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8 **WASHINGTON STATE OFFICE OF ADMINISTRATIVE HEARINGS
FOR THE LIQUOR AND CANNABIS BOARD**

9 IN THE MATTER OF:

10 UNICORN BRANDS, LLC dba
11 UNICORN BRANDS

12 LICENSEE/CLAIMANT.

13 LICENSE NO. 412150
14 AVN NO. 2T1181A

OAH NOS. 12-2021-LCB-01011 &
04-2022-LCB-01038

LCB NOS. M-27,623 & M-27,663

STIPULATED SETTLEMENT
AGREEMENT

15 The Washington State Liquor and Cannabis Board (Board), Enforcement and Education
16 Division (Enforcement), represented by its attorneys ROBERT W. FERGUSON,
17 Attorney General, and JASON W. MILLER, Assistant Attorney General, and the Licensee
18 UNICORN BRANDS, LLC (Licensee) by and through its attorney ANDY MURPHY of Miller
19 Nash, LLP, hereby enter into this stipulated settlement agreement (Agreement) for Board Case
20 Nos. M-27,623 & M-27,663.

21 **I. INTRODUCTION**

22 LCB Case No. M-27,623 concerns Licensee's claim of ownership and right to possession
23 of the property identified in the inventory receipts attached to the Notice of Seizure and
24 Forfeiture issued by Enforcement on October 13, 2021. LCB Case No. M-27,663 concerns the
25 Licensee's appeal of Administrative Violation Notice No. 2T1181A issued by Enforcement

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1 October 14, 2021 (the "AVN"). In the AVN, Enforcement charged the Licensee with the
2 following alleged violations of the Board's rules and regulations:

- 3 1. **Misuse of License:** On or between June 3, 2021 and July 12, 2021, the above-
4 named Licensee or an employee thereof misused or allowed unauthorized use of
5 their marijuana license by operating outside of their marijuana license class by
6 synthesizing Tetrahydrocannabinol (THC) from hemp-derived Cannabidiol
7 (CBD) in violation of WAC 314-55-077, RCW 69.50.325, RCW 69.50.326,
8 RCW 69.50.363, and/or RCW 69.50.455. The Licensee is subject to a five-day
9 (5) license suspension or \$2,500 monetary penalty in lieu of suspension for this
10 first Category IV violation under WAC 314-55-523.
11
- 12 2. **Criminal Conduct:** On or between June 3, 2021 and July 12, 2021, the above-
13 named Licensee or an employee thereof permitted and/or engaged in criminal
14 conduct in violation of WAC 314-55-110 and/or RCW 69.50.401, by
15 manufacturing synthetic Tetrahydrocannabinol (THC). The Licensee is subject to
16 a five-day (5) license suspension or \$1,250 monetary penalty in lieu of suspension
17 for this first Category II violation under WAC 314-55-521.
18
- 19 3. **Noncompliant Extraction:** On or between June 3, 2021 and July 12, 2021, the
20 above-named Licensee or an employee thereof used unauthorized solvents and/or
21 chemicals in violation of the marijuana processor extraction requirements in
22 WAC 314-55-104. The Licensee is subject to a \$1,250 monetary penalty for this
23 first Category III violation under WAC 314-55-522.
- 24 4. **Traceability Failure:** On or between June 3, 2021 and July 12, 2021, the above-
25 named Licensee committed a traceability violation by failing to use and/or
26 maintain traceability system in violation of WAC 314-55-083. The Licensee is
subject to a \$1,250 monetary penalty for this first Category II violation under
WAC 314-55-521.

19 If proven, these alleged violations would result in a minimum \$2,500 monetary penalty
20 with either a ten (10) day license suspension or additional \$3,750 monetary penalty in lieu of
21 suspension. Enforcement's asserted basis for the seizure and forfeiture of Licensee's cannabis
22 products is the same alleged conduct that is the basis for the alleged violations in the AVN.

23 The Licensee requested a hearing to challenge both the seizure and the AVN.
24 On April 25, 2022, the matters were consolidated into one proceeding before the Office of
25 Administrative Hearings. The hearing date has been continued to facilitate settlement
26 negotiations and is currently scheduled for May 1-5, 2023.

II. AGREEMENT OF THE PARTIES

Enforcement and the Licensee (the Parties) enter into this Agreement to avoid the time and expense of further litigation, agreeing to the following terms:

1. The Licensee stipulates to and fully admits the following alleged violations: Misuse of License, Noncompliant Extraction, and Traceability Failure; described in paragraphs I.1, I.3, and I.4 above. The Licensee understands that the three stipulated violations will constitute a part of the Licensee's violation history.

2. The Licensee relinquishes all claim of ownership and any right to possession of all property seized by Enforcement on October 13, 2021 and identified in the associated Notice of Seizure and Forfeiture.

3. The Licensee explicitly waives the right to further administrative review of all matters related to the AVN, and voluntarily withdraws its request for a hearing in this matter.

4. In consideration of the Licensee's agreement not to pursue further administrative review, Enforcement agrees to withdraw the charge regarding an alleged Criminal Conduct violation, described in paragraph I.2 above. The withdrawn charge shall not be considered a part of the Licensee's violation history. Licensee makes no admissions whatsoever with respect to the alleged Criminal Conduct violation in the AVN.

5. Enforcement acknowledges that there are mitigating factors that further justify entering into this Agreement. These factors include that the Board's Licensing and Regulation Division approved Licensee's operating plan that disclosed Licensee's use of solvents that ultimately formed the basis of the Noncompliant Extraction violation in the AVN. Further, Licensee was cooperative throughout Enforcement's investigation. In addition to those

1 mitigating factors, Enforcement acknowledges there is no evidence that Licensee acted
2 inconsistently with Interpretive Statement Number IS21-02 after it was issued on July 22, 2021.

3 6. The Licensee, a cannabis processor, acknowledges that the three stipulated
4 violations are the Licensee's first violations in Categories II, III, & IV within a twenty-four (24)
5 month period. The Licensee further acknowledges that the combined standard penalty for the
6 three stipulated violations is a minimum \$2,500 monetary penalty, with either a five (5) day
7 license suspension or an additional \$2,500 monetary penalty in lieu of suspension.
8

9 7. The Licensee agrees to pay a monetary penalty of \$5,000 in this case within thirty
10 (30) days of the issuance of the final order of the Board. **Payments shall be received by the**
11 **LCB no later than 4:00 p.m. on the applicable date. Payment may be sent to:**

12 **Washington State Liquor and Cannabis Board**
13 **P.O. Box 43085**
14 **Olympia, WA 98504-3085**

15 8. Time is of the essence. Should the Licensee fail to timely pay the total penalty
16 amount of \$5,000 within thirty (30) days of the issuance of the final order of the Board, an
17 additional twenty-five percent (25%) late fee will be assessed, without further action of the
18 Board.

19 9. As a condition of settlement, Licensee agrees that it shall not use its license to
20 produce or manufacture Delta-8 THC, Delta-9 THC, or any similar synthetically-produced THC
21 from any hemp-based sources in the State of Washington unless explicitly authorized by a
22 subsequent change in state law that allows the Licensee to produce or manufacture Delta-8 THC,
23 Delta-9 THC, or any similar synthetically produced THC from hemp-based sources in the State
24 of Washington. This Agreement does not modify the Licensee's existing license privileges. If
25 the Licensee violates the condition described in this paragraph, the Licensee agrees that it will
26 be subject to a 30-day license suspension for that violation, in addition to any penalties imposed

1 pursuant to state law or Board regulations for that conduct. Any violation of this paragraph would
2 be subject to an adjudicative proceeding pursuant to RCW 69.50.334. The issues that may be
3 considered at a hearing to contest a violation of this paragraph are limited to disputes on the facts
4 of the violation, not the penalty.

5 10. Licensee, its true parties of interest, its principals, their assigns, or other
6 successors in interest, agree to release and forever discharge the Board and the State of
7 Washington and their officers, agents, employees, agencies and departments from any and all
8 existing claims, damages, and causes of action of any nature whatsoever arising out of the
9 matters covered by this Agreement, including all known or unknown damages. The undersigned
10 parties declare that the terms of this Agreement are completely read, wholly understood, and
11 voluntarily accepted for the purpose of making a full and final compromise and settlement of
12 any and all claims arising from the AVN, its investigation, and subsequent litigation.

13 11. This Agreement consists of 6 pages, and sets forth in full all the terms and
14 conditions agreed upon and stipulated to by the parties. There are not any other agreements,
15 representations, promises or stipulations, verbal or otherwise, not contained in this written
16 Agreement regarding the subject matter of this Agreement.

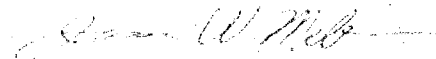
17 12. Each individual signing this Agreement directly and expressly warrants that they
18 have been given and accepted the authority to sign and execute the documents on behalf of the
19 party for whom it is indicated they have signed, and further has been expressly given and
20 received and accepted authority to enter into a binding agreement on behalf of such party with
21 respect to the matters concerned herein and as stated herein. A signature transmitted by facsimile
22 or as a pdf copy to electronic mail shall be treated as original for all purposes.

23 13. The parties recognize that this Agreement is subject to approval by the Board.
24 The Licensee understands and agrees that counsel for Enforcement and Board staff may
25 communicate directly and confidentially with the Board regarding this proposed Agreement,
26 without notice to or participation by the Licensee or its counsel. Licensee further understands

1 and agrees that any such communication is confidential and not discoverable through litigation
2 discovery or a request for public records. The Licensee understands and agrees that if the Board
3 does not adopt this Agreement as its Final Order, this Agreement shall be of no force or effect.
4 Licensee understands and agrees that neither the Board nor the assigned Assistant Attorney
5 General shall be disqualified from further action in this case by having communicated with each
6 other or by the Board's consideration of the proposed Agreement.

7 STIPULATED AND AGREED TO BY:


8 ROBERT W. FERGUSON
9 Attorney General

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11 JASON W. MILLER, WSBA # 56675
12 Assistant Attorney General
13 Attorneys for Washington State
14 Liquor and Cannabis Board Enforcement
and Education Division

8/30/2022

DATE

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16 ANDY MURPHY, WSBA# 46664
17 Attorney for Licensee

8/30/22

DATE

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7 **WASHINGTON STATE OFFICE OF ADMINISTRATIVE HEARINGS**
8 **FOR THE LIQUOR AND CANNABIS BOARD**

9 IN THE MATTER OF:

10 UNICORN BRANDS, LLC dba
11 UNICORN BRANDS

12 LICENSEE/CLAIMANT.

13 LICENSE NO. 412150
14 AVN NO. 2T1181A

OAH NOS. 12-2021-LCB-01011 &
04-2022-LCB-01038

LCB NOS. M-27,623 & M-27,663

FINAL ORDER OF THE BOARD

~~[PROPOSED]~~

15 THESE MATTERS having come before the Washington State Liquor and Cannabis
16 Board (Board), on a Stipulated Settlement Agreement submitted by the Washington State Liquor
17 and Cannabis Board Enforcement and Education Division (Enforcement), represented by its
18 attorneys ROBERT W. FERGUSON, Attorney General, and JASON W. MILLER,
19 Assistant Attorney General; the Licensee UNICORN BRANDS, LLC (Licensee) by and through
20 its attorney ANDY MURPHY of Miller Nash, LLP. The Board having considered the Stipulated
21 Settlement Agreement and Enforcement's memoranda recommending acceptance of the
22 Settlement Agreement, and the Board having had the opportunity to review the file materials
23 maintained in this case, now therefore:

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FINAL ORDER OF THE BOARD

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ATTORNEY GENERAL OF WASHINGTON
1125 Washington Street SE
PO Box 40100
Olympia, WA 98504-0100
(360) 664-9006

~~[PROPOSED]~~

1 IT IS HEREBY ORDERED the Board accepts, adopts, and incorporates herein by
2 reference the Stipulated Settlement Agreement between Enforcement and the Licensee in the
3 above-captioned matters. The Notice of Seizure and Forfeiture issued by Enforcement on
4 October 13, 2021, is affirmed. Pursuant to settlement agreement, only the following violations
5 charged in Administrative Violation Notice (AVN) No. 2T1181A are sustained:

- 6 • **Misuse of License:** On or between June 3, 2021 and July 12, 2021, the above-
7 named Licensee or an employee thereof misused or allowed unauthorized use of
8 their marijuana license by operating outside of their marijuana license class by
9 synthesizing Tetrahydrocannabinol (THC) from hemp-derived Cannabidiol
(CBD) in violation of WAC 314-55-077, RCW 69.50.325, RCW 69.50.326,
RCW 69.50.363, and/or RCW 69.50.455.
- 10 • **Noncompliant Extraction:** On or between June 3, 2021 and July 12, 2021, the
11 above-named Licensee or an employee thereof used unauthorized solvents and/or
12 chemicals in violation of the marijuana processor extraction requirements in
WAC 314-55-104.
- 13 • **Traceability Failure:** On or between June 3, 2021 and July 12, 2021, the above-
14 named Licensee committed a traceability violation by failing to use and/or
maintain traceability system in violation of WAC 314-55-083.

15 The remaining charge regarding alleged criminal conduct in violation of WAC 314-55-110
16 and/or RCW 69.50.401 is withdrawn and hereby dismissed.

17 IT IS FURTHER ORDERED that the Licensee shall comply with the condition agreed
18 to in § II.9 of the Stipulated Settlement Agreement and is subject to the penalty described therein.

19 IT IS FURTHER ORDERED that the Licensee will pay a total monetary penalty of
20 \$5,000 in this case within thirty (30) days of the issuance of the final order of the Board. All
21 payments shall be made no later than 4:00 p.m. on the applicable date and sent to:

22 Washington State Liquor and Cannabis Board
23 P.O. Box 43085
Olympia, WA 98504-3085

24 If the Licensee fails to timely pay the total penalty amount of \$5,000 within thirty (30) days of
25 the issuance of the final order of the Board, an additional twenty-five percent (25%) late fee will

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1 be assessed, without further action of the Board. Failure to comply with this order may result in
2 additional penalties.

3 DATED this 27 day of September, 2022.

4 WASHINGTON STATE LIQUOR AND CANNABIS BOARD

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FINAL ORDER OF THE BOARD

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ATTORNEY GENERAL OF WASHINGTON
1125 Washington Street SE
PO Box 40100
Olympia, WA 98504-0100
(360) 664-9006

~~[PROPOSED]~~



Washington State Liquor and Cannabis Board

September 27, 2022

Andrew Murphy
Attorney for Licensee
Miller Nash LLP
Pier 70 Alaskan Way, Ste 300
Seattle, WA 98121

Jason Miller, AAG
GCE Division, Office of Attorney General
Jason.miller@atg.wa.gov

RE: FINAL ORDER OF THE BOARD
Licensee: Unicorn Brands, LLC
Trade Name: Unicorn Brands
License No. 412150
LCB Hearing No. M-27,623 & M-27,663
AVN No. 2T1181A
OAH No. 12-2021-LCB-01011 & 04-2022-LCB-01038

Dear Parties:

Please find the enclosed Final Order of the Board and Declaration of Service by Mail in the above-referenced matter, as well as a copy of the Stipulated Settlement Agreement. **The applicable monetary penalty is due by Thursday, October 27, 2022.** The address for payments is WSLCB, P.O. Box 43085, Olympia, WA 98504-3085. Please label the check with your License Number and Administrative Violation Notice Number (AVN) listed above.

If you have any questions, please contact me at 360-664-1709.

Sincerely,

Marie Atse
Adjudicative Proceedings Program Specialist

Enclosures (3)

CC:

Deputy Director Hood, WSLCB Director Office
Director Brady, WSLCB Enforcement
Deputy Chief Rupke, WSLCB Enforcement
Captain Bolender, WSLCB Enforcement
Lieutenant Garness, WSLCB Enforcement

Officer Ogren, WSLCB Enforcement
Patrick McMillen, WSLCB Enforcement
Jessica Petteys, WSLCB Enforcement
Emilee Ragsac, WSLCB Enforcement
Andrea Lee, WSLCB Enforcement

WASHINGTON STATE LIQUOR AND CANNABIS BOARD

IN THE MATTER OF:

UNICORN BRANDS, LLC
d/b/a UNICORN BRANDS

6067 ATLAS PL SW
SEATTLE, WA 98136

LICENSEE

LICENSE NO. 412150
AVN NO. 2T1181A

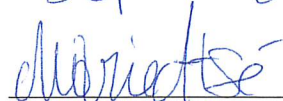
LCB NO. M-27,623 & M-27,663
OAH NO. 12-2021-LCB-01011 &
04-2022-LCB-01038

DECLARATION OF SERVICE BY MAIL

I certify that I caused a copy of the FINAL ORDER OF THE BOARD in the above-referenced matter to be served on all parties or their counsel of record by US Mail Postage Prepaid via Consolidated Mail Service for Applicants and Licensees and by electronic mail for WSLCB offices and state offices on the date below to:

ANDREW MURPHY ATTORNEY FOR LICENSEE MILLER NASH LLP PIER 70 ALASKAN WAY, STE 300 SEATTLE, WA 98121	OFFICE OF THE ATTORNEY GENERAL JASON MILLER ASSISTANT ATTORNEY GENERAL JASON.MILLER@ATG.WA.GOV
UNICORN BRANDS, LLC d/b/a UNICORN BRANDS 6067 ATLAS PL SW SEATTLE, WA 98136	UNICORN BRANDS, LLC d/b/a UNICORN BRANDS 82 PETERS ST RAYMOND, WA 98577

DATED this 27 day of September, 2022, at Olympia, Washington.



Marie Atase, Adjudicative Proceedings Program Specialist



Washington State
Liquor and Cannabis Board

September 27, 2022

Andrew Murphy
Attorney for Licensee
Miller Nash LLP
Pier 70 Alaskan Way, Ste 300
Seattle, WA 98121

Jason Miller, AAG
GCE Division, Office of Attorney General
Jason.miller@atg.wa.gov

RE: FINAL ORDER OF THE BOARD
Licensee: Unicorn Brands, LLC
Trade Name: Unicorn Brands
License No. 412150
LCB Hearing No. M-27,623 & M-27,663
AVN No. 2T1181A
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If you have any questions, please contact me at 360-664-1709.

Sincerely,

A handwritten signature in blue ink, appearing to read "Marie Atse".

Marie Atse
Adjudicative Proceedings Program Specialist

Enclosures (3)

CC:

Deputy Director Hood, WSLCB Director Office
Director Brady, WSLCB Enforcement
Deputy Chief Rupke, WSLCB Enforcement
Captain Bolender, WSLCB Enforcement
Lieutenant Garness, WSLCB Enforcement

Officer Ogren, WSLCB Enforcement
Patrick McMillen, WSLCB Enforcement
Jessica Petteys, WSLCB Enforcement
Emilee Ragsac, WSLCB Enforcement
Andrea Lee, WSLCB Enforcement

WASHINGTON STATE LIQUOR AND CANNABIS BOARD

IN THE MATTER OF:

UNICORN BRANDS, LLC
d/b/a UNICORN BRANDS

6067 ATLAS PL SW
SEATTLE, WA 98136

LICENSEE

LICENSE NO. 412150
AVN NO. 2T1181A

LCB NO. M-27,623 & M-27,663
OAH NO. 12-2021-LCB-01011 &
04-2022-LCB-01038

DECLARATION OF SERVICE BY MAIL

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ANDREW MURPHY ATTORNEY FOR LICENSEE MILLER NASH LLP PIER 70 ALASKAN WAY, STE 300 SEATTLE, WA 98121	OFFICE OF THE ATTORNEY GENERAL JASON MILLER ASSISTANT ATTORNEY GENERAL JASON.MILLER@ATG.WA.GOV
UNICORN BRANDS, LLC d/b/a UNICORN BRANDS 6067 ATLAS PL SW SEATTLE, WA 98136	UNICORN BRANDS, LLC d/b/a UNICORN BRANDS 82 PETERS ST RAYMOND, WA 98577

DATED this 27 day of September, 2022, at Olympia, Washington.

Marie Atase
Marie Atase, Adjudicative Proceedings Program Specialist