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11 SUPERIOR COURT OF THE STATE OF CALIFORNIA
12 COUNTY OF LOS ANGELES

14 **CALIFORNIA DEPARTMENT OF**
15 **PUBLIC HEALTH AND**
16 **BUREAU OF CANNABIS CONTROL,**
17 Plaintiffs,
18 v.
19 **VERTICAL BLISS, INC.,**
20 **KUSHY PUNCH, INC.,**
21 **CONGLOMERATE MARKETING, LLC,**
22 **MORE AGENCY, INC.,**
23 **RUBEN KACHIAN AKA RUBEN CROSS,**
24 **ARUTYUN BARSAMYAN,**
25 **KEVIN HALLORAN,**
MIKE A. TOROYAN,
and DOES 1 through 30, inclusive,
26 Defendants.

Case No.:

COMPLAINT FOR CIVIL PENALTIES

[Bus. & Prof. Code, § 26038]

27 Plaintiffs, the CALIFORNIA DEPARTMENT OF PUBLIC HEALTH –
28 MANUFACTURED CANNABIS SAFETY BRANCH (CDPH) and the BUREAU OF

1 CANNABIS CONTROL (Bureau), complain against defendants VERTICAL BLISS, INC.,
2 KUSHY PUNCH, INC., CONGLOMERATE MARKETING, LLC., MORE AGENCY, INC.,
3 RUBEN KACHIAN AKA RUBEN CROSS, ARUTYUN BARSAMYAN, KEVIN
4 HALLORAN, MIKE A. TOROYAN, and Does 1 through 30 (Defendants), and allege on
5 information and belief the following:

6 INTRODUCTION

7 1. Pursuant to Business and Professions Code section 26038 and other applicable laws
8 and regulations, the CDPH and the Bureau (Plaintiffs) bring this action for civil penalties against
9 Defendants for engaging in commercial cannabis activities without the required licenses.
10 Plaintiffs also seek a court order for the destruction of cannabis and cannabis products associated
11 with Defendants' unlicensed commercial cannabis activity, and all costs for the destruction of
12 cannabis and cannabis products related to Defendants' violations of the law. (Bus. & Prof. Code,
13 § 26038.)

14 2. In 2017, the California Legislature enacted the Medicinal and Adult-Use Cannabis
15 Regulation and Safety Act (MAUCRSA) to establish a comprehensive system to control and
16 regulate the cultivation, distribution, transportation, storage, manufacturing, processing, testing,
17 and sale of medicinal and adult-use cannabis and cannabis products. (Bus. & Prof. Code, § 26000
18 et seq.)

19 3. “‘Cannabis’ means all parts of the plant *Cannabis sativa* Linnaeus, *Cannabis indica*,
20 or *Cannabis ruderalis*, whether growing or not; the seeds thereof; the resin, whether crude or
21 purified, extracted from any part of the plant; and every compound, manufacture, salt, derivative,
22 mixture, or preparation of the plant, its seeds, or resin. ‘Cannabis’ also means the separated resin,
23 whether crude or purified, obtained from cannabis. . . .” (Bus. & Prof. Code, § 26001, subd. (f).)

24 4. “‘Cannabis Products’ means cannabis that has undergone a process whereby the plant
25 material has been transformed into a concentrate, including, but not limited to, concentrated
26 cannabis, or an edible or topical product containing cannabis or concentrated cannabis or other
27 ingredients.” (Bus. and Prof. Code, § 26001, subd. (i); Health & Saf. Code, § 11018.1; Cal. Code
28 Regs., tit. 17, § 40100, subd. (j).)

1 5. Under the MAUCRSA, “[c]ommercial cannabis activity’ includes the cultivation,
2 possession, manufacture, distribution, processing, storing, laboratory testing, packaging, labeling,
3 transportation, delivery, or sale of cannabis and cannabis products.” (Bus. & Prof. Code, § 26001,
4 subd. (k).)

5 6. “‘Manufacture’ means to compound, blend, extract, infuse, or otherwise make or
6 prepare a cannabis product.” (Bus. & Prof. Code, § 26001, subd. (ag).) A “manufacturer” is “a
7 licensee that conducts the production, preparation, propagation, or compounding of cannabis or
8 cannabis products either directly or indirectly by extraction methods, or independently by means
9 of chemical syntheses or by a combination of extraction and chemical synthesis at a fixed location
10 that packages or repackages cannabis or cannabis products or labels or relabels its container.”
11 (Bus. & Prof Code, § 26001, subd. (ah); Cal. Code Regs., tit. 17, § 40100, subsd. (dd) & (ee).)

12 7. “‘Distribution’ means the procurement, sale, and transport of cannabis and cannabis
13 products between licensees.” (Bus. & Prof. Code, § 26001, subd. (r).) “Transport” means the
14 physical movement of cannabis goods from one licensed premises to another licensed premises.”
15 (Cal. Code Regs., tit. 16, § 5000, subd. (x).)

16 8. In order to engage in commercial cannabis activity, a person must hold a state license
17 issued by the appropriate state licensing authority depending on the nature of the commercial
18 cannabis activity. (Bus. & Prof. Code, §§ 26001, subsd. (y) & (aa), 26012.) A “person may apply
19 for and be issued more than one license,” but separate licenses must be obtained “for each
20 location where [a licensee] engages in commercial cannabis activity” and all commercial
21 cannabis activity shall be conducted between licensees. (Bus. & Prof. Code, § 26053.)

22 9. A person engaging in commercial cannabis activity without a license as required by
23 the MAUCRSA shall be subject to civil penalties of up to three times the amount of the license
24 fee for each violation, and the court may order the destruction of cannabis and cannabis products
25 associated with the violation in accordance with Health and Safety Code section 11479. (Bus. &
26 Prof. Code, § 26038.) Each day of operation shall constitute a separate violation. (*Ibid.*) A
27 violator shall be responsible for the cost of the destruction of cannabis and cannabis products
28 associated with the violation. (*Ibid.*) As is set forth below, Defendants engaged in commercial

1 cannabis activities requiring both a manufacturing license and a distribution license at a location
2 that was not associated with any state license. The unlicensed activity occurred over a period
3 exceeding four hundred days, but the precise duration that the unlicensed activity occurred will be
4 determined at trial.

5 10. The CDPH sets manufacturer license fees on a scaled basis dependent on the size of
6 the commercial cannabis business. (Bus. & Prof. Code, § 26180, subd. (c).) The size of the
7 manufacturing business is determined by the gross annual revenue of the particular business, and
8 annual license fees are assessed according to a tiered schedule consisting of Tier I through Tier
9 VII. (Cal Code Regs., tit. 17, § 40150, subds. (b)(1) - (7).) On one end of the spectrum, the
10 annual license fee for a Tier I license is two-thousand dollars (\$2,000) and is assessed to
11 commercial cannabis businesses with a gross annual revenue of up to one-hundred thousand
12 dollars (\$100,000). (Cal Code Regs., tit. 17, § 40150, subd. (b)(1).) On the other end of the
13 spectrum, an annual license fee for a Tier VII license is seventy-five thousand dollars (\$75,000)
14 for commercial cannabis businesses that have annual gross revenue of ten million dollars
15 (\$10,000,000) or more. (Cal Code Regs., tit. 17, § 40150, subd. (b)(7).)

16 11. The Bureau sets license fees on a scaled basis dependent on the size of the
17 commercial cannabis business. (Bus. & Prof. Code, § 26180, subd. (c).) The Bureau has scaled
18 fees that are calculated based upon the gross revenue of the licensee. Annual fees for a distributor
19 license range from an annual fee of one thousand, five hundred dollars (\$1,500) for businesses
20 with gross revenue of equal to or less than one million dollars to an annual fee of two-hundred
21 and forty thousand dollars (\$240,000) for businesses that have a gross annual income of more
22 than seventy million dollars (\$70,000,000). (Cal Code Regs., tit. 16, § 5014, subd. (c).) Annual
23 fees for a distributor engaged in self-transport only range from an annual fee of two hundred
24 dollars (\$200) for businesses with gross revenue of equal to or less than one thousand dollars
25 (\$1,000) to an annual fee of one thousand dollars (\$1,000) for businesses that have a gross annual
26 income of more than three thousand dollars (\$3,000) dollars. (*Id.*)

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PARTIES

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2 12. The CDPH is a state agency created in the state government of California, which has
3 the “authority to create, issue, deny, and suspend or revoke manufacturing licenses. . . .” (Bus. &
4 Prof. Code, § 26012, subd. (a)(3).) The CDPH is a public entity and authorized to bring this
5 action for civil penalties pursuant to Government Code section 945. The CDPH, as a licensing
6 authority under the MAUCRSA, may bring this action for civil penalties pursuant to Business and
7 Professions Code section 26038 against a person for engaging in commercial cannabis activity
8 without a license.

9 13. The Bureau is a state agency created in the state government of California pursuant to
10 Business and Professions Code section 26010. The Bureau has the authority to “create, issue,
11 deny, renew, discipline, suspend, or revoke licenses for . . . transportation, storage unrelated to
12 manufacturing activities, distribution . . . and sale of cannabis and cannabis products within the
13 state.” (Bus. & Prof. Code, § 26012, subd. (a)(1).) The Bureau is a public entity and authorized to
14 bring this action for civil penalties pursuant to Government Code section 945 and Business and
15 Professions Code section 26038 against a person for engaging in commercial cannabis activity
16 without a license.

17 14. On information and belief, defendant VERTICAL BLISS, INC. is a California
18 Corporation and a person as defined by Business and Professions Code section 26001,
19 subdivision (an). On information and belief, defendant VERTICAL BLISS, INC. manufactured
20 and distributed edible cannabis products under the brand “Kushy Punch,” vape cartridges under
21 the brand “Kushy Vape,” and hemp derived cannabidiol (CBD) extract products under the brand
22 “Kushy CBD.” These products were, and continue to be, widely available throughout the State of
23 California and could be purchased online on one of several websites operated by the company
24 (<https://kushypunch.com/> and <https://kushycbd.com/>).

25 15. On information and belief, defendant KUSHY PUNCH, INC. is a California domestic
26 nonprofit mutual benefit corporation and a person as defined by Business and Professions Code
27 section 26001, subdivision (an). Defendant KUSHY PUNCH, INC. was listed as “A Vertical
28

1 Bliss, Inc. Company” on packing slips and invoices found at the below described unlicensed
2 commercial cannabis premises.

3 16. On information and belief, defendant CONGLOMERATE MARKETING, LLC is a
4 limited liability company and a person as defined by Business and Professions Code section
5 26001, subdivision (an). On information and belief CONGLOMERATE MARKETING, LLC
6 was the hiring agent for employees that worked at both the licensed and unlicensed
7 manufacturing facilities operated by defendant VERTICAL BLISS, INC. Additionally, defendant
8 CONGLOMERATE MARKETING, LLC acted as a purchasing agent for CBD isolates that were
9 delivered to the unlicensed manufacturing facility described below. Defendant
10 CONGLOMERATE MARKETING, LLC is also listed as a “vendor” on packing slips used to
11 ship Kushy Punch cannabis and CBD products from the below described unlicensed commercial
12 cannabis facility.

13 17. On information and belief, defendant MORE AGENCY, INC. is a California
14 Corporation and a person as defined by Business and Professions Code section 26001,
15 subdivision (an). Defendant MORE AGENCY, INC. is registered with an address in Los Angeles
16 County. On information and belief, defendant MORE AGENCY INC. was the owner of rights to
17 recipes, formulas, and intellectual property of Kushy Punch brand products. Additionally, upon
18 information and belief, defendant MORE AGENCY INC. was the purchaser and recipient of
19 manufacturing equipment that was delivered to, and used at the unlicensed commercial cannabis
20 facility described below. On information and belief, defendant MORE AGENCY INC. also
21 tracked time worked by employees at the unlicensed premises.

22 18. On information and belief, defendant RUBEN KACHIAN AKA RUBEN CROSS is
23 an individual and a person as defined by Business and Professions Code section 26001,
24 subdivision (an). Defendant RUBEN KACHIAN AKA RUBEN CROSS is listed on the
25 Statement of Information, filed with the Secretary of State, as the Chief Executive Officer of
26 defendant VERTICAL BLISS, INC., a Managing Member of defendant CONGLOMERATE
27 MANAGEMENT LLC, and the Chief Executive Officer, Secretary, Chief Financial Officer, and
28 Sole Director of defendant MORE AGENCY INC. Because defendant RUBEN KACHIAN

1 AKA RUBEN CROSS is the Chief Executive Officer of defendant VERTICAL BLISS, INC., he
2 is an “owner” as that term is defined by Business and Professions Code section 26001,
3 subdivision (al), California Code of Regulations, title 16, section 5003, and California Code of
4 Regulations, title 17, section 40102. Defendant RUBEN KACHIAN AKA RUBEN CROSS is
5 referred to on the Kushy Punch website¹ as the “Founder” and “CEO” of defendant KUSHY
6 PUNCH, INC.

7 19. On information and belief, defendant ARUTYUN BARSAMYAN is an individual
8 and a person as defined by Business and Professions Code section 26001, subdivision (an).
9 Defendant ARUTYUN BARSAMYAN is listed on defendant KUSHY PUNCH, INC.’s
10 Statement of Information, filed with the Secretary of State, as the Chief Executive Officer,
11 Secretary, Chief Financial Officer, and Sole Director of defendant KUSHY PUNCH, INC.
12 Therefore, defendant ARUTYUN BARSAMYAN is an “owner” as defined by Business and
13 Professions Code section 26001, subdivision (al), California Code of Regulations, title 16, section
14 5003, and California Code of Regulations, title 17, section 40102.

15 20. On information and belief, defendant KEVIN HALLORAN is an individual and a
16 person as defined by Business and Professions Code section 26001, subdivision (an). Defendant
17 KEVIN HALLORAN is listed as the Chief Financial Officer of defendant VERTICAL BLISS
18 Inc. in the manufacturer license application materials submitted to the CDPH for defendant
19 VERTICAL BLISS, INC. Therefore, defendant KEVIN HALLORAN is an “owner” as defined
20 by Business and Professions Code section 26001, subdivision (al), California Code of
21 Regulations, title 16, section 5003, and California Code of Regulations, title 17, section 40102.

22 21. On information and belief, defendant MIKE A. TOROYAN is an individual and a
23 person as defined by Business and Professions Code section 26001, subdivision (an). Defendant
24 MIKE A. TOROYAN is identified as the General Manager of defendant VERTICAL BLISS
25 INC., in the application material submitted to the CDPH, and is an “owner” as that term is
26

27 ¹ “About Kushy” *Kushy Punch*, published Dec. 12, 2019, <https://kushypunch.com/about-kushy/> [as of
28 Aug. 12, 2020].

1 defined by Business and Professions Code section 26001, subdivision (al), California Code of
2 Regulations, title 16, section 5003, and California Code of Regulations, title 17, section 40102.

3 22. The true names and capacities, whether individual, corporate, associate, or otherwise,
4 of defendants Does 1 through 30, inclusive, are unknown to the Plaintiffs which therefore sue
5 these Does by such fictitious names. The Plaintiffs will amend this complaint to show defendants
6 true names and capacities when the same have been ascertained. The Plaintiffs are informed and
7 believe, and on that basis allege, that each of these fictitiously named Does 1 through 30,
8 inclusive, are legally responsible for the events, occurrences, and circumstances that form the
9 basis of this lawsuit, and are thereby liable for the penalties, costs, and other relief sought herein.

10 23. On information and belief, at all times herein mentioned, each of the defendants were
11 the agents, servants, employees, or contractors of each of the remaining defendants and were at
12 all times acting within the course and scope of their authority as such agents, servants, employees,
13 or contractors and with the permission and consent of their co-defendants.

14 **JURISDICTION AND VENUE**

15 24. The amount in controversy is in excess of the minimal jurisdictional limits of this
16 Court.

17 25. Venue is appropriate in Los Angeles County because the unlicensed commercial
18 cannabis activity giving rise to the obligations and liability herein alleged against Defendants
19 occurred in Los Angeles County, and because Defendants reside in, own, manage, control, or
20 operate property in, do business within, and/or employ agents within Los Angeles County. (Code
21 Civ. Proc., § 395, subd. (a).)

22 **FACTUAL ALLEGATIONS**

23 26. On March 14, 2018, after receiving a complaint that Defendants VERTICAL BLISS,
24 INC. and RUBEN KACHIAN AKA RUBEN CROSS were engaging in unlicensed commercial
25 cannabis activities at two facilities in the cities of Gardena and Canoga Park, the CDPH sent a
26 certified letter addressed to defendant RUBEN KACHIAN AKA RUBEN CROSS, as Chief
27 Executive Officer of VERTICAL BLISS, INC. In the aforementioned letter, the CDPH
28 demanded that the company cease and desist unlicensed activities and urged the company to

1 apply for licenses to engage in the manufacturing and distribution of commercial cannabis, as
2 each physical location was required to have a separate license and each commercial cannabis
3 activity (i.e., manufacturing and distributing) also required a separate license.

4 27. On December 24, 2018, approximately nine months and ten days after the cease and
5 desist letter was sent, defendant VERTICAL BLISS, INC. received a temporary license from the
6 CDPH (Lic. No. CDPH-T00001659) to operate at 20500 Nordhoff Street, Chatsworth, CA 91311
7 (Licensed Premises). The application for the temporary license identified RUBEN KACHIAN
8 AKA RUBEN CROSS as the Chief Executive Officer, KEVIN HALLORAN as the Chief
9 Financial Officer, and MIKE A. TOROYAN as the General Manager.

10 28. On June 27, 2019, the temporary cannabis manufacturer license previously issued by
11 the CDPH was changed to a provisional license for VERTICAL BLISS INC. (Lic. No. CDPH-
12 10003574) to operate at the Licensed Premises.

13 29. On June 27, 2019, the Bureau issued a distributor license to VERTICAL BLISS, INC.
14 (Lic. No. C11-0000544-LIC). The “owner” was listed as RUBEN KACHIAN, the primary point
15 of contact was listed as KEVIN HALLORAN, and the premises address provided was the one for
16 the Licensed Premises.

17 30. On September 26, 2019, California Department of Consumer Affairs, Division of
18 Investigation, Cannabis Enforcement Unit (CEU) received a complaint that unlicensed
19 distribution and manufacturing activities were occurring at two suspected premises located at
20 8415 and 8427 Canoga Avenue, Canoga Park, CA.

21 31. On October 2, 2019, CEU served a search warrant at both locations. At 8415 Canoga
22 Avenue (Unlicensed Premises), CEU found a commercial cannabis manufacturing kitchen,
23 packaging and labeling materials for Kushy Punch brand products, detailed production records for
24 Kushy Punch branded materials, delivery receipts for raw cannabis materials received at the
25 Unlicensed Premises, employee documents produced for Conglomerate Marketing LLC,
26 employee rosters and time keeping materials for employees who worked at both the Licensed
27 Premises and Unlicensed Premises. CEU Investigators also found cannabis, cannabis products,
28 and manufacturing equipment as follows:

- 1 A. Packaged and retail ready cannabis vape products,
- 2 B. Packaged and retail ready edible cannabis products,
- 3 C. Fifty-eight (58) pounds of cannabis concentrate,² and
- 4 D. MT 125 packaging machine and two NANO machines that are used for depositing
5 and sealing infused edible products before they are packaged and labeled.³

6 32. On information and belief, even as Defendants went through the application process
7 for the Licensed Premises, they were continuously engaged in manufacturing activities as well as
8 storage and transportation of cannabis products to and from the Unlicensed Premises. These
9 commercial cannabis activities required a manufacturer license from the CDPH and a distributor
10 license from the Bureau.

11 33. Based upon records maintained by Defendants, and upon information and belief,
12 cannabis concentrate to be used in manufacturing cannabis products was present at the
13 Unlicensed Premises as early as April 23, 2018. Though Defendants did not keep records of all
14 unlicensed activities, production records maintained by the Defendants show continuous
15 manufacturing between June 7, 2018 and September 19, 2019 at the Unlicensed Premises; storage
16 and transportation activities requiring a distributor license would have been necessary to support
17 the manufacturing activity and also occurred throughout this period. During the search of the
18 Unlicensed Premises, employees were found working in the manufacturing kitchen and
19 concentrated cannabis was discovered which had a batch label indicating cannabis product
20 manufacturing through October 2, 2019.

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24 ² Cannabis concentrate, in this case, is the material used to infuse edible cannabis products.
25 Based upon production records maintained by the Defendants, it is estimated that this quantity of
26 cannabis concentrate could be used to make over 145,000 packages of edibles which have an
27 average retail value of \$19.00 per package.

28 ³ The licensed facility operated by Vertical Bliss Inc. only had one NANO machine. Based upon
production records maintained by Defendants and the operating capacity of the machines located
at the Licensed and Unlicensed Premises, the Unlicensed Premises had double the production
capacity of the Licensed Premises.

1 34. When the CDPH became aware of Defendants’ unlicensed activity and the apparent
2 association with the Kushy Punch brand, the CDPH staff conducted an unannounced inspection
3 of the Licensed Premises on October 15, 2019. During the inspection, the CDPH staff requested
4 manifests or other documentation that would establish that cannabis materials present at the
5 Licensed Premises came from a licensed source. Defendants’ were unable to provide the
6 requested documentation at the time of the inspection, therefore cannabis materials were
7 embargoed. (Bus. & Prof. Code, § 26133.) Rather than providing exculpatory documentation,
8 Defendants provided email correspondence documenting the purchase of cannabis materials used
9 for manufacturing products before defendant VERTICAL BLISS, INC. received a commercial
10 cannabis manufacturer license. In a further attempt to demonstrate that the cannabis materials at
11 the Licensed Premises came from a licensed source, Defendants provided invoices and manifests
12 in an attempt to show a chain of custody for cannabis concentrates. These documents were not
13 exculpatory because they included information regarding cannabis concentrate that had been
14 seized from the Unlicensed Premises. Defendants’ documentation evidenced that large quantities
15 of cannabis concentrate were purportedly received at the Licensed Premises. However,
16 Defendants failed to provide any information to evidence traceability to the quantities of cannabis
17 products at the Licensed Premises.

18 35. Defendants were able to provide documentation that embargoed materials were
19 sourced from a licensed premises for only nine jars of distillate and, consequently, the bulk of the
20 products, including thousands of gummies and other products, were destroyed. Because of the
21 unlicensed activity conducted by Defendants in connection with cannabis products manufactured
22 and distributed by defendant VERTICAL BLISS INC., at the Licensed Premises, the company’s
23 Type 6 Manufacturer License and Type 11 Distributor License were revoked on November 21,
24 2019.

25 36. Records seized at the Unlicensed Premises document the production of approximately
26 3.3 million Kushy Punch brand gummies between October 12, 2018 and September 18, 2019,
27 with an estimated retail value of sixty-four million dollars (\$64,000,000). Additionally,
28 significant quantities of cannabis concentrate, and the raw materials for many additional batches

1 of edibles and vape cartridges were found during the execution of the search warrant. Based upon
2 the most conservative estimate of total output of the Unlicensed Premises, the scale of the
3 operation at the Unlicensed Premises would require a Type N Manufacturer License and a Tier
4 VII license fee of seventy-five thousand dollars (\$75,000) annually. (Cal Code Regs., tit. 17,
5 § 40150 subd. (b)(7).) The scale of unlicensed distributor activity undertaken during the relevant
6 period will have to be established at trial in order to ascertain the annual license fee for a Type 11
7 Distributor, or in the alternative the annual license fee for a Type 13 Distributor. A commercial
8 cannabis distributor license fee can range from two hundred (\$200) to two-hundred and forty
9 thousand (\$240,000), depending on the type of distribution activity conducted. (Cal Code Regs.,
10 tit. 16, § 5014 subd. (c).)

11 37. In addition to the above-described alleged unlicensed manufacturing activity,
12 Defendants manufactured a product called “Kushy Punch T.K.O.” Packaging materials for this
13 edible product were found at the Licensed Premises. Packaging and packaged, retail ready Kushy
14 Punch T.K.O. gummies were found at the Unlicensed Premises. The packaging label lists a
15 tetrahydrocannabinol (THC) content of 20 milligrams per serving and 200 milligrams per
16 package. The production and sale of this product was, and is, entirely illegal and no license was,
17 or is, available for its production because state regulations set a maximum THC content for
18 edibles at 10 milligrams per serving and 100 milligrams per package. (Bus. & Prof. Code,
19 § 26130, subd. (c)(2); Cal. Code Regs., tit. 17, § 40315.⁴) On information and belief, and based
20 upon records seized at the Unlicensed Premises, production of the illegal product Kushy Punch
21 T.K.O. occurred, at least, between October 15, 2018 and September 19, 2019 (339 calendar days).
22 During this same time period, the transportation, storage, and distribution of this unlicensed
23 product was also unauthorized.

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26 ⁴ California Code of Regulations, title 17, section 40315, subdivisions (a)(1) and (a)(2) state:
27 “(a) An edible cannabis product shall not contain more than:
28 (1) 10 milligrams THC per serving; and
(2) 100 milligrams THC per package.”

1 cannabis business that is the size of VERTICAL BLISS INC. will be established at trial, but
2 could be as much as two hundred and forty thousand dollars (\$240,000).⁵ (Bus. & Prof. Code
3 § 26180, subd. (c); Cal. Code Regs., tit. 16, § 5014, subd. (c).)

4 41. Defendants are liable for the cost of the destruction of cannabis and cannabis products
5 associated with Defendants' violations.

6 42. By engaging in unlicensed commercial cannabis activity, Defendants placed
7 unregulated cannabis products into the cannabis market, thereby causing economic harm to
8 California's legal commercial cannabis industry and supporting the unlicensed cannabis market.
9 Defendants' manufacturing, distribution, and sale of illegal cannabis products that were untested
10 and/or do not meet the safety standards under the MAUCRSA and its implementing regulations
11 create grave public health and safety risks to Californians. Moreover, by engaging in unlicensed
12 commercial cannabis activity, Defendants deprived the CDPH and the Bureau of licensing fees
13 and the State of California of tax revenue.

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27 ⁵ Defendants' were paying an annual licensing fee of \$6,000 based on their representation
28 that the Licensed Premises would have gross revenues of between \$1,000,000 and \$2,500,000.

1 **PRAYER FOR RELIEF**

2 WHEREFORE, the California Department of Public Health and the Bureau of Cannabis
3 Control pray for judgment to be taken against Defendants, and each of them, as follows:

- 4 1. For civil penalties in an amount to be proven at trial;
- 5 2. For a court order for the destruction of cannabis and cannabis products associated
6 with Defendants' violations not otherwise destroyed without a court order in accordance with
7 Health and Safety Code section 11479;
- 8 3. For all costs of the destruction of cannabis and cannabis products associated with
9 Defendants' violations;
- 10 4. For all costs as provided in the Code of Civil Procedure section 1032; and,
- 11 5. For such other and further relief as the Court deems just and proper.

12 Dated: September 23, 2020

Respectfully Submitted,

13 XAVIER BECERRA
14 Attorney General of California
15 HARINDER K. KAPUR
16 Senior Assistant Attorney General

17 /S/ ETHAN A. TURNER
18 ETHAN A. TURNER
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22 *and Bureau of Cannabis Control*

23 ***Code of Civil Procedure section 446***
24 ***requires verification of the Answer to***
25 ***this Complaint***