April 13, 2018, but no entry was made until August 16, 2019, and then an inaccurate entry of "Stephen Johnson" with permit number "U83X63" was made in CTS, even though Steven Lange did not hold marijuana worker permit #U83X63, and Stephen Johnson never worked at the premises.

(Category IV)

Note: Licensee was charged with these violations by Notice dated August 11, 2020. The total proposed sanction was a 19-day suspension or a \$3,135.00 civil penalty for these violations. Licensee requested a hearing and now wishes to enter into this settlement agreement.

#### AGGRAVATION

Violation Number One was aggravated because the worker worked without a permit for more than six months.

**SYNOPSIS:** Investigation revealed that an employee at this producer business did not have a marijuana worker permit. He had initially not been entered into Licensee's CTS account, and he was later entered under the number of a different worker with a similar name, resulting in these violations. The employee has since obtained his marijuana worker permit.

#### TERMS OF AGREEMENT

1. Licensee accepts responsibility for the violations as set out in the Notice. This was Licensee's first Category III violation, and first Category IV violation. Any subsequent Category III or Category IV violations 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.
2. The standard sanction for the Category III violation is a 10-day license suspension or a \$1,650.00 civil penalty. The standard sanction for the Category IV violation is a seven-day license suspension, or a \$1,155.00 civil penalty. Violation Number One was aggravated because the worker worked without a permit for more than six months. Commission staff recommended a 19-day suspension or \$3,135.00 civil penalty for these violations.

(continue **FLOWERSMITH**)

3. The Commission will reduce the sanction for Violation Number One to a nine-day license suspension or a \$1,485.00 civil penalty. The Commission will reduce the sanction for Violation Number Two to a five-day license suspension or an \$825.00 civil penalty.
4. Licensee will pay a \$2,310.00 civil penalty before 5:00 PM on January 15, 2021 **or** serve a 14-day suspension beginning at 12:00 PM (noon) on January 22, 2021 and ending at 12:00 PM (noon) on February 5, 2021.
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 these allegations, the 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 or permit by that licensee.
7. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their December 2020 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. Black Market Distribution, LLC  
Aaron Mitchell, Member  
Rosa Cazares, Manager  
dba **BLACK MARKET  
DISTRIBUTION**  
  
(Wholesaler)

OAR 845-025-7540(1), (2). – On or before about May 9, 2019, Licensee and/or its employees, agents, or representatives failed to enter data into CTS that fully and transparently accounted for all inventory tracking activities with respect to multiple packages of marijuana items that were in its METRC Cannabis Tracking System (CTS) inventory but not found at the premises.

(2<sup>nd</sup> Level Category III)

OAR 845-025-7540(1), (2) - Between about May 11, 2019 and May 18, 2019, Licensee and/or its employees, agents, or representatives failed to enter data into CTS that fully and transparently accounted for all inventory tracking activities with respect to multiple packages of marijuana items for which weight adjustments were entered into CTS based on speculation.

(2<sup>nd</sup> Level Category III)

OAR 845-025-7750(3) - On or before about May 18, 2019, Licensee and/or its employees, agents, or representatives failed to maintain accurate and comprehensive records in addition to CTS entries regarding waste material that accounted for, reconciled, and evidenced all waste activity related to the disposal of marijuana, with respect to multiple packages of marijuana items that it reportedly wasted or destroyed at indeterminate times between October 16, 2017 and May 18, 2019.

(2<sup>nd</sup> Level Category III)

Note: Licensee was charged with these violations by Notice dated August 11, 2020. The total proposed sanction was a 96-day license suspension or a \$15,840.00 civil penalty. Licensee requested a hearing and now wishes to enter into this settlement agreement.

AGGRAVATION

These violations were aggravated for repeated misconduct.

**SYNOPSIS:** This wholesaler licensee had an inspection in connection with its request to shut down the camera system for repairs. The Inspector determined that marijuana in Licensee's CTS inventory was not found at the premises. After a thorough investigation, Commission staff accepted Licensee's explanations that these discrepancies were due to a combination of tracking mistakes, failure to calculate moisture loss on product being dried and trimmed, employee training lapses, and recordkeeping errors related to wasting of commercially unusable product.

(continue **BLACK MARKET DISTRIBUTION**)

**TERMS OF AGREEMENT**

1. Licensee accepts responsibility for the violations as set out in the Notice. These were Licensee's fifth, sixth, and seventh Category III violations, charged at the second level. Any subsequent Category III violation within the same two years will be charged at the third 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.
2. The standard sanction for these violations is a 30-day license suspension, or a \$4,950.00 civil penalty each. These violations were aggravated for repeated misconduct. The total proposed sanction was a 96-day suspension or a civil penalty of \$15,840.00.
3. The Commission will reduce the sanction to a 69-day license suspension, or an \$11,385.00 civil penalty.
4. Licensee will pay an \$11,385.00 civil penalty before 5:00 PM on January 15, 2021 or serve a 69-day suspension beginning at 12:00 PM (noon) on January 22, 2021 and ending at 12:00 PM (noon) on April 1, 2021.
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, the 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 or permit by that licensee.
7. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their December 2020 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. CH Organics, LLC  
Corey Tarr, Member  
Debra Davis Estate, Member  
dba **COPPERHEAD  
ORGANIC FARMS**  
  
(Producer)

OAR 845-025-1450(1)(a).– On or about October 24, 2019, 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, and useable marijuana or waste may be present on the licensed premises.

(Category I)

OAR 845-025-7540(1), (2) - On or before October 24, 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 with respect to multiple packages of useable marijuana that were in its CTS inventory but not found at the premises.

(1<sup>st</sup> Level Category III)

OAR 845-025-1160(1)(c) and/or (1)(d).<sup>1</sup> - On or before October 24, 2019, Licensee and/or its employees, agents or representatives failed to notify the Commission in writing within 10 calendar days of the temporary or permanent closure of this marijuana producer business, which ceased operation on or before October 13, 2019.

(Category I)

OAR 845-025-1420(1) - On or about October 24, 2019, Licensee and/or its employees, agents or representatives failed to have a fully operational security alarm system, activated at all times when the licensed premises was closed for business, when the east gate alarm system failed to operate when the gate was opened without entering the code.

(1<sup>st</sup> Level Category III)

Note: Licensee was charged with these violations by Notice dated August 18, 2020. The standard sanction is licensee cancellation. Licensee requested a hearing and now wishes to enter into this settlement agreement.

---

<sup>1</sup> Erroneously categorized as a Category III violation in the Notice.

(continue **COPPERHEAD ORGANIC FARMS**)

**SYNOPSIS:** One of two co-owners of this producer licensee died in 2019, and her death had a substantial impact on the proper operation of the business due to a lack of clear management. The business shut down without notice to OLCC, and a subsequent inspection revealed several serious rule violations. The surviving co-owner, who lives outside the country, now wishes to sell the business and surrender the license.

### **TERMS OF AGREEMENT**

1. Licensee accepts responsibility for the violations as set out in the Notice, except that Licensee accepts responsibility for Violation Number Three as a Category I violation. Violations Number One and Number Three were Licensee's first and second Category I violations. Violations Number Two and Four were Licensee's first and second Category III 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 and seizure and destruction of marijuana items 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 12:00 PM (noon) on February 19, 2021, whichever is earlier. If Licensee's license expires on or before February 19, 2021 and Licensee chooses to keep its license active beyond the expiration date, Licensee understands and agrees that it will have to timely submit a renewal application and any required fees. Renewal will not create any rights beyond the final surrender date.
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 the date of surrender. Licensee understands and agrees that any purchaser 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. Each 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 any license or permit by that licensee.
6. Licensee agrees that any marijuana items at the premises as of the date of surrender which have not been properly transferred to another licensee may be seized and destroyed by the Commission.
7. Licensee withdraws its Request for Hearing in this matter.
8. This agreement is conditioned upon final approval of the Oregon Liquor Control Commission and will be reviewed by the Commissioners at their December 2020 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.