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

In the Matter of Accusation Against:)	CASE NO. DCC23-0005185-COMP
)	
)	OAH No. 2024110406
)	
EMPIRE CABAZON, LLC;)	
MICHAEL LEE, OWNER)	
50920 Seminole Drive)	FINAL DECISION AND ORDER
Cabazon, CA 92230-2300)	
)	
Cannabis Retailer License No.)	
C10-0001196-LIC)	
)	
Respondent.)	
)	

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

This Order shall become effective on March 27, 2025.

IT IS SO ORDERED, February 25, 2025.



Douglas Smurr
Assistant General Counsel
FOR THE DEPARTMENT OF
CANNABIS CONTROL

1 ROB BONTA
Attorney General of California
2 GREGORY M. CRIBBS
Supervising Deputy Attorney General
3 MATTHEW S. BEASLEY
Deputy Attorney General
4 State Bar No. 288070
300 So. Spring Street, Suite 1702
5 Los Angeles, CA 90013
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7 *Attorneys for Complainant*

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

11 In the Matter of the Accusation Against:

12 **EMPIRE CABAZON, LLC;**
13 **MICHAEL LEE, OWNER**
14 **50920 Seminole Drive**
Cabazon, CA 92230-2300

15 **Cannabis - Retailer License No. C10-**
16 **0001196-LIC**

17 Respondent.

Case No. DCC23-0005185-COMP

OAH No. 2024110406

STIPULATED SETTLEMENT AND
DISCIPLINARY 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 1. 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
24 solely in his official capacity but has since left the Department. Evelyn Schaeffer is now the
25 Deputy Director of the Compliance Division of the Department and now the Complainant in her
26 official capacity in this matter, and is represented in this matter by Rob Bonta, Attorney General
27 of the State of California, by Matthew S. Beasley, Deputy Attorney General.
28

1 DCC23-0005185-COMP; the right to confront and cross-examine the witnesses against them; the
2 right to present evidence and to testify on its own behalf; the right to the issuance of subpoenas to
3 compel the attendance of witnesses and the production of documents; the right to reconsideration
4 and court review of an adverse decision; and all other rights accorded by the California
5 Administrative Procedure Act and other applicable laws.

6 8. Respondent voluntarily, knowingly, and intelligently waives and gives up each and
7 every right set forth above.

8 CULPABILITY

9 9. Respondent admits the truth of each and every charge and allegation in Accusation
10 No. DCC23-0005185-COMP.

11 10. Respondent agrees that its Cannabis - Retailer License No. C10-0001196-LIC is
12 subject to discipline and they agree to be bound by the Department imposition of discipline as set
13 forth in the Disciplinary Order below.

14 CONTINGENCY

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

25 12. The parties understand and agree that Portable Document Format (PDF) and facsimile
26 copies of this Stipulated Settlement and Disciplinary Order, including PDF and facsimile
27 signatures thereto, shall have the same force and effect as the originals.
28

1 13. This Stipulated Settlement and Disciplinary Order may be signed in any number of
2 counterparts, each of which is an original and all of which taken together form one single
3 document.

4 14. This Stipulated Settlement and Disciplinary Order is intended by the parties to be an
5 integrated writing representing the complete, final, and exclusive embodiment of their agreement.
6 It supersedes any and all prior or contemporaneous agreements, understandings, discussions,
7 negotiations, and commitments (written, oral, or otherwise). This Stipulated Settlement and
8 Disciplinary Order may not be altered, amended, modified, supplemented, or otherwise changed
9 except by a writing executed by an authorized representative of each of the parties.

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

13 **DISCIPLINARY ORDER**

14 1. **WITHDRAWAL OF APPEAL**: Respondent's appeal of Accusation No. DCC23-
15 0005185-COMP and request for administrative hearing is deemed withdrawn and any further
16 appeal is waived.

17 2. **STAYED REVOCATION**: Respondent's Cannabis Retailer License No. C10-
18 0001196-LIC shall be revoked, the revocation stayed pending compliance with the provisions of
19 this disciplinary order.

20 3. **PAYMENT OF FINES**. Respondent shall pay to the Department an administrative
21 fine in the amount of one thousand five hundred dollars (\$1,500) within thirty (30) days of the
22 effective date of the Decision and Order.

23 4. **PAYMENT OF COSTS OF ENFORCEMENT**. Respondent shall pay to the
24 Department costs associated with its investigation and enforcement pursuant to Business and
25 Professions Code section 26031 and California Code of Regulations, title 4, section 17813, in the
26 amount of five thousand dollars (\$5,000) within thirty (30) days of the effective date of the
27 Decision and Order.

28 5. The above referenced payments, in the form of cashier's check, money order,

1 personal or business check, shall be made as two separate payments and remitted by either of the
2 following methods: (1) the Department of Cannabis Control’s cash payment procedures; or, (2)
3 mailed to:

4 By U.S. Postal Service:
5 Department of Cannabis Control
6 Attn: Cashiers
7 P.O. Box 419106
8 Ranch Cordova, CA 95741-9106

9 By FedEx or UPS:
10 Department of Cannabis Control
11 Attn: Cashiers
12 2920 Kilgore Road
13 Rancho Cordova, CA 95670-9106

14 6. Failure to complete the payments or comply with the terms of this Order shall result
15 in further disciplinary action or non-renewal of Respondent’s Cannabis - Retailer License No.
16 C10-0001196-LIC and denial of any other license sought, as the Department deems appropriate.
17 Additionally, failure to complete the payment shall result in Respondent’s immediate obligation
18 and responsibility to pay the full amount of the Department’s costs of investigation and
19 enforcement pursuant to Business and Professions Code section 26031 and California Code of
20 Regulations, title 4, section 17813, in the amount of nine thousand, eight hundred and seventy
21 three dollars (\$9,873), less any partial payments received prior to the failure to complete
22 payments or comply with the terms of this Order and will result in enforcement of the Order in
23 the Superior Court.

24 \\
25 \\
26 \\
27 \\
28 \\
\\

1 **ACCEPTANCE**

2 I have carefully read the above Stipulated Settlement and Disciplinary Order and have fully
3 discussed it with my attorney, Dorothy Groza. I understand the stipulation and the effect it will
4 have on my Cannabis - Retailer License No. C10-0001196-LIC. I enter into this Stipulated
5 Settlement and Disciplinary Order voluntarily, knowingly, and intelligently, and agree to be
6 bound by the Decision and Order of the Department of Cannabis Control.

7
8 DATED: _____
9 EMPIRE CABAZON, LLC
10 By: MICHAEL LEE
11 OWNER/AUTHORIZED REPRESENTATIVE
12 Respondent

13 I have read and fully discussed with Respondent Empire Cabazon, LLC, Michael Lee,
14 Owner, the terms and conditions and other matters contained in the above Stipulated Settlement
15 and Disciplinary Order. I approve its form and content.

16 DATED: _____
17 DOROTHY GROZA
18 Attorney for Respondent

19 **ENDORSEMENT**

20 The foregoing Stipulated Settlement and Disciplinary Order is hereby respectfully
21 submitted for consideration by the Department of Cannabis Control.

22 DATED: _____ Respectfully submitted,
23 ROB BONTA
24 Attorney General of California
25 GREGORY M. CRIBBS
26 Supervising Deputy Attorney General

27 MATTHEW S. BEASLEY
28 Deputy Attorney General
Attorneys for Complainant

1 ACCEPTANCE


2 I have carefully read the above Stipulated Settlement and Disciplinary Order and have fully
3 discussed it with my attorney, Dorothy Groza. I understand the stipulation and the effect it will
4 have on my Cannabis - Retailer License No. C10-0001196-LIC. I enter into this Stipulated
5 Settlement and Disciplinary Order voluntarily, knowingly, and intelligently, and agree to be
6 bound by the Decision and Order of the Department of Cannabis Control.

7
8 DATED: 2/20/25

9 
10 EMPIRE CABAZON, LLC
11 By: MICHAEL LEE
12 OWNER/AUTHORIZED REPRESENTATIVE
13 *Respondent*

14 I have read and fully discussed with Respondent Empire Cabazon, LLC, Michael Lee,
15 Owner, the terms and conditions and other matters contained in the above Stipulated Settlement
16 and Disciplinary Order. I approve its form and content.

17 DATED: 02/20/25

18 
19 DOROTHY GROZA
20 *Attorney for Respondent*

21 ENDORSEMENT

22 The foregoing Stipulated Settlement and Disciplinary Order is hereby respectfully
23 submitted for consideration by the Department of Cannabis Control.

24 DATED: 2/20/25

25 Respectfully submitted,

26 ROB BONTA
27 Attorney General of California
28 GREGORY M. CRIBBS
Supervising Deputy Attorney General



MATTHEW S. BEASLEY
Deputy Attorney General
Attorneys for Complainant

Exhibit A

Accusation No. DCC23-0005185-COMP

1 ROB BONTA
Attorney General of California
2 JOSHUA B. EISENBERG
Supervising Deputy Attorney General
3 MICHAEL J. YUN
Deputy Attorney General
4 State Bar No. 292587
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P.O. Box 85266
6 San Diego, CA 92186-5266
Telephone: (619) 321-5793
7 Facsimile: (619) 645-2061
Attorneys for Complainant
8

9 **BEFORE THE**
DEPARTMENT OF CANNABIS CONTROL
10 **OF THE STATE OF CALIFORNIA**
11

12 In the Matter of the Accusation Against:

13 **EMPIRE CABAZON, LLC.**
14 **Michael Lee, Owner**
15 **50920 Seminole Drive**
Cabazon, CA 92230

16 **License Number C10-0001196-LIC**

17 Respondent.

Case No. DCC23-0005185-COMP
OAH Case No.

ACCUSATION

18
19 **PARTIES**

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

23 2. On or about November 10, 2022, the Department issued Adult-Use and Medicinal
24 Commercial Retailer License Number C10-0001196-LIC to Empire Cabazon, LLC (Respondent)
25 with Michael Lee as Owner. The Adult-Use and Medicinal Commercial Retailer License was in
26 full force and effect at all times relevant to the charges brought herein and will expire on
27 November 10, 2023, unless renewed.

28 ///

JURISDICTION

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

4. Section 26010 of the Code states:

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

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

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

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

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

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

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

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

(a) The department may suspend, revoke, place on probation with terms and 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 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 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 shall have all the powers granted therein.

...

(c) The department may take disciplinary action against a licensee for any 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....

///

1 9. Section 26034 of the Code states:

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

10 **STATUTORY PROVISIONS**

11 10. Section 26030 of the Code states:

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

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

16 ...

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

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

22 **REGULATORY PROVISIONS**

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

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

28 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

25 15. Section 26031.1 of the Code states that:

26 (a) Except as otherwise provided by law, in an order issued in resolution of a
27 disciplinary proceeding before the department, the administrative law judge, upon
28 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
9 department may reduce or eliminate the cost award, or remand to the administrative
10 law judge if the proposed decision fails to make a finding on costs requested pursuant
11 to subdivision (a).

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

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

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

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

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

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

FACTUAL ALLEGATIONS

16. On or about November 10, 2022, the Department issued Adult-Use and Medicinal
Commercial Retailer License Number C10-0001196-LIC to Empire Cabazon, LLC (Respondent)
with Michael Lee as Owner. Respondent was required to identify and designate an owner of its
commercial cannabis business as the track and trace system account manager. The designated
account manager was required to complete the credentialing process to establish a login within
ten (10) calendar days of the license issue date, or by November 20, 2022.

1 17. On April 14, 2023, Respondent and Owner Lee were served electronically and via
2 U.S. Certified Mail with a Notice to Comply for failure to complete the credentialing process to
3 establish a login for the CCTT System.

4 18. As of the date of filing, Respondent has failed to respond to the Department and/or
5 completed the required credentialing process.

6 **CAUSE FOR DISCIPLINE**

7 (Failure to Complete the Credentialing Process – CCTT System)

8 19. Respondent is subject to disciplinary action under Code section 26030, subdivisions
9 (a) and (c), in that it failed to comply with the provisions of Title 4 of the California Code of
10 Regulations, section 15048, subdivision (b)(3), which requires the designated account manager to
11 complete the credentialing process within ten (10) calendar days after license issuance.
12 Respondent's noncompliance is more particularly alleged in paragraphs 16 through 18, above,
13 which are hereby incorporated by reference and realleged as if fully set forth herein.

14 **PRAYER**

15 WHEREFORE, Complainant requests that a hearing be held on the matters herein alleged,
16 and that following the hearing, the Director issue a decision:

- 17 1. Revoking or suspending the Adult-Use and Medicinal Commercial Retailer License
18 Number C10-0001196-LIC to Empire Cabazon, LLC (Respondent) with Michael Lee as Owner;
19 2. Ordering Respondent Empire Cabazon, LLC, with Michael Lee as Owner, to pay the
20 reasonable costs of the investigation and enforcement of this case, pursuant to Business and
21 Professions Code section 26031.1; and
22 3. Taking such other and further action as deemed necessary and proper.

23
24 DATED: October 18, 2023

Jeff Merriman

25 JEFF MERRIMAN
26 Deputy Director, Compliance Division
27 Department of Cannabis Control
28 State of California
Complainant