



OREGON LIQUOR CONTROL COMMISSION MEMORANDUM

Date: January 28, 2020
To: Rich Evans, OLCC Senior Director of Licensing & Compliance
From: Patrick Owen, Policy Analyst
Subject: Medical Marijuana Violations
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Summary:

During calendar year 2019, the OLCC completed 528 investigations of medical marijuana sites. 70% of those (377) investigations resulted in reports of violations or one or more cannabis tracking system or OMMP operational requirements.

Although some number of violation cases were related to incidents correctible through education and follow-up, some number of cases demonstrated more serious violations of the laws and rules of this state related to the operation of medical marijuana facilities.

A small number of cases are selected here as examples of serious and/or intentional violations related to medical marijuana facilities subject to CTS tracking and inspection by OLCC. This selection is not exhaustive nor necessarily a full list of the most egregious violations.

Case X19-09190; Bend, OR

Inspection type: Complaint-based inspection November 7, 2019. The complaint was initiated by a detective with Deschutes County Sheriff's Office. The complaint alleged individuals were receiving marijuana from this grow site and transporting it out-of-state.

Summary: Inspection found several violations, including but not limited to failure to update inventory in CTS, failure to track and tag plants and usable marijuana, and transfers of marijuana without record. The location was inspected previously on June 27, 2019. The June 27 inspection found excess marijuana, untracked harvests, transfers without manifests, untracked marijuana plants, and untracked usable marijuana. Marijuana extract processing equipment was found on site, but there is no processing site registration at the address.

Outcome: OHA has had communication with DOJ on this case. As of December 20, 2019, OHA states they are preparing a notice of intent to revoke the registration.

Cases X-19-09541 and X19-09527; Springfield, OR

Inspection type: Multiple proactive inspections by OLCC in partnership with OHA.

Summary: The location is an industrial park with several medical marijuana registrations at different suites. This follow-up inspection was requested by OHA due to previous OLCC inspections discovering that marijuana is being grown and/or stored in Conex containers on the property near the grow sites, but not within the registered addressed locations. The inspection also found box truck on the property with 900 untracked marijuana clones and untracked

harvested marijuana. The inspection also found a different number of marijuana plants at the grow site than were tracked in CTS.

Outcome: OHA is initiating an intent to revoke the registration. Law enforcement was notified at the direction of OHA, however, law enforcement stated they did not have the resources to prioritize a response.

Case X19-00509; South Beach, OR

Inspection type: Inspection March 11, 2019 due to unusual package adjustments discovered when reviewing the CTS account.

Summary: This location has been approved to transfer 20lbs of usable marijuana to recreational licensed wholesalers or processors annually. Investigation found that the GSA had a connection to a licensed recreational marijuana retail store, "Bernie's Universal Dispensary," in Newport, OR. Among other violations discovered, the inspection found the GSA failed to use CTS to track the transfer of marijuana, failed to tag and track marijuana plants, and failure to track marijuana harvests.

Regarding Bernie's Universal Dispensary, in response to an anonymous complaint, OLCC initiated recreational marijuana case M19-01588. The complainant alleged that untested marijuana from a personal grow was being used to replace tested marijuana, there was an underage female working there rolling marijuana joints and receiving samples that are supposed to go to bud tenders, and that money from the sales at this store is being laundered and used to pay the employees. Among violations discovered at Bernie's, the recreational marijuana inspection found; failure to retain off-site video recordings for 30 days, failure to retain 90 days of video recordings on site (only about 30 days were available,) receiving of marijuana without a manifest, failure to properly tag marijuana, failure to use CTS for all inventory tracking.

Outcome: As of December 5, 2019, OHA is investigating the grow site. OLCC has issued a Notice of Proposed Cancellation for Bernie's Universal Dispensary. OLCC received a hearing request on November 7, 2019.

Case X18-00180; Eugene, OR

Inspection type: Multiple attempts at proactive inspections by OLCC inspectors resulting in failed attempts to gain access. This resulted in a scheduled OHA and OLCC inspection of the grow site.

Summary: OLCC notified OHA that inspectors witnessed what appeared to be large amounts of excess marijuana from the roadside entrance as well as google earth images showing what appeared to be over 100 marijuana plants. OHA made contact with the grow site administrator and scheduled an inspection with OLCC. At the time of inspection, 48 mature plants were discovered. Inspectors questioned the grow site administrator about the over 100 marijuana

plants witnessed from the roadside google earth. The grow site administrator said he got scared and cut them all down. He said he took them to a forest product business to dispose of them. When questioned about plant counts, he said there had been 392 mature marijuana plants. Upon further investigation of the forest product business, no evidence was found of marijuana plants being disposed of.

Outcome: Violations recommended included; failure to cooperate with inspection, failure to activate CTS account, failure to tag plants, failure to reconcile account. As of 12/28/19, awaiting outcome from OHA.

Case X19-08344; Dexter, OR

Inspection type: OLCC conducted a proactive inspection on October 21, 2019.

Summary: During inspection 19 mature marijuana and large quantities of harvested and trimmed marijuana were found without tags or associated CTS tracking. The inspection also found multiple marijuana extraction processing systems and several five gallon buckets of processed oil and pans of "shatter." Oregon State Police were notified and a search warrant was issued. The search recovered two large extraction machines, 35 pounds of shatter, over 160 pounds of amber colored liquid (possibly BHO,) approximately 2000 vape cartridges, and equipment for loading vape cartridges. Additionally, 10 firearms were recovered by Oregon State Police.

Outcome: Violations recommended included but not limited to; Failure to tag and track marijuana items, failure to record harvest, transfer without record. As of 12/28/19, awaiting outcome from OHA.

Case X19-07701; White City, OR

Inspection type: OLCC conducted a proactive inspection on August 7, 2019.

Summary: Inspectors followed up on a grow site becoming inactive in CTS. The account was inactivated on July 25, 2019. Inspectors saw several large marijuana plants from the road on August 7 and confirmed that at that time, the site was not a registered grow site, but had a pending application, which did not grant growing privileges. Inspector followed up on September 24 and found the grow site administrator had tracked no activity in CTS in spite of the requirement to take training and record information in CTS as a GSA. GSA admitted to buying immature plants on Craigslist. Inspection found an excess of 8 mature marijuana plants and a failure to track any inventory in CTS.

Outcome: Report forwarded to OHA on September 26, 2019.

Case X19-04460 and X19-07002; Grants Pass, OR

Inspection type: Follow-up inspection on August 29, 2019 to previous CTS education.

Summary: Case X19-04460 related to a July 1, 2019 inspection which found GSA had failed to meet CTS tracking requirements and had not documented marijuana inventory. Inspector scheduled a follow-up under case X19-07002 and found the site engaged in harvesting. The GSA had neither tracked any of the information for the harvesting in CTS nor recorded any weights or information for the harvest for any form of documentation or tracking. During the follow-up inspection, the site was found to be in excess of the allowed plant counts. The maximum mature plant count for this site was 48. Inspection found 84, which is in excess of the maximum for any non-grandfathered grow site. Inspection also found equipment related to marijuana extraction and untracked usable marijuana not associated with a patient.

Outcome: Plants in excess were detained on September 5, 2019. Report forwarded to OHA on September 6, 2019.

Case X19-06119; Creswell, OR

Inspection type: OLCC inspection on July 30, 2019 based on unusual CTS activity.

Summary: Inspection found 65 immature plants over 24 inches untracked and untagged. The designated GSA for the site was no longer exercising any control, a person who was not registered with OMMP was producing marijuana. Report documents that through August 12, 2019, no registered growers associated with the site responded to attempted contacts by OLCC inspector.

Outcome: Report forwarded to OHA on August 24, 2019.

Case X19-04016; Wolf Creek, OR

Inspection type: OLCC conducted a proactive inspection on June 6, 2019.

Summary: Inspection found that GSA had previously tracked mature plants and harvests in CTS in 2018, but no transfers of the harvested marijuana during that year or any marijuana tracking activity for 2019. GSA had no record of how much marijuana from 2018 was transferred or to whom. When inspection occurred on June 6, 2019, inspection found untracked immature plants over 24 inches in height with no identified or reported source, 100 mature plants with portions of flower removed, for a total of 221 plants in significant excess of the maximum allowed count. During a follow-up inspection under this case on June 12, additional plants were found to have been harvested or destroyed without any associated documentation in CTS and GSA told inspectors they had provided 21 immature plants over 24 inches in height from the site to a person who was not a patient associated with the site.

Outcome: Report forwarded to OHA on June 14, 2019

Case X19-06688; Klamath Falls, OR

Inspection type: OLCC conducted a proactive inspection on August 14, 2019.

Summary: Inspection found the GSA had correctly tagged a number of plants but had 30 immature plants over 24 inches and 30 mature plants completely untracked. The number of untracked plants placed the grow site in excess of its allowable maximum number of plants. Inspectors found equipment commonly associated with marijuana extraction on the grow site, including ovens containing what appeared to be marijuana shatter, 20 boxes of canned butane, and several containers full of untracked usable marijuana in the immediate vicinity.

Outcome: Report forwarded to OHA on August 20, 2019.

Case X19-04948; Bend, OR

Inspection type: OLCC conducted a proactive inspection on June 28, 2019.

Summary: Inspection found grow site had failed to record any marijuana tracking activity after recording harvests in 2018. There were no records of usable marijuana obtained from those harvest by drying, or any transfers of that marijuana to patients. On inspection, untracked usable marijuana was on site and the grow site was found to have failed to record any tracking activity related to 218 new marijuana plants that were found on site at the time of inspection. Inspection found equipment consistent with marijuana extraction and a large butane gas tank.

Outcome: Report forwarded to OHA on July 17, 2019.