

BEFORE THE DEPARTMENT OF CANNABIS CONTROL  
STATE OF CALIFORNIA

In the Matter of the Notice of Violation  
Issued to:

OTTO FARMS, LLC

Adult-Use Specialty Mixed-Light Tier 1  
Provisional Cannabis Cultivation License  
No. CCL20-0000351

Adult-Use Specialty Mixed-Light Tier 1  
Provisional Cannabis Cultivation License  
No. CCL20-000095

Respondent

Case Nos. CCL20-0000351-LC20-0 &  
CCL20-0000395-LC20-0

OAH Nos. 2021070217 & 20201070222

**DECISION AND ORDER**

**DECISION**

The Department of Cannabis Control hereby adopts the Stipulated Settlement of Notices of Violation and Order, signed by Respondent on September 20, 2021 and attached hereto, as its decision in the above entitled-manner.

This Decision shall become effective immediately.

IT IS SO ORDERED this 29<sup>th</sup> day of October, 2021.

By:

\_\_\_\_\_  
Nicole Elliott  
Director  
Department of Cannabis Control

1 ROB BONTA  
Attorney General of California  
2 HARINDER K. KAPUR  
Senior Assistant Attorney General  
3 BRANDON A. KLINE  
Deputy Attorney General  
4 State Bar No. 315431  
1300 I Street, Suite 125  
5 P.O. Box 944255  
Sacramento, CA 94244-2550  
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E-mail: Brandon.Kline@doj.ca.gov  
7 *Attorneys for Complainant*

8  
9 **BEFORE THE**  
**DEPARTMENT OF CANNABIS CONTROL<sup>1</sup>**  
10 **STATE OF CALIFORNIA**

11 In the Matter of the Notice of Violation  
12 Against:  
13 **OTTO FARMS, LLC**  
14 **Adult-Use Specialty Mixed-Light Tier 1**  
**Provisional Cannabis Cultivation License**  
15 **No. CCL20-0000351**  
16 **Adult-Use Small Mixed-Light Tier 1**  
**Provisional Cannabis Cultivation License**  
17 **No. CCL20-0000395**  
18 Respondent.

Case Nos. CCL20-0000351-LC20-0 and  
CCL20-0000395-LC20-0

OAH Nos. 2021070217 and 2021070222

**STIPULATED SETTLEMENT OF**  
**NOTICES OF VIOLATION AND ORDER**

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20  
21 <sup>1</sup> In accordance with Section 8 of Assembly Bill 141, and, specifically, Business and  
22 Professions Code section 26010.7, subdivisions (a) and (c), the Department of Cannabis Control  
23 and the director shall succeed and be vested with all the duties, powers, purposes, functions  
24 responsibilities, and jurisdiction of the California Department of Food and Agriculture,  
25 CalCannabis Cultivation Division. Pursuant to Business and Professions Code section 26010.7,  
26 subdivision (i), “[a]ny action by or against . . . the Department of Food and Agriculture pertaining  
27 to matters vested in the Department of Cannabis Control by this section shall not abate but shall  
28 continue in the name of the Department of Cannabis Control, and the name of the Department of  
Cannabis Control shall be substituted for . . . the Department of Food and Agriculture by the  
Court where in the action is pending.” The section became operative and the consolidation of the  
licensing agencies occurred on Monday, July 12, 2021. For this reason, each reference to the  
Complainant shall be deemed to mean Complainant or their successors, once the Court complies  
with Business and Professions Code section 26010.7, subdivision (d) and substitutes the names of  
the successor complainant in this matter, the proper parties will be the Department of Cannabis  
Control and Rasha Salama, in her official capacity as Chief Deputy Director.

1 IT IS HEREBY STIPULATED AND AGREED by and between the parties to the above-  
2 entitled proceedings that the following matters are true:

3 **PARTIES**

4 1. At the time this action was filed, Richard Parrott (Complainant) was the Director of  
5 the CalCannabis Cultivation Division, California Department of Food and Agriculture (Branch or  
6 CDFA), and he brought this action solely in his official capacity.

7 2. Pursuant to Business and Professions Code section 26010.7, this action is pending  
8 before the Department of Cannabis Control (DCC) and Rasha Salama, Chief Deputy Director, is  
9 now the Complainant in her official capacity and is represented in this matter by Rob Bonta,  
10 Attorney General of the State of California, by Brandon A. Kline, Deputy Attorney General.

11 3. Respondent Otto Farms, LLC (Respondent) is represented in this proceeding by  
12 attorney Kieran Ringgenberg, whose address is: 1940 Embarcadero,  
13 Oakland, CA 94606.

14 4. On or about October 1, 2020, the CDFA issued Adult-Use Specialty Mixed-Light  
15 Tier 1 Provisional Cannabis Cultivation License No. CCL20-0000351 to Respondent. The Adult-  
16 Use Specialty Mixed-Light Tier 1 Provisional Cannabis Cultivation License was in full force and  
17 effect at all times relevant to the charges brought in the Notice of Violations Case No. CCL20-  
18 0000351-LC20-0, and will expire on October 14, 2021, unless renewed.

19 5. On or about October 14, 2020, the CDFA issued Adult-Use Small Mixed-Light Tier 1  
20 Provisional Cannabis Cultivation License No. CCL20-0000395 to Respondent. The Adult-Use  
21 Small Mixed-Light Tier 1 Provisional Cannabis Cultivation License was in full force and effect at  
22 all times relevant to the charges brought in the Notice of Violations Case No. CCL20-0000395-  
23 LC20-0, and will expire on October 14, 2021, unless renewed.

24 **JURISDICTION**

25 6. The Notice of Violation Case No. CCL20-0000351-LC20-0 was filed before the  
26 CDFA, and is currently pending against Respondent. The Notice of Violation and all other  
27 statutorily required documents were properly served on Respondent on July 7, 2021. Respondent  
28 timely filed its Notice of Defense contesting the Notice of Violation.

1 7. A true and correct copy of Notice of Violation Case No. CCL20-0000351-LC20-0 is  
2 attached as Exhibit A and incorporated herein by reference.

3 8. The Notice of Violation Case No. CCL20-0000395-LC20-0 was filed before the  
4 CDFA, and is currently pending against Respondent. The Notice of Violation and all other  
5 statutorily required documents were properly served on Respondent on July 7, 2021. Respondent  
6 timely filed its Notice of Defense contesting the Notice of Violation.

7 9. A true and correct copy of Notice of Violation Case No. CCL20-0000395-LC20-0 is  
8 attached as Exhibit B and incorporated herein by reference.

9 **ADVISEMENT AND WAIVERS**

10 10. Respondent has carefully read, fully discussed with counsel, and understands the  
11 charges and allegations in the Notices of Violation Case Nos. CCL20-0000351-LC20-0 and  
12 CCL20-0000395-LC20-0. Respondent has also carefully read, fully discussed with counsel, and  
13 understands the effects of this Stipulated Settlement of Notices of Violation and Order.

14 11. Respondent is fully aware of its legal rights in this matter, including the right to a  
15 hearing on the charges and allegations in the Notices of Violation Case Nos. CCL20-0000351-  
16 LC20-0 and CCL20-0000395-LC20-0; the right to confront and cross-examine the witnesses  
17 against it; the right to present evidence and to testify on its own behalf; the right to the issuance of  
18 subpoenas to compel the attendance of witnesses and the production of documents; the right to  
19 reconsideration and court review of an adverse decision; and all other rights accorded by the  
20 California Administrative Procedure Act and other applicable laws.

21 12. Respondent voluntarily, knowingly, and intelligently waives and gives up each and  
22 every right set forth above in relation to the resolution of the Notices of Violation Case Nos.  
23 CCL20-0000351-LC20-0 and CCL20-0000395-LC20-0, and acceptance of this Stipulated  
24 Settlement and Order.

25 **CULPABILITY**

26 13. Respondent admits the truth of each and every charge and allegation in the Notices of  
27 Violation Case Nos. CCL20-0000351-LC20-0 and CCL20-0000395-LC20-0.  
28

1 14. Respondent agrees that it's Adult-Use Specialty Mixed-Light Tier 1 Provisional  
2 Cannabis Cultivation License No. CCL20-0000351 and Adult-Use Small Mixed-Light Tier 1  
3 Provisional Cannabis Cultivation License No. CCL20-0000395 are subject to fine and agrees to  
4 be bound by the DCC's imposition of the terms as set forth in the Order below.

5 **CONTINGENCY**

6 15. This stipulation shall be subject to approval by the DCC. Respondent understands  
7 and agrees that counsel for Complainant and the staff of the DCC, as the case may be, may  
8 communicate directly with the DCC regarding this stipulation and settlement, without notice to or  
9 participation by Respondent or its counsel. By signing the stipulation, Respondent understands  
10 and agrees that it may not withdraw its agreement or seek to rescind the stipulation prior to the  
11 time the DCC, considers and acts upon it. If the DCC fails to adopt this stipulation as its  
12 Decision and Order, the Stipulated Settlement and Order shall be of no force or effect, except for  
13 this paragraph, it shall be inadmissible in any legal action between the parties, and the DCC shall  
14 not be disqualified from further action by having considered this matter. If the DCC fails to adopt  
15 the stipulation as its Decision and Order, Respondent shall retain its legal rights with respect to  
16 the Notices of Violation, including the right to reschedule the hearing to allow a reasonable  
17 opportunity to prepare, subject to Government Code, section 11500 et seq. and all applicable  
18 administrative hearing provisions.

19 **LIMITED RELEASE**

20 16. Each of the Parties shall be deemed to have released the other party and its respective  
21 successors, representatives, agents, employees, and assigns, from all claims they may now have or  
22 that may hereafter accrue to them, whether now known or unknown, solely in connection with the  
23 Notices of Violation Case Nos. CCL20-0000351-LC20-0 and CCL20-0000395-LC20-0. Nothing  
24 in this Agreement shall constitute or be construed as a satisfaction or release from liability for any  
25 violations of law other than those that are described in Notices of Violation Case Nos. CCL20-  
26 0000351-LC20-0 and CCL20-0000395-LC20-0.

1 **OTTO FARMS DISSOLUTION**

2 17. If Otto Farms, LLC should dissolve prior to satisfying each and every term of this  
3 Stipulated Settlement of Notices of Violation Case Nos. CCL20-0000351-LC20-0 and CCL20-  
4 0000395-LC20-0, then no new license for any commercial cannabis activity shall issue to any  
5 company with which Otto Farms, LLC agent Aleksandar Aleksandrov is associated until full  
6 payment of administrative fines as agreed to in paragraph 2 of the Order is received. DCC retains  
7 its discretion to deny any pending or future application(s) for licensure associated with Otto  
8 Farms, LLC agent Aleksandar Aleksandrov.

9 **OTHER MATTERS**

10 18. Portable Document Format (PDF) and facsimile copies of this Stipulated Settlement  
11 of Notices of Violation and Order, including PDF and facsimile signatures thereto, shall have the  
12 same force and effect as the originals.

13 19. This Stipulated Settlement of Notices of Violation and Order may be signed in any  
14 number of counterparts, each of which is an original and all of which taken together form one  
15 single document.

16 20. This Stipulated Settlement of Notices of Violation and Order is intended by the  
17 parties to be an integrated writing representing the complete, final, and exclusive embodiment of  
18 their agreement. It supersedes any and all prior or contemporaneous agreements, understandings,  
19 discussions, negotiations, and commitments (written or oral). This Stipulated Settlement of  
20 Notices of Violation and Order may not be altered, amended, modified, supplemented, or  
21 otherwise changed except by a writing executed by an authorized representative of each of the  
22 parties.

23 21. In consideration of the foregoing stipulations, the parties agree that DCC, may,  
24 without further notice or formal proceeding, issue and enter the following Order:

25 **ORDER**

26 1. Respondent's appeals of the Notices of Violation Case Nos. CCL20-0000351-LC20-0  
27 and CCL20-0000395-LC20-0 and requests for administrative hearings are deemed withdrawn and  
28 any further appeals are waived.

1           2.     Respondent shall pay an administrative fine in the amount of eight-hundred thousand  
2 dollars (\$800,000.00) in accordance with Business and Professions Code section 26031,  
3 subdivision (a).

4           3.     Respondent's total obligation of \$800,000 shall be paid in five (5) annual  
5 installments, as follows:

- 6           a.     On or before November 1, 2021: \$25,000;
- 7           b.     On or before November 1, 2022: \$75,000;
- 8           c.     On or before November 1, 2023: \$200,000;
- 9           d.     On or before November 1, 2024: \$250,000; and,
- 10          e.     On or before November 1, 2025: \$250,000.

11           Payments shall be remitted by either of the following methods: (1) the Department of  
12 Cannabis Control's cash payment procedures; (2) the Department of Cannabis Control online  
13 payment portal; or, (3) mailed to:

14           Department of Cannabis Control  
15           Attn: Cashiers  
16           P.O. Box 419106  
17           Rancho Cordova, CA 95741-9106

18           Failure to complete the payment plan or comply with the above terms of this order shall  
19 result in suspension or non-renewal of Respondent's Specialty Mixed-Light Tier 1 License No.  
20 CCL20-0000351 and Small Mixed-Light Tier 1 License No. CCL20-0000395 and denial of any  
21 other license sought, as the DCC deems appropriate. Failure to complete the payment plan or  
22 comply with the terms of this Order shall result in enforcement of the Order in the Superior  
23 Court.

24           4.     Respondent shall do the following: comply with track-and-trace statutory and  
25 regulatory program requirements (including but not limited to former 3 CCR sections 8402-8405,  
26 and current 4 CCR sections 16402-16405); identify the source of water supply as required (Bus. &  
27 Profs. Code, section 26060.1); and, not cultivate cannabis without obtaining licensure (unlicensed  
28 cultivation, formerly Bus. & Profs. Code, section 26069, and now section 26037.5(a)).

1 Failure to comply with applicable statutory and regulatory requirements, including but not  
2 limited to, the above statutory and regulatory requirements, will result in summary revocation.

3 **ACCEPTANCE**

4 I have carefully read the above Stipulated Settlement of Notices of Violation and Order and  
5 have fully discussed it with my attorney, Kieran Ringgenberg, Esq. I understand the stipulation  
6 and the effect it will have on my Specialty Mixed-Light Tier 1 License No. CCL20-0000351 and  
7 Small Mixed-Light Tier 1 License No. CCL20-0000395. I enter into this Stipulated Settlement of  
8 Notices of Violation and Order voluntarily, knowingly, and intelligently, and agree to be bound  
9 by the Decision and Order of the Department of Cannabis Control.

10  
11 DATED: Sep 20, 2021

  
Aleksandar Aleksandrov (Sep 20, 2021 11:18 PDT)

OTTO FARMS, LLC  
*Respondent*

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13  
14 I have read and fully discussed with Respondent Otto Farms, LLC the terms and conditions  
15 and other matters contained in the above Stipulated Settlement of Notices of Violation and Order.  
16 I approve its form.

17  
18 DATED: Sep 20, 2021

*Kieran Ringgenberg*

KIERAN RINGGENBERG, ESQ  
*Attorney for Respondent*



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**ENDORSEMENT**

The foregoing Stipulated Settlement of Notices of Violation and Order is hereby respectfully submitted for consideration by the Department of Cannabis Control.

DATED: 09/22/2021

Respectfully submitted,  
ROB BONTA  
Attorney General of California  
HARINDER K. KAPUR  
Senior Assistant Attorney General



BRANDON A. KLINE  
Deputy Attorney General  
*Attorneys for Complainant*

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35386983

**Exhibit A**

**Notice of Violation No. CCL20-0000351-LC20-0**

To: OTTO Farms LLC  
Aleksandar Aleksandrov  
P.O. Box 223  
Fortuna, CA 95540

Case No.: CCL20-0000351-LC20-0001  
License No.: CCL20-0000351

**NOTICE OF VIOLATION**  
**(For Violations of the Medicinal and Adult-Use Cannabis Regulation and Safety Act and Regulations)**

**BACKGROUND**

On November 4, 2020, the California Department of Food and Agriculture, CalCannabis Cultivation Licensing Division (Department), conducted an inspection of OTTO Farms LLC (OTTO Farms), located in Dinsmore, California in Humboldt County California, Assessor's Parcel Number 210-106-011 (Premises). One license has been issued to OTTO Farms at the Premises (license number CCL20-0000351) and is a Specialty Mixed-Light Tier 1, with a maximum of 5,000 square feet of canopy allowed.

The inspection revealed the following violations of the Medicinal and Adult-Use of Cannabis Regulation and Safety Act (Bus. and Prof. Code, § 26000 et seq.) (BPC) and regulations promulgated thereunder (Cal. Code Regs, tit 3, § 8000 et seq.) (CCR).

**SUMMARY OF VIOLATIONS**

The violations described below ranged from Minor to Serious and warrant the following penalties for each violation, pursuant to BPC section 26031.5 and CCR section 8601:

1. BPC section 26060.1(a)- Using a water source that was not identified or permitted in the application. – \$5,000 per count (1 count)
  2. BPC section 26069(b)- A person or entity shall not cultivate cannabis without first obtaining a state license issued by the department, pursuant to this division. – \$5,000 per count (3 counts)
  3. CCR section 8106(a)(l)- Failure to designate a physical space for products subject to administrative hold. – \$500 per count (1 count)
  4. CCR section 8204(a)- Failure to notify the Department of any changes to items in the application. – \$500 per count (6 counts)
  5. CCR section 8205(a)- Unlawful Material Modifications to Premises – \$1,000 per count (6 counts)
  6. CCR section 8213(a)- Failure to use weighing devices approved, tested, and sealed, pursuant to chapter 5 (commencing with section 12500) of division 5 of the Business and Professions Code, and registered with the county sealer, pursuant to chapter 2 (commencing with section 12240) of division 5 of the Business and Professions Code. – \$500 per count (1 count)
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7. CCR section 8213(e)- Failure to become licensed as a weighmaster for determining any weight or measurement of cannabis and nonmanufactured cannabis products. – \$500 per count (1 count)
  8. CCR section 8300(a)- Failure to prohibit cannabis plants maintained outside the designated canopy area from flowering and apply a UID and report the movement in the track-and-trace system. – \$5,000 per count (2 counts)
  9. CCR Section 8300(d)- Processing cannabis on the licensed premises in an area(s) not designated for processing as identified on their approved cultivation plan. – \$1,000 per count (1 count)
  10. CCR Section 8307 section (b)- Failure to comply with specified pesticide use requirements. – \$5,000 per count (1 count)
  11. CCR section 8308(d)- Failure to dispose of cannabis waste in a secure waste receptacle or in a secured area on the licensed premises. – \$1,000 per count (5 counts)
  12. CCR section 8308(e)- Failure to dispose of cannabis waste as identified in the licensee’s approved Waste Management plan. – \$1,000 per count (5 counts)
  13. CCR section 8400 (d)- Failure to maintain all records on the licensed premises. – \$1,000 (1 count)
  14. CCR section 8402(a)- Failure to accurately and completely enter data in the track-and-trace system. – \$500 per count (1 count)
  15. CCR section 8403(a)(3)- Failure to document receipt of UIDs within three (3) calendar days. – \$1,000 per count (1 count)
  16. CCR section 8403(a)(4)- Failure to enter all cannabis in the track and trace system. – \$1,000 per count (1 count)
  17. CCR section 8403(b)(1)- Failure to assign a UID to each immature plant lot and label each immature plant with the correspond UID number. – \$1,000 per count (404 counts)
  18. CCR section 8403(b)(3)- Failure to apply UID to all individual plants at the time the plants were moved to the designated canopy area identified in the licensee’s approved cultivation plan or when individual plants began flowering, as defined in section 8000(l) of this chapter. – \$1,000 per count (260 counts)
  19. CCR section 8403(b)(4)- Failure to label each mature plant with a UID tag. – \$1,000 per count (1,471 counts)
  20. CCR section 8403(d)- Failure to label all cannabis and non-manufactured cannabis product with a UID tag. – \$1,000 per count (118 counts)
  21. CCR section 8405(c)(4)(A)- Failure to report in the track-and-trace system information related to the disposition of cannabis and nonmanufactured cannabis products on the licensed premises within three (3) calendar days of the change in disposition. – \$1,000 per count (1,211 counts)
  22. CCR section 8405(c)(4)(B)- Failure to report in the track-and-trace system information related to the disposition of cannabis and nonmanufactured cannabis products on the licensed premises within three (3) calendar days of the change in disposition. – \$1,000 per count (1 count)
  23. CCR section 8405(c)(4)(C)- Failure to report in the track-and-trace system information related to the disposition of cannabis and nonmanufactured cannabis products on the
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- licensed premises within three (3) calendar days of the change in disposition. – \$1,000 per count (1 count)
24. CCR section 8405(c)(4)(D)- Failure to report in the track-and-trace system information related to the disposition of cannabis and nonmanufactured cannabis products on the licensed premises within three (3) calendar days of the change in disposition. – \$1,000 per count (1 count)
25. CCR section 8506 (a)- Failure to reconcile all on premises and in-transit cannabis or non-manufactured cannabis product inventories at least once every thirty (30) calendar days. – \$1,000 per count (2 counts)

Total fines for this license: \$3,529,000

### **VIOLATIONS**

1. Using a water source that was not identified or permitted in the application.

OTTO Farms failed to identify and obtain a permit for a water source used for the irrigation of cannabis pursuant to BPC 26060.1, subdivision (a). In the application they submitted to the Department, OTTO Farms identified a well as their water source for cannabis cultivation. During the inspection, OTTO Farms staff admitted to hauling water prior to the completion of well installation. OTTO Farms' failure to identify or obtain the relevant permit for a water source used in cannabis cultivation violates BPC section 26060.1, subdivision (a), is a Serious violation, pursuant to CCR section 8601, subdivision (a)(3), and warrants an administrative penalty in the amount of \$5,000 per violation count. This violation is not correctable as the water has already been used to cultivate cannabis on the premises.

2. A person or entity shall not cultivate cannabis without first obtaining a state license issued by the department, pursuant to this division.

OTTO Farms failed to obtain a state license issued by the Department before they started cultivating cannabis, pursuant to BPC section 26069, subdivision (b). OTTO Farms received a Specialty Mixed-Light Tier 1 cultivation license from the state. During the inspection, it was found that OTTO Farms was growing cannabis using outdoor cultivation techniques for 184 plants. Under CCR section 8000, "Outdoor cultivation" means the cultivation of cannabis without artificial light or light deprivation in the canopy area at any point in time. OTTO Farms' failure to obtain a state license issued by the Department before they started cultivating cannabis violates BPC section 26069, subdivision (b), is a Serious violation pursuant to CCR section 8601, subdivision (a)(3), and warrants an administrative penalty in the amount of \$5,000 per violation count. This violation is correctable by cultivating cannabis with the correct license style or applying for a separate outdoor type license.

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OTTO Farms failed to obtain a state license issued by the Department before they started cultivating cannabis pursuant to BPC section 26069, subdivision (b). OTTO Farms received a Specialty sized license from the state that permits the licensee to grow up to 5,000 square feet of cannabis. During the inspection a total of 21,062 square feet of canopy was measured. This does not include the canopy that was grown using the Outdoor cultivation style. OTTO Farms' failure to obtain a state license issued by the Department before they started cultivating cannabis violates BPC section 26069, subdivision (b), is a Serious violation, pursuant to CCR section 8601(a)(3), and warrants an administrative penalty in the amount of \$5,000 per violation count. This violation is not correctable as the cannabis has already been grown outside of the license size.

OTTO Farms failed to obtain a state license issued by the Department before they started cultivating cannabis pursuant to BPC section 26069, subdivision (b). Prior to receiving their State license on October 14, 2020, OTTO Farms cultivated cannabis at the premises. During the inspection, greenhouses with evidence of recent cultivation were observed and large amounts of dried and drying cannabis were found on the property. Because of the life cycle of a cannabis plant from an immature stage to harvest, the observations on site indicate that cultivation activities occurred on the licensed premises prior to licensure. OTTO Farms' failure to obtain a state license issued by the Department before they started cultivating cannabis violates BPC section 26069, subdivision (b), is a Serious violation, pursuant to CCR section 8601(a)(3), and warrants an administrative penalty in the amount of \$5,000 per violation count. This violation is not correctable as illegal cannabis cultivation has already taken place.

3. Failure to designate a physical space for products subject to administrative hold.

OTTO Farms failed to designate an area for physically segregating cannabis subject to an administrative hold, pursuant to CCR section 8106, subdivision (a)(I). It is a requirement of the application to have a designated administrative hold area. During the inspection, no administrative hold area was found on-site. OTTO Farms' failure to designate an area subject to administrative hold, in violation of CCR section 8106, subdivision (a)(I), is a Minor violation, pursuant to CCR section 8601, subdivision (a)(3), and warrants an administrative penalty in the amount of \$500 per violation count. This violation is correctable by designating a physical space for products subject to administrative hold and adding it to the premises diagram.

4. Failure to notify the Department of any changes to items in the application.

OTTO Farms failed to notify the Department of any changes to items in the application, pursuant to CCR section 8204, subdivision(a). The application required a proposed cultivation plan that has all the elements in CCR section 8106, including a detailed premises diagram. The premises diagram submitted to the Department depicts two greenhouses for the canopy area. During the inspection, six greenhouses were found on-site. OTTO Farms' failure to notify the Department of changes to the application, in

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violation of CCR section 8204, subdivision (a), is a Minor violation, pursuant to CCR section 8601, subdivision (a)(3), and warrants an administrative penalty in the amount of \$500 per violation count. This violation is not correctable because ten days have passed since notification was required, but OTTO Farms must update the premises diagram to reflect all locations of the greenhouses and applying for a license to cultivate using outdoor cultivation techniques.

OTTO Farms failed to notify the Department of any changes to items in the application, pursuant to CCR section 8204, subdivision(a). The application required a proposed cultivation plan that has all the elements in CCR section 8106, including a detailed premises diagram. During the inspection, an immature plant area was in a location not depicted on the premises diagram submitted to the Department. OTTO Farms' failure to notify the Department of changes to the application, in violation of CCR section 8204, subdivision (a), is a Minor violation pursuant to CCR section 8601, subdivision (a)(3), and warrants an administrative penalty in the amount of \$500 per violation count. This violation is not correctable because ten days have passed since notification was required, but OTTO Farms must update the premises diagram to reflect all locations of immature plant areas.

OTTO Farms failed to notify the Department of any changes to items in the application, pursuant to CCR section 8204, subdivision(a). The application required a proposed cultivation plan that has all the elements in CCR section 8106, including a detailed premises diagram. During the inspection, both harvest storage areas and processing areas were found to be in different locations than depicted in the premises diagram submitted to the Department. OTTO Farms' failure to notify the Department of changes to the application, in violation of CCR section 8204, subdivision (a), is a Minor violation, pursuant to CCR section 8601, subdivision (a)(3), and warrants an administrative penalty in the amount of \$500 per violation count. This violation is not correctable because ten days have passed since notification was required, but OTTO Farms must update the premises diagram to reflect that harvest storage and processing areas take place off-site.

OTTO Farms failed to notify the Department of any changes to items in the application, pursuant to CCR section 8204, subdivision(a). The application required a proposed cultivation plan that has all the elements in CCR section 8106, including a waste management plan. During the inspection, five compost piles were found on-site. OTTO Farms' waste management plan lists self-hauling as their waste method. OTTO Farms' failure to notify the Department of changes to the application, in violation of CCR section 8204, subdivision (a), is a Minor violation, pursuant to CCR section 8601, subdivision (a)(3), and warrants an administrative penalty in the amount of \$500 per violation count. This violation is not correctable because ten days have passed since notification was required, but OTTO Farms must update the waste management plan.

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OTTO Farms failed to notify the Department of any changes to items in the application, pursuant to CCR section 8204, subdivision(a). The application required a proposed cultivation plan that has all the elements in CCR section 8106, including a detailed lighting diagram. The lighting diagram submitted to the Department shows that all canopy areas have lights. During the inspection, most of the areas had no lights. OTTO Farms' failure to notify the Department of changes to the application, in violation of CCR section 8204, subdivision (a), is a Minor violation, pursuant to CCR section 8601, subdivision (a)(3), and warrants an administrative penalty in the amount of \$500 per violation count. This violation is not correctable because ten days have passed since notification was required, but OTTO Farms must update the lighting diagram.

OTTO Farms failed to notify the Department of any changes to items in the application, pursuant to CCR section 8204, subdivision(a). OTTO Farms listed a groundwater well as their water source on their application to the Department. During the inspection, it was found that retail water hauling had been used prior to completion of the well installation. OTTO Farms' failure to notify the Department of changes to the application, in violation of CCR section 8204, subdivision (a), is a Minor violation, pursuant to CCR section 8601, subdivision (a)(3), and warrants an administrative penalty in the amount of \$500 per violation count. This violation is not correctable because ten days have passed since notification was required.

#### 5. Unlawful Material Modifications to Premises.

OTTO Farms failed to get prior written approval of the Department for a material physical modification of the licensed premises, as specified in the premises diagram filed with the license application, pursuant to CCR section 8205, subdivision (a). The premises diagram submitted to the Department depicts two greenhouses in the canopy area. During the inspection, six greenhouses were found on-site. OTTO Farms' physical modification of the licensed premises without prior written approval of the Department is in violation of CCR section 8205, subdivision (a), is a Moderate violation, pursuant to CCR section 8601, subdivision (a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count. This violation is not correctable because the modification was made before seeking approval of the Department, but Otto Farms must update the premises diagram to reflect the location of all greenhouses and receiving the correct license type for the outdoor cultivation.

OTTO Farms failed to get prior written approval of the Department for a material physical modification of the licensed premises, as specified in the premises diagram filed with the license application, pursuant to CCR section 8205, subdivision (a). During the inspection, an immature plant area was in a location not depicted on the premises diagram submitted to the Department. OTTO Farms' physical modification of the licensed premises without prior written approval of the Department is in violation of CCR section 8205, subdivision (a), is a Moderate violation, pursuant to CCR section 8601, subdivision (a)(2), and warrants an administrative penalty in the amount of \$1,000 per

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violation count. This violation is not correctable because the modification was made before seeking approval of the Department, but Otto Farms must update the premises diagram to reflect the location of all immature plant areas.

OTTO Farms failed to get prior written approval of the Department for a material physical modification of the licensed premises, as specified in the premises diagram filed with the license application, pursuant to CCR section 8205, subdivision (a). During the inspection, both the harvest storage area and the processing area were found to be in different locations than what was specified in the premises diagram. OTTO Farms' physical modification of the licensed premises without prior written approval of the Department is in violation of CCR section 8205, subdivision (a), is a Moderate violation, pursuant to CCR section 8601, subdivision (a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count. This violation is not correctable because the modification was made before seeking approval of the Department, but Otto Farms must update the premises diagram to reflect the location of the harvest storage area and the processing area.

OTTO Farms failed to get prior written approval of the Department for a material physical modification of the licensed premises, as specified in the premises diagram filed with the license application, pursuant to CCR section 8205, subdivision (a). During the inspection, five compost piles were found on-site that are not included on the Otto Farms' premises diagram. OTTO Farms' physical modification of the licensed premises without prior written approval of the Department is in violation of CCR section 8205, subdivision (a), is a Moderate violation, pursuant to CCR section 8601, subdivision (a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count. This violation is not correctable because the modification was made before seeking approval of the Department, but Otto Farms must update the premises diagram to reflect the location of all compost areas.

OTTO Farms failed to get prior written approval of the Department for a material physical modification of the licensed premises, as specified in the lighting diagram filed with the license application, pursuant to CCR section 8205, subdivision (a). The lighting diagram submitted to the department shows that all canopy areas have lights. During the inspection, most of the areas had no lights. OTTO Farms' physical modification of the licensed premises without prior written approval of the Department is in violation of CCR section 8205, subdivision (a), is a Moderate violation, pursuant to CCR section 8601, subdivision (a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count. This violation is not correctable because the modification was made before seeking approval of the Department, but Otto Farms must update the lighting diagram.

OTTO Farms failed to get prior written approval of the Department for a material physical modification of the licensed premises as specified in the premises diagram filed with the license application pursuant to CCR section 8205, subdivision (a). During the

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inspection, it was found that water hauling had been used prior to the completion of the well installation. OTTO Farms' physical modifications to the licensed premises without prior written approval of the Department in violation of CCR section 8205, subdivision (a) is a Moderate violation pursuant to CCR section 8601, subdivision (a)(2) and warrants an administrative penalty in the amount of \$1,000 per violation count. This violation is not correctable because the modification was made before seeking approval of the Department, but Otto Farms must either update utilize the water source that has been approved by the Department or get approval from the Department for a different water source.

6. Failure to use weighing devices approved, tested, and sealed, pursuant to chapter 5 (commencing with section 12500) of division 5 of the Business and Professions Code, and registered with the county sealer, pursuant to chapter 2 (commencing with section 12240) of division 5 of the Business and Professions Code.

OTTO Farms failed to use weighing devices approved, tested, and sealed, pursuant to chapter 5 (commencing with section 12500) of division 5 of the Business and Professions Code, and registered with the county sealer, pursuant to chapter 2 (commencing with section 12240) of division 5 of the Business and Professions Code, pursuant to CCR 8213, subdivision (a). During the inspection, OTTO Farms was using an unsealed scale to weigh cannabis. OTTO Farms' failure to use weighing devices approved, tested, and sealed, pursuant to chapter 5 (commencing with section 12500) of division 5 of the Business and Professions Code, and registered with the county sealer, pursuant to chapter 2 (commencing with section 12240) of division 5 of the Business and Professions Code, violates CCR 8213, subdivision (a), is a Minor violation, pursuant to CCR section 8601, subdivision (a)(3), and warrants an administrative penalty in the amount of \$500 per violation count. This violation is correctable if the scale is sealed by the Humboldt County Department of Agriculture.

7. Failure to become licensed as a weighmaster for determining any weight or measurement of cannabis and nonmanufactured cannabis products.

OTTO Farms failed to become licensed as a weighmaster for determining any weight or measurement of cannabis and nonmanufactured cannabis products, pursuant to CCR section 8213, subdivision (e). During the inspection, OTTO Farms was weighing cannabis without having first obtained a valid Weighmaster License. OTTO Farms' failure to become licensed as a weighmaster for determining any weight or measurement of cannabis and nonmanufactured cannabis products violates CCR section 8213, subdivision (e), is a Minor violation, pursuant to CCR section 8601(a)(3), and warrants an administrative penalty in the amount of \$500 per violation count. This violation is correctable if the Weighmaster License is obtained from the Department's Division of Measurement Standards.

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8. Failure to prohibit plants maintained outside the designated canopy area from flowering and without delay move flowering cannabis plants to the designated canopy area(s), tag the flowering plant with a UID and report it in the track-and-trace system.

OTTO Farms failed to prohibit cannabis plants maintained outside the designated canopy area from flowering, pursuant to CCR section 8300, subdivision (a). During the inspection, there were mature cannabis plants found in multiple locations not designated on the premises diagram. OTTO Farms' failure to prohibit cannabis plants maintained outside the designated canopy area from flowering, in violation of CCR section 8300, subdivision (a), is a Serious violation, pursuant to CCR section 8601, subdivision (a)(3), and warrants an administrative penalty in the amount of \$5,000 per violation count. This violation is not correctable as the cannabis has already been harvested.

OTTO Farms failed to move flowering cannabis plants located outside the designated canopy area(s) to the designated canopy area(s) without delay and report the movement and UID tagging in the track-and-trace system, pursuant to CCR section 8300 subsection (a). During the inspection, 260 mature cannabis plants were found outside the designated canopy areas on the premises diagram submitted to the Department. OTTO Farms' failure to move flowering cannabis plants located outside the designated canopy area(s) to the designated canopy area(s) without delay and report the movement and UID tagging in the track-and-trace system violates CCR section 8300, subdivision (a), is a Serious violation, pursuant to CCR section 8601, subdivision (a), and warrants an administrative penalty in the amount of \$5,000 per violation count. This violation is correctable by moving flowering plants to the canopy area designated on the premises diagram and tagging all plants with UID tags.

9. Processing cannabis on the licensed premises in an area(s) not designated for processing as identified on their approved cultivation plan.

OTTO Farms processed cannabis on the licenses premises in an area not designated for processing, as identified on their approved cultivation plan, pursuant to CCR 8300, subdivision (d). During the inspection, an additional processing area was located that was not included on OTTO Farms' cultivation plan. OTTO Farms processing of cannabis on the licensed premises in an area not designated for processing as identified on their cultivation plan violates CCR 8300, subdivision (d), is a Moderate violation, pursuant to CCR section 8601, subdivision, (a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count. This violation is not correctable since the processing of cannabis has already taken place.

10. Failure to comply with specified pesticide use requirements.
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OTTO Farms failed to comply with specified pesticide use requirements, pursuant to CCR section 8307, subdivision (b), which requires chemicals to be stored in a secure building or shed to prevent access by wildlife. During the inspection, pesticides were being stored outside the pesticide storage area that is identified on OTTO Farms' premises diagram. The pesticides were not secure as they were outside in an open shed. OTTO Farms' failure to comply with specified pesticide use requirements violates CCR section 8307, subdivision (b), is a Serious violation, pursuant to CCR section 8601, subdivision (a)(3), and warrants an administrative penalty in the amount of \$5,000 per violation count. This violation is correctable by storing pesticides in the pesticide storage area identified in the premises diagram and ensuring it is secured.

11. Failure to dispose of cannabis waste in a secure waste receptacle or in a secured area on the licensed premises.

OTTO Farms failed to dispose of cannabis waste in a secure waste receptacle or in a secured area on the licensed premises, pursuant to CCR section 8308, subdivision (d). During the inspection, five compost piles were found not secured. OTTO Farms' failure to dispose of cannabis waste in a secure waste receptacle or in a secured area on the licensed premises, in violation of CCR section 8308, subdivision (d), is a Moderate violation, pursuant to CCR section 8601, subdivision (a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count, with five counts. The violation is correctable by securing the compost areas.

12. Failure to dispose of cannabis waste as identified in the licensee's approved waste management plan.

OTTO Farms failed to dispose of cannabis waste as identified in the licensee's approved waste management plan, pursuant to CCR section 8308, subdivision (e). The applicant lists self-hauling cannabis waste as the waste management plan. During the inspection, five compost piles with cannabis waste were found near cultivation areas. OTTO Farms' failure to dispose of cannabis waste as identified in the licensee's approved waste management plan, in violation of CCR section 8308, subdivision (e), is a Moderate violation, pursuant to CCR section 8601, subdivision (a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count. This violation is correctable by only utilizing the listed waste management plan for cannabis waste or amending the waste management plan.

13. Failure to maintain all records on the licensed premises.

OTTO Farms failed to maintain all records on the licensed premises, pursuant to BPC section 8400, subdivision (d). During the inspection, OTTO Farms' staff was unable to provide water hauling receipts when asked by Department staff. OTTO Farms' failure to maintain records on the licensed premises violates BPC section 8400, subdivision (d), is a Moderate violation, pursuant to CCR section 8601, subdivision (a)(2), and warrants an

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administrative penalty in the amount of \$1,000 per violation count. This violation is correctable if water hauling receipts are maintained on the licensed premises and can be provided upon request.

14. Failure to accurately and completely enter data in the track-and-trace system.

OTTO Farms failed to accurately and completely enter data in the track-and-trace system, pursuant to CCR section 8402, subdivision (a). During the inspection, department staff observed immature, mature, and processed cannabis on the licensed premises. None of the cannabis product was tagged with the required UIDs. OTTO Farms has not entered any cannabis inventory in the track-and trace system, as of December 16, 2020. OTTO Farms' failure to accurately and completely enter data in the track-and-trace system violates CCR section 8402, subdivision (a), is a Minor violation, pursuant to CCR section 8601(a)(3), and warrants an administrative penalty in the amount of \$500 per violation count. This violation is correctable by entering data in the track-and-trace system.

15. Failure to document receipt of UIDs within three (3) calendar days.

OTTO Farms failed to document receipt of UIDs within three (3) calendar days, pursuant to CCR section 8403, subdivision (a)(3). OTTO Farms ordered UID tags through the track-and trace system on November 3, 2020 and they were delivered on November 9, 2020. As of January 28, 2021, the tags have not been received in the track-and trace system. OTTO Farms' failure to document receipt of UIDs within three (3) calendar days violates CCR section 8403, subdivision (a)(3), is a Moderate violation, pursuant to CCR section 8601(a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count. The violation is correctable by acknowledging receipt of the UIDs within the track-and trace system.

16. Failure to enter all cannabis in the track-and-trace system.

OTTO Farms failed to enter all cannabis in the track-and-trace system, pursuant to CCR section 8403, subdivision (a)(4). During the inspection, department staff observed immature, mature, and processed cannabis on the licensed premises. None of the cannabis product was tagged with the required UIDs. OTTO Farms has not entered any cannabis inventory in the track-and trace system, as of December 16, 2020. OTTO Farms' failure to enter all cannabis in the track-and-trace system violates CCR section 8403, subdivision (a)(4), is a Moderate violation, pursuant to CCR section 8601, subdivision (a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count. The violation is correctable by entering all cannabis in Metrc.

17. Failure to assign a UID to each immature plant lot and label each immature plant with the corresponding UID number.

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OTTO Farms failed to assign a UID to each immature plant lot, pursuant to CCR section 8403, subdivision (b)(1). CCR section 8403, subdivision (b)(1), states that immature plant lots shall be uniform in strain or cultivar and shall not contain more than one hundred (100) immature plants at any one time. During the inspection, 400 immature plants were counted by Department staff. A minimum of four immature plant lots would have been required. OTTO Farms' failure to assign a UID to each immature plant lot violates CCR section 8403, subdivision (b)(1), is a Moderate violation, pursuant to CCR section 8601, subdivision (a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count, with 4 counts. The violation is correctable by assigning UID tags to all immature plant lots.

OTTO Farms failed to label each immature plant with the corresponding UID number, pursuant to CCR section 8403, subdivision (b)(1). CCR section 8403, subdivision (b)(1), states that all immature plants in a lot shall be labeled with the corresponding UID number assigned to the lot. During the inspection, 400 immature plants were counted by Department staff. Because there was no UID assigned to the immature lots, none of the immature plants within those lots could have a corresponding UID number label. OTTO Farms' failure to label each immature plant with the corresponding UID number violates CCR section 8403, subdivision (b)(1), is a Moderate violation, pursuant to CCR section 8601, subdivision (a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count, with 400 counts. This violation is correctable by assigning each immature plant lot a UID tag and attaching replicate labels containing the lot UID number on each immature plant within each lot.

18. Failure to apply a UID to all individual plants at the time the plants were moved to the designated canopy area identified in the licensee's approved cultivation plan or when individual plants began flowering, as defined in section 8000(l) of this chapter.

OTTO Farms failed to apply UID to all individual plants at the time the plants were moved to the designated canopy area identified in the licensee's approved cultivation plan or when individual plants began flowering, as defined in section 8000(l) of this chapter, pursuant to CCR section 8403, subsection (b)(3). During the inspection, a total of 260 cannabis plants were found flowering outside the designated canopy area. The cannabis plants were not tagged with UIDs. OTTO Farms' failure to apply UIDs to all individual plants at the time the plants were moved to the designated canopy area identified in the licensee's approved cultivation plan or when individual plants began flowering, as defined in section 8000(l) of this chapter, violates CCR section 8403, subdivision (b)(3), is a Moderate violation, pursuant to CCR section 8601, subdivision (a)(2) and warrants an administrative penalty in the amount of \$1,000 per violation count, with 260 counts. This violation is correctable by moving flowering plants to the canopy area and applying a UID to the plants.

19. Failure to label each mature plant with a UID tag.
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OTTO Farms failed to label each mature plant with a UID tag, pursuant to CCR 8403, subdivision (b)(4). During the inspection, Department staff counted pots in greenhouses and plants that were still in the ground for a total of 1,471 mature plants that had never been labeled with a UID. OTTO Farms' failure to label each mature plant with a UID tag violates CCR section 8403, subdivision (b)(4), is a Moderate violation, pursuant to CCR section 8601, subdivision (a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count, with 1,471 counts. This violation is not correctable since the mature plants have already been harvested.

20. Failure to label all cannabis and non-manufactured cannabis product with a UID tag.

OTTO Farms failed to label all cannabis and non-manufactured cannabis product with a UID tag, pursuant to CCR section 8403, subdivision (d). During the inspection, Department staff counted 118 totes of cannabis product and none of the totes had any UID tags attached. OTTO Farms' failure to label all cannabis and non-manufactured cannabis product with a UID tag violates CCR section 8403, subdivision (d), is a Moderate violation, pursuant to CCR section 8601, subdivision (a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count, with 118 counts. This violation is correctable by applying a UID tag to all cannabis and non-manufactured cannabis product with UID tags.

21. Failure to report in the track-and-trace the wet weight of each harvested plant, or portion thereof, which must be obtained by the licensee immediately after harvest of the plant, or portion thereof within three (3) calendar days of the change in disposition.

OTTO Farms failed to report in the track-and-trace system information related to the disposition of cannabis and nonmanufactured cannabis products on the licensed premises within three (3) calendar days of the change in disposition, pursuant to CCR section 8405, subdivision (c)(4)(A). During the inspection, Department staff counted the total number of pots with stems to determine the number of plants harvested. Staff determine that 1,211 mature plants had been harvested. The 1,211 mature plants that have been harvested have not been entered in the track-and-trace system. OTTO Farms' Failure to report in the track-and-trace system information related to the disposition of cannabis and nonmanufactured cannabis products on the licensed premises within three (3) calendar days of the change in disposition violates section 8405, subdivision (c)(4)(A), is a Moderate violation, pursuant to CCR section 8601 subdivision (a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count with 1,211 counts. This violation is not correctable since the three (3) calendar day deadline has already passed.

22. Failure to report in the track-and-trace system the net weight of each harvest batch, obtained pursuant to section 8406(b) of this chapter within three (3) calendar days of the change in disposition.

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OTTO Farms failed to report the net weight of cannabis associated with each harvest batch into the track and trace system, pursuant to CCR section 8405, subdivision (c)(4)(B). During the inspection on November 4, 2020, evidence of recently harvested mature plants was observed throughout the canopy area in the form of pots with recently cut stems. The net weight of each harvest must be recorded in the track-and-trace system within three days of the majority drying, trimming, and curing activities have been completed which can last no more than 60 days after harvest. As of March 5, 2021, no harvest batches have been entered into the track and trace system. A minimum of one unique harvest batch would have been required and the net weight should have been entered by January 7, 2021. OTTO Farms' failure to report the net weight of cannabis for each harvest batch violates CCR section 8405, subdivision (c)(4)(B), is a Moderate violation, pursuant to CCR section 8601, subdivision (a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count. This violation is correctable if a correct weight is entered in the track and trace system for the cannabis net weight in the harvest batch.

23. Failure to report in the track-and-trace system the weight of cannabis waste associated with each harvest batch within three (3) calendar days of the change in disposition.

OTTO Farms failed to report the weight of cannabis waste associated with each harvest batch into the track and trace system pursuant to CCR section 8405, subdivision (c)(4)(C). During the inspection on November 4, 2020, evidence of recently harvested mature plants was observed throughout the canopy area. As of March 5, 2021, no harvest batches have been entered into the track and trace system. Since harvested cannabis plants were observed drying during the inspection, a minimum of one unique harvest batch would have been required and the waste weight should have been entered within 60 days (by January 7, 2021). OTTO Farms' failure to report the weight of cannabis waste of each harvest batch violates CCR section 8405, subdivision (c)(4)(C), is a Moderate violation, pursuant to CCR section 8601, subdivision (a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count. This violation is correctable if a correct weight is entered in the track-and-trace system for the cannabis waste in the harvest batch.

24. Failure to report in the track-and-trace system the unique name of the harvest batch and the initiating date of the harvest within three (3) calendar days of the change in disposition.

OTTO Farms failed to report the unique name of the harvest batch and the initiating date of harvest into the track and trace system pursuant to CCR section 8405, subdivision (c)(4)(D). During the inspection, evidence of recently harvested mature plants was observed throughout the canopy area. As of March 5, 2021, no harvest batches have been entered into the track and trace system. Since harvested cannabis plants were observed drying during the inspection, a minimum of one unique harvest batch would have been required. OTTO Farms' failure to report the unique name of



each harvest batch violates CCR section 8405, subdivision (c)(4)(D), is a Moderate violation, pursuant to CCR section 8601, subdivision (a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count. This violation is correctable if a correct unique harvest batch name and initiating date of the harvest batch are entered in the track and trace system.

25. Failure to reconcile all on premises and in-transit cannabis or non-manufactured cannabis product inventories at least once every thirty (30) calendar days.

OTTO Farms failed to reconcile all on premises and in-transit cannabis or non-manufactured cannabis product inventory at least once every thirty (30) calendar days, pursuant to CCR section 8506, subdivision (a). During the inspection, department staff observed immature, mature, and processed cannabis on the licensed premises. None of the cannabis product was tagged with the required UIDs. Because of the life cycle of a cannabis plant from an immature stage to harvest, the observations on site indicate that cultivation activities occurred on the licensed premises for at least 60 days prior to inspection. OTTO Farms has been licensed since October 14, 2020 and, as of December 16, 2020, two thirty (30) calendar day periods have elapsed without OTTO Farms reconciling their inventory. OTTO Farms' failure to reconcile all on premises and in-transit cannabis or non-manufactured cannabis product inventories at least once every thirty (30) calendar days violates CCR section 8506, subdivision (a), is a Moderate violation, pursuant to CCR section 8601, subdivision(a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count, with 2 counts. This violation is not correctable, but OTTO Farms must ireconcile all cannabis and non-manufactured cannabis product inventory in the track and trace system.

#### **TO APPEAL NOTICE OF VIOLATION FINES**

The Licensee has the right to request an informal hearing to contest the findings of violations and assessment of fines set forth in this Notice of Violation, but no right to appeal the revocation set forth herein. The hearing will be held pursuant CCR sections 8605-8607 and the Administrative Procedure Act (Gov. Code, § 11340 et seq.), Chapter 4.5 (commencing with section 11400).

Unless a written request for a hearing, signed by or on behalf of the Licensee, is delivered or mailed to the Department within 30 days after the Notice of Violation was personally served on or mailed to the Licensee, the Licensee's right to a hearing will be waived, any penalty amounts proposed are due and payable, and the Department may proceed upon the violations noticed without a hearing.

The request for a hearing may be made by delivering or mailing a written request to:

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California Department of Food and Agriculture  
Legal Office of Hearings and Appeals  
1220 N Street, Suite 315  
Sacramento, California 95814

OR

VIA EMAIL: [cdfa.legaloffice@cdfa.ca.gov](mailto:cdfa.legaloffice@cdfa.ca.gov)

The written request must include: (1) the Licensee's name, mailing address and daytime phone number; (2) the license number issued by the Department; (3) a copy of the Notice of Violation; and (4) a clear and concise statement for the basis of the appeal or counts within the Notice of Violation being appealed. If you would like the hearing to be conducted by phone, that request must be made at the time you submit the written request for hearing.

#### **TO MAKE PAYMENT**

Based on the violations above, the proposed penalty is \$3,529,000. Unless the Notice of Violation is being appealed, the penalty must be paid within 30 days after the Notice of Violation was personally served on mailed to the Licensee. To ensure proper credit, indicate on the payment the case number provided at the top of this Notice of Violation. Payment shall be made payable to the California Department of Food and Agriculture by cashier's check and submitted to:

CDFA- CalCannabis  
Attn: Cashier  
P.O. Box 942872  
Sacramento, CA 94271-2872

To pay the penalty by cash, please call (833) 421-2274 or email [CannabisAppts-Eureka@cdfa.ca.gov](mailto:CannabisAppts-Eureka@cdfa.ca.gov) to schedule an appointment to pay in person prior to the expiration of 30 days after the Notice of Violation was personally served on or mailed to the Licensee.

Failure to pay the penalty, unless the Notice of Violation is being appealed, is grounds to disqualify an application for licensure.

#### **CONTACT INFORMATION**

If you have any questions regarding this Notice of Violation, please contact Lindsay Rains at (916) 616-6458 or at [Lindsay.Rains@cdfa.ca.gov](mailto:Lindsay.Rains@cdfa.ca.gov).

Dated: March 12, 2021  
Sacramento, California

RICHARD PARROTT  
Director, CalCannabis Cultivation Licensing Division  
California Department of Food and Agriculture

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Issued by: \_\_\_\_\_

Lindsay Rains  
Environmental Program Manager  
CalCannabis Cultivation Licensing Division  
California Department of Food and Agriculture

**Exhibit B**

**Notice of Violation No. CCL20-0000395-LC20-0**

To: OTTO Farms LLC  
Aleksandar Aleksandrov  
P.O. Box 223  
Fortuna, CA 95540

Case No.: CCL20-0000395-LC20-0002  
License No.: CCL20-0000395

**NOTICE OF VIOLATION**  
**(For Violations of the Medicinal and Adult-Use Cannabis Regulation and Safety Act and Regulations)**

**BACKGROUND**

On November 4, 2020, the California Department of Food and Agriculture, CalCannabis Cultivation Licensing Division (Department), conducted an inspection of OTTO Farms LLC (OTTO Farms), located in Bridgeville, California in Humboldt County California, Assessor's Parcel Number 208-111-021 (Premises). One license has been issued to OTTO Farms at the Premises (license number CCL20-0000395) and is a Small Mixed-Light Tier 1 license, with a maximum of 10,000 square feet of canopy allowed.

The inspection revealed the following violations of the Medicinal and Adult-Use of Cannabis Regulation and Safety Act (Bus. and Prof. Code, § 26000 et seq.) (BPC) and regulations promulgated thereunder (Cal. Code Regs, tit 3, § 8000 et seq.) (CCR).

**SUMMARY OF VIOLATIONS**

The violations described below ranged from Minor to Serious and warrant the following penalties for each violation, pursuant to BPC section 26031.5 and CCR section 8601:

1. BPC section 26060.1(a)- Using a water source that was not identified or permitted in the application. – \$5,000 per count (1 count)
  2. BPC section 26069(b)- A person or entity shall not cultivate cannabis without first obtaining a state license issued by the department pursuant to this division. – \$5,000 per count (1 count)
  3. CCR section 8202(e)- Failure to prominently display license on licensed premises where it can be viewed by state and local agencies. – \$500 per count (1 count)
  4. CCR section 8204(a)- Failure to notify the Department of any changes to items in the application. – \$500 per count (8 counts)
  5. CCR section 8205(a)- Unlawful Material Modifications to Premises – \$1,000 per count (8 counts)
  6. CCR Section 8300(d)- Processing cannabis on the licensed premises in an area(s) not designated for processing as identified on their approved cultivation plan. – \$1,000 per count (1 count)
  7. CCR section 8308(b)- Failure to manage all hazardous waste. – \$5,000 per count (1 count)
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8. CCR section 8308(d)- Failure to dispose of cannabis waste in a secure waste receptacle or in a secured area on the licensed premises. – \$1,000 per count (2 counts)
9. CCR section 8308(e)- Failure to dispose of cannabis waste as identified in the licensee’s approved waste management plan. – \$1,000 per count (2 counts)
10. CCR section 8307 (b)- Failure to comply with specified pesticide use requirements. – \$5,000 per count (1 count)
11. CCR section 8402(a)- Failure to accurately and completely enter data in the track-and-trace system. – \$500 per count (1 count)
12. CCR section 8403(a)(3)- Failure to document receipt of UIDs within three (3) calendar days. - \$1,000 per count (1 count)
13. CCR section 8403(a)(4)- Failure to enter all cannabis in the track and trace system. – \$1,000 per count (1 count)
14. CCR section 8403(b)(4)- Failure to label each mature plant with a UID tag. – \$1,000 per count (576 counts)
15. CCR section 8403(d)- Failure to label all cannabis and non-manufactured cannabis product with a UID tag. – \$1,000 per count (113 counts)
16. CCR section 8405(c)(4)(A)- Failure to report in the track-and-trace system information related to the disposition of cannabis and nonmanufactured cannabis products on the licensed premises within three (3) calendar days of the change in disposition. – \$1,000 per count (576 counts)
17. CCR section 8405(c)(4)(B)- Failure to report in the track-and-trace system information related to the disposition of cannabis and nonmanufactured cannabis products on the licensed premises within three (3) calendar days of the change in disposition. – \$1,000 per count (1 count)
18. CCR section 8405(c)(4)(C)- Failure to report in the track-and-trace system information related to the disposition of cannabis and nonmanufactured cannabis products on the licensed premises within three (3) calendar days of the change in disposition. – \$1,000 per count (1 count)
19. CCR section 8405(c)(4)(D)- Failure to report in the track-and-trace system information related to the disposition of cannabis and nonmanufactured cannabis products on the licensed premises within three (3) calendar days of the change in disposition. – \$1,000 per count (1 count)
20. CCR section 8506 (a)- Failure to reconcile all on premises and in-transit cannabis or non-manufactured cannabis product inventories at least once every thirty (30) calendar days. – \$1,000 per count (3 counts)

Total Penalty Amount: \$1,311,000

### **VIOLATIONS**

1. Using a water source that was not identified or permitted in the application.

OTTO Farms failed to identify and obtain a permit for a water source used for the irrigation of cannabis, pursuant to BPC 26060.1, subdivision (a). During the inspection,

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OTTO Farms staff stated that they used the well on-site for cannabis cultivation activities. The well is not identified or permitted in the application submitted to the Department for cannabis cultivation. OTTO Farms' failure to identify or obtain the relevant permit for a water source used in cannabis cultivation violates BPC section 26060.1, subdivision (a), is a Serious violation, pursuant to CCR section 8601, subdivision (a)(1), and warrants an administrative penalty in the amount of \$5,000 per violation count. This violation is not correctable as the water has already been used for cannabis cultivation activities on the premises.

2. A person or entity shall not cultivate cannabis without first obtaining a state license issued by the department pursuant to this division.

OTTO Farms failed to obtain a state license issued by the Department before cannabis cultivation activities commenced, pursuant to BPC section 26069, subdivision (b). OTTO Farms obtained their state license to cultivate cannabis on October 14, 2020. The licensed premises was inspected 22 days later, on November 2, 2020. During the inspection, greenhouses with evidence of recent cultivation were observed and large amounts of dried and drying cannabis were found on the property. Because of the life cycle of a cannabis plant from an immature stage to harvest, the observations on site indicate that cultivation activities occurred on the licensed premises prior to licensure. OTTO Farms' failure to obtain a state license issued by the Department before they started cultivating cannabis violates BPC section 26069, subdivision (b), is a Serious violation, pursuant to CCR section 8601(a)(1), and warrants an administrative penalty in the amount of \$5,000 per violation count. This violation is not correctable as illegal cannabis cultivation has already taken place.

3. Failure to prominently display license on licensed premises where it can be viewed by state and local agencies.

OTTO Farms failed to prominently display license on licensed premises where it can be viewed by state and local agencies pursuant to CCR section 8202 subdivision (e). During the inspection, no license was prominently displayed on the licensed premises. OTTO Farm's failure display their license on the licensed premises in violation of CCR section 8202, subdivision (e) is a Minor violation pursuant to CCR section 8601, subdivision (a)(3) and warrants an administrative penalty in the amount of \$500 per violation count. This violation may be correctable by posting a valid license where it can be viewed by state and local agencies.

4. Failure to notify the Department of any changes to items in the application.

OTTO Farms failed to notify the Department of any changes to items in the application, pursuant to CCR section 8204, subdivision (a). The application required a property diagram as specified in CCR section 8105, that included identifying all water sources and their use. During the inspection, a pond was observed on the premises. The property

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diagram submitted with the application does not show a pond on the premises. OTTO Farms' failure to notify the Department of changes to the application in violation of CCR section 8204, subdivision (a) is a Minor violation pursuant to CCR section 8601, subdivision (a)(3) and warrants an administrative penalty in the amount of \$500 per violation count. This violation is correctable by updating the property diagram to reflect the location of all water sources identified and labeled with beneficial use type.

OTTO Farms failed to notify the Department of any changes to items in the application pursuant to CCR section 8204, subdivision (a). The application required a property diagram as specified in CCR section 8105 that included identifying all water sources and their use. During the inspection, two 5,000-gallon water storage tanks and one 2,500-gallon water storage tank was observed on the premises. The property diagram submitted with the application shows 10,000 gallons of water storage while there was a total of 12,500 gallons of storage observed on site. OTTO Farms' failure to notify the Department of changes to the application in violation of CCR section 8204, subdivision (a) is a Minor violation pursuant to CCR section 8601, subdivision (a)(3) and warrants an administrative penalty in the amount of \$500 per violation count. This violation is correctable by updating the property diagram to reflect the location of all water storage tanks and capacity.

OTTO Farms failed to notify the Department of any changes to items in the application pursuant to CCR section 8204, subdivision (a). The application required a proposed cultivation plan that has all the elements in CCR section 8106, including a detailed premises diagram. During the inspection, one greenhouse was measured 30 feet by 150 feet. The premises diagram submitted with the application depicted the greenhouse to be 35 feet by 140 feet. OTTO Farms' failure to notify the Department of changes to the application in violation of CCR section 8204, subdivision (a) is a Minor violation pursuant to CCR section 8601, subdivision (a)(3) and warrants an administrative penalty in the amount of \$500 per violation count. This violation is not correctable because ten days have passed since notification was required, but OTTO Farms must update the premises diagram to reflect all locations of the greenhouses and applying for a license to cultivate using outdoor cultivation techniques.

OTTO Farms failed to notify the Department of any changes to items in the application pursuant to CCR section 8204, subdivision(a). The application required a proposed cultivation plan that has all the elements in CCR section 8106, including a detailed premises diagram. During the inspection, one greenhouse was measured 45 feet by 109 feet. The premises diagram submitted with the application depicted the greenhouse to be 10 feet by 100 feet. OTTO Farms' failure to notify the Department of changes to the application in violation of CCR section 8204, subdivision (a) is a Minor violation pursuant to CCR section 8601, subdivision (a)(3) and warrants an administrative penalty in the amount of \$500 per violation count. This violation is not correctable because ten days have passed since notification was required, but OTTO Farms must update the premises

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diagram to reflect all locations of the greenhouses and applying for a license to cultivate using outdoor cultivation techniques.

OTTO Farms failed to notify the Department of any changes to items in the application pursuant to CCR section 8204, subdivision(a). The application required a proposed cultivation plan that has all the elements in CCR section 8106, including a detailed premises diagram. On the premises diagram submitted with the application depicted the administrative hold area on the second story of the barn. During the inspection, no administrative hold area was observed at that location or anywhere on the premises. The designated administrative hold area was full of packaged cannabis product for sale. OTTO Farms' failure to notify the Department of changes to the application in violation of CCR section 8204, subdivision (a) is a Minor violation pursuant to CCR section 8601, subdivision (a)(3) and warrants an administrative penalty in the amount of \$500 per violation count. This violation is correctable by establishing an administrative hold area in the area currently indicated on the premises diagram or providing an updated premises diagram indicating where the administrative hold area will be and establishing that area on the premises.

OTTO Farms failed to notify the Department of any changes to items in the application pursuant to CCR section 8204, subdivision(a). The application required a proposed cultivation plan that has all the elements in CCR section 8106, including a detailed premises diagram. The premises diagram submitted with the application depicted the pesticide storage area to be in the two-story barn. During the inspection, the pesticide storage area was not observed in the two-story barn, but rather found throughout the licensed premises next to the upper greenhouse. OTTO Farms' failure to notify the Department of changes to the application in violation of CCR section 8204, subdivision (a) is a Minor violation pursuant to CCR section 8601, subdivision (a)(3) and warrants an administrative penalty in the amount of \$500 per violation count. This violation is correctable by updating the premises diagram with the location of the pesticide storage area.

OTTO Farms failed to notify the Department of any changes to items in the application pursuant to CCR section 8204, subdivision(a). The application required a proposed cultivation plan that has all the elements in CCR section 8106, including a detailed premises diagram. All areas for processing, which includes where harvested cannabis is dried, must be indicated on the premises diagram. During the inspection, drying cannabis was observed in a residence located outside of the licensed premises. The premises diagram does not depict this location as a processing area for this license. OTTO Farms' failure to notify the Department of changes to the application in violation of CCR section 8204, subdivision (a) is a Minor violation pursuant to CCR section 8601, subdivision (a)(3) and warrants an administrative penalty in the amount of \$500 per violation count. This violation is correctable by updating the premises diagram to reflect all locations where processing occurs on the premises.

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OTTO Farms failed to notify the Department of any changes to items in the application pursuant to CCR section 8204, subdivision(a). The application required a proposed cultivation plan that has all the elements in CCR section 8106, including a waste management plan. During the inspection, multiple areas of dispersed compost were observed. The applicant lists self-hauling cannabis waste as the Waste Management Plan and does not have a compost pile listed on their premises diagram. OTTO Farms' failure to notify the Department of changes to the application in violation of CCR section 8204, subdivision (a) is a Minor violation pursuant to CCR section 8601, subdivision (a)(3) and warrants an administrative penalty in the amount of \$500 per violation count. This violation is correctable by only utilizing the approved waste management practice for cannabis activities or by updating the waste management plan.

#### 5. Unlawful Material Modifications to Premises.

OTTO Farms failed to get prior written approval of the Department for a material physical modification of the licensed premises for water source(s) specified in the property diagram filed with the license application, pursuant to CCR section 8205, subdivision (a). During the inspection, a pond was observed on the premises. The property diagram submitted with the application does not show a pond on the premises. OTTO Farms' physical modification of the licensed premises without prior written approval from the Department, in violation of CCR section 8205, subdivision (a), is a Moderate violation, pursuant to CCR section 8601, subdivision (a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count. This violation is correctable by updating the property diagram to reflect the location of all water sources identified and labeled with beneficial use type.

OTTO Farms failed to get prior written approval of the Department for a material physical modification of the licensed premises, for water source(s) as specified in the property diagram filed with the license application, pursuant to CCR section 8205, subdivision (a). During the inspection, two 5,000-gallon water storage tanks and one 2,500-gallon water storage tank were observed on the premises. The property diagram submitted with the application shows 10,000 gallons of water storage, while there was a total of 12,500 gallons of storage observed on-site. OTTO Farms' physical modification of the licensed premises without prior written approval from the Department, in violation of CCR section 8205, subdivision (a), is a Moderate violation, pursuant to CCR section 8601, subdivision (a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count. This violation is correctable by updating the property diagram to reflect the location and capacity of all water storage tanks.

OTTO Farms failed to get prior written approval of the Department for a material physical modification of the licensed premises, as specified in the premises diagram filed with the license application, pursuant to CCR section 8205, subdivision (a). During the inspection, one greenhouse was measured as 30 feet by 150 feet. The premises diagram submitted with the application depicted the greenhouse as 35 feet by 140 feet. OTTO

Farms' physical modification of the licensed premises without prior written approval of the Department, in violation of CCR section 8205, subdivision (a), is a Moderate violation, pursuant to CCR section 8601, subdivision (a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count. This violation is correctable by updating the premises diagram to reflect the correct measurements of the greenhouse.

OTTO Farms failed to get prior written approval of the Department for a material physical modification of the licensed premises, as specified in the premises diagram filed with the license application, pursuant to CCR section 8205, subdivision (a). During the inspection, one greenhouse was measured as 45 feet by 109 feet. The premises diagram submitted with the application depicts the greenhouse as 10 feet by 100 feet. OTTO Farms' physical modification of the licensed premises without prior written approval of the Department, in violation of CCR section 8205, subdivision (a), is a Moderate violation, pursuant to CCR section 8601, subdivision (a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count. This violation is correctable by updating the premises diagram to reflect the correct measurements of the greenhouse.

OTTO Farms failed to get prior written approval of the Department for a material physical modification of the licensed premises, as specified in the premises diagram filed with the license application, pursuant to CCR section 8205, subdivision (a). The premises diagram submitted with the application depicted the administrative hold area on the second story of the barn. During the inspection, no administrative hold area was observed at that location or anywhere on the premises. The designated administrative hold area was full of packaged cannabis product for sale. OTTO Farms' physical modification of the licensed premises without prior written approval of the Department, in violation of CCR section 8205, subdivision (a), is a Moderate violation, pursuant to CCR section 8601, subdivision (a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count. This violation is correctable by establishing an administrative hold area in the area currently indicated on the premises diagram or providing an updated premises diagram indicating where the administrative hold area will be and establishing that area on the premises.

OTTO Farms failed to get prior written approval of the Department for a material physical modification of the licensed premises, as specified in the premises diagram filed with the license application, pursuant to CCR section 8205, subdivision (a). The premises diagram submitted with the application depicted the pesticide storage area in the two-story barn. During the inspection, the pesticide storage area was not observed in the two-story barn but rather outside next to the upper greenhouse. OTTO Farms' physical modification of the licensed premises without prior written approval of the Department, in violation of CCR section 8205, subdivision (a), is a Moderate violation, pursuant to CCR section 8601, subdivision (a)(2), and warrants an administrative penalty in the

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amount of \$1,000 per violation count. This violation is correctable by updating the premises diagram with the location of the pesticide storage area.

OTTO Farms failed to get prior written approval of the Department for a material physical modification of the licensed premises as specified in the premises diagram filed with the license application, pursuant to CCR section 8205, subdivision (a). All areas for processing, which includes areas where harvested cannabis is dried, must be indicated on the premises diagram. During the inspection, drying cannabis was observed in a residence located outside of the licensed premises. The premises diagram does not depict this location as a processing area for this license. OTTO Farms' physical modification of the licensed premises without prior written approval from the Department, in violation of CCR section 8205, subdivision (a), is a Moderate violation, pursuant to CCR section 8601, subdivision (a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count. This violation is correctable by updating the premises diagram to reflect all locations where processing occurs on the premises.

OTTO Farms failed to get prior written approval of the Department for a material physical modification of the licensed premises as specified in the premises diagram filed with the license application, pursuant to CCR section 8205, subdivision (a). During the inspection, multiple areas of dispersed compost were observed around the licensed premises. The applicant lists self-hauling cannabis waste as the waste management plan and does not have a compost pile listed on their premises diagram. OTTO Farms' physical modification of the licensed premises without prior written approval of the Department, in violation of CCR section 8205, subdivision (a), is a Moderate violation, pursuant to CCR section 8601, subdivision (a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count. This violation is correctable by only utilizing the approved waste management practice for cannabis activities or updating the waste management plan.

6. Processing cannabis on the licensed premises in an area(s) not designated for processing as identified on their approved cultivation plan.

OTTO Farms processed cannabis on the licensed premises in an area not designated for processing, as identified on their approved cultivation plan, pursuant to CCR section 8300, subdivision (d). Drying of cannabis is considered "processing" under CCR section 8000, subdivision (ab) and all areas for processing must be indicated on the premises diagram. During the inspection, drying cannabis was observed in a residence located outside of the licensed premises. The premises diagram does not depict this location as a processing area for this license. OTTO Farms processing cannabis in an area not designated for processing, as identified on their approved cultivation plan, violates CCR section 8300, subdivision (d), is a Moderate violation, pursuant to CCR section 8601, subdivision (a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count. This violation not correctable since the drying of cannabis has already occurred.

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7. Failure to manage all hazardous waste.

OTTO Farms failed to manage all hazardous waste in compliance with all applicable hazardous waste statutes and regulations, pursuant to CCR section 8308, subdivision (b). During the inspection, an oil spill was observed on gravel adjacent to a creek. According to PRC 40141, subdivision (a)(2), oil is considered a hazardous waste due to the substantial hazard to the environment that is created when it is improperly managed. OTTO Farms' failure to manage all hazardous waste according to statute and regulations, in violation of CCR section 8308, subdivision (b), is a Serious violation, pursuant to CCR section 8601, subdivision (a)(1), and warrants an administrative penalty in the amount of \$5,000 per violation count. This violation may be correctable by properly cleaning up the oil.

8. Failure to dispose of cannabis waste in a secure waste receptacle or in a secured area on the licensed premises.

OTTO Farms failed to dispose of cannabis waste in a secure waste receptacle or in a secured area on the licensed premises, pursuant to CCR section 8308, subdivision (d). During the inspection, multiple areas of dispersed compost were observed unsecured around the property. The areas were down-slope of the lower greenhouses and cannabis waste was cast into the woods rather than properly composted. Waste piles were generally accessible to people and wildlife. The premises diagram did not indicate any compost areas on the licensed premises and the waste management plan did not include composting on-site. OTTO Farms' failure to dispose of cannabis waste in a secure waste receptacle or in a secured area on the licensed premises, in violation of CCR section 8308, subdivision (d), is a Moderate violation, pursuant to CCR section 8601, subdivision (a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count, with two counts. The violation is correctable by securing and maintaining the required secured waste areas.

9. Failure to dispose of cannabis waste as identified in the licensee's approved waste management plan.

OTTO Farms failed to dispose of cannabis waste as identified in the licensee's approved waste management plan, pursuant to CCR section 8308, subdivision (e). During the inspection, multiple areas of dispersed compost were observed unsecured around the property. The areas were down-slope of the lower greenhouses and cannabis waste was cast into the woods rather than properly composted. The submitted premises diagram did not indicate any compost areas on the licensed premises and the waste management plan did not include composting on-site. OTTO Farms' failure to dispose of cannabis waste as identified in the licensee's approved waste management plan, in violation of CCR section 8308, subdivision (e), is a Moderate violation, pursuant to CCR

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section 8601, subdivision (a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count, with two counts. This violation is correctable by only utilizing the approved waste management practice for cannabis activities or updating the waste management plan.

10. Failure to comply with specified pesticide use requirements.

OTTO Farms failed to comply with specified pesticide use requirements, pursuant to CCR section 8307, subdivision (b), which requires that chemicals are stored in a secure building or shed to prevent access by wildlife. During the inspection, pesticides were observed unsecured and stored outside next to the upper greenhouse and not in the pesticide storage area identified on the premises diagram. OTTO Farms' failure to comply with specified pesticide use requirements violates CCR section 8307, subdivision (b), is a Serious violation, pursuant to CCR section 8601, subdivision (a)(3), and warrants an administrative penalty in the amount of \$5,000 per violation count. This violation is correctable by storing pesticides in the secured area identified on the premises diagram.

11. Failure to accurately and completely enter data in the track-and-trace system.

OTTO Farms failed to accurately and completely enter data in the track-and-trace system, pursuant to CCR section 8402, subdivision (a). During the November 4, 2020 inspection, Department staff observed 113 packages of cannabis as well hanging cannabis plants in the process of drying. o plants, packages, or transfer manifests have been entered into the track-and-trace system as of January 28, 2021. OTTO Farms' failure to accurately and completely enter data in the track-and-trace system violates CCR section 8402, subdivision (a), is a Minor violation, pursuant to CCR section 8601, subdivision (a)(3), and warrants an administrative penalty in the amount of \$500 per violation count. This violation is correctable by entering data in the track-and-trace system.

12. Failure to document receipt of UIDs within three (3) calendar days.

OTTO Farms failed to document receipt of UIDs within three (3) calendar days, pursuant to CCR section 8403, subdivision (a)(3). OTTO Farms ordered tags in Metrc on November 3, 2020 and the tags were delivered on November 9, 2020. As of January 28, 2021, the tags have not been received in Metrc. OTTO Farms' failure to document receipt of UIDs within three (3) calendar days violates CCR section 8403, subdivision (a)(3), is a Moderate violation, pursuant to CCR section 8601, subdivision (a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count. The violation is not correctable because receipt was not documented within three (3) calendar days.

13. Failure to enter all cannabis in the track-and-trace system.

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OTTO Farms failed to enter all cannabis in the track-and-trace system, pursuant to CCR section 8403, subdivision (a)(4). During the November 4, 2020 inspection, Department staff observed 113 packages of cannabis as well hanging cannabis plants in the process of drying. OTTO Farms has not entered any cannabis inventory as of January 28, 2021. OTTO Farms' failure to enter all cannabis in the track-and-trace system violates CCR section 8403, subdivision (a)(4), is a Moderate violation, pursuant to CCR section 8601, subdivision (a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count. The violation is correctable by entering all cannabis inventory in the Metrc system.

14. Failure to label each mature plant with a UID tag.

OTTO Farms failed to label each mature plant with a UID tag, pursuant to CCR section 8403, subdivision (b)(4). During the inspection, Department staff observed a total of 576 pots containing evidence of recently harvested cannabis plants in the greenhouses on the licensed premises. None of the 576 plants had been tagged with UIDs. OTTO Farms' failure to label each mature plant with a UID tag violates CCR section 8403, subdivision (b)(4), is a Moderate violation, pursuant to CCR section 8601, subdivision (a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count, with 576 counts. This violation is not correctable as the mature plants have been harvested.

15. Failure to label all cannabis and non-manufactured cannabis product with a UID tag.

OTTO Farms failed to label all cannabis and non-manufactured cannabis product with a UID tag, pursuant to CCR section 8403, subdivision (d). During the inspection, 113 totes containing cannabis product were counted and none of the totes had UID tags attached. OTTO Farms' failure to label all cannabis and non-manufactured cannabis product with UID tags violates CCR section 8403, subdivision (d), is a Moderate violation, pursuant to CCR section 8601, subdivision (a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count, with 113 counts. This violation is correctable by tagging all cannabis and non-manufactured cannabis product with UID tags.

16. Failure to report in the track-and-trace system information related to the disposition of cannabis and nonmanufactured cannabis products on the licensed premises within three (3) calendar days of the change in disposition.

OTTO Farms failed to report in the track-and-trace system information related to the disposition of cannabis and nonmanufactured cannabis products on the licensed premises within three (3) calendar days of the change in disposition, pursuant to CCR section 8405, subdivision (c)(4)(A). During the inspection, Department staff observed a total of 576 pots containing evidence of recently harvested plants in the greenhouses. None of the 576 plants had been tagged with UIDs or entered in Metrc. The change in disposition of the plants when they were harvested was not reported in the track-and-trace system within three days of harvest and has not been entered into the Metrc

system as of January 28, 2021. OTTO Farms' failure to report the change in disposition of cannabis plants in the track-and-trace system within three (3) calendar days of harvest violates CCR section 8405, subdivision (c)(4)(A), is a Moderate violation pursuant to CCR section 8601, subdivision (a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count, with 576 counts. This violation is not correctable since the three (3) calendar day deadline has already passed.

17. Failure to report in the track-and-trace system information related to the disposition of cannabis and nonmanufactured cannabis products on the licensed premises within three (3) calendar days of the change in disposition.

OTTO Farms failed to report the net weight of cannabis associated with each harvest batch into the track and trace system, pursuant to CCR 8405, subdivision (c)(4)(B). During the inspection, evidence of recently harvested mature plants were observed throughout the canopy area. The net weight of each harvest batch must be entered within 3 days in the Metrc system. Each harvest batch can only contain a single strain. Since drying cannabis plants of an unknown number of strains were observed during the inspection, a minimum of one unique harvest batch would have been required. As of January 28, 2021, no wet weights for each harvest batch have been entered into the track and trace system. OTTO Farms' failure to report the net weight of cannabis for each harvest batch violates CCR section 8405, subdivision (c)(4)(B), is a Moderate violation, pursuant to CCR section 8601, subdivision (a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count. This violation is not correctable since the three (3) calendar day deadline has already passed.

18. Failure to report in the track-and-trace system information related to the disposition of cannabis and nonmanufactured cannabis products on the licensed premises within three (3) calendar days of the change in disposition

OTTO Farms failed to report the weight of cannabis waste associated with each harvest batch into the track and trace system, pursuant to CCR 8405, subdivision (c)(4)(C). During the inspection, evidence of recently harvested mature plants were observed throughout the canopy area. No unharvested plants remained on the licensed premises. Since drying cannabis plants of an unknown number of strains were observed during the inspection, a minimum of one unique harvest batch would have been required, with cannabis waste weights entered for each harvest batch. As of January 28, 2021, no cannabis waste weights have been entered into the track and trace system. OTTO Farms' failure to report the weight of cannabis waste of each harvest batch violates CCR section 8405, subdivision (c)(4)(C), is a Moderate violation, pursuant to CCR section 8601, subdivision (a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count. This violation is not correctable since the three (3) calendar day deadline has already passed.

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19. Failure to report in the track-and-trace system information related to the disposition of cannabis and nonmanufactured cannabis products on the licensed premises within three (3) calendar days of the change in disposition

OTTO Farms failed to report the unique name of the harvest batch and the initiating date of harvest into the track and trace system, pursuant to CCR 8405, subdivision (c)(4)(D). During the inspection, evidence of recently harvested mature plants were observed throughout the canopy area. No unharvested plants remained on the licensed premises. Each harvest batch can only contain a single strain. Since drying cannabis plants of an unknown number of strains were observed during the inspection, a minimum of one unique harvest batch would have been required. As of January 28, 2021, no harvest batch names have been entered into the track and trace system. OTTO Farms' failure to report the unique name of each harvest batch violates CCR section 8405, subdivision (c)(4)(D), is a Moderate violation, pursuant to CCR section 8601, subdivision (a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count. This violation is not correctable since the three (3) calendar day deadline has already passed.

20. Failure to reconcile all on premises and in-transit cannabis or non-manufactured cannabis product inventories at least once every thirty (30) calendar days.

OTTO Farms failed to reconcile all on premises and in-transit cannabis or non-manufactured cannabis product inventory at least once every thirty (30) calendar days, pursuant to CCR section 8506, subdivision (a). During the inspection on November 4, 2020, Department staff observed 113 packages of cannabis as well hanging cannabis plants in the process of drying. After the inspection Department staff checked the track and trace system and found no data entries or logins since credentialing took place. OTTO Farms has been licensed since October 14, 2020 and has not reconciled their inventory as of January 15, 2021, 93 days after the inspection. OTTO Farms failure to reconcile all on premises and in-transit cannabis or non-manufactured cannabis product inventories at least once every thirty (30) calendar days violates CCR section 8506, subdivision (a), is a Moderate violation, pursuant to CCR section 8601, subdivision (a)(2), and warrants an administrative penalty in the amount of \$1,000 per violation count, with 3 counts. This violation is not correctable as thirty (30) calendar days to do this has passed. The licensee can reconcile their inventory going forward to avoid additional violations.

#### **TO APPEAL NOTICE OF VIOLATION FINES**

The Licensee has the right to request an informal hearing to contest the findings of violations and assessment of fines set forth in this Notice of Violation, but no right to appeal the revocation set forth herein. The hearing will be held pursuant CCR sections 8605-8607 and the Administrative Procedure Act (Gov. Code, § 11340 et seq.), Chapter 4.5 (commencing with section 11400).

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Unless a written request for a hearing, signed by or on behalf of the Licensee, is delivered or mailed to the Department within 30 days after the Notice of Violation was personally served on or mailed to the Licensee, the Licensee's right to a hearing will be waived, any penalty amounts proposed are due and payable, and the Department may proceed upon the violations noticed without a hearing.

The request for a hearing may be made by delivering or mailing a written request to:

California Department of Food and Agriculture  
Legal Office of Hearings and Appeals  
1220 N Street, Suite 315  
Sacramento, California 95814

OR

VIA EMAIL: [cdfa.legaloffice@cdfa.ca.gov](mailto:cdfa.legaloffice@cdfa.ca.gov)

The written request must include: (1) the Licensee's name, mailing address and daytime phone number; (2) the license number issued by the Department; (3) a copy of the Notice of Violation; and (4) a clear and concise statement for the basis of the appeal or counts within the Notice of Violation being appealed. If you would like the hearing to be conducted by phone, that request must be made at the time you submit the written request for hearing.

#### **TO MAKE PAYMENT**

Based on the violations above, the proposed penalty is \$1,311,000. Unless the Notice of Violation is being appealed, the penalty must be paid within 30 days after the Notice of Violation was personally served on mailed to the Licensee. To ensure proper credit, indicate on the payment the case number provided at the top of this Notice of Violation. Payment shall be made payable to the California Department of Food and Agriculture by cashier's check and submitted to:

CDFA- CalCannabis  
Attn: Cashier  
P.O. Box 942872  
Sacramento, CA 94271-2872

To pay the penalty by cash, please call (833) 421-2274 or email [CannabisAppts-Eureka@cdfa.ca.gov](mailto:CannabisAppts-Eureka@cdfa.ca.gov) to schedule an appointment to pay in person prior to the expiration of 30 days after the Notice of Violation was personally served on or mailed to the Licensee.

Failure to pay the penalty, unless the Notice of Violation is being appealed, is grounds to disqualify an application for licensure.

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**CONTACT INFORMATION**

If you have any questions regarding this Notice of Violation, please contact Lindsay Rains at (916) 616-6458 or at [Lindsay.Rains@cdfa.ca.gov](mailto:Lindsay.Rains@cdfa.ca.gov).

Dated: March 12, 2021  
Sacramento, California

RICHARD PARROTT  
Director, CalCannabis Cultivation Licensing Division  
California Department of Food and Agriculture

Issued by: \_\_\_\_\_  
Lindsay Rains  
Environmental Program Manager  
CalCannabis Cultivation Licensing Division  
California Department of Food and Agriculture

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**BEFORE THE  
DEPARTMENT OF CANNABIS CONTROL  
STATE OF CALIFORNIA**

In the Matter of the Notices of Violation  
Against:

**OTTO FARMS, LLC**

**Adult-Use Specialty Mixed-Light Tier 1  
Provisional Cannabis Cultivation License  
No. CCL20-0000351**

**Adult-Use Small Mixed-Light Tier 1  
Provisional Cannabis Cultivation License  
No. CCL20-0000395**

Respondent.

Case Nos.

CCL20-0000351-LC20-0 and  
CCL20-0000395-LC20-0

OAH Nos. 2021070217 and 2021070222

**DECISION AND ORDER**

The attached Stipulated Settlement and Order is hereby adopted by the Department of Cannabis Control, as its Decision in this matter.

This Decision shall become effective on \_\_\_\_\_.

It is so ORDERED \_\_\_\_\_.

\_\_\_\_\_  
FOR THE DEPARTMENT OF CANNABIS  
CONTROL









# 21 09 14 Otto Farms - final revised stipulated settlement

Final Audit Report

2021-09-20

Created:	2021-09-18
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Status:	Signed
Transaction ID:	CBJCHBCAABAAmfeLoyCCEC-8Hw9yvbuoQqGzujGudYss

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