



Department of
Cannabis Control
CALIFORNIA

DETERMINATION REGARDING STIPULATED SETTLEMENT

Respondent(s): Emerald Lab, LLC, and Gerald David Medina (License No. C11-0001125-LIC)

Case Numbers: Department No. DCC23-0001432-INV

The parties have agreed to a stipulated settlement in the matter referenced above, subject to approval by the Department. After reviewing the attached stipulated settlement, the Department has determined that the settlement is:

☐ **APPROVED:** The stipulated settlement will be adopted as the Department's Decision and Order.

☒ **REJECTED:** The stipulated settlement will not be adopted as the Department's Decision and Order.

Marc LeForestier, General Counsel
Department of Cannabis Control

1 ROB BONTA
Attorney General of California
2 HARINDER K. KAPUR
Senior Assistant Attorney General
3 State Bar No. 198769
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4 San Diego, CA 92101
P.O. Box 85266
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7 *Attorneys for Complainant*

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

11
12 In the Matter of the Accusation Against:

13 **EMERALD LABS, LLC,**
14 **DBA EMERALD LABS;**
15 **Gerald David Medina, Owner**
7540 Trade Street
San Diego, CA 92121

16 **License Number C11-0001125-LIC**

17 Respondent.

Case No. DCC23-0001432-INV

**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. He brought the above-referenced action solely in his
24 official capacity. Evelyn Schaeffer (Complainant) is now the Deputy Director of the Compliance
25 Division of the Department of Cannabis Control and is now the Complainant in this matter. She
26 brought this action solely in her official capacity and is represented in this matter by Rob Bonta,
27 Attorney General of the State of California, by Harinder K. Kapur, Senior Assistant Attorney
28 General.

2. Respondent Emerald Labs, LLC, dba Emerald Labs; Gerald David Medina, Owner (Respondent) is represented in this proceeding by attorneys Gina Austin and Tamara Rozmus, Austin Legal Group, APC, whose address is: 3990 Old Town Ave., Ste A101, San Diego, CA 92110 4640.

3. On or about December 13, 2019, the Department issued Adult-Use and Medicinal Distributor License No. C11-0001125-LIC to Respondent with Gerald David Medina, as Owner. The Adult-Use and Medicinal Distributor License was in full force and effect at all times relevant to the charges brought in Accusation No. DCC23-0001432-INV. The license expired on December 12, 2023, and has not been renewed.

JURISDICTION

4. Accusation No. DCC23-0001432-INV was filed before the Department and is currently pending against Respondent. The Accusation and all other statutorily required documents were properly served on Respondent on January 4, 2024. Respondent timely filed its Notice of Defense contesting the Accusation.

5. A true and correct copy of Accusation No. DCC23-0001432-INV is attached as Exhibit A and incorporated herein by reference.

ADVISEMENT AND WAIVERS

6. Respondent and Owner Medina have carefully read, fully discussed with counsel, and understand the charges and allegations in Accusation No. DCC23-0001432-INV. Respondent and Owner Medina have also carefully read, fully discussed with counsel, and understand the effects of this Stipulated Settlement and Disciplinary Order.

7. Respondent and Owner Medina are fully aware of its legal rights in this matter, including the right to a hearing on the charges and allegations in the Accusation; the right to confront and cross-examine the witnesses against them; the right to present evidence and to testify on its own behalf; the right to the issuance of subpoenas to compel the attendance of witnesses and the production of documents; the right to reconsideration and court review of an adverse decision; and all other rights accorded by the California Administrative Procedure Act and other applicable laws.

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

CULPABILITY

9. Respondent admits the truth of each and every charge and allegation in Accusation No. DCC23-0001432-INV.

10. Respondent agrees that its Adult-Use and Medicinal Distributor License No. C11-0001125-LIC License is subject to discipline and agrees to be bound by the Department's imposition of discipline as set forth in the Disciplinary 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 it 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 Disciplinary 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 Disciplinary Order, including PDF and facsimile signatures thereto, shall have the same force and effect as the originals.

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

14. This Stipulated Settlement and Disciplinary Order is intended by the parties to be an integrated writing representing the complete, final, and exclusive embodiment of their agreement. It supersedes any and all prior or contemporaneous agreements, understandings, discussions,

1 negotiations, and commitments (written or oral). This Stipulated Settlement and Disciplinary
2 Order may not be altered, amended, modified, supplemented, or otherwise changed except by a
3 writing executed by an authorized representative of each of the parties.

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

7 **DISCIPLINARY ORDER**

8 1. **WITHDRAWAL OF APPEAL.** Respondent's appeal of Accusation
9 No. DCC23-0001432-INV and request for administrative hearing is deemed withdrawn and any
10 further appeal is waived.

11 2. **LICENSE REVOCATION.** Adult-Use and Medicinal Distributor License
12 No. C11-0001125-LIC is revoked as of the effective date of the Decision and Order.

13 3. **PAYMENT OF FINES.** Respondent shall pay to the Department an administrative
14 fine in the amount of fifteen-thousand dollars (\$15,000) as against Adult-Use and Medicinal
15 Distributor License No. C11-0001125-LIC. Payment of the administrative fine will be
16 automatically suspended until such time as Respondent applies for a new commercial cannabis
17 license or ownership interest in a commercial cannabis license with the Department. Respondent
18 shall pay to the Department the administrative fine within (15) days of applying for a new
19 commercial cannabis license or ownership interest in a commercial cannabis license with the
20 Department.

21 4. **PAYMENT OF COSTS OF ENFORCEMENT.** Respondent s shall pay to the
22 Department costs associated with its investigation and enforcement pursuant to Business and
23 Professions Code section 26031 and California Code of Regulations, title 4, section 17813, should
24 Respondent apply for a new commercial cannabis license or ownership interest in any
25 commercial cannabis license, Respondent shall pay the Department's costs of investigation and
26 prosecution in the amount of nine thousand seven hundred seventy-five dollars (\$9,775).
27 Respondent shall pay to the Department these costs within (15) days of applying for a new
28

commercial cannabis license or ownership interest in a commercial cannabis license with the Department.

5. The above referenced payments shall be remitted by either of the following methods:
(1) the Department of Cannabis Control's cash payment procedures; or, (2) mailed to:

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

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

6. Failure to complete the payments or comply with the above terms of this Order shall result in the denial of ownership interest and/or denial of any other license sought, as the Department deems appropriate. Failure to complete the payments or comply with the terms of this Order shall also result in enforcement of the Order in the Superior Court.

ACCEPTANCE

I have carefully read the above Stipulated Settlement and Disciplinary Order and have fully discussed it with my attorneys, Gina Austin and Tamara Rozmus. I understand the stipulation and the effect it will have on my Adult-Use and Medicinal Distributor License No. C11-0001125-LIC. I enter into this Stipulated Settlement and Disciplinary Order voluntarily, knowingly, and intelligently, and agree to be bound by the Decision and Order of the Department of Cannabis Control.

DATED: _____

EMERALD LABS LLC, DBA EMERALD LABS;
GERALD DAVID MEDINA, OWNER
Respondent

1 commercial cannabis license or ownership interest in a commercial cannabis license with the
2 Department.

3 5. The above referenced payments shall be remitted by either of the following methods:
4 (1) the Department of Cannabis Control's cash payment procedures; or, (2) mailed to:

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

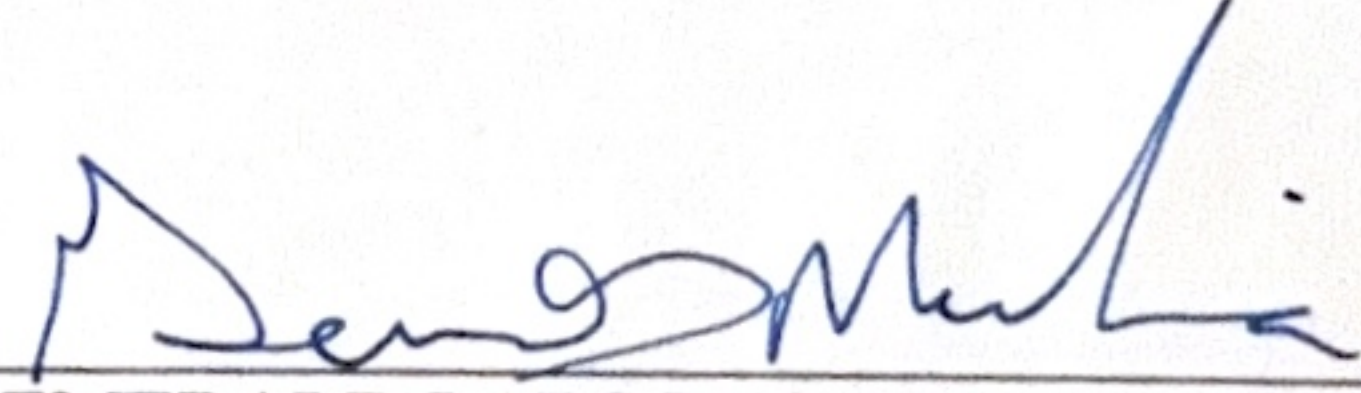
10 By FedEx or UPS:
11 Department of Cannabis Control
12 Attn: Cashiers
13 2920 Kilgore Road
14 Rancho Cordova, CA 95670-9106

15 6. Failure to complete the payments or comply with the above terms of this Order shall
16 result in the denial of ownership interest and/or denial of any other license sought, as the
17 Department deems appropriate. Failure to complete the payments or comply with the terms of
18 this Order shall also result in enforcement of the Order in the Superior Court.

19 **ACCEPTANCE**

20 I have carefully read the above Stipulated Settlement and Disciplinary Order and have fully
21 discussed it with my attorneys, Gina Austin and Tamara Rozmus. I understand the stipulation
22 and the effect it will have on my Adult-Use and Medicinal Distributor License No. C11-0001125-
23 LIC. I enter into this Stipulated Settlement and Disciplinary Order voluntarily, knowingly, and
24 intelligently, and agree to be bound by the Decision and Order of the Department of Cannabis
25 Control.

26 DATED: 12/3/24

27 
28 EMERALD LABS LLC, DBA EMERALD LABS;
GERALD DAVID MEDINA, OWNER
Respondent

1 I have read and fully discussed with Respondent Emerald Labs LLC, dba Emerald Labs;
2 Gerald David Medina, Owner the terms and conditions and other matters contained in the above
3 Stipulated Settlement and Disciplinary Order. I approve its form and content.

4 DATED: _____

5 GINA AUSTIN
6 *Attorney for Respondent*

GM

7
8
9
10 **ENDORSEMENT**

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

13 DATED: _____

14 Respectfully submitted,

15 ROB BONTA
16 Attorney General of California

17 HARINDER K. KAPUR
18 Senior Assistant Attorney General
19 *Attorneys for Complainant*

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21
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23 84816580.docx

1 I have read and fully discussed with Respondent Emerald Labs LLC, dba Emerald Labs;
2 Gerald David Medina, Owner the terms and conditions and other matters contained in the above
3 Stipulated Settlement and Disciplinary Order. I approve its form and content.

4 DATED: _____

5 GINA AUSTIN
6 *Attorney for Respondent*

7
8
9
10 **ENDORSEMENT**

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

13 DATED: December 4, 2024

14 Respectfully submitted,

15 ROB BONTA
16 Attorney General of California

17 *Harinder Kapur*

18 HARINDER K. KAPUR
19 Senior Assistant Attorney General
20 *Attorneys for Complainant*

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Exhibit A

Accusation No. DCC23-0001432-INV

1 ROB BONTA
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2 HARINDER K. KAPUR
Senior Assistant Attorney General
3 JOSHUA B. EISENBERG
Supervising Deputy Attorney General
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Attorneys for Complainant
8

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

12 In the Matter of the Accusation Against:

Case No. DCC23-0001432-INV

13 **EMERALD LABS, LLC,**
14 **DBA EMERALD LABS**
Gerald David Medina, Owner
15 **7540 Trade Street**
San Diego, CA 92121

ACCUSATION

16 **License Number C11-0001125-LIC**

17 Respondent.
18

19
20 **PARTIES**

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

24 2. On or about December 13, 2019, the Department issued Provisional Adult-Use and
25 Medicinal Distributor License Number C11-0001125-LIC to Emerald Labs, LLC, dba Emerald
26 Labs (Respondent), with Gerald David Medina (Medina) as Owner. On or about January 4, 2023,
27 the Provisional Adult-Use and Medicinal Distributor License was converted to an annual license.
28 The Annual Adult-Use and Medicinal Distributor License was in full force and effect at all times

relevant to the charges herein. The license expired on December 12, 2023, and has not been renewed.¹

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 states, in pertinent part:

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.

¹ Respondent also holds Provisional Adult-Use and Medicinal Manufacturer - Type 6 License Number CDPH-10004080, which was issued by the Department on or about February 6, 2020, has been renewed, and which is not the subject of this Accusation,

1 ...

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

5 9. Section 26034 of the Code states:

6 All accusations against licensees shall be filed by the department within five
7 years after the performance of the act or omission alleged as the ground for
8 disciplinary action; provided, however, that the foregoing provision shall not
9 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.

11 **STATUTORY PROVISIONS**

12 10. Section 26030 of the Code states, in pertinent part:

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

15 (a) Failure to comply with the provisions of this division or any rule or
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
provided for in this division or other California law....

21 **REGULATORY PROVISIONS**

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

23 In construing and enforcing the provisions of the Act and the regulations in this
24 division, the act, omission, or failure of an agent, officer, representative, or other
25 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.

26 12. Title 4 of the California Code of Regulations, section 15023, subdivision (c)(1)
27 states:

28 (c) Licenses are not transferrable or assignable to another person or owner. In

the event of the sale or other transfer of the business or operations covered by the licensee, changes in ownership shall be made in accordance with the following:

(1) If one or more of the owners change, the new owners shall submit the information required under section 15002(c)(16) for each new owner to the Department within 14 calendar days of the effective date of the ownership change. The business may continue to operate under the active license while the Department reviews the qualifications of the new owner(s) in accordance with the Act and these regulations to determine whether the change would constitute grounds for denial of the license, if at least one existing owner is not transferring their ownership interest and will remain as an owner under the new ownership structure. If all owners will be transferring their ownership interest, the business shall not operate under the new ownership structure until a new license application has been submitted to and approved by the Department, and all application Department of Cannabis Control Medicinal and Adult-Use Commercial Cannabis Regulations (September 2023) Page 54 of 224 and license fees for the new application have been paid. The former owner's inventory shall be transferred to the new owner's track and trace account upon issuance of the license.

13. Title 4 of the California Code of Regulations, section 15044 states, in pertinent part:

...

(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.

...

14. Title 4 of the California Code of Regulations, section 15048.1 states:

(a) A licensee and their designated account manager(s) shall:

(1) Designate track and trace system users, as needed, and require the system users to be trained in the proper and lawful use of the track and trace system before the users are permitted to access the track and trace system;

(2) Maintain an accurate and complete list of all of the licensee's track and trace system users, including full names and usernames, and update the list immediately when changes occur;

(3) Remove a user from the licensee's track and trace system account when that individual is no longer authorized to represent the licensee;

(4) Correct any data entry errors within three (3) calendar days of discovery of the error;

(5) Tag and enter all inventory in the track and trace system as required by section 15049;

1 (6) Monitor all system notifications and resolve all issues identified. The notification
2 shall not be dismissed by an account manager before resolution of the issue(s) identified in
the notification;

3 (7) Notify the Department of any loss of access to the track and trace system that
4 exceeds 72 hours; and

5 (8) Reconcile the inventory of cannabis and cannabis products on the licensed
6 premises with the track and trace system database at least once every thirty (30) calendar
days.

7 15. Title 4 of the California Code of Regulations, section 15049, subdivision (b)(1)
8 states:

9 (b) Each of the following activities shall be recorded in the track and trace system
10 within 24 hours of occurrence:

11 (1) Receipt of cannabis or cannabis products.

12 16. Title 4 of the California Code of Regulations, section 15051 states:

13 (a) The license shall review the information recorded in the track and trace system at
14 least once every 30 calendar days to ensure its accuracy, including, at a minimum:

15 (1) Reconciling on-hand inventory of cannabis and cannabis product with the records
in the track and trace system; and

16 (2) Reviewing the licensee's authorized users and removing any users who are no
17 longer authorized to enter information into the track and trace system.

18 17. Title 4 of the California Code of Regulations, section 17809 states:

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

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

25 (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
26 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
27 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.
28 The Department may also issue other lawful orders it considers appropriate on the
basis of its findings.

COST RECOVERY

18. 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.

(b) A certified copy of the actual costs, or a good faith estimate of costs where actual costs are not available, signed by the department or its designated representative shall be prima facie evidence of reasonable costs of investigation and 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.

(c) The administrative law judge shall make a proposed finding of the amount of reasonable costs of investigation and prosecution of the case when requested pursuant to subdivision (a). The finding of the administrative law judge with regard to 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).

(d) If an order for recovery of costs is made and timely payment is not made as 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.

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

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

(2) Notwithstanding paragraph (1), the department may, in its discretion, conditionally renew or reinstate for a maximum of one year the license of any 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.

(g) All costs recovered under this section shall be considered a reimbursement for costs incurred and shall be deposited into the Cannabis Control Fund to be 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

19. On or about June 22, 2023, Department staff conducted an inspection of Respondent's distribution premises, located adjacent to Respondent's manufacturing premises.

1 Department staff met with two individuals on-site who claimed to represent the “new ownership.”
2 At the time of inspection, there were a total of 24,845 packages within the Respondent’s
3 California Cannabis Track and Trace (CCTT) account, associated with Annual Adult-Use and
4 Medicinal Distributor License Number C11-0001125-LIC. Department staff observed various
5 bulk cannabis biomass stored in about 20 plastic bags onsite, with seven attached METRC²
6 package tags containing Unique Identifier (UID) numbers. However, Respondent’s on-site
7 employees were not able to physically locate any of the other packages which, according to
8 Respondent’s CCTT account activity, had been “received.” Respondent’s employees stated that
9 they were not aware of the individual(s) who had been accepting packages within Respondent’s
10 CCTT account and that they had no knowledge of any cannabis deliveries at the licensed
11 premises. Department staff also inspected Respondent’s video surveillance system and confirmed
12 that the live feed was operating, but Respondent’s employees were unable to demonstrate the
13 ability to retain 90 days of video surveillance.

14 20. On or about September 6, 2023, Department staff reviewed Respondent’s Annual
15 Adult-Use and Medicinal Distributor License Number C11-0001125-LIC licensing information
16 which identified Medina as the 100% owner and controlling manager of the license. During this
17 review, Department staff also identified correspondence between the Department and Medina
18 from March 14, 2023, notifying Medina of the denial of his request to change ownership.

19 21. On or about September 12, 2023, Department staff conducted a review of
20 Respondent’s CCTT account associated with its Annual Adult-Use and Medicinal Distributor
21 License Number C11-0001125-LIC, and ran a package history report. The report revealed that
22 Respondent had reported receipt of 30,541 active packages into its account between March 12,
23 2020 and September 12, 2023. Additionally, the account reflected 47 packages of flower with
24 negative quantities totaling 3,246 pounds of cannabis flower between June 27, 2023 and June 30,
25 2023. Further review of Respondent’s CCTT transfer history revealed a total of 4,154 incoming
26 transfers and 153 transfers voided. Between September 1, 2023 and September 12, 2023,

27 _____
28 ² METRC, usually stylized “Metr” is an acronym that stands for Marijuana Enforcement
Tracking Reporting Compliance.

1 Respondent's account also reflected 48 incoming transfers that had not been marked as received
2 by Respondent.

3 22. On or about September 13, 2023, Department staff attempted to perform an
4 unannounced regulatory compliance inspection of Respondent's licensed distribution and
5 manufacturing premises. Upon arrival, Department staff contacted Medina who agreed to meet
6 them at the premises. Upon his arrival at the licensed premises, Medina informed Department
7 staff that he had sold his Emerald Labs, LLC, dba Emerald Labs, Provisional Adult-Use and
8 Medicinal Distributor License Number C11-0001125-LIC, and Annual Adult-Use and Medicinal
9 Distributor Number C11-0001125-LIC to a new owner, and had submitted a change of ownership
10 form to the Department in November 2022. Medina further informed that the new owner had
11 changed the locks, preventing Medina's access and ability to allow Department staff to access the
12 premises. Medina explained that he still owned the property, and was in the process of evicting
13 the tenant and "new" owner of Respondent's licenses.

14 23. On or about September 15, 2023, Department staff returned to the premises with a
15 locksmith and were able to conduct an inspection of the distribution premises. Upon inspection,
16 Department staff observed a storage container containing three bags of cannabis. The first bag
17 was a clear plastic bag of cannabis dried flower with no UID or package tag attached. The second
18 bag was a black trash bag containing cannabis dried flower with a CCTT package tag attached
19 and a UID number ending in 00072. The third was another black trash bag containing cannabis
20 dried flower with a CCTT package tag attached and a UID ending in 00071. A package trace was
21 conducted in CCTT for UID 00072, and it was found that the package tag was adjusted into a
22 negative quantity of -435.4402 pounds of cannabis flower on June 29, 2023 by employee Ulises
23 Kyrakides (Kyrakides). A package trace was conducted in CCTT for UID 00071, and it was
24 found that the package had been transferred and received by another licensee on June 29, 2023,
25 authored by Kyriakides for 53.5598 pounds of flower. After receipt by the other licensee, the
26 package was adjusted at negative 53.5598 pounds with the reason code marked as "waste", then
27 marked as "package finished".
28

24. During the September 15, 2023 inspection, Department staff observed a video monitor that displayed a live feedback of the premises surveillance cameras. Medina was asked to access the cameras and attempt to playback surveillance video from the past 90 days. Medina was unable to do so, and stated that the password had been changed and the recording setting had been set to “off”.

25. On or about November 7, 2023, Department staff conducted an unannounced regulatory compliance inspection at Respondent’s licensed premises. Upon arrival, Department staff made contact with Medina, who provided access to the licensed distribution premises. Department staff observed zero (0) cannabis or cannabis product stored within the licensed distribution premises. On or about November 9, 2023, Department staff searched the CCTT account associated with Annual Adult-Use and Medicinal Distributor License Number C11-0001125-LIC, and determined that the following amounts of cannabis/cannabis products should have been physically present at Respondent’s licensed distribution premises during the November 7, 2023 regulatory compliance inspection:

Cannabis Clone Cuttings	2,954 Cuttings
Cannabis Tissue Cultures	960 Cultures
Packaged Cannabis Edibles	370,805 Units
Bulk Cannabis Extracts and Concentrate	301,636 Grams
Packaged Cannabis Concentrates and Extracts	147,988 Units
Packaged Cannabis Flower	316,298 Units
Packaged Cannabis Pre-rolls	966,632 Units
Packaged Cannabis Vape Cartridges	626,487 Units
Bulk Cannabis Flower and Shake	74,964 Pounds

26. To date, Respondent has not rectified any of the data errors in the CCTT account associated with Annual Adult-Use and Medicinal Distributor Number C11-0001125-LIC, and Respondent continues to allow unauthorized users access to his CCTT account to conduct non-compliant activities.

1 **FIRST CAUSE FOR DISCIPLINE**

2 (Failure to Review Track and Trace Data)

3 27. Respondent is subject to disciplinary action under Code section 26030, subdivisions
4 (a) and (c), in that it failed to comply with the provisions of Title 4 of the California Code of
5 Regulations, section 15051, which requires a licensee to review information recorded in the track
6 and trace system at least once every thirty (30) calendar days to ensure its accuracy, and to
7 reconcile on-hand inventory of cannabis and cannabis product with the records in the track and
8 trace system, and to remove any users who are no longer authorized to enter information into the
9 track and trace system. Respondent's noncompliance is more particularly alleged in paragraphs
10 19 through 26, above, which are hereby incorporated by reference and realleged as if fully set
11 forth herein.

12 **SECOND CAUSE FOR DISCIPLINE**

13 (Failure to Maintain Surveillance Recordings)

14 28. Respondent is subject to disciplinary action under Code section 26030, subdivisions
15 (a) and (c), in that it failed to comply with the provisions of Title 4 of the California Code of
16 Regulations, section 15044, subdivisions (h)-(i), which require the a licensee to keep surveillance
17 recordings for a minimum of 90 calendar days in a manner that allows the Department to view
18 and obtain copies of the recording at the licensed premises immediately upon request.
19 Respondent's noncompliance is more particularly alleged in paragraphs 19 through 26, above,
20 which are hereby incorporated by reference and realleged as if fully set forth herein.

21 **THIRD CAUSE FOR DISCIPLINE**

22 (Failure to Comply with Responsibilities of the Designated Account Manager)

23 29. Respondent is subject to disciplinary action under Code section 26030, subdivisions
24 (a) and (c), in that it failed to comply with the provisions of Title 4 of the California Code of
25 Regulations, section 15048.1, subdivision (a)(5), which requires a designated account manager to
26 tag and enter all inventory in the track and trace system as required by section 15049.
27 Respondent's noncompliance is more particularly alleged in paragraphs 19 through 26, above,
28 which are hereby incorporated by reference and realleged as if fully set forth herein.

1 **FOURTH CAUSE FOR DISCIPLINE**

2 (Failure to Record Receipt of Cannabis Products in CCTT System
3 Within 24 Hours of Occurrence)

4 30. Respondent is subject to disciplinary action under Code section 26030, subdivisions
5 (a) and (c), in that it failed to comply with the provisions of Title 4 of the California Code of
6 Regulations, section 15049, subdivision (b)(1), which requires a licensee to record receipt of
7 cannabis products in the track and trace system within 24 hours of occurrence. Respondent's
8 noncompliance is more particularly alleged in paragraphs 19 through 26, above, which are hereby
9 incorporated by reference and realleged as if fully set forth herein.

10 **FIFTH CAUSE FOR DISCIPLINE**

11 (Failure to Comply With Business Modification Requirements)

12 31. Respondent is subject to disciplinary action under Code section 26030, subdivisions
13 (a) and (c), in that it failed to comply with the provisions of Title 4 of the California Code of
14 Regulations, section 15023, which requires that when an owner transfers 100% ownership
15 interest, the business shall not operate under the new ownership structure until a new license
16 application has been submitted to and approved by the Department, and all application and
17 license fees for the new application have been paid. Respondent's noncompliance is more
18 particularly alleged in paragraphs 19 through 26, above, which are hereby incorporated by
19 reference and realleged as if fully set forth herein.

20 **PRAYER**

21 WHEREFORE, Complainant requests that a hearing be held on the matters herein alleged,
22 and that the following the hearing, the Director of Consumer Affairs issue a decision:


23 1. Revoking or suspending outright, or suspending with terms and conditions or fining,
24 or any combination thereof, the Annual Adult-Use and Medicinal Distributor Number
25 C11-0001125-LIC, issued to Respondent Emerald Labs LLC, dba Emerald Labs with Gerald
26 David Medina as Owner;

27 2. Ordering Respondent Emerald Labs LLC, dba Emerald Labs with Gerald David
28 Medina as Owner to pay the Department of Cannabis Control the reasonable costs of the

1 investigation and enforcement of this case, pursuant to Business and Professions Code section
2 26031.1; and

3 3. Taking such other and further action as deemed necessary and proper.

4
5 DATED: 01/02/2024


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

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PROOF OF SERVICE

Case Name: **In the Matter of the Accusation Against EMERALD LABS, LLC,
DBA EMERALD LABS;**
Case No.: **DCC23-0001432-INV**
License No.: **C11-0001125-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, 2920 Kilgore Road, Rancho Cordova, CA 95670. On January 8, 2025, I served the within documents:

DETERMINATION REGARDING STIPULATE SETTLEMENT

- ☒ 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 listed below.
- ☒ Service VIA CERTIFIED MAIL to be completed upon the following business day.

To the following recipients:

Harinder Kapur (email only)
Assistant Attorney General
Cannabis Control Section
Office of Attorney General
Harinder.Kapur@doj.ca.gov

Gerald David Medina
Emerald Labs, LLC
7540 Trade Street
San Diego, CA 92121
gerald@emlabsca.com

Gina Austin
Austin Legal Group
3990 Old Town Ave, Suite A101
San Diego, CA 92110
gaustin@austinlegalgroup.com

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 January 8, 2025, at Rancho Cordova, California.

Erroll Abrahamian