



October 15, 2024

NOTICE OF PROVISIONAL LICENSE REVOCATION

Jimmy Shin and David Shin
Kinder Understanding Sensitive Healing Collective
11821 Monroe St.
Cerritos, CA 90703

Via electronic mail: dshin@icloud.com; dshin@shinlegalgroup.com

Re: **Notice of Result of Provisional License Review for License CDPH-10003907**
Premises Address: 16770 Stagg St. Van Nuys, CA 91406

Dear Jimmy Shin and David Shin:

This letter is to inform you that, effective October 15, 2024, the Department of Cannabis Control (Department) is revoking provisional license number CDPH-10003907 issued to Kinder Understanding Sensitive Healing Collective, for the above-referenced premises. The Department has evidence that Kinder Understanding Sensitive Healing Collective has failed to comply with the requirements applicable to its commercial cannabis license and has engaged in activity that poses harm to public health, safety, or welfare.

Specifically, the Department has discovered evidence of the following violations:

1. **Business & Professions Code section 26039.5, subdivisions (a)(2), (a)(4) and (b)**

Cannabis or a cannabis product is misbranded if it consists of cannabis or cannabis product that was cultivated, processed, manufactured, packed, or held in a location not duly licensed as provided in this division, or its labeling or packaging does not conform to the requirements of Section 26120 or any other labeling or packaging requirement established pursuant to this division. It is unlawful to cultivate, process, manufacture, sell, deliver, hold, or offer for sale cannabis or a cannabis product that is misbranded.

On August 30, 2024, Department staff conducted an on-site inspection of the licensee's manufacturing premises. During the inspection, staff observed 121.72 pounds of fresh, frozen cannabis. The cannabis was observed without an affixed Unique Identifier (UID) package tag and had no labeling identifying a UID number as required (4 Cal. Code Reg. §§ 15048.5, 17398(c)(2)). The cannabis was not labeled with required UID numbers and was not located in the Track and Trace system and is untraceable to a licensed source.

2. Business and Professions Code section 26039.6

Cannabis or a cannabis product is adulterated if it is any of the following: It bears or contains a substance that is restricted or limited under this division or regulations promulgated pursuant to this division and the level of substance in the product exceeds the limits specified pursuant to this division or in regulation. It is unlawful to cultivate, manufacture, distribute, sell, deliver, hold, or offer for sale cannabis or a cannabis product that is adulterated.

On July 17, 2024, the Department issued a mandatory recall order for vape cartridges manufactured and distributed by Kinder due to contamination with the pesticide chlorfenapyr at levels exceeding the action level for the residual pesticide established by the Department in regulation. Kinder unlawfully manufactured and distributed the following adulterated cannabis products:

- "Backpackboyz Premium Vape Integrated Vaporizer" "Black Cherry Gelato" from METRC Batch No. 1A40603000172B5000000607.
- "Circles Cannabis Oil Vaporizer Vape Cartridge" Gelatti from METRC Batch No. 14A40603000172B5000000882.
- "Circles Cannabis Oil Vaporizer Vape Cartridge" Pink Runtz from METRC Batch No. 14A40603000172B5000000979.

On September 6, 2024, the Department issued a mandatory recall order for vape cartridges manufactured and distributed by Kinder due to contamination with the pesticide chlorfenapyr at levels exceeding the action level for the residual pesticide established by the Department in regulation. Kinder unlawfully manufactured and distributed the following adulterated cannabis products:

- "Circles Cannabis Oil Vaporizer Vape Cartridge" Mango Kush from METRC Batch No. 1A40603000172B5000000977.

- “Circles Cannabis Oil Vaporizer Vape Cartridge” Forbidden Fruit from METRC Batch No. 1A40603000172B5000000976.
- “Circles Cannabis Oil Vaporizer Vape Cartridge” Pink Runtz from METRC Batch No. 1A40603000172B5000000881.
- “Cloud Cannabis Oil Vaporizer Vape Cartridge” Gelato from METRC Batch No. 1A40603000172B5000000780.
- “Cloud Cannabis Oil Vaporizer Vape Cartridge” Super Lemon Haze from METRC Batch No. 1A40603000172B0000000975.

3. Business and Professions Code section 26053, subdivision (a); California Code of Regulations, title 4, section 15000.1, subdivision (b) and (e).

All commercial cannabis activity shall be conducted between licensees. Licenses shall not be transferrable or assignable to another person or premises.

On August 30, 2024, Department staff conducted an on-site inspection of the licensee’s manufacturing premises. Owner David Shin (Shin) stated he had sublet a portion of the manufacturing premises to “Alex Liu” with “Supherb.” On September 26, 2024, Shin provided a written statement to the Department as part of a Department-issued Records Request. Shin stated Kinder entered into an arrangement with Supherb around June 2024. Shin stated the arrangement entailed Supherb would bring additional distribution business to Kinder and in return Kinder would manufacture Supherb’s products. Supherb is not a licensed cannabis business.

On September 17, 2024, Shin provided a Certificate of Analysis for Kinder’s product which had been taken to the Food & Environment Safety Analytical Lab as part of Kinder’s response to cannabis products placed under embargo during the on-site inspection on August 30, 2024. The Food & Environment Safety Analytical Lab is not a licensed cannabis laboratory.

4. California Code of Regulations, title 4, section 15000.4

Except as allowed pursuant to article 2 of chapter 8, a licensee shall not sublet or allow another person to conduct operations in any area designated as the licensed premises for the licensee’s commercial cannabis activity.

On August 30, 2024, during an on-site inspection of the manufacturing premises, Shin stated to Department staff he sublet portions of the manufacturing area of the premises to “Alex Liu” with “Supherb”, but “Supherb” had moved out the previous week. On September 26, 2024, Shin provided a written statement to the Department as part of a Department-issued Records Request. Shin stated Kinder entered into an arrangement with Supherb around June 2024. Shin stated the arrangement entailed Supherb would bring additional distribution business to Kinder and in return Kinder would manufacture Supherb’s products. Shin stated Kinder entered into an arrangement with Supherb around June 2024. Shin stated the arrangement entailed Supherb would bring additional distribution business to Kinder and in return Kinder would manufacture Supherb’s products. Shin stated Supherb brought in additional employees, office furniture, promotional items, and discussed business partnership. “Alex Liu” is not a cannabis business license holder. “Supherb” is not a licensed cannabis business. Kinder sublet its premises to an unlicensed cannabis operator and allowed Liu and Supherb to conduct operations on its premises.

5. Business and Professions Code section 26160; California Code of Regulations, title 4, section 15037, subdivisions (a), (a)(2), (a)(4), (a)(6), and (b)

Licensees must keep and maintain records in connection with the licensed commercial cannabis business. Records must be kept for at least seven years from the date of creation, unless a shorter time is specified. Records include, but are not limited to: Contracts regarding commercial cannabis activity, all other documents prepared or executed by an owner or their employees or assignees in connection with the licensed commercial cannabis business. Licensees are required to keep records in a manner that allows the records to be produced for the Department in either hard-copy or electronic form.

On August 30, 2024, Department Staff conducted an on-site inspection of the licensee’s manufacturing premises. During the inspection the licensee was unable to provide any personnel records for any manufacturing staff members. The licensee was unable to provide a contract or written agreement with “Alex Liu” and/or “Supherb.” On September 26, 2024, Shin provided a written statement to the Department as part of a Department-issued Records Request. Shin stated “Alex Liu” with Supherb refused to sign any business paperwork. Shin stated Supherb had taken employee personnel files and refused to return them. Shin allowed an unlicensed cannabis operator to possess and retain employee personnel files. Licensee was unable to produce records to the Department upon request in either hard-copy or electronic form.

6. California Code of Regulations, title 4, section 15044

Licensees are required to maintain video surveillance systems as follows:

- (a) Each licensed premises shall have a digital video surveillance system with a minimum camera resolution of 1280 × 720 pixels on the licensed premises. This requirement does not apply to a licensed premises authorized exclusively for cultivation activities or the cultivation area of a licensed microbusiness premises.
- (b) The video surveillance system shall at all times be able to effectively and clearly record images of the area under surveillance.
- (c) Each camera shall be permanently mounted and in a fixed location. Each camera shall be placed in a location that allows the camera to clearly record activity occurring within 20 feet of all points of entry and exit on the licensed premises and allows for the clear and certain identification of any person and activities in all areas required to be filmed under subsection (d).
- (d) Areas that shall be recorded on the video surveillance system include the following:
 - (1) Areas where cannabis or cannabis products are weighed, packed, stored, loaded, and unloaded for transportation, prepared, or moved within the licensed premises;
 - (2) Limited-access areas;
 - (3) Security rooms;
 - (4) Areas storing a surveillance-system storage device with at least one camera recording the access points to the secured surveillance recording area; and
 - (5) Entrances and exits to the licensed premises, which shall be recorded from both indoor and outdoor vantage points.
- (f) Cameras shall record continuously 24 hours per day and at a minimum of 15 frames per second (FPS).
- (g) The physical media or storage device on which surveillance recordings are stored shall be secured in a manner to protect the recording from tampering or theft.
- (h) Surveillance recordings shall be kept for a minimum of 90 calendar days.
- (i) Surveillance recordings are subject to inspection by the Department and shall be kept in a manner that allows the Department to view and obtain copies of the recordings at the licensed premises immediately upon request. The licensee shall also send or otherwise provide copies of the recordings to the Department upon request within the time specified by the Department.
- (j) Recorded images shall clearly and accurately display the time and date. Time is to be measured in accordance with the standards issued by the United States National Institute of Standards and Technology. The displayed date and time shall not cover the view of recorded images in a manner that prevents the ready identification of any person or activity in the captured image.

(k) The video surveillance system shall be equipped with a failure notification system that provides notification to the licensee of any interruption or failure of the video surveillance system or video surveillance-system storage device.

On August 28, 2024, Department staff attempted to inspect the licensee’s manufacturing premises. The licensee denied the Department access to the manufacturing premises and was unable to provide access to video surveillance of the manufacturing premises upon the Department’s request. On August 30, 2024, during an on-site inspection of the manufacturing premises, the licensee was again unable to provide surveillance camera footage to Department staff. The licensee was unable to provide a live video feed or any video retention for the previous 90 days of any camera in the manufacturing area. On September 26, 2024, Shin provided a written statement to the Department as part of a Department-issued Records Request. Shin stated he was unable to produce any video footage of the manufacturing areas.

7. California Code of Regulations, title 4, section 15047.2, subdivision (c)

A licensee is responsible for the accuracy and completeness of all data and information entered into the track and trace system. The licensee is responsible for all actions taken by the designated account manager or other account users while performing track and trace activities.

On August 30, 2024, during an on-site inspection of the licensee’s manufacturing premises, Department staff observed that none of the licensee’s product inventory in the Track and Trace System was present on the premises.

8. California Code of Regulations, title 4, section 15048.5, subdivision (c)

For all cannabis and cannabis products held in a container, the package tag shall be affixed to the container holding the cannabis or cannabis products. If cannabis or cannabis products are held in multiple containers, the package tag shall be affixed to one of the containers and the other containers shall be labeled with the applicable UID number. Each unit within the container shall be labeled with the applicable UID number. All containers with the same UID number shall be placed contiguous to one another to facilitate identification by the Department.

On August 30, 2024, Department staff conducted an on-site inspection of the licensee's manufacturing premises. During the inspection, staff observed 121.72 pounds of fresh, frozen cannabis. The cannabis was observed without an affixed Unique Identifier (UID) package tag and had no labeling identifying a UID number.

9. California Code of Regulations, title 4, section 15049.2; Business and Professions Code section 26070, subdivision (e) and (i);

A licensee shall prepare a shipping manifest through the track and trace system prior to transferring cannabis and cannabis products off of a licensed premises. Transporting, or arranging for or facilitating the transport of, cannabis or cannabis products in violation of requirements is grounds for disciplinary action.

On August 30, 2024, Department Staff conducted an on-site inspection of the licensee's manufacturing premises. During the inspection none of the product in the licensee's track- and-trace account was found on the premises. On September 3, 2024, the licensee told Department staff that some of the product had been taken to Kolor Koncepts (C11-0000876-LIC) without preparing a shipping manifest through the track-and-trace system prior to transferring the cannabis product off a licensed premises. Kolor Koncepts asked the licensee to create a manifest and backdate it.

10. California Code of Regulations, title 4, section 17126, subdivision (a)

No licensed manufacturer shall operate as a shared-use facility without prior approval by the Department.

On August 30, 2024, Department staff conducted an on-site inspection of the licensee's manufacturing premises. Shin stated he had sublet a portion of the manufacturing premises to "Alex Liu" with "Supherb." The licensee did not receive prior approval from the Department to operate as a shared-use facility.

11. California Code of Regulations, title 4, section 17216

A licensed manufacturer shall prepare a written batch production record every time a batch of a cannabis product is manufactured or a batch of cannabis or cannabis product is remediated. The batch production record shall accurately follow the appropriate master manufacturing protocol, and

each step of the protocol shall be performed in the production of the batch. The batch production record shall document all required information about each batch at the time the batch is produced.

On August 30, 2024, Department staff conducted an on-site inspection of the licensee's manufacturing premises. During the inspection the licensee was unable to provide any valid batch production records in compliance with Department requirements. On September 19, 2024, The Department sent Shin a Records Request. Among the requested records was batch production records for seventy-one (71) products manufactured by Kinder. On September 26, 2024, Shin provided the Department with documents regarding two (2) of the seventy-one (71) products the Department requested batch production records for, however none of the documentation contained compliant batch production records. On September 27, 2024, Shin provided the Department with documentation regarding the remaining products the Department requested batch production records for, however none of the documentation contained compliant batch production records.

12. California Code of Regulations, title 4, section 17218, subdivisions (e)

The licensed manufacturer shall maintain sales invoices and receipts for all batches of cannabis and cannabis products received at and transferred from its licensed premises. The licensed manufacturer shall prepare a sales invoice or receipt that meets the requirements of Business and Professions Code section 26161 prior to each sale or transport of cannabis products from the premises.

On August 30, 2024, during an on-site inspection of the licensee's manufacturing premises, the licensee was unable to provide sales invoices or receipts for any batches of cannabis or cannabis products received at and transferred for its licensed premises.

13. California Code of Regulations, title 4, section 17800; Business and Professions Code section 26160

The Department and its authorized representatives, for purposes of inspection, investigation, review, or audit, shall have full and immediate access to: (1) Enter any premises licensed by the Department; (2) Inspect and test any vehicle or equipment possessed by, in control of, or used by a licensee or their agents and employees for the purpose of conducting commercial cannabis activity; (3) Test any cannabis goods or cannabis-related materials or products possessed by, in control of, or used by a licensee or their agents and employees for the purpose of conducting commercial

cannabis activity; (4) Copy any materials, books, or records of any licensee or their agents and employees.

On August 28, 2024, the Department attempted to conduct an on-site inspection of the licensed manufacturing premises of Kinder located at 16770 Stagg St., Van Nuys, CA 91406. Department staff requested and were denied entry or access to these licensed premises, and thus could not inspect the premises, test cannabis goods, or inspect any records, which are all essential to the Department's ability to regulate the licensed marketplace and maintain public safety.

Prior Notice of Provisional License Review Issued

A Notice of Provisional License Review was provided to you and Kinder Understanding Sensitive Healing Collective on October 2, 2024. The Notice of Provisional License Review provided an opportunity to request an informal meeting and submit documentation related to the violations for consideration. Kinder Understanding Sensitive Healing Collective did not submit documentation for consideration or request an informal meeting. However, during the provisional license review period, David Shin (Shin), owner of Kinder Understanding Sensitive Healing Collective, provided some additional information and made the following admissions and statements to Department staff:

- Shin was unable to produce Batch Production Records for his manufactured cannabis products, and explained that the Batch Production Records were contained within a filing cabinet that had been stolen from the licensed premises;
- Shin admitted that the license was not compliant with record-keeping requirements and that he was not aware of what information was necessary to be included in a Batch Production Record;
- Shin stated he wanted to bring in new partners to his business venture and sell his cannabis license to these new partners;
- Shin stated that he accepted responsibility for any wrongdoings, as it relates to the proposed revocation of his provisional licenses;
- Shin stated that he hired people from other manufacturing businesses and brought them in to "work under the table," because he did not manufacture cannabis products often and could not sustain a full-time staff;
- Shin admitted allowing another commercial cannabis business to utilize the Kinder Understanding Sensitive Healing Collective license to manufacture products;
- Shin stated the license had only manufactured keif and vape cartridges for the past year, but stated he did not sell the keif and could not provide any information as to what he did with the keif;

- Shin stated there were agreements with multiple companies, including Eaze and Supherb, to package cannabis products;
- Shin admitted to sending cannabis products to a non-licensed laboratory for regulatory compliance testing;
- Shin stated he was in physical possession of approximately 5,000 units of cannabis vape cartridges from an Eaze recall, and explained that these vape cartridges were delivered to him immediately prior to the licenses being placed under suspension; and
- Shin stated he had not recorded in or updated his METRC account to reflect recalled cannabis product that he had destroyed.

Kinder Understanding Sensitive Healing Collective has failed to comply with the requirements applicable to its commercial cannabis license and has engaged in activity that poses harm to public health, safety, or welfare. Therefore, the Department has determined that revocation of the license is appropriate.

Kinder Understanding Sensitive Healing Collective is directed to cease all commercial cannabis activity pursuant to the license. Additionally, cannabis or cannabis products may not be received at, or transferred from the premises referenced above. California Code of Regulations, title 4, section 15024.1 provides the requirements for disposing cannabis and cannabis products that remain on the premises following the termination of a license.

Pursuant to Business and Professions Code section 26038 and California Code of Regulations, title 4, section 15000.1, it is unlawful to engage in commercial cannabis activity without a valid state license. If Kinder Understanding Sensitive Healing Collective, or any person associated with the business is selling, manufacturing, cultivating, distributing, or testing cannabis and/or cannabis products or otherwise engaging in commercial cannabis activity without a valid license, the Department may initiate further action. Such action may include but is not limited to embargo of cannabis and cannabis products, administrative fines, civil actions, criminal actions, and denial of an annual license application.

While the license is revoked, you must comply with the provisions of California Code of Regulations, title 4, section 17817, and conspicuously and continuously display the Notice of Revocation, provided with this Notice, on the exterior of the premises referenced in this Notice.

To: Jimmy Shin and David Shin
License Number: CDPH-10003907
From: Nadalie Meadows-Martin
Date: October 15, 2024
Page 11 of 11

For questions regarding this Notice, please contact Special Investigator Justin Brown at Justin.Brown@cannabis.ca.gov.

Sincerely,

Nadalie Meadows-Martin

Nadalie Meadows-Martin
Branch Chief
Compliance Division

cc: Michael Cheng, Deputy Director Licensing Division
Aaron Washington, Director of Department Licensing Division, City of Los Angeles