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

In the Matter of the Accusation Against:) CASE NO. DCC23-0005068-COMP
))
) **ORDER ADOPTING STIPULATED**
) **SETTLEMENT AND ORDER AS FINAL**
SIPKOI, LLC.) **DECISION**
KREG McCOY, OWNER)
1612 Santa Fe Avenue S.)
San Jacinto, CA 92583)
Adult-Use and Medicinal-Use Microbusiness)
License No. C12-0000491-LIC)
Respondent.)

Pursuant to Government Code section 11415.60, the Department of Cannabis Control (“Department”) hereby adopts the attached Stipulated Settlement and Order as its Final Decision in this matter. Pursuant to this Final Decision, it is ordered that:

- 1. Respondent’s appeal of Accusation No. DCC23-0005068-COMP and request for administrative hearing is deemed withdrawn and any further appeal is waived.
- 2. Respondent's Cannabis Microbusiness Adult-Use and Medicinal-Use License Number C12-0000491-LIC was suspended for fifteen (15) days from August 1, 2024, to August 15, 2024. The suspension shall be deemed completed on November 8, 2024, the effective date of this order.
- 3. Respondent shall pay an administrative fine in the amount of one-thousand dollars

1 (\$1,000.00). Respondent shall effectuate the \$1,000.00 administrative fine payment
2 sometime after November 8, 2024, but on or before Friday, November 22, 2024.

- 3
- 4 4. In addition to the \$1,000.00 administrative fine, Respondent shall pay to the
5 Department costs associated with its investigation and enforcement pursuant to
6 Business and Professions Code section 26031 and California Code of
7 Regulations, title 4, section 17813, in the amount of two-thousand five-
8 hundred dollars (\$2,500.00). Respondent shall make five payments of \$500.00
9 to the Department until payments totaling two-thousand five-hundred are paid
10 in full. The payments, in the form of cashier's check, money order, personal or
11 business check, shall be remitted by either the Department's cash payment procedures,
12 or through the mail to:

13 By U.S. Postal Service: Department of Cannabis Control
14 Attn: Cashiers
15 P.O. Box 419106
16 Rancho Cordova, CA 95741-9106

17 By FedEx or UPS: Department of Cannabis Control
18 Attn: Cashiers
19 2920 Kilgore Road
20 Rancho Cordova, CA 95670-9106

21 The five payments shall be paid as follows:

- 22 (a) The first payment shall be made sometime after November 8, 2024, but on or
23 before December 10, 2024.
24 (b) The second payment shall be made on or before January 2, 2025.
25 (c) The third payment shall be made on or before February 3, 2025.
26 (d) The fourth payment shall be made on or before March 3, 2025.
27 (e) The fifth payment shall be made on or before April 1, 2025.
28

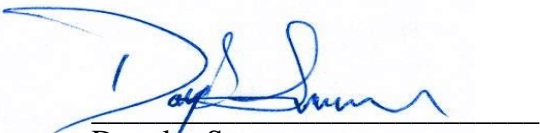
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5. Failure to complete the payments or comply with the above terms of this order shall result in further suspension or non-renewal of Respondent's Cannabis Microbusiness Adult-Use and Medicinal-Use License Number C12-0000491-LIC, as well as denial of any other license sought, as the Department deems appropriate.

6. Failure to complete the payments or comply with the terms of this Order shall also result in Respondent's immediate obligation and responsibility to pay to the full amount of the Department's costs of investigation and enforcement pursuant to Business and Professions Code section 26031 and California Code of Regulations, title 4, section 17813, in the amount of four- thousand six-hundred sixty-two dollars and seventy-five cents (\$4,662.75), less any partial payments received prior to the failure to complete payments or comply with the terms of this Order and will result in enforcement of the Order in the Superior Court.

This Order shall become effective on November 8, 2024.

IT IS SO ORDERED, October 9, 2024.



Douglas Smurr
Assistant General Counsel
FOR THE DEPARTMENT OF
CANNABIS CONTROL

1 ROBBONTA
 Attorney General of California
 2 HARJINDER K. KAPUR
 Senior Assistant Attorney General
 3 GREGORY M. CRIBBS
 Deputy Attorney General
 4 State Bar No. 175642
 300 S. Spring Street, Suite 1702
 5 Los Angeles, CA 90013
 Telephone: (213) 269-6259
 6 Facsimile: (916) 731-2125
Attorneys for Complainant

7
 8 **BEFORE THE**
DEPARTMENT OF CANNABIS CONTROL
 9 **STATE OF CALIFORNIA**

10
 11
 12 In the Matter of the Accusation Against:
 13 **SIPKOI, LLC;**
Kreg McCoy, Owner
 14 **1612 Santa Fe Avenue S**
San Jacinto, CA 92583
 15 **Adult-Use and Medicinal-Use Microbusiness**
 16 **License No. C12-0000491-LIC**
 17 Respondent.

Case No. DCC23-0005068-COMP
STIPULATED SETTLEMENT AND ORDER

18
 19 IT IS HEREBY STIPULATED AND AGREED by and between the parties to the above-
 20 entitled proceedings that the following matters are true:

21 **PARTIES**

22 Jeff Merriman (Complainant) was the Deputy Director of the Compliance Division of
 23 the Department of Cannabis Control (Department). He brought the above-referenced action solely
 24 in his official capacity but has since left the Department. Evelyn Schaeffer is now the Deputy
 25 Director of the Compliance Division of the Department and now the Complainant in this matter,
 26 and is represented in this matter by Rob Bonta, Attorney General of the State of California, by
 27 Gregory M. Cribbs, Deputy Attorney General.
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CULPABILITY

9. Respondent admits the truth of each and every charge and allegation in Accusation No. DCC23-0005068-COMP.

10. Respondent agrees that its Cannabis - Microbusiness License is subject to discipline and agrees to be bound by the Department's imposition of discipline as set forth in the Order below.

CONTINGENCY

11. This stipulation shall be subject to approval by the Department . Respondent understands and agrees that counsel for Complainant and the staff of the Department may communicate directly with the Department regarding this stipulation and settlement, without notice to or participation by Respondent or its counsel. By signing the stipulation, Respondent understands and agrees that they may not withdraw its agreement or seek to rescind the stipulation prior to the time the Department considers and acts upon it. If the Department fails to adopt this stipulation as its Decision and Order, the Stipulated Settlement and Order shall be of no force or effect, except for this paragraph, it shall be inadmissible in any legal action between the parties, and the Department shall not be disqualified from further action by having considered this matter.

12. The parties understand and agree that Portable Document Format (PDF) and facsimile copies of this Stipulated Settlement and Order, including PDF and facsimile signatures thereto, shall have the same force and effect as the originals.

13. In consideration of the foregoing admissions and stipulations, the parties agree that the Department may, without further notice or formal proceeding, issue and enter the following Order:

ORDER

1. Respondent's appeal of Accusation No. DCC23-0005068-COMP and request for administrative hearing is deemed withdrawn and any further appeal is waived.

2. Respondent's Cannabis Microbusiness Adult-Use and Medicinal-Use License

1 Number C12-0000491-LIC shall be suspended for fifteen (15) days from August 1, 2024 to
2 August 15, 2024. Upon the effective date of the Decision and Order, the suspension shall be
3 deemed completed.

4 3. Respondent shall pay an administrative fine in the amount of one-thousand dollars
5 (\$1,000.00) within fifteen (15) days of the effective date of the Decision and Order.

6 4. Respondent shall pay to the Department costs associated with its investigation and
7 enforcement pursuant to Business and Professions Code section 26031 and California Code of
8 Regulations, title 4, section 17813, in the amount of two-thousand five-hundred dollars
9 (\$2,500.00). Respondent shall make a payment of \$500.00 to the Department of Cannabis
10 Control within thirty (30) days of the effective date of the Decision and Order. On the first day of
11 each month thereafter, Respondent shall make a payment of \$500.00 to the Department of
12 Cannabis Control for four (4) consecutive months, until payments totaling two-thousand five-
13 hundred dollars (\$2,500.00) are paid in full. The above referenced payments, in the form of
14 cashier's check, money order, personal or business check, shall be remitted by either of the
15 following methods: (1) the Department of Cannabis Control's cash payment procedures; or , (2)
16 mailed to:

17 By U.S. Postal Service:

18 Department of Cannabis Control
19 Attn: Cashiers
20 P.O. Box 419106
21 Rancho Cordova, CA 95741-9106

22 By FedEx or UPS:

23 Department of Cannabis Control
24 Attn: Cashiers
25 2920 Kilgore Road
26 Rancho Cordova, CA 95670-9106

27 5. Failure to complete the payments, or comply with the above terms of this order,
28 shall result in further suspension or non-renewal of Respondent's Cannabis Microbusiness Adult-
Use and Medicinal-Use License Number C12-0000491-LIC, as well as denial of any other license
sought, as the Department deems appropriate.

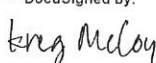
6. Failure to complete the payments or comply with the terms of this Order shall also
result in Respondent's immediate obligation and responsibility to pay to the full amount of the

1 Department's costs of investigation and enforcement pursuant to Business and Professions Code
2 section 26031 and California Code of Regulations, title 4, section 17813, in the amount of four-
3 thousand six-hundred sixty-two dollars and seventy-five cents (\$4,662.75), less any partial
4 payments received prior to the failure to complete payments or comply with the terms of this
5 Order and will result in enforcement of the Order in the Superior Court.

6 **ACCEPTANCE**

7 I have carefully read the above Stipulated Settlement and Order. I understand the
8 stipulation and the effect it will have on my Adult-Use and Medicinal-Use Microbusiness License
9 Number C12-0000491-LIC. I enter into this Stipulated Settlement and Order voluntarily,
10 knowingly, and intelligently, and agree to be bound by the Decision and Order of the Department
11 of Cannabis Control.

12
13 DATED: 10/7/2024

DocuSigned by:

9AE66C729EED491

14 SIPKOI, LLC; Kreg McCoy, OWNER
15 *Respondent*

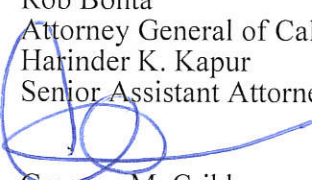
16 **ENDORSEMENT**

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

19
20 DATED: 10/7/24

Respectfully submitted,

21 Rob Bonta
22 Attorney General of California
23 Harinder K. Kapur
24 Senior Assistant Attorney General


25 Gregory M. Cribbs
26 Deputy Attorney General
27 *Attorneys for Complainant*
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Exhibit A
Accusation No. DCC23-0005068-COMP

1 ROB BONTA
Attorney General of California
2 JOSHUA B. EISENBERG
Supervising Deputy Attorney General
3 GREGORY M. CRIBBS
Deputy Attorney General
4 State Bar No. 175642
300 South Spring Street, Suite 1702
5 Los Angeles, CA 90013
Telephone: (213) 269-6259
6 Email: Gregory.Cribbs@doj.ca.gov
Attorneys for Complainant
7

8 **BEFORE THE**
9 **DEPARTMENT OF CANNABIS CONTROL**
10 **OF THE STATE OF CALIFORNIA**

11 In the Matter of the Accusation Against:

Case No. DCC23-0005068-COMP
OAH Case No.

12 **SIPKOI, LLC.**
13 **Kreg McCoy, Owner**
14 **1612 Santa Fe Avenue S.**
San Jacinto, CA 92583

ACCUSATION

15 **License Number C12-0000491-LIC**

16 Respondent.

17
18 **PARTIES**

19 1. Jeff Merriman (Complainant) brings this Accusation solely in his official capacity as
20 the Deputy Director of the Compliance Division of the Department of Cannabis Control
21 (Department).

22 2. On or about October 21, 2022, the Department issued Adult-Use and Medicinal-Use
23 Microbusiness License Number C12-0000491-LIC to Sipkoi, LLC (Respondent) with Kreg
24 McCoy as Owner. On or about October 21, 2023, the Adult-Use and Medicinal-Use
25 Microbusiness License Number C12-0000491-LIC was renewed. The Adult-Use and Medicinal-
26 Use Microbusiness License was in full force and effect at all times relevant to the charges brought
27 herein and will expire on October 21, 2024, unless renewed.

28 ///

1 JURISDICTION

2 3. This Accusation is brought before the Director (Director) for the Department, under
3 the authority of the following laws. All section references are to the Business and Professions
4 Code (Code) unless otherwise indicated.

5 4. Section 26010 of the Code states:

6 There is in the Business, Consumer Services, and Housing Agency, the
7 Department of Cannabis Control under the supervision and control of a director. The
8 director shall administer and enforce the provisions of this division related to the
department.

9 5. Section 26010.5, subdivision (d), of the Code states:

10 The department has the power, duty, purpose, responsibility, and jurisdiction to
11 regulate commercial cannabis activity as provided in this division.

12 6. Section 26012, subdivision (a), of the Code states:

13 It being a matter of statewide concern, except as otherwise authorized in this
14 division, the department shall have the sole authority to create, issue, deny, renew,
discipline, condition, suspend, or revoke licenses for commercial cannabis activity.

15 7. Section 26013, subdivision (a), of the Code state:

16 The department shall make and prescribe reasonable rules and regulations as
17 may be necessary to implement, administer, and enforce its duties under this division
18 in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of
Division 3 of Title 2 of the Government Code. . . .

19 8. Section 26031 of the Code states, in part:

20 (a) The department may suspend, revoke, place on probation with terms and
21 conditions, or otherwise discipline licenses issued by the department and fine a
licensee, after proper notice and hearing to the licensee, except as provided in Section
22 26031.01, if the licensee is found to have committed any of the acts or omissions
constituting grounds for disciplinary action. The disciplinary proceedings under this
23 chapter shall be conducted in accordance with Chapter 5 (commencing with Section
11500) of Part 1 of Division 3 of Title 2 of the Government Code, and the director
24 shall have all the powers granted therein.

25 ...

26 (c) The department may take disciplinary action against a licensee for any
27 violation of this division when the violation was committed by the licensee's officers,
directors, owners, agents, or employees while acting on behalf of the licensee or
engaged in commercial cannabis activity....

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9. Section 26034 of the Code states:

All accusations against licensees shall be filed by the department within five years after the performance of the act or omission alleged as the ground for disciplinary action; provided, however, that the foregoing provision shall not constitute a defense to an accusation alleging fraud or misrepresentation as a ground for disciplinary action. The cause for disciplinary action in that case shall not be deemed to have accrued until discovery, by the department, of the facts constituting the fraud or misrepresentation, and, in that case, the accusation shall be filed within five years after that discovery.

STATUTORY PROVISIONS

10. Section 26030 of the Code states:

Grounds for disciplinary action include, but are not limited to, all of the following:

(a) Failure to comply with the provisions of this division or any rule or regulation adopted pursuant to this division.

...

(c) Any other grounds contained in regulations adopted by a licensing authority pursuant to this division.

(d) Failure to comply with any state law including, but not limited to, the payment of taxes as required under the Revenue and Taxation Code, except as provided for in this division or other California law....

REGULATORY PROVISIONS

11. Title 4 of the California Code of Regulations, section 15000.5 states:

In construing and enforcing the provisions of the Act and the regulations in this division, the act, omission, or failure of an agent, officer, representative, or other person acting for or employed by a licensee, within the scope of their employment or office, shall in every case be deemed the act, omission, or failure of the licensee.

12. Title 4 of the California Code of Regulations, section 15048, states, in pertinent part:

(a) Each applicant or licensee shall identify an owner of the commercial cannabis business as the track and trace system account manager. A licensee may change the account manager by submitting a written request to the Department.

(b) No later than 10 calendar days after license issuance, the designated account manager shall:

...

(3) Complete the credentialing process to establish a login....

1 13. Title 4 of the California Code of Regulations, section 17801 states:

2 (a) The Department may issue a Notice to Comply to a licensee for violation(s)
3 of the Act or this division discovered during an investigation or audit or observed
4 during an inspection.

5 (b) The Notice to Comply shall be in writing and describe the nature and facts of
6 each violation, including a reference to the statute or regulation violated, and may
7 indicate the manner in which the licensee must correct the violation(s) to achieve
8 compliance.

9 (c) The Department may serve the Notice to Comply personally, by email, or by
10 mail to the licensee or an employee, agent, or person delegated by the licensee to
11 accept notice.

12 (d) The licensee shall sign and return the Notice to Comply and describe how
13 compliance was achieved within 30 calendar days after the date of personal service
14 or the date of emailing or mailing of the notice or a different date specified by the
15 Department. The Department may also require the licensee to provide a plan for
16 review and approval by the Department on a case-by-case basis.

17 (e) Failure to correct the violation(s) in the Notice to Comply may result in
18 disciplinary action.

19 14. Title 4 of the California Code of Regulations, section 17809 states:

20 (a) When an accusation recommending disciplinary action against a licensee
21 has been filed pursuant to Business and Professions Code section 26031, the
22 accusation shall be served on the licensee in accordance with Government Code
23 section 11505.

24 (b) A hearing shall be conducted in accordance with the provisions of chapter 5
25 (commencing with section 11500) of part 1 of division 3 of title 2 of the Government
26 Code to determine if cause exists to take action against the licensee. At the hearing,
27 the Department shall have all of the powers granted by the statutes cited above and by
28 the Business and Professions Code.

(c) If a hearing on an accusation against a licensee results in a finding that the
licensee has committed any of the acts or omissions constituting grounds for
disciplinary action, the Department may order the license revoked, suspended outright
for a specified period of time, or suspended on probationary restriction for a specified
period of time, including terms and conditions of probation the Department considers
appropriate on the basis of its findings, impose a fine, or any combination thereof.
The Department may also issue other lawful orders it considers appropriate on the
basis of its findings.

COST RECOVERY

15. Section 26031.1 of the Code states that:

(a) Except as otherwise provided by law, in an order issued in resolution of a
disciplinary proceeding before the department, the administrative law judge, upon
request, may direct a licensee found to have committed a violation to pay a sum not to
exceed the reasonable costs of the investigation and enforcement of the case.

1 (b) A certified copy of the actual costs, or a good faith estimate of costs where
2 actual costs are not available, signed by the department or its designated
3 representative shall be prima facie evidence of reasonable costs of investigation and
4 prosecution of the case. The costs shall include the amount of investigative and
enforcement costs up to the date of the hearing, including, but not limited to, charges
imposed by the Attorney General.

5 (c) The administrative law judge shall make a proposed finding of the amount
6 of reasonable costs of investigation and prosecution of the case when requested
7 pursuant to subdivision (a). The finding of the administrative law judge with regard to
8 costs shall not be reviewable by the department to increase the cost award. The
department may reduce or eliminate the cost award, or remand to the administrative
law judge if the proposed decision fails to make a finding on costs requested pursuant
to subdivision (a).

9 (d) If an order for recovery of costs is made and timely payment is not made as
10 directed in the department's decision, the department may enforce the order for
repayment in any appropriate court. This right of enforcement shall be in addition to
any other rights the department may have as to any licensee to pay costs.

11 (e) In any action for recovery of costs, proof of the department's decision shall
12 be conclusive proof of the validity of the order of payment and the terms for payment.

13 (f)(1) Except as provided in paragraph (2), the department shall not renew or
14 reinstate the license of any licensee who has failed to pay all of the costs ordered
under this section.

15 (2) Notwithstanding paragraph (1), the department may, in its discretion,
16 conditionally renew or reinstate for a maximum of one year the license of any
17 licensee who demonstrates financial hardship and who enters into a formal agreement
with the department to reimburse the department within that one-year period for the
unpaid costs.

18 (g) All costs recovered under this section shall be considered a reimbursement
19 for costs incurred and shall be deposited into the Cannabis Control Fund to be
available upon appropriation by the Legislature.

20 (h) Nothing in this section shall preclude the department from including the
21 recovery of the costs of investigation and enforcement of a case in any stipulated
settlement.


22 FACTUAL ALLEGATIONS

23 16. On or about October 21, 2022, the Department issued Adult-Use and Medicinal-Use
24 Microbusiness License Number C12-0000491-LIC to Sipkoi, LLC (Respondent) with Kreg
25 McCoy as Owner. Respondent was required to identify and designate an owner of its commercial
26 cannabis business as the track and trace system account manager. The designated account
27 manager was required to complete the credentialing process to establish a login within ten (10)
28 calendar days of the license issue date, or by October 31, 2022.

- 1 1. Revoking or suspending the Adult-Use and Medicinal-Use Microbusiness License
2 Number C12-0000491-LIC to Sipkoi, LLC (Respondent) with Kreg McCoy as Owner;
3 2. Ordering Respondent Sipkoi, LLC (Respondent) with Kreg McCoy as Owner, to pay
4 the reasonable costs of the investigation and enforcement of this case, pursuant to Business and
5 Professions Code section 26031.1; and
6 3. Taking such other and further action as deemed necessary and proper.

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DATED: October 17, 2023



JEFF MERRIMAN
Deputy Director, Compliance Division
Department of Cannabis Control
State of California
Complainant

PROOF OF SERVICE

Case Name: In the Matter of the Accusation Against: Sipkoi, LLC.
DCC Case No. DCC23-0005068-COMP
License Number: C12-0000491-LIC

I am a resident of the State of California, over the age of eighteen years, and not a party to the within action. My business address is Department of Cannabis Control, 2750 Gateway Oaks Dr., Sacramento, CA 95833. On October 9, 2024, I served, or oversaw the serving of the within documents:

ORDER ADOPTING STIPULATED SETTLEMENT AND ORDER AS FINAL DECISION

- VIA ELECTRONIC TRANSMISSION. Pursuant to CCP § 1010.6, I caused the document(s) to be sent to the person(s) at the Email address(es) listed below. I did not receive, within a reasonable time after the transmission, any electronic message or other indication that the transmission was unsuccessful.
- VIA CERTIFIED MAIL by placing the envelope for collection and mailing following our ordinary business practices for collecting and transmitting mail through the United States Postal Service to the Respondent and Respondent's attorney, if any, listed below.
- Service via certified mail to be completed upon the following business day.

Kreg McCoy
Owner and *in pro per*
1612 Santa Fe Ave S
San Jacinto, CA 92583
Kreg@sipkoi.com

Harinder Kapur
Assistant Attorney General
Cannabis Control Section
Office of Attorney General
Harinder.Kapur@doj.ca.gov

I am familiar with the Department's business practices for collecting and transmitting mail through the United States Postal Service. In accordance with those practices, correspondence placed in the Department's internal mail collection system is, in the ordinary course of business, deposited in the United States Postal Service, with postage paid, on the same day I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after the date of deposit for mailing in affidavit.

I declare under penalty of perjury under the laws of the State of California, and the United States of America, that the above is true and correct.

Executed on October 9, 2024, at Sacramento, California.



Lillian Quynn