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Attorney General of California  
2 HARINDER K. KAPUR  
Senior Assistant Attorney General  
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Supervising Deputy Attorney General  
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8 *Attorneys for Plaintiff*  
*Department of Cannabis Control*

*Per Government Code § 6103, State of  
California is exempt from filing fee*

9  
10 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
11 **COUNTY OF LOS ANGELES**  
12 **NORTH VALLEY DISTRICT-CHATSWORTH COURTHOUSE**

13 **DEPARTMENT OF CANNABIS**  
14 **CONTROL,**

15 Plaintiff,

16 v.

17 **VERTICAL BLISS, INC., KUSHY PUNCH,**  
18 **INC., CONGLOMERATE MARKETING,**  
19 **LLC, MORE AGENCY, INC., RUBEN**  
20 **KACHIAN a.k.a. RUBEN CROSS,**  
21 **ARUTYUN BARSAMYAN, KEVIN**  
**HALLORAN, MIKE A. TOROYAN and**  
**DOES 1 through 30, inclusive,**

22 Defendants.

Case No. 20CHCV00560

**NOTICE OF REQUEST AND  
PLAINTIFF'S REQUEST FOR  
JUDICIAL NOTICE IN SUPPORT OF  
DEPARTMENT OF CANNABIS  
CONTROL'S MOTION FOR SUMMARY  
JUDGMENT**

Date: December 5, 2022

Time: 08:30 A.M.

Dept: F49

Judge: The Honorable Stephen P. Pfahler

Trial Date: January 30, 2023

Action Filed: September 23, 2020

**RESERVATION NO. 590950777530**

23  
24 **TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:**

25 **PLEASE TAKE NOTICE THAT** Plaintiff Department of Cannabis Control ("Plaintiff"  
26 or "DCC"), respectfully requests the Court take judicial notice of the following exhibits in  
27 support of its Motion for Summary Judgment pursuant to Evidence Code section 450 et seq.,  
28

1 California Rules of Court, rules 3.1113(*l*), 3.1306(c) and 3.1350(c)(5), and Code of Civil  
2 Procedure section 437c, subdivision (b)(1).

3 Evidence Code section 452, subdivision (d), provides that the Court may take judicial  
4 notice of records of any court of this state. Judicial notice of the matters set forth in Evidence  
5 Code section 452 is mandatory if properly requested by a party, the requesting party gives  
6 sufficient notice of the request to enable the adverse party to prepare to meet, and the requesting  
7 party furnishes the court with sufficient information to enable the court to take judicial notice of  
8 the matter. (Evid. Code, § 453.) Exhibits A through I are records filed in this Court in the above-  
9 captioned case and are therefore judicially noticeable. (Evid. Code, §§ 452, subd. (d), 453.)  
10 Exhibits A through H are relevant because the facts deemed admitted are dispositive in  
11 establishing liability for civil penalties under Business and Professions Code section 26038, and  
12 Exhibit I identifies the proper plaintiff in this matter for whom judgment would be entered if the  
13 Court grants the requested motion for summary judgment.

14 Exhibits J through M are former statutes and regulations that were applicable during time  
15 periods relevant to this case and may be the subject of judicial notice pursuant to Evidence Code  
16 section 452, which provides that judicial notice may be taken of “Regulations and legislative  
17 enactments issued by or under the authority of . . . any public entity in the United States [and] . . .  
18 Official acts of the legislative, executive . . . departments . . . of any state . . .” (Evid. Code, §  
19 452, subds. (b)-(c).) Exhibit J includes two former versions of Business and Professions Code  
20 section 26001 that were in effect during periods relevant to this case. The first version was in  
21 effect between September 16, 2017 and December 31, 2018 (former Bus. & Prof. Code, § 26001;  
22 repealed by stats. Sen. Bill No. 1289, 2017-2018 Reg. Sess. § 19). The second version was in  
23 effect from January 1, 2019 through December 31, 2019 (former Bus. & Prof. Code, § 26001;  
24 repealed by stats. Sen. Bill No. 34, Reg. Sess. 2019-2020 § 1). Both versions of the law provide  
25 identical and basic definitions for the court’s consideration in determining whether the activity  
26 alleged is “commercial cannabis activity” within the meaning of the statute. Exhibit K is former  
27 Business and Professions Code section 26038, which is the statute that forms the basis for the  
28 cause of action in this matter. The version of Business and Professions Code section 26038 that

1 was applicable at all times relevant to this matter was in effect from June 27, 2017 to July 11,  
2 2021.

3 Exhibit L is the regulation that governed the amount of fees required by the California  
4 Department of Public Health’s Manufactured Cannabis Safety Branch for a commercial cannabis  
5 manufacturing license during the relevant time period. (Cal. Code Regs., tit. 17, § 40150.)

6 Exhibit M is the regulation that governed the amount of license fees that were required by the  
7 Bureau of Cannabis Control for a commercial cannabis distribution license during the relevant  
8 time period. (Cal. Code Regs., tit. 16, § 5014.) Exhibits L and M are necessary for the Court’s  
9 determination of the amount of civil penalties that are owed for the unlicensed activity because a  
10 “person engaging in commercial cannabis activity without a license . . . shall be subject to civil  
11 penalties of up to three times the license fee for each violation.” (Former Bus. & Prof. Code, §  
12 26038, subd. (a); amended by stats. 2021 ch. 530, § 1; AB 1138.)

13 True and correct copies of the following documents are attached:

- 14 1. **Exhibit A:** Order Deeming Plaintiff’s Request for Admissions, Set One, to Defendant  
15 **Ruben Kachian**, a.k.a. “Ruben Cross”, Admitted, dated January 10, 2022; Notice of  
16 Court Order, dated January 10, 2022.
- 17 2. **Exhibit B:** Order Granting Plaintiff’s Motion for Issue Sanctions against Defendant  
18 **Ruben Kachian**, a.k.a. “Ruben Cross”, dated May 3, 2022; Court’s Certificate of  
19 Mailing, dated May 4, 2022.
- 20 3. **Exhibit C:** Order (1) Granting Plaintiff’s Motion for Issues and Evidentiary  
21 Sanctions against Defendant **Arutyun Barsamyan** and (2) Deeming Plaintiff’s  
22 Request for Admissions, Set One, to Defendant Barsamyan, Admitted, dated July 15,  
23 2022; Court’s Certificate of Mailing, dated July 18, 2022.
- 24 4. **Exhibit D:** Order (1) Granting Plaintiff’s Motion for Issues and Evidentiary  
25 Sanctions against Defendant **Vertical Bliss, Inc.** and (2) Deeming Plaintiff’s Request  
26 for Admissions, Set One, to Defendant Vertical Bliss, Admitted, dated July 18, 2022;  
27 Notice of Court Order, dated July 21, 2022.

- 1           5. **Exhibit E:** Order (1) Granting Plaintiff’s Motion for Issues and Evidentiary Sanctions  
2           against Defendant **Kushy Punch, Inc.** and (2) Deeming Plaintiff’s Request for  
3           Admissions, Set One, to Defendant Kushy Punch, Admitted, dated July 29, 2022;  
4           Notice of Court Order, dated August 2, 2022.
- 5           6. **Exhibit F:** Order (1) Granting Plaintiff’s Motion for Issues and Evidentiary Sanctions  
6           against Defendant **Conglomerate Marketing, LLC** and (2) Deeming Plaintiff’s  
7           Request for Admissions, Set One, to Defendant Conglomerate Marketing, Admitted,  
8           dated August 1, 2022; Notice of Court Order, dated August 2, 2022.
- 9           7. **Exhibit G:** Order (1) Granting Plaintiff’s Motion for Issues and Evidentiary  
10          Sanctions against Defendant **More Agency, Inc.** and (2) Deeming Plaintiff’s Request  
11          for Admissions, Set One, to Defendant More Agency, Admitted, dated August 2,  
12          2022; Notice of Court Order, dated August 3, 2022.
- 13          8. **Exhibit H:** Order Granting Plaintiff’s Motion to Compel Discovery – Responses to  
14          Request for Production of Documents, Set One – as to Defendant **Ruben Kachian,**  
15          **a.k.a. “Ruben Cross”,** dated August 10, 2022; Order (1) Granting Plaintiff’s Motion  
16          for Issues and Evidentiary Sanctions against Defendant **Mike A. Toroyan** and (2)  
17          Deeming Plaintiff’s Request for Admissions, Set One, to Defendant Toroyan,  
18          Admitted, dated August 10, 2022; Notice of Court Order, dated August 15, 2022.
- 19          9. **Exhibit I:** Order granting stipulated request for the substitution of the plaintiffs,  
20          California Department of Public Health and the Bureau of Cannabis Control for the  
21          Department of Cannabis Control, dated February 8, 2022.
- 22          10. **Exhibit J:** Former versions of Business and Professions Code section 26001 that  
23          were in effect from September 16, 2017 to December 31, 2018 and from January 1,  
24          2019 to December 31, 2019, respectively. (West’s Ann.Cal.Bus. & Prof. Code, §  
25          26001, 2022 Edition.)
- 26          11. **Exhibit K:** Former Business and Professions Code section 26038 that was in effect  
27          from June 27, 2017 to July 11, 2021 (West’s Ann.Cal.Bus. & Prof. Code,  
28          § 26038, 2022 Edition.)



1 12. **Exhibit L:** California code of Regulations, title 17 section 40150 Application and  
2 License Fees. (Cal. Code Regs., tit., 17, § 40150, Barclays Official California Code of  
3 Regulations ©2022.)

4 13. **Exhibit M:** California Code of Regulations, title 16, section 5014 Fees. (Cal. Code  
5 Regs., tit., 16, § 5014, Barclays Official California Code of Regulations ©2022)

6 Dated: September 21, 2022

Respectfully submitted,

7 ROB BONTA  
8 Attorney General of California  
9 HARINDER KAPUR  
10 Senior Assistant Attorney General  
11 JOSHUA B. EISENBERG  
12 Supervising Deputy Attorney General



13 MICHAEL J. YUN  
14 ETHAN A. TURNER  
15 GREGORY M. CRIBBS  
16 Deputy Attorneys General  
17 *Attorneys for Plaintiff*  
18 *Department of Cannabis Control*

# Exhibit A

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

January 10, 2022

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.**

8:30 AM

**vs VERTICAL BLISS, INC., et al.**

Judge: Honorable Stephen P. Pfahler  
Judicial Assistant: Alina Joo  
Courtroom Assistant: None

CSR: Electronic Recording Monitor (ERM)  
ERM: None  
Deputy Sheriff: None

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**APPEARANCES:**

For Plaintiff(s): ETHAN A. TURNER (Telephonic) by Michael Yun

For Defendant(s): No Appearances

Other Appearance Notes:

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**NATURE OF PROCEEDINGS:** Hearing on Motion to Compel Further Discovery Responses

The matter is called for hearing.

The Court read its Tentative Ruling on the record.

Counsel submit and the Court adopts its ruling as follows:

Plaintiff California Department of Public Health and Bureau of Cannabis Control moves to compel responses to Form Interrogatories (set one) from Defendant Ruben Kachian aka Ruben Cross. Plaintiff served Defendant on June 14, 2021. [Declaration of Ethan Turner, ¶ 2, Exhibit 1.]

Plaintiff also served Request for Admissions served on June 14, 2021. [Declaration of Ethan Turner, ¶ 2, Exhibit 2.] Plaintiff moves to compel responses to request for admissions, no such relief is available, and the court instead considers the motion as one to deem the requests for admissions admitted.

The subject items remain outstanding as of the date of the filing motion, even after an extension. The unopposed motions are granted. Defendant is ordered to serve verified responses to form interrogatories without objections within ten days. (Code Civ. Proc., §§ 2030.290, subd. (a-b).) The request for admissions is deemed admitted. (Code Civ. Proc., § 2033.280, subd. (a-b).)

Sanctions in the amount of \$250 joint and severally imposed against both counsel and defendant Ruben Kachian aka Ruben Cross, and payable within 30 days of this order. (Code Civ. Proc., § 2030.290(c) and 2033.280, subd. (c).)

Trial date of June 13, 2022 remains set.

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

January 10, 2022

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.**

8:30 AM

**vs VERTICAL BLISS, INC., et al.**

Judge: Honorable Stephen P. Pfahler

CSR: Electronic Recording Monitor (ERM)

Judicial Assistant: Alina Joo

ERM: None

Courtroom Assistant: None

Deputy Sheriff: None

---

Moving counsel to give notice to all parties.

1 ROB BONTA  
Attorney General of California  
2 HARINDER KAPUR  
Senior Assistant Attorney General  
3 ETHAN A. TURNER  
Deputy Attorney General  
4 State Bar No. 294891  
5 MICHAEL J. YUN  
Deputy Attorney General  
6 State Bar No. 292587  
7 1300 I Street, Suite 125  
P.O. Box 944255  
8 Sacramento, CA 94244-2550  
Telephone: (916) 210-7898  
9 E-mail: Ethan.Turner@doj.ca.gov  
Michael.Yun@doj.ca.gov  
10 *Attorneys for Plaintiffs*  
11 *California Department of Public Health and*  
*Bureau of Cannabis Control*

13 SUPERIOR COURT OF THE STATE OF CALIFORNIA

14 COUNTY OF LOS ANGELES

16 **CALIFORNIA DEPARTMENT OF**  
17 **PUBLIC HEALTH AND BUREAU OF**  
18 **CANNABIS CONTROL,**

19 Plaintiffs,

20 v.

21 **VERTICAL BLISS, INC., KUSHY**  
22 **PUNCH, INC., CONGLOMERATE**  
23 **MARKETING, LLC, MORE AGENCY,**  
24 **INC., RUBEN KACHIAN aka RUBEN**  
**CROSS, ARUTYUN BARSAMYAN,**  
25 **KEVIN HALLORAN, MIKE A.**  
**TOROYAN, and DOES 1 through 3,**  
**inclusive,**

26 Defendants.

Case No. 20CHCV00560

**NOTICE OF COURT'S ORDER  
GRANTING PLAINTIFF'S MOTION TO  
COMPEL RESPONSES, DEEMING  
REQUESTS FOR ADMISSIONS  
ADMITTED, AND IMPOSING  
MONETARY SANCTION**

Date: January 10, 2022  
Time: 10:30 a.m.  
Dept: F49  
Judge: The Honorable Stephen P.  
Pfahler

Trial Date:  
Action Filed: September 15, 2021

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Respectfully submitted,

ROB BONTA  
Attorney General of California  
HARINDER KAPUR  
Senior Assistant Attorney General

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# Exhibit 1

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

January 10, 2022

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.**

8:30 AM

**vs VERTICAL BLISS, INC., et al.**

Judge: Honorable Stephen P. Pfahler

Judicial Assistant: Alina Joo

Courtroom Assistant: None

CSR: Electronic Recording Monitor (ERM)

ERM: None

Deputy Sheriff: None

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**APPEARANCES:**

For Plaintiff(s): ETHAN A. TURNER (Telephonic) by Michael Yun

For Defendant(s): No Appearances

Other Appearance Notes:

---

**NATURE OF PROCEEDINGS:** Hearing on Motion to Compel Further Discovery Responses

The matter is called for hearing.

The Court read its Tentative Ruling on the record.

Counsel submit and the Court adopts its ruling as follows:

Plaintiff California Department of Public Health and Bureau of Cannabis Control moves to compel responses to Form Interrogatories (set one) from Defendant Ruben Kachian aka Ruben Cross. Plaintiff served Defendant on June 14, 2021. [Declaration of Ethan Turner, ¶ 2, Exhibit 1.]

Plaintiff also served Request for Admissions served on June 14, 2021. [Declaration of Ethan Turner, ¶ 2, Exhibit 2.] Plaintiff moves to compel responses to request for admissions, no such relief is available, and the court instead considers the motion as one to deem the requests for admissions admitted.

The subject items remain outstanding as of the date of the filing motion, even after an extension. The unopposed motions are granted. Defendant is ordered to serve verified responses to form interrogatories without objections within ten days. (Code Civ. Proc., §§ 2030.290, subd. (a-b).) The request for admissions is deemed admitted. (Code Civ. Proc., § 2033.280, subd. (a-b).)

Sanctions in the amount of \$250 joint and severally imposed against both counsel and defendant Ruben Kachian aka Ruben Cross, and payable within 30 days of this order. (Code Civ. Proc., § 2030.290(c) and 2033.280, subd. (c).)

Trial date of June 13, 2022 remains set.



**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

January 10, 2022

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.**

8:30 AM

**vs VERTICAL BLISS, INC., et al.**

Judge: Honorable Stephen P. Pfahler

CSR: Electronic Recording Monitor (ERM)

Judicial Assistant: Alina Joo

ERM: None

Courtroom Assistant: None

Deputy Sheriff: None

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Moving counsel to give notice to all parties.

**DECLARATION OF SERVICE BY E-MAIL and U.S. Mail**

Case Name: **California Department of Public Health, et al. v. Vertical Bliss, Inc., et al.**

Los Angeles  
Superior Court

Case No.: **20CHCV00560**

I declare:

I am employed in the Office of the Attorney General, which is the office of a member of the California State Bar, at which member's direction this service is made. I am 18 years of age or older and not a party to this matter. I am familiar with the business practice at the Office of the Attorney General for collection and processing of correspondence for mailing with the United States Postal Service. In accordance with that practice, correspondence placed in the internal mail collection system at the Office of the Attorney General is deposited with the United States Postal Service with postage thereon fully prepaid that same day in the ordinary course of business.

On January 10, 2022, I served the attached **NOTICE OF COURT'S ORDER GRANTING PLAINTIFF'S MOTION TO COMPEL RESPONSES, DEEMING REQUESTS FOR ADMISSIONS ADMITTED, AND IMPOSING MONETARY SANCTION AND EXHIBIT 1** by transmitting a true copy via electronic mail. In addition, I placed a true copy thereof enclosed in a sealed envelope, in the internal mail system of the Office of the Attorney General, addressed as follows:

Ian Stewart, Esq.  
Wilson Elser Moskowitz Edelman & Dicker LLP - Los Angeles  
555 South Flower Street Suite 2900  
Los Angeles, CA 90071  
**E-mail Address:** [ian.stewart@wilsonelser.com](mailto:ian.stewart@wilsonelser.com)  
***Attorney for Co-Defendant***

Margarita Salazar, Esq.  
Law Offices of Margarita Salazar  
470 Third Avenue, Ste. 9  
Chula Vista, CA 91910-4663  
**E-mail Address:** [margarita@msalazarlaw.com](mailto:margarita@msalazarlaw.com)  
***Attorney for Defendant***

I declare under penalty of perjury under the laws of the State of California and the United States of America the foregoing is true and correct and that this declaration was executed on January 10, 2022, at San Diego, California.

\_\_\_\_\_  
M. Gieselman  
Declarant

\_\_\_\_\_  
*M. Gieselman*  
Signature

## Exhibit B

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.  
vs VERTICAL BLISS, INC., et al.**

May 3, 2022

8:30 AM

Judge: Honorable Stephen P. Pfahler  
Judicial Assistant: Adrina Chebishyan  
Courtroom Assistant: Patricia Aranda

CSR: None  
ERM: None  
Deputy Sheriff: None

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**APPEARANCES:**

For Plaintiff(s): ETHAN A. TURNER (Telephonic) by Michael Yun

For Defendant(s): Margarita Salazar (Telephonic)

---

**NATURE OF PROCEEDINGS:** Hearing on Motion for Sanctions

The matter is called for hearing.

The Court reads and considers the moving papers in support of Hearing on Motion for Sanctions.

After oral argument, the Court takes the matter under submission.

**LATER:**

The Court issues its final ruling as follows:

**SANCTIONS**

**MOVING PARTY:** Plaintiff, California Department of Public Health and Bureau of Cannabis Control

**RESPONDING PARTY:** Unopposed/Defendant, Ruben Kachian aka Ruben Cross

**RULING:** Granted in Part/Denied in Part

Plaintiff California Department of Public Health and Bureau of Cannabis Control moves for issue, monetary, and contempt sanctions against Defendant Ruben Kachian aka Ruben Cross, due to the failure to comply with the January 10, 2022, order compelling responses to Form Interrogatories (set one) within 10 days of the order. The court imposed sanctions joint and severally against both Defendant and counsel for \$250, and payable within 30 days of the order. Plaintiff alleges the responses remain outstanding and the sanctions unpaid.

“Discovery sanctions ‘should be appropriate to the dereliction, and should not exceed that which is required to protect the interests of the party entitled to but denied discovery.’” (Young v.

# SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

## Civil Division

North Valley District, Chatsworth Courthouse, Department F49

20CHCV00560

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.**  
**vs VERTICAL BLISS, INC., et al.**

May 3, 2022

8:30 AM

Judge: Honorable Stephen P. Pfahler  
Judicial Assistant: Adrina Chebishyan  
Courtroom Assistant: Patricia Aranda

CSR: None  
ERM: None  
Deputy Sheriff: None

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Rosenthal (1989) 212 Cal.App.3d 96, 118-119 citing Deyo v. Kilbourne (1978) 84 Cal.App.3d 771, 793; Newland v. Superior Court (1995) 40 Cal.App.4th 608, 613.) A prerequisite to the imposition of the dismissal sanction is that the party has willfully failed to comply with a court order. (Mileikowsky v. Tenet Healthsystem (2005) 128 Cal.App.4th 262, 279-280; Laguna Auto Body v. Farmers Ins. Exchange (1991) 231 Cal.App.3d 481, 487 overruled on other grounds in Garcia v. McCutchen (1997) 16 Cal.4th 469, 478, fn. 4.); Young v. Rosenthal (1989) 212 Cal.App.3d 96, 114.) Preventing parties from presenting their cases on the merits is a drastic measure; terminating sanctions should only be ordered when there has been previous noncompliance with a rule or order and it appears a less severe sanction would not be effective. (Link v. Cater (1998) 60 Cal.App.4th 1315, 1326; Department of Forestry & Fire Protection v. Howell?(2017) 18 Cal.App.5th 154, 191 [“Terminating sanctions are to be used sparingly because of the drastic effect of their application.”].) “The trial court may order a terminating sanction for discovery abuse ‘after considering the totality of the circumstances: [the] conduct of the party to determine if the actions were willful; the detriment to the propounding party; and the number of formal and informal attempts to obtain the discovery.’” (Los Defensores, Inc. v. Gomez?(2014) 223 Cal.App.4th 377, 390.)

Evidence or issue sanctions may be imposed only after parties violated discovery orders compelling further responses. (Code Civ. Proc., § 2030.300, subd. (e). In “exceptional circumstances,” including a showing of sufficiently egregious misconduct regarding a failure to respond to discovery, or a prior discovery order would be futile, the court may impose issue or evidentiary sanctions. (New Albertsons, Inc. v. Sup. Ct. (2008) 168 Cal.App.4th 1403, 1428.) To avoid sanctions, the burden of proving that a discovery violation was not willful is on the party on whom the discovery request was served. (Cornwall v. Santa Monica Dairy Co. (1977) 66 Cal.App.3d 250, 252- 253.)

Technically, the subject motion only comes after a failure to respond to initial responses, and the court docket shows no motion to compel further responses on calendar as to this defendant. Given the lack of initial responses however, the court finds that any further orders as to responding party would be futile. [Declaration of Michael Yun.] The court finds Defendant has abandoned any defense of the action, thereby demonstrating a willful violation of the prior order in the form of disregard thereby justifying issue sanctions. The court therefore grants the motion for issue sanctions as to any and all subject matter addressed in the form interrogatories—facts in support of the affirmative defenses raised in the answer. Plaintiff may also continue to rely on the requests for admissions deemed admitted.

The subject motion also prompts consideration of additional monetary sanctions. While the court

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.  
vs VERTICAL BLISS, INC., et al.**

May 3, 2022

8:30 AM

Judge: Honorable Stephen P. Pfahler  
Judicial Assistant: Adrina Chebishyan  
Courtroom Assistant: Patricia Aranda

CSR: None  
ERM: None  
Deputy Sheriff: None

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finds the futility exception applicable, the court finds further monetary sanctions will not better serve the object of meeting discovery goals. The motion for additional monetary sanctions is therefore denied.

The motion also lacks support for any setting of a contempt hearing. To support an order to show cause re an indirect contempt (occurring outside the immediate presence of the court), a declaration must evidence, as jurisdictional requirements ““(1) the making of the order, (2) knowledge of the order, (3) ability of the accused to render compliance, and (4) willful disobedience of the order [Citations]’.” (Board of Supervisors v. Sup. Ct. (1995) 33 Cal.App.4th 1724, 1736.) The Court may set a contempt hearing based on the willful violation of the temporary restraining order and/or preliminary injunction. (In re Coleman (1974) 12 Cal.3d 568, 571. The subject motion serves for the setting of a contempt hearing, rather than an actual contempt hearing. Personal service of the order is only required upon the issuance of the order. (Cedars-Sinai Imaging Medical Group v. Sup. Ct. (2000) 83 Cal.App.4th 1281, 1286-87.)

The court finds insufficient argument in support of the setting of a hearing. A failure to respond to discovery and finding of a basis for issue sanctions based on willful abandonment of the defense of the case will not equate to the higher level required for the holding of a contempt hearing. (Board of Supervisors v. Sup. Ct. (1995) 33 Cal.App.4th at p. 1737.)

The unopposed motion for issue sanctions on all affirmative defenses is therefore granted against Ruben Kachian aka Ruben Cross, and denied on the request for additional monetary sanctions and a contempt hearing.

Five motions to compel further responses, three motions to compel responses, and six more motions for sanctions—14 in total—reserved and/or filed with hearing dates from May 19, 2022 through July 18, 2022.

Clerk is to give notice.

Certificate of Mailing is attached.

<p align="center"><b>SUPERIOR COURT OF CALIFORNIA COUNTY OF LOS ANGELES</b></p>	<p align="center">Reserved for Clerk's File Stamp</p>
<p>COURTHOUSE ADDRESS: Chatsworth Courthouse 9425 Penfield Avenue, Chatsworth, CA 91311</p>	<p align="center"><b>FILED</b> Superior Court of California County of Los Angeles <b>05/03/2022</b></p>
<p>PLAINTIFF/PETITIONER: CALIFORNIA DEPARTMENT OF PUBLIC HEALTH et al</p>	<p>Sherri R. Carter, Executive Officer / Clerk of Court By: <u>A. Chebishyan</u> Deputy</p>
<p>DEFENDANT/RESPONDENT: VERTICAL BLISS, INC. et al</p>	
<p align="center"><b>CERTIFICATE OF MAILING</b></p>	<p>CASE NUMBER: 20CHCV00560</p>

I, the below-named Executive Officer/Clerk of the above-entitled court, do hereby certify that I am not a party to the cause herein, and that on this date I served the Minute Order (Hearing on Motion for Sanctions) of 05/03/2022 upon each party or counsel named below by placing the document for collection and mailing so as to cause it to be deposited in the United States mail at the courthouse in Chatsworth, California, one copy of the original filed/entered herein in a separate sealed envelope to each address as shown below with the postage thereon fully prepaid, in accordance with standard court practices.

California Department of Cannabis Control

California Department of Cannabis Control (Plaintiff - Substituted/Consolidated)

Margarita Salazar  
Law Offices of Margarita Salazar, APLC  
470 Third Avenue  
Chula Vista, CA 91910

Ian Andrew Stewart  
Wilson Elser  
555 S Flower St Ste 2900  
Los Angeles, CA 90071

ETHAN A. TURNER  
Deputy Attorney General  
1300 I Street, Suite 125  
SACRAMENTO, CA 94244

Ivy A Wang  
BROWNE GEORGE ROSS O'BRIEN ANNAGUEY  
& ELLIS LLP  
2121 Avenue of the Stars, Suite 2800  
Los Angeles, CA 90067

Sherri R. Carter, Executive Officer / Clerk of Court

Dated: 05/4/2022

By: A. Chebishyan  
Deputy Clerk

**CERTIFICATE OF MAILING**

# Exhibit C



**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.  
vs VERTICAL BLISS, INC., et al.**

July 15, 2022

8:30 AM

Judge: Honorable Stephen P. Pfahler  
Judicial Assistant: Adrina Chebishyan  
Courtroom Assistant: Patricia Aranda

CSR: None  
ERM: None  
Deputy Sheriff: None

---

**APPEARANCES:**

For Plaintiff(s): ETHAN A. TURNER (Telephonic) by Michael Yun

For Defendant(s): No Appearances

---

**NATURE OF PROCEEDINGS:** Hearing on Motion for Sanctions

The matter is called for hearing.

The Court reads and considers the moving papers in support of Hearing on Motion for Sanctions.

Court and Counsel confer.

The Court takes the matter under submission and later rules as follows:

**SANCTIONS**

**MOVING PARTY:** Plaintiff, California Department of Public Health and Bureau of Cannabis Control

**RESPONDING PARTY:** Unopposed/Defendant, Arutyun Baramyan

**RULING:** Granted.

Plaintiff California Department of Public Health and Bureau of Cannabis Control moves for the imposition of issue and evidentiary, plus additional monetary sanctions against defendant Arutyun Baramyan, due to the failure of defendant to comply with the May 26, 2022 order compelling further responses to request for production of documents, request for admissions, and form interrogatories. Plaintiff also moves to deem request for admissions admitted.

In the court's tentative ruling, the court denied the motion to deem request for admissions admitted. The court specifically referenced the May 26, 2022 order, which specifically granted the motion to compel further responses to request for admissions. The court found no basis of support to again grant the motion to deem admissions admitted after responses were apparently served, due to the court granting the motion to compel further responses to requests for

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.  
vs VERTICAL BLISS, INC., et al.**

July 15, 2022

8:30 AM

Judge: Honorable Stephen P. Pfahler  
Judicial Assistant: Adrina Chebishyan  
Courtroom Assistant: Patricia Aranda

CSR: None  
ERM: None  
Deputy Sheriff: None

---

admissions. The court therefore declined to make the argument for Plaintiff.

Notwithstanding this specific finding based on the plain language in Plaintiff's own motion, Plaintiff in oral argument questioned the court's tentative ruling on the issue of the request for admissions. Plaintiff tersely moves for sanctions due to the violation of the May 26, 2022 order, and references the lack of service of further responses to the request for admissions. Lacking from the written motion itself is the actual basis of authority for granting a motion to deem admissions admitted after an order compelling further responses. Upon further review, the court agrees to consider the motion as it relates to the order compelling further responses to the request for admissions.

Code of Civil Procedure section 2033.290, subd. (e), NOT subdivision (a)(1-2), as presented in the points and authorities [12:4-12] presents a basis to deem admissions admitted upon the violation of an order compelling responses. "If a party then fails to obey an order compelling further response to requests for admission, the court may order that the matters involved in the requests be deemed admitted. In lieu of, or in addition to, this order, the court may impose a monetary sanction under Chapter 7 (commencing with Section 2033.010)."

"Discovery sanctions 'should be appropriate to the dereliction, and should not exceed that which is required to protect the interests of the party entitled to but denied discovery.'" (Young v. Rosenthal (1989) 212 Cal.App.3d 96, 118-119 citing Deyo v. Kilbourne (1978) 84 Cal.App.3d 771, 793; Newland v. Superior Court (1995) 40 Cal.App.4th 608, 613.) A prerequisite to the imposition of the dismissal sanction is that the party has willfully failed to comply with a court order. (Mileikowsky v. Tenet Healthsystem (2005) 128 Cal.App.4th 262, 279-280; Laguna Auto Body v. Farmers Ins. Exchange (1991) 231 Cal.App.3d 481, 487 overruled on other grounds in Garcia v. McCutchen (1997) 16 Cal.4th 469, 478, fn. 4.); Young v. Rosenthal (1989) 212 Cal.App.3d 96, 114.)

Evidence or issue sanctions may be imposed only after parties violated discovery orders compelling further responses, except in exceptional circumstances, including where there was sufficiently egregious misconduct regarding a failure to respond to discovery, or a prior discovery order would be futile. (New Albertsons, Inc. v. Sup. Ct. (2008) 168 Cal.App.4th 1403, 1428.) To avoid sanctions, the burden of proving that a discovery violation was not willful is on the party on whom the discovery was served. (Cornwall v. Santa Monica Dairy Co. (1977) 66 Cal.App.3d 250, 252- 253.)

The underlying motion to compel was unopposed, and the subject motion remains unopposed.

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.  
vs VERTICAL BLISS, INC., et al.**

July 15, 2022

8:30 AM

Judge: Honorable Stephen P. Pfahler  
Judicial Assistant: Adrina Chebishyan  
Courtroom Assistant: Patricia Aranda

CSR: None  
ERM: None  
Deputy Sheriff: None

---

Defendant has apparently abandoned the action and/or apparently demonstrates no intent to comply with the court order. The motion for evidentiary and issues sanctions is therefore granted as to the interrogatories and documents. Defendant is precluded from introducing any evidence regarding the subject matter of the outstanding discovery. The motion to deem admissions is also granted. (Code Civ. Proc., § 2033.290, subd. (e).)

The court may impose additional monetary sanctions. (Code Civ. Proc., §§ 2030.300, subd. (d), 2031.300, subd. (c), 2033.300, subd. (d).) Additional joint and several monetary sanctions in the amount of \$125 against Arutyun Baramyan and counsel of record to be paid within 30 days for the documents and interrogatories only. (Code Civ. Proc., §§ 2030.290, subd. (c) and 2031.300, subd. (c).) The court elects to deem the admitted admissions sufficient “in lieu” of additional monetary sanctions, and additionally declines to award additional monetary sanctions for work not presented to the court in the written motion.

Clerk to give notice.

Certificate of Mailing is attached.

<p align="center"><b>SUPERIOR COURT OF CALIFORNIA COUNTY OF LOS ANGELES</b></p>	<p align="center">Reserved for Clerk's File Stamp</p>
<p>COURTHOUSE ADDRESS: Chatsworth Courthouse 9425 Penfield Avenue, Chatsworth, CA 91311</p>	<p align="center"><b>FILED</b> Superior Court of California County of Los Angeles <b>07/15/2022</b></p>
<p>PLAINTIFF/PETITIONER: CALIFORNIA DEPARTMENT OF PUBLIC HEALTH et al</p>	<p>Sherri R. Carter, Executive Officer / Clerk of Court By: <u>A. Chebishyan</u> Deputy</p>
<p>DEFENDANT/RESPONDENT: VERTICAL BLISS, INC. et al</p>	
<p align="center"><b>CERTIFICATE OF MAILING</b></p>	<p>CASE NUMBER: 20CHCV00560</p>

I, the below-named Executive Officer/Clerk of the above-entitled court, do hereby certify that I am not a party to the cause herein, and that on this date I served the Minute Order (Hearing on Motion for Sanctions) of 07/15/2022 upon each party or counsel named below by placing the document for collection and mailing so as to cause it to be deposited in the United States mail at the courthouse in Chatsworth, California, one copy of the original filed/entered herein in a separate sealed envelope to each address as shown below with the postage thereon fully prepaid, in accordance with standard court practices.

California Department of Cannabis Control

California Department of Cannabis Control (Plaintiff - Substituted/Consolidated)

Margarita Salazar  
Law Offices of Margarita Salazar, APLC  
470 Third Avenue  
Chula Vista, CA 91910

Ian Andrew Stewart  
Wilson Elser  
555 S Flower St Ste 2900  
Los Angeles, CA 90071

ETHAN A. TURNER  
Deputy Attorney General  
1300 I Street, Suite 125  
SACRAMENTO, CA 94244

Ivy A Wang  
BROWNE GEORGE ROSS O'BRIEN ANNAGUEY  
& ELLIS LLP  
2121 Avenue of the Stars, Suite 2800  
Los Angeles, CA 90067

Sherri R. Carter, Executive Officer / Clerk of Court

Dated: 07/18/2022

By: A. Chebishyan  
Deputy Clerk

**CERTIFICATE OF MAILING**

# Exhibit D

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.  
vs VERTICAL BLISS, INC., et al.**

July 18, 2022

8:30 AM

Judge: Honorable Stephen P. Pfahler  
Judicial Assistant: Adrina Chebishyan  
Courtroom Assistant: Patricia Aranda

CSR: None  
ERM: None  
Deputy Sheriff: None

---

**APPEARANCES:**

For Plaintiff(s): ETHAN A. TURNER (Telephonic) by Michael Yun

For Defendant(s): No Appearances

---

**NATURE OF PROCEEDINGS:** Hearing on Motion for Sanctions

The matter is called for hearing.

The Court reads and considers the moving papers in support of Hearing on Motion for Sanctions.

Court and Counsel confer.

Moving party submits to the Court's Tentative Ruling in open court, with modifications.

The Court rules as follows:

**RULING:** Granted.

Plaintiff California Department of Public Health and Bureau of Cannabis Control moves for the imposition of issue and evidentiary, plus additional monetary sanctions against defendant Vertical Bliss, Inc., due to the failure of defendant to comply with the March 16, 2022 order compelling further responses to request for production of documents, request for admissions, and form interrogatories. Plaintiff also moves to deem request for admissions admitted.

The court considers the motion for evidentiary and issue sanctions. "Discovery sanctions 'should be appropriate to the dereliction, and should not exceed that which is required to protect the interests of the party entitled to but denied discovery.'" (Young v. Rosenthal (1989) 212 Cal.App.3d 96, 118-119 citing Deyo v. Kilbourne (1978) 84 Cal.App.3d 771, 793; Newland v. Superior Court (1995) 40 Cal.App.4th 608, 613.) A prerequisite to the imposition of the dismissal sanction is that the party has willfully failed to comply with a court order. (Mileikowsky v. Tenet Healthsystem (2005) 128 Cal.App.4th 262, 279-280; Laguna Auto Body v. Farmers Ins. Exchange (1991) 231 Cal.App.3d 481, 487 overruled on other grounds in Garcia

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.  
vs VERTICAL BLISS, INC., et al.**

July 18, 2022

8:30 AM

Judge: Honorable Stephen P. Pfahler  
Judicial Assistant: Adrina Chebishyan  
Courtroom Assistant: Patricia Aranda

CSR: None  
ERM: None  
Deputy Sheriff: None

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v. McCutchen (1997) 16 Cal.4th 469, 478, fn. 4.); Young v. Rosenthal (1989) 212 Cal.App.3d 96, 114.)

Evidence or issue sanctions may be imposed only after parties violated discovery orders compelling further responses, except in exceptional circumstances, including where there was sufficiently egregious misconduct regarding a failure to respond to discovery, or a prior discovery order would be futile. (New Albertsons, Inc. v. Sup. Ct. (2008) 168 Cal.App.4th 1403, 1428.) To avoid sanctions, the burden of proving that a discovery violation was not willful is on the party on whom the discovery was served. (Cornwall v. Santa Monica Dairy Co. (1977) 66 Cal.App.3d 250, 252- 253.)

The underlying motion to compel was unopposed, and the subject motion remains unopposed. Defendant has apparently abandoned the action and/or demonstrates no intent to comply with the court order. The motion for evidentiary and issues sanctions is therefore granted as to the interrogatories and documents only. Defendant is precluded from introducing any evidence regarding the subject matter of the outstanding discovery.

On the admissions, Code of Civil Procedure section 2033.290, subd. (e), NOT subdivision (a)(1-2), as presented in the points and authorities [12:4-12] presents a basis to deem admissions admitted upon the violation of an order compelling responses. "If a party then fails to obey an order compelling further response to requests for admission, the court may order that the matters involved in the requests for admissions be deemed admitted. In lieu of, or in addition to, this order, the court may impose a monetary sanction under Chapter 7 (commencing with Section 2033.010)." The motion to deem request for admissions is also granted. (Code Civ. Proc., § 2033.290, subd. (e).)

The court may impose additional monetary sanctions. (Code Civ. Proc., §§ 2030.300, subd. (d), 2031.300, subd. (c), 2033.300, subd. (d).) Additional joint and several monetary sanctions in the amount of \$125 against Vertical Bliss, Inc and counsel of record to be paid within 30 days for the documents and interrogatories only. (Code Civ. Proc., §§ 2030.290, subd. (c) and 2031.300, subd. (c).) The court elects to deem the admitted admissions sufficient "in lieu" of additional monetary sanctions, and additionally declines to award additional monetary sanctions for work not presented to the court in the written motion.

Additional motions for sanctions beginning on July 29, 2022.

Plaintiff is to give notice.

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.**

**vs VERTICAL BLISS, INC., et al.**

July 18, 2022

8:30 AM

Judge: Honorable Stephen P. Pfahler

Judicial Assistant: Adrina Chebishyan

Courtroom Assistant: Patricia Aranda

CSR: None

ERM: None

Deputy Sheriff: None



1 ROB BONTA  
2 Attorney General of California  
3 HARINDER K. KAPUR  
4 Senior Assistant Attorney General  
5 JOSHUA B. EISENBERG  
6 Supervising Deputy Attorney General  
7 MICHAEL J. YUN (SBN 292587)  
8 ETHAN A. TURNER (SBN 294891)  
9 Deputy Attorneys General  
10 600 West Broadway, Suite 1800  
11 San Diego, CA 92101  
12 Telephone: (619) 321-5793  
13 Facsimile: (619) 645-2061  
14 E-mail: Michael.Yun@doj.ca.gov  
15 *Attorneys for Plaintiff and Petitioner*  
16 *Department of Cannabis Control*

11 SUPERIOR COURT OF THE STATE OF CALIFORNIA

12 COUNTY OF LOS ANGELES

14 **DEPARTMENT OF CANNABIS**  
15 **CONTROL,**

16 Plaintiff,

17 v.

18 **VERTICAL BLISS, INC., KUSHY**  
19 **PUNCH, INC., CONGLOMERATE**  
20 **MARKETING, LLC, MORE AGENCY,**  
21 **INC., RUBEN KACHIAN aka RUBEN**  
22 **CROSS, ARUTYUN BARSAMYAN,**  
23 **KEVIN HALLORAN, MIKE A.**  
24 **TOROYAN, and DOES 1 through 3,**  
25 **inclusive,**

26 Defendants.

Case No. 20CHCV00560

**NOTICE OF COURT ORDER**  
**GRANTING PLAINTIFF'S MOTION**  
**FOR SANCTIONS AGAINST**  
**DEFENDANT VERTICAL BLISS, INC.**  
**AND ITS ATTORNEY OF RECORD**  
**MARGARITA SALAZAR FOR**  
**VIOLATING COURT'S DISCOVERY**  
**ORDER**

Date: July 18, 2022

Time: 08:30 a.m.

Dept: F49

Judge: The Honorable Stephen P. Pfahler

Trial Date: January 30, 2023

Action Filed: September 23, 2020

1 **NOTICE OF COURT'S ORDER**

2 **TO VERTICAL BLISS, INC. AND ITS ATTORNEY OF RECORD, MARGARITA**  
3 **SALAZAR:**

4 **PLEASE TAKE NOTICE** that the Plaintiff's Motion for Sanctions against Defendant  
5 Vertical Bliss, Inc. and its Attorney of Record Margarita Salazar for Violating Court's Discovery  
6 Order, came on regularly for hearing on July 18, 2022, at 8:30 a.m., in Department F49 of the  
7 Superior Court of California, County of Los Angeles, North Valley District – Chatsworth  
8 Courthouse. At the hearing on July 18, 2022, the Court adopted its Tentative Ruling as its final  
9 ruling and Order.

10 Per instruction of the Court, counsel for Plaintiff hereby gives notice of the Court's order to  
11 Defendant Vertical Bliss, Inc., through its attorney of record, Margarita Salazar. Attached hereto  
12 as "Exhibit 1" is a true and correct copy of the Court's Minute Order, dated July 18, 2022,  
13 adopting its Tentative Ruling, which is now the final ruling in this matter.

14 Dated: July 21, 2022

Respectfully submitted,

15 ROB BONTA  
16 Attorney General of California  
17 HARINDER K. KAPUR  
18 Senior Assistant Attorney General  
19 JOSHUA B. EISENBERG  
20 Supervising Deputy Attorney General

21 

22 MICHAEL J. YUN  
23 ETHAN A. TURNER  
24 Deputy Attorneys General  
25 *Attorneys for Plaintiff*  
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# Exhibit 1

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.  
vs VERTICAL BLISS, INC., et al.**

July 18, 2022

8:30 AM

Judge: Honorable Stephen P. Pfahler  
Judicial Assistant: Adrina Chebishyan  
Courtroom Assistant: Patricia Aranda

CSR: None  
ERM: None  
Deputy Sheriff: None

---

**APPEARANCES:**

For Plaintiff(s): ETHAN A. TURNER (Telephonic) by Michael Yun

For Defendant(s): No Appearances

---

**NATURE OF PROCEEDINGS:** Hearing on Motion for Sanctions

The matter is called for hearing.

The Court reads and considers the moving papers in support of Hearing on Motion for Sanctions.

Court and Counsel confer.

Moving party submits to the Court's Tentative Ruling in open court, with modifications.

The Court rules as follows:

**RULING:** Granted.

Plaintiff California Department of Public Health and Bureau of Cannabis Control moves for the imposition of issue and evidentiary, plus additional monetary sanctions against defendant Vertical Bliss, Inc., due to the failure of defendant to comply with the March 16, 2022 order compelling further responses to request for production of documents, request for admissions, and form interrogatories. Plaintiff also moves to deem request for admissions admitted.

The court considers the motion for evidentiary and issue sanctions. "Discovery sanctions 'should be appropriate to the dereliction, and should not exceed that which is required to protect the interests of the party entitled to but denied discovery.'" (Young v. Rosenthal (1989) 212 Cal.App.3d 96, 118-119 citing Deyo v. Kilbourne (1978) 84 Cal.App.3d 771, 793; Newland v. Superior Court (1995) 40 Cal.App.4th 608, 613.) A prerequisite to the imposition of the dismissal sanction is that the party has willfully failed to comply with a court order. (Mileikowsky v. Tenet Healthsystem (2005) 128 Cal.App.4th 262, 279-280; Laguna Auto Body v. Farmers Ins. Exchange (1991) 231 Cal.App.3d 481, 487 overruled on other grounds in Garcia

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.  
vs VERTICAL BLISS, INC., et al.**

July 18, 2022

8:30 AM

Judge: Honorable Stephen P. Pfahler  
Judicial Assistant: Adrina Chebishyan  
Courtroom Assistant: Patricia Aranda

CSR: None  
ERM: None  
Deputy Sheriff: None

---

v. McCutchen (1997) 16 Cal.4th 469, 478, fn. 4.); Young v. Rosenthal (1989) 212 Cal.App.3d 96, 114.)

Evidence or issue sanctions may be imposed only after parties violated discovery orders compelling further responses, except in exceptional circumstances, including where there was sufficiently egregious misconduct regarding a failure to respond to discovery, or a prior discovery order would be futile. (New Albertsons, Inc. v. Sup. Ct. (2008) 168 Cal.App.4th 1403, 1428.) To avoid sanctions, the burden of proving that a discovery violation was not willful is on the party on whom the discovery was served. (Cornwall v. Santa Monica Dairy Co. (1977) 66 Cal.App.3d 250, 252- 253.)

The underlying motion to compel was unopposed, and the subject motion remains unopposed. Defendant has apparently abandoned the action and/or demonstrates no intent to comply with the court order. The motion for evidentiary and issues sanctions is therefore granted as to the interrogatories and documents only. Defendant is precluded from introducing any evidence regarding the subject matter of the outstanding discovery.

On the admissions, Code of Civil Procedure section 2033.290, subd. (e), NOT subdivision (a)(1-2), as presented in the points and authorities [12:4-12] presents a basis to deem admissions admitted upon the violation of an order compelling responses. "If a party then fails to obey an order compelling further response to requests for admission, the court may order that the matters involved in the requests for admissions be deemed admitted. In lieu of, or in addition to, this order, the court may impose a monetary sanction under Chapter 7 (commencing with Section 2023.010)." The motion to deem request for admissions is also granted. (Code Civ. Proc., § 2033.290, subd. (e).)

The court may impose additional monetary sanctions. (Code Civ. Proc., §§ 2030.300, subd. (d), 2031.300, subd. (c), 2033.300, subd. (d).) Additional joint and several monetary sanctions in the amount of \$125 against Vertical Bliss, Inc and counsel of record to be paid within 30 days for the documents and interrogatories only. (Code Civ. Proc., §§ 2030.290, subd. (c) and 2031.300, subd. (c).) The court elects to deem the admitted admissions sufficient "in lieu" of additional monetary sanctions, and additionally declines to award additional monetary sanctions for work not presented to the court in the written motion.

Additional motions for sanctions beginning on July 29, 2022.

Plaintiff is to give notice.

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.**

**vs VERTICAL BLISS, INC., et al.**

July 18, 2022

8:30 AM

Judge: Honorable Stephen P. Pfahler

Judicial Assistant: Adrina Chebishyan

Courtroom Assistant: Patricia Aranda

CSR: None

ERM: None

Deputy Sheriff: None

**DECLARATION OF SERVICE BY U.S. Mail and E-Mail**

Case Name: **California Department of Public Health, et al. v. Vertical Bliss, Inc., et al.**  
No.: **20CHCV00560**

I declare:

I am employed in the Office of the Attorney General, which is the office of a member of the California State Bar, at which member's direction this service is made. I am 18 years of age or older and not a party to this matter. I am familiar with the business practice at the Office of the Attorney General for collection and processing of correspondence for mailing with the United States Postal Service. In accordance with that practice, correspondence placed in the internal mail collection system at the Office of the Attorney General is deposited with the United States Postal Service with postage thereon fully prepaid that same day in the ordinary course of business.

On **July 21 2022**, I served the **NOTICE OF COURT'S ORDER GRANTING PLAINTIFF'S MOTION FOR SANCTIONS AGAINST DEFENDANT VERTICAL BLISS, INC. AND ITS ATTORNEY OF RECORD MARGARITA SALAZAR FOR VIOLATING COURT'S DISCOVERY ORDER** by transmitting a true copy via electronic mail. In addition, I placed a true copy thereof enclosed in a sealed envelope, in the internal mail system of the Office of the Attorney General, addressed as follows:

<b>Party</b>	<b>Address</b>
Margarita Salazar, Esq. <i>Attorney for Defendants Vertical Bliss, Inc., Kushy Punch, Inc., Conglomerate Marketing, LLC., More Agency, Inc., Ruben Kachian, Arutyun Barsamyan, and Mike A. Toroyan</i>	Margarita Salazar, Esq. Law Offices of Margarita Salazar 470 Third Avenue, Ste. 9 Chula Vista, CA 91910-4663 <b>E-mail Address:</b> margarita@msalazarlaw.com
Ian Stewart Wilson Elser Moskowitz Edelman & Dicker LLP <i>Attorney for Defendant Kevin Halloran</i>	Wilson Elser Moskowitz Edelman & Dicker LLP 555 South Flower St. Ste. 2900 Los Angeles, Ca 90071 <b>E-mail Address:</b> ian.stewart@wilsonelser.com

I declare under penalty of perjury under the laws of the State of California and the United States of America the foregoing is true and correct and that this declaration was executed on **July 21, 2022**, at San Diego, California.

Alberto Flores

Declarant



Signature

# Exhibit E



**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.  
vs VERTICAL BLISS, INC., et al.**

July 29, 2022

8:30 AM

Judge: Honorable Stephen P. Pfahler  
Judicial Assistant: Adrina Chebishyan  
Courtroom Assistant: Patricia Aranda

CSR: None  
ERM: None  
Deputy Sheriff: None

---

**APPEARANCES:**

For Plaintiff(s): ETHAN A. TURNER (Telephonic) by Michael Yun

For Defendant(s): No Appearances

---

**NATURE OF PROCEEDINGS:** Hearing on Motion for Sanctions

The matter is called for hearing.

The Court reads and considers the moving papers in support of Hearing on Motion for Sanctions.

The Court's Tentative Ruling is published.

Moving Party submits to the Court's Tentative Ruling in open court, and the Court adopts its tentative ruling as its final ruling as follows:

**SANCTIONS**

**MOVING PARTY:** Plaintiff, California Department of Public Health and Bureau of Cannabis Control

**RESPONDING PARTY:** Unopposed/Defendant, Kushy Punch, Inc.

**RULING:** Granted

Plaintiff California Department of Public Health and Bureau of Cannabis Control moves for the imposition of issue and evidentiary, plus additional monetary sanctions against defendant Kushy Punch, Inc., due to the failure of defendant to comply with the March 16, 2022 order compelling further responses to request for production of documents, request for admissions, and form interrogatories. Plaintiff also moves to deem request for admissions admitted.

The court considers the motion for evidentiary and issue sanctions. "Discovery sanctions 'should be appropriate to the dereliction, and should not exceed that which is required to protect the interests of the party entitled to but denied discovery.'" (Young v. Rosenthal (1989) 212 Cal.App.3d 96, 118-119 citing Deyo v. Kilbourne (1978) 84 Cal.App.3d 771, 793; Newland v.

# SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

## Civil Division

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.  
vs VERTICAL BLISS, INC., et al.**

July 29, 2022

8:30 AM

Judge: Honorable Stephen P. Pfahler  
Judicial Assistant: Adrina Chebishyan  
Courtroom Assistant: Patricia Aranda

CSR: None  
ERM: None  
Deputy Sheriff: None

---

Superior Court (1995) 40 Cal.App.4th 608, 613.) A prerequisite to the imposition of the dismissal sanction is that the party has willfully failed to comply with a court order. (Mileikowsky v. Tenet Healthsystem (2005) 128 Cal.App.4th 262, 279-280; Laguna Auto Body v. Farmers Ins. Exchange (1991) 231 Cal.App.3d 481, 487 overruled on other grounds in Garcia v. McCutchen (1997) 16 Cal.4th 469, 478, fn. 4.); Young v. Rosenthal (1989) 212 Cal.App.3d 96, 114.)

Evidence or issue sanctions may be imposed only after parties violated discovery orders compelling further responses, except in exceptional circumstances, including where there was sufficiently egregious misconduct regarding a failure to respond to discovery, or a prior discovery order would be futile. (New Albertsons, Inc. v. Sup. Ct. (2008) 168 Cal.App.4th 1403, 1428.) To avoid sanctions, the burden of proving that a discovery violation was not willful is on the party on whom the discovery was served. (Cornwall v. Santa Monica Dairy Co. (1977) 66 Cal.App.3d 250, 252- 253.)

The underlying motion to compel was unopposed, and the subject motion remains unopposed. Defendant has apparently abandoned the action and/or demonstrates no intent to comply with the court order. The motion for evidentiary and issues sanctions is therefore granted as to the interrogatories and documents only. Defendant is precluded from introducing any evidence regarding the subject matter of the outstanding discovery.

On the admissions, Code of Civil Procedure section 2033.290, subd. (e), NOT subdivision (a)(1-2), as presented in the points and authorities [12:4-12] presents a basis to deem admissions admitted upon the violation of an order compelling responses. "If a party then fails to obey an order compelling further response to requests for admission, the court may order that the matters involved in the requests be deemed admitted. In lieu of, or in addition to, this order, the court may impose a monetary sanction under Chapter 7 (commencing with Section 2033.010)." The motion to deem admissions is also granted. (Code Civ. Proc., § 2033.290, subd. (e).)

The court may impose additional monetary sanctions. (Code Civ. Proc., §§ 2030.300, subd. (d), 2031.300, subd. (c), 2033.300, subd. (d).) Additional joint and several monetary sanctions in the amount of \$125 against Kushy Punch, Inc., and counsel of record to be paid within 30 days for the documents and interrogatories only. (Code Civ. Proc., §§ 2030.290, subd. (c) and 2031.300, subd. (c).) The court elects to deem the admitted admissions sufficient "in lieu" of additional monetary sanctions, and additionally declines to award additional monetary sanctions for work not presented to the court in the written motion.

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.  
vs VERTICAL BLISS, INC., et al.**

July 29, 2022

8:30 AM

Judge: Honorable Stephen P. Pfahler  
Judicial Assistant: Adrina Chebishyan  
Courtroom Assistant: Patricia Aranda

CSR: None  
ERM: None  
Deputy Sheriff: None

---

Next motion for sanctions on August 1, 2022.

Plaintiff is to give notice.

1 ROB BONTA  
2 Attorney General of California  
3 HARINDER K. KAPUR  
4 Senior Assistant Attorney General  
5 JOSHUA B. EISENBERG  
6 Supervising Deputy Attorney General  
7 MICHAEL J. YUN (SBN 292587)  
8 ETHAN A. TURNER (SBN 294891)  
9 Deputy Attorneys General  
10 600 West Broadway, Suite 1800  
11 San Diego, CA 92101  
12 Telephone: (619) 321-5793  
13 Facsimile: (619) 645-2061  
14 E-mail: Michael.Yun@doj.ca.gov  
15 *Attorneys for Plaintiff*  
16 *Department of Cannabis Control*

11 SUPERIOR COURT OF THE STATE OF CALIFORNIA

12 COUNTY OF LOS ANGELES

14 **DEPARTMENT OF CANNABIS**  
15 **CONTROL,**

16 Plaintiff,

17 v.

18 **VERTICAL BLISS, INC., KUSHY**  
19 **PUNCH, INC., CONGLOMERATE**  
20 **MARKETING, LLC, MORE AGENCY,**  
21 **INC., RUBEN KACHIAN aka RUBEN**  
22 **CROSS, ARUTYUN BARSAMYAN,**  
23 **KEVIN HALLORAN, MIKE A.**  
24 **TOROYAN, and DOES 1 through 3,**  
25 **inclusive,**

26 Defendants.

Case No. 20CHCV00560

**NOTICE OF COURT ORDER  
GRANTING PLAINTIFF'S MOTION  
FOR SANCTIONS AGAINST  
DEFENDANT KUSHY PUNCH, INC.  
AND ITS ATTORNEY OF RECORD  
MARGARITA SALAZAR FOR  
VIOLATING COURT'S DISCOVERY  
ORDER**

Date: July 29, 2022

Time: 08:30 a.m.

Dept: F49

Judge: The Honorable Stephen P. Pfahler

Trial Date: January 30, 2023

Action Filed: September 23, 2020

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Respectfully submitted,

ROB BONTA  
Attorney General of California  
HARINDER K. KAPUR  
Senior Assistant Attorney General  
JOSHUA B. EISENBERG  
Supervising Deputy Attorney General

Michael K

MICHAEL J. YUN  
ETHAN A. TURNER  
Deputy Attorneys General  
*Attorneys for Plaintiff*

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# Exhibit 1

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.  
vs VERTICAL BLISS, INC., et al.**

July 29, 2022

8:30 AM

Judge: Honorable Stephen P. Pfahler  
Judicial Assistant: Adrina Chebishyan  
Courtroom Assistant: Patricia Aranda

CSR: None  
ERM: None  
Deputy Sheriff: None

---

**APPEARANCES:**

For Plaintiff(s): ETHAN A. TURNER (Telephonic) by Michael Yun

For Defendant(s): No Appearances

---

**NATURE OF PROCEEDINGS:** Hearing on Motion for Sanctions

The matter is called for hearing.

The Court reads and considers the moving papers in support of Hearing on Motion for Sanctions.

The Court's Tentative Ruling is published.

Moving Party submits to the Court's Tentative Ruling in open court, and the Court adopts its tentative ruling as its final ruling as follows:

**SANCTIONS**

**MOVING PARTY:** Plaintiff, California Department of Public Health and Bureau of Cannabis Control

**RESPONDING PARTY:** Unopposed/Defendant, Kushy Punch, Inc.

**RULING:** Granted

Plaintiff California Department of Public Health and Bureau of Cannabis Control moves for the imposition of issue and evidentiary, plus additional monetary sanctions against defendant Kushy Punch, Inc., due to the failure of defendant to comply with the March 16, 2022 order compelling further responses to request for production of documents, request for admissions, and form interrogatories. Plaintiff also moves to deem request for admissions admitted.

The court considers the motion for evidentiary and issue sanctions. "Discovery sanctions 'should be appropriate to the dereliction, and should not exceed that which is required to protect the interests of the party entitled to but denied discovery.'" (Young v. Rosenthal (1989) 212 Cal.App.3d 96, 118-119 citing Deyo v. Kilbourne (1978) 84 Cal.App.3d 771, 793; Newland v.

# SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

## Civil Division

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.  
vs VERTICAL BLISS, INC., et al.**

July 29, 2022

8:30 AM

Judge: Honorable Stephen P. Pfahler  
Judicial Assistant: Adrina Chebishyan  
Courtroom Assistant: Patricia Aranda

CSR: None  
ERM: None  
Deputy Sheriff: None

---

Superior Court (1995) 40 Cal.App.4th 608, 613.) A prerequisite to the imposition of the dismissal sanction is that the party has willfully failed to comply with a court order. (Mileikowsky v. Tenet Healthsystem (2005) 128 Cal.App.4th 262, 279-280; Laguna Auto Body v. Farmers Ins. Exchange (1991) 231 Cal.App.3d 481, 487 overruled on other grounds in Garcia v. McCutchen (1997) 16 Cal.4th 469, 478, fn. 4.); Young v. Rosenthal (1989) 212 Cal.App.3d 96, 114.)

Evidence or issue sanctions may be imposed only after parties violated discovery orders compelling further responses, except in exceptional circumstances, including where there was sufficiently egregious misconduct regarding a failure to respond to discovery, or a prior discovery order would be futile. (New Albertsons, Inc. v. Sup. Ct. (2008) 168 Cal.App.4th 1403, 1428.) To avoid sanctions, the burden of proving that a discovery violation was not willful is on the party on whom the discovery was served. (Cornwall v. Santa Monica Dairy Co. (1977) 66 Cal.App.3d 250, 252- 253.)

The underlying motion to compel was unopposed, and the subject motion remains unopposed. Defendant has apparently abandoned the action and/or demonstrates no intent to comply with the court order. The motion for evidentiary and issues sanctions is therefore granted as to the interrogatories and documents only. Defendant is precluded from introducing any evidence regarding the subject matter of the outstanding discovery.

On the admissions, Code of Civil Procedure section 2033.290, subd. (e), NOT subdivision (a)(1-2), as presented in the points and authorities [12:4-12] presents a basis to deem admissions admitted upon the violation of an order compelling responses. "If a party then fails to obey an order compelling further response to requests for admission, the court may order that the matters involved in the requests be deemed admitted. In lieu of, or in addition to, this order, the court may impose a monetary sanction under Chapter 7 (commencing with Section 2033.010)." The motion to deem admissions is also granted. (Code Civ. Proc., § 2033.290, subd. (e).)

The court may impose additional monetary sanctions. (Code Civ. Proc., §§ 2030.300, subd. (d), 2031.300, subd. (c), 2033.300, subd. (d).) Additional joint and several monetary sanctions in the amount of \$125 against Kushy Punch, Inc., and counsel of record to be paid within 30 days for the documents and interrogatories only. (Code Civ. Proc., §§ 2030.290, subd. (c) and 2031.300, subd. (c).) The court elects to deem the admitted admissions sufficient "in lieu" of additional monetary sanctions, and additionally declines to award additional monetary sanctions for work not presented to the court in the written motion.



**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.  
vs VERTICAL BLISS, INC., et al.**

July 29, 2022

8:30 AM

Judge: Honorable Stephen P. Pfahler  
Judicial Assistant: Adrina Chebishyan  
Courtroom Assistant: Patricia Aranda

CSR: None  
ERM: None  
Deputy Sheriff: None

---

Next motion for sanctions on August 1, 2022.

Plaintiff is to give notice.

**DECLARATION OF SERVICE BY U.S. Mail and E-Mail**

Case Name: **California Department of Public Health, et al. v. Vertical Bliss, Inc., et al.**

Los Angeles

Sup. Ct.

Case No.: **20CHCV00560**

I declare:

I am employed in the Office of the Attorney General, which is the office of a member of the California State Bar, at which member's direction this service is made. I am 18 years of age or older and not a party to this matter. I am familiar with the business practice at the Office of the Attorney General for collection and processing of correspondence for mailing with the United States Postal Service. In accordance with that practice, correspondence placed in the internal mail collection system at the Office of the Attorney General is deposited with the United States Postal Service with postage thereon fully prepaid that same day in the ordinary course of business.

On **August 2 2022**, I served the **NOTICE OF COURT'S ORDER GRANTING PLAINTIFF'S MOTION FOR SANCTIONS AGAINST DEFENDANT KUSHY PUNCH, INC. AND ITS ATTORNEY OF RECORD MARGARITA SALAZAR FOR VIOLATING COURT'S DISCOVERY ORDER** by transmitting a true copy via electronic mail. In addition, I placed a true copy thereof enclosed in a sealed envelope, in the internal mail system of the Office of the Attorney General, addressed as follows:

<b>Party</b>	<b>Address</b>
Margarita Salazar, Esq. <i>Attorney for Defendants Vertical Bliss, Inc., Kushy Punch, Inc., Conglomerate Marketing, LLC., More Agency, Inc., Ruben Kachian, Arutyun Barsamyan, and Mike A. Toroyan</i>	Margarita Salazar, Esq. Law Offices of Margarita Salazar 470 Third Avenue, Ste. 9 Chula Vista, CA 91910-4663 <b>E-mail Address:</b> margarita@msalazarlaw.com
Ian Stewart Wilson Elser Moskowitz Edelman & Dicker LLP <i>Attorney for Defendant Kevin Halloran</i>	<b>E-mail Address:</b> ian.stewart@wilsonelser.com

I declare under penalty of perjury under the laws of the State of California and the United States of America the foregoing is true and correct and that this declaration was executed on **August 2, 2022**, at San Diego, California.

M. Gieselman

Declarant

*M. Gieselman*  
Signature

# Exhibit F

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.  
vs VERTICAL BLISS, INC., et al.**

August 1, 2022

8:30 AM

Judge: Honorable Stephen P. Pfahler  
Judicial Assistant: Adrina Chebishyan  
Courtroom Assistant: Patricia Aranda

CSR: None  
ERM: None  
Deputy Sheriff: None

---

**APPEARANCES:**

For Plaintiff(s): ETHAN A. TURNER (Telephonic) by Michael Yun

For Defendant(s): No Appearances

---

**NATURE OF PROCEEDINGS:** Hearing on Motion for Sanctions

The matter is called for hearing.

The Court reads and considers the moving papers in support of Hearing on Motion for Sanctions.

The Court's Tentative Ruling is published.

The Court adopts its tentative ruling as its final ruling as follows:

**SANCTIONS**

**MOVING PARTY:** Plaintiff, California Department of Public Health and Bureau of Cannabis Control

**RESPONDING PARTY:** Unopposed/Defendant, Conglomerate Marketing, LLC

**RULING:** Granted

Plaintiff California Department of Public Health and Bureau of Cannabis Control moves for the imposition of issue and evidentiary, plus additional monetary sanctions against defendant Conglomerate Marketing, LLC, due to the failure of defendant to comply with the March 16, 2022 order compelling further responses to request for production of documents, request for admissions, and form interrogatories. Plaintiff also moves to deem request for admissions admitted.

The court considers the motion for evidentiary and issue sanctions. "Discovery sanctions 'should be appropriate to the dereliction, and should not exceed that which is required to protect the interests of the party entitled to but denied discovery.'" (Young v. Rosenthal (1989) 212 Cal.App.3d 96, 118-119 citing Deyo v. Kilbourne (1978) 84 Cal.App.3d 771, 793; Newland v.

# SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

## Civil Division

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.  
vs VERTICAL BLISS, INC., et al.**

August 1, 2022

8:30 AM

Judge: Honorable Stephen P. Pfahler  
Judicial Assistant: Adrina Chebishyan  
Courtroom Assistant: Patricia Aranda

CSR: None  
ERM: None  
Deputy Sheriff: None

---

Superior Court (1995) 40 Cal.App.4th 608, 613.) A prerequisite to the imposition of the dismissal sanction is that the party has willfully failed to comply with a court order. (Mileikowsky v. Tenet Healthsystem (2005) 128 Cal.App.4th 262, 279-280; Laguna Auto Body v. Farmers Ins. Exchange (1991) 231 Cal.App.3d 481, 487 overruled on other grounds in Garcia v. McCutchen (1997) 16 Cal.4th 469, 478, fn. 4.); Young v. Rosenthal (1989) 212 Cal.App.3d 96, 114.)

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The underlying motion to compel was unopposed, and the subject motion remains unopposed. Defendant has apparently abandoned the action and/or demonstrates no intent to comply with the court order. The motion for evidentiary and issues sanctions is therefore granted as to the interrogatories and documents only. Defendant is precluded from introducing any evidence regarding the subject matter of the outstanding discovery.

On the admissions, Code of Civil Procedure section 2033.290, subd. (e), NOT subdivision (a)(1-2), as presented in the points and authorities [12:4-12] presents a basis to deem admissions admitted upon the violation of an order compelling responses. "If a party then fails to obey an order compelling further response to requests for admission, the court may order that the matters involved in the requests be deemed admitted. In lieu of, or in addition to, this order, the court may impose a monetary sanction under Chapter 7 (commencing with Section 2033.010)." The motion to deem admissions admitted is also granted. (Code Civ. Proc., § 2033.290, subd. (e).)

The court may impose additional monetary sanctions. (Code Civ. Proc., §§ 2030.300, subd. (d), 2031.300, subd. (c), 2033.300, subd. (d).) Additional joint and several monetary sanctions in the amount of \$125 against Conglomerate Marketing, LLC and counsel of record to be paid within 30 days for the documents and interrogatories only. (Code Civ. Proc., §§ 2030.290, subd. (c) and 2031.300, subd. (c).) The court elects to deem the admitted admissions sufficient "in lieu" of additional monetary sanctions, and additionally declines to award additional monetary sanctions for work not presented to the court in the written motion.

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.  
vs VERTICAL BLISS, INC., et al.**

August 1, 2022

8:30 AM

Judge: Honorable Stephen P. Pfahler  
Judicial Assistant: Adrina Chebishyan  
Courtroom Assistant: Patricia Aranda

CSR: None  
ERM: None  
Deputy Sheriff: None

---

Next motion for sanctions on August 2, 2022.

Status Conference is scheduled for 10/12/2022 at 08:30 AM in Department F49 at Chatsworth Courthouse.

All parties are required to appear for the Status Conference.

Plaintiff is to give notice and is to file proof of that notice is the Court within 15 days from today's date.

1 ROB BONTA  
2 Attorney General of California  
3 HARINDER K. KAPUR  
4 Senior Assistant Attorney General  
5 JOSHUA B. EISENBERG  
6 Supervising Deputy Attorney General  
7 MICHAEL J. YUN (SBN 292587)  
8 ETHAN A. TURNER (SBN 294891)  
9 Deputy Attorneys General  
10 600 West Broadway, Suite 1800  
11 San Diego, CA 92101  
12 Telephone: (619) 321-5793  
13 Facsimile: (619) 645-2061  
14 E-mail: Michael.Yun@doj.ca.gov  
15 *Attorneys for Plaintiff*  
16 *Department of Cannabis Control*

11 SUPERIOR COURT OF THE STATE OF CALIFORNIA

12 COUNTY OF LOS ANGELES

14 **DEPARTMENT OF CANNABIS**  
15 **CONTROL,**

16 Plaintiff,

17 v.

18 **VERTICAL BLISS, INC., KUSHY**  
19 **PUNCH, INC., CONGLOMERATE**  
20 **MARKETING, LLC, MORE AGENCY,**  
21 **INC., RUBEN KACHIAN aka RUBEN**  
22 **CROSS, ARUTYUN BARSAMYAN,**  
23 **KEVIN HALLORAN, MIKE A.**  
24 **TOROYAN, and DOES 1 through 3,**  
25 **inclusive,**

26 Defendants.

Case No. 20CHCV00560

**NOTICE OF COURT ORDER**  
**GRANTING PLAINTIFF'S MOTION**  
**FOR SANCTIONS AGAINST**  
**DEFENDANT CONGLOMERATE**  
**MARKETING, LLC AND ITS**  
**ATTORNEY OF RECORD MARGARITA**  
**SALAZAR FOR VIOLATING COURT'S**  
**DISCOVERY ORDER**

Date: August 1, 2022

Time: 08:30 a.m.

Dept: F49

Judge: The Honorable Stephen P. Pfahler

Trial Date: January 30, 2023

Action Filed: September 23, 2020

1 **NOTICE OF COURT ORDER**

2 **TO CONGLOMERATE MARKETING, LLC AND ITS ATTORNEY OF RECORD,**  
3 **MARGARITA SALAZAR:**

4 **PLEASE TAKE NOTICE** that Plaintiff's Motion for Sanctions against Defendant  
5 Conglomerate Marketing, LLC and its Attorney of Record Margarita Salazar for Violating  
6 Court's Discovery Order, came on regularly for hearing on August 1, 2022, at 8:30 a.m., in  
7 Department F49 of the Superior Court of California, County of Los Angeles, North Valley  
8 District – Chatsworth Courthouse. At the hearing on August 1, 2022, the Court adopted its  
9 Tentative Ruling as its final ruling and Order.

10 Per instruction of the Court, counsel for Plaintiff hereby gives notice of the Court's order to  
11 Defendant Conglomerate Marketing, LLC, through its attorney of record, Margarita Salazar.  
12 Attached hereto as "Exhibit 1" is a true and correct copy of the Court's Minute Order, dated  
13 August 1, 2022, adopting its Tentative Ruling, which is now the final ruling in this matter.

14 Dated: August 2, 2022

Respectfully submitted,

15 ROB BONTA  
16 Attorney General of California  
17 HARINDER K. KAPUR  
18 Senior Assistant Attorney General  
19 JOSHUA B. EISENBERG  
20 Supervising Deputy Attorney General

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22 MICHAEL J. YUN  
23 ETHAN A. TURNER  
24 Deputy Attorneys General  
25 *Attorneys for Plaintiff*  
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# Exhibit 1

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.  
vs VERTICAL BLISS, INC., et al.**

August 1, 2022

8:30 AM

Judge: Honorable Stephen P. Pfahler  
Judicial Assistant: Adrina Chebishyan  
Courtroom Assistant: Patricia Aranda

CSR: None  
ERM: None  
Deputy Sheriff: None

---

**APPEARANCES:**

For Plaintiff(s): ETHAN A. TURNER (Telephonic) by Michael Yun

For Defendant(s): No Appearances

---

**NATURE OF PROCEEDINGS:** Hearing on Motion for Sanctions

The matter is called for hearing.

The Court reads and considers the moving papers in support of Hearing on Motion for Sanctions.

The Court's Tentative Ruling is published.

The Court adopts its tentative ruling as its final ruling as follows:

**SANCTIONS**

**MOVING PARTY:** Plaintiff, California Department of Public Health and Bureau of Cannabis Control

**RESPONDING PARTY:** Unopposed/Defendant, Conglomerate Marketing, LLC

**RULING:** Granted

Plaintiff California Department of Public Health and Bureau of Cannabis Control moves for the imposition of issue and evidentiary, plus additional monetary sanctions against defendant Conglomerate Marketing, LLC, due to the failure of defendant to comply with the March 16, 2022 order compelling further responses to request for production of documents, request for admissions, and form interrogatories. Plaintiff also moves to deem request for admissions admitted.

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**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.  
vs VERTICAL BLISS, INC., et al.**

August 1, 2022

8:30 AM

Judge: Honorable Stephen P. Pfahler  
Judicial Assistant: Adrina Chebishyan  
Courtroom Assistant: Patricia Aranda

CSR: None  
ERM: None  
Deputy Sheriff: None

---

Superior Court (1995) 40 Cal.App.4th 608, 613.) A prerequisite to the imposition of the dismissal sanction is that the party has willfully failed to comply with a court order. (Mileikowsky v. Tenet Healthsystem (2005) 128 Cal.App.4th 262, 279-280; Laguna Auto Body v. Farmers Ins. Exchange (1991) 231 Cal.App.3d 481, 487 overruled on other grounds in Garcia v. McCutchen (1997) 16 Cal.4th 469, 478, fn. 4.); Young v. Rosenthal (1989) 212 Cal.App.3d 96, 114.)

Evidence or issue sanctions may be imposed only after parties violated discovery orders compelling further responses, except in exceptional circumstances, including where there was sufficiently egregious misconduct regarding a failure to respond to discovery, or a prior discovery order would be futile. (New Albertsons, Inc. v. Sup. Ct. (2008) 168 Cal.App.4th 1403, 1428.) To avoid sanctions, the burden of proving that a discovery violation was not willful is on the party on whom the discovery was served. (Cornwall v. Santa Monica Dairy Co. (1977) 66 Cal.App.3d 250, 252- 253.)

The underlying motion to compel was unopposed, and the subject motion remains unopposed. Defendant has apparently abandoned the action and/or demonstrates no intent to comply with the court order. The motion for evidentiary and issues sanctions is therefore granted as to the interrogatories and documents only. Defendant is precluded from introducing any evidence regarding the subject matter of the outstanding discovery.

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The court may impose additional monetary sanctions. (Code Civ. Proc., §§ 2030.300, subd. (d), 2031.300, subd. (c), 2033.300, subd. (d).) Additional joint and several monetary sanctions in the amount of \$125 against Conglomerate Marketing, LLC and counsel of record to be paid within 30 days for the documents and interrogatories only. (Code Civ. Proc., §§ 2030.290, subd. (c) and 2031.300, subd. (c).) The court elects to deem the admitted admissions sufficient "in lieu" of additional monetary sanctions, and additionally declines to award additional monetary sanctions for work not presented to the court in the written motion.

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.  
vs VERTICAL BLISS, INC., et al.**

August 1, 2022

8:30 AM

Judge: Honorable Stephen P. Pfahler  
Judicial Assistant: Adrina Chebishyan  
Courtroom Assistant: Patricia Aranda

CSR: None  
ERM: None  
Deputy Sheriff: None

---

Next motion for sanctions on August 2, 2022.

Status Conference is scheduled for 10/12/2022 at 08:30 AM in Department F49 at Chatsworth Courthouse.

All parties are required to appear for the Status Conference.

Plaintiff is to give notice and is to file proof of that notice is the Court within 15 days from today's date.

**DECLARATION OF SERVICE BY U.S. Mail and E-Mail**

Case Name: **California Department of Public Health, et al. v. Vertical Bliss, Inc., et al.**  
No.: **20CHCV00560**

I declare:

I am employed in the Office of the Attorney General, which is the office of a member of the California State Bar, at which member's direction this service is made. I am 18 years of age or older and not a party to this matter. I am familiar with the business practice at the Office of the Attorney General for collection and processing of correspondence for mailing with the United States Postal Service. In accordance with that practice, correspondence placed in the internal mail collection system at the Office of the Attorney General is deposited with the United States Postal Service with postage thereon fully prepaid that same day in the ordinary course of business.

On **August 2 2022**, I served the **NOTICE OF COURT'S ORDER GRANTING PLAINTIFF'S MOTION FOR SANCTIONS AGAINST DEFENDANT CONGLOMERATE MARKETING, LLC AND ITS ATTORNEY OF RECORD MARGARITA SALAZAR FOR VIOLATING COURT'S DISCOVERY ORDER** by transmitting a true copy via electronic mail. In addition, I placed a true copy thereof enclosed in a sealed envelope, in the internal mail system of the Office of the Attorney General, addressed as follows:

<b>Party</b>	<b>Address</b>
Margarita Salazar, Esq. <i>Attorney for Defendants Vertical Bliss, Inc., Kushy Punch, Inc., Conglomerate Marketing, LLC., More Agency, Inc., Ruben Kachian, Arutyun Barsamyan, and Mike A. Toroyan</i>	Margarita Salazar, Esq. Law Offices of Margarita Salazar 470 Third Avenue, Ste. 9 Chula Vista, CA 91910-4663 <b>E-mail Address:</b> margarita@msalazarlaw.com
Ian Stewart Wilson Elser Moskowitz Edelman & Dicker LLP <i>Attorney for Defendant Kevin Halloran</i>	Wilson Elser Moskowitz Edelman & Dicker LLP 555 South Flower St. Ste. 2900 Los Angeles, Ca 90071 <b>E-mail Address:</b> ian.stewart@wilsonelser.com

I declare under penalty of perjury under the laws of the State of California and the United States of America the foregoing is true and correct and that this declaration was executed on **August 2, 2022**, at San Diego, California.

Alberto Flores

Declarant



Signature

# Exhibit G

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.  
vs VERTICAL BLISS, INC., et al.**

August 2, 2022

8:30 AM

Judge: Honorable Stephen P. Pfahler  
Judicial Assistant: Adrina Chebishyan  
Courtroom Assistant: Patricia Aranda

CSR: None  
ERM: None  
Deputy Sheriff: None

---

**APPEARANCES:**

For Plaintiff(s): ETHAN A. TURNER (Telephonic) by Michael Yun

For Defendant(s): No Appearances

---

**NATURE OF PROCEEDINGS:** Hearing on Motion for Sanctions

The matter is called for hearing.

The Court reads and considers the moving papers in support of Hearing on Motion for Sanctions.

The Court's Tentative Ruling is published.

Moving Party submits to the Court's Tentative Ruling in open court, and the Court adopts its tentative ruling as its final ruling as follows:

**SANCTIONS**

**MOVING PARTY:** Plaintiff, California Department of Public Health and Bureau of Cannabis Control

**RESPONDING PARTY:** Unopposed/Defendant, More Agency, Inc.

**RULING:** Granted

Plaintiff California Department of Public Health and Bureau of Cannabis Control moves for the imposition of issue and evidentiary, plus additional monetary sanctions against defendant More Agency, Inc., due to the failure of defendant to comply with the May 26, 2022 order compelling further responses to request for production of documents, request for admissions, and form interrogatories. Plaintiff also moves to deem request for admissions admitted.

The court considers the motion for evidentiary and issue sanctions. "Discovery sanctions 'should be appropriate to the dereliction, and should not exceed that which is required to protect the interests of the party entitled to but denied discovery.'" (Young v. Rosenthal (1989) 212 Cal.App.3d 96, 118-119 citing Deyo v. Kilbourne (1978) 84 Cal.App.3d 771, 793; Newland v.

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.  
vs VERTICAL BLISS, INC., et al.**

August 2, 2022

8:30 AM

Judge: Honorable Stephen P. Pfahler  
Judicial Assistant: Adrina Chebishyan  
Courtroom Assistant: Patricia Aranda

CSR: None  
ERM: None  
Deputy Sheriff: None

---

Superior Court (1995) 40 Cal.App.4th 608, 613.) A prerequisite to the imposition of the dismissal sanction is that the party has willfully failed to comply with a court order. (Mileikowsky v. Tenet Healthsystem (2005) 128 Cal.App.4th 262, 279-280; Laguna Auto Body v. Farmers Ins. Exchange (1991) 231 Cal.App.3d 481, 487 overruled on other grounds in Garcia v. McCutchen (1997) 16 Cal.4th 469, 478, fn. 4.); Young v. Rosenthal (1989) 212 Cal.App.3d 96, 114.)

Evidence or issue sanctions may be imposed only after parties violated discovery orders compelling further responses, except in exceptional circumstances, including where there was sufficiently egregious misconduct regarding a failure to respond to discovery, or a prior discovery order would be futile. (New Albertsons, Inc. v. Sup. Ct. (2008) 168 Cal.App.4th 1403, 1428.) To avoid sanctions, the burden of proving that a discovery violation was not willful is on the party on whom the discovery was served. (Cornwall v. Santa Monica Dairy Co. (1977) 66 Cal.App.3d 250, 252- 253.)

The underlying motion to compel was unopposed, and the subject motion remains unopposed. Defendant has apparently abandoned the action and/or demonstrates no intent to comply with the court order. The motion for evidentiary and issues sanctions is therefore granted as to the interrogatories and documents only. Defendant is precluded from introducing any evidence regarding the subject matter of the outstanding discovery.

On the admissions, Code of Civil Procedure section 2033.290, subd. (e), NOT subdivision (a)(1-2), as presented in the points and authorities [12:4-12] presents a basis to deem admissions admitted upon the violation of an order compelling responses. "If a party then fails to obey an order compelling further response to requests for admission, the court may order that the matters involved in the requests be deemed admitted. In lieu of, or in addition to, this order, the court may impose a monetary sanction under Chapter 7 (commencing with Section 2033.010)." The motion to deem admissions admitted is also granted. (Code Civ. Proc., § 2033.290, subd. (e).)

The court may impose additional monetary sanctions. (Code Civ. Proc., §§ 2030.300, subd. (d), 2031.300, subd. (c), 2033.300, subd. (d).) Additional joint and several monetary sanctions in the amount of \$125 against More Agency, Inc., and counsel of record to be paid within 30 days for the documents and interrogatories only. (Code Civ. Proc., §§ 2030.290, subd. (c) and 2031.300, subd. (c).) The court elects to deem the admitted admissions sufficient "in lieu" of additional monetary sanctions, and additionally declines to award additional monetary sanctions for work not presented to the court in the written motion.



**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

August 2, 2022

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.**

8:30 AM

**vs VERTICAL BLISS, INC., et al.**

Judge: Honorable Stephen P. Pfahler

CSR: None

Judicial Assistant: Adrina Chebishyan

ERM: None

Courtroom Assistant: Patricia Aranda

Deputy Sheriff: None

---

Next motion for sanctions on August 10, 2022.

Plaintiff to give notice.

1 ROB BONTA  
2 Attorney General of California  
3 HARINDER K. KAPUR  
4 Senior Assistant Attorney General  
5 JOSHUA B. EISENBERG  
6 Supervising Deputy Attorney General  
7 MICHAEL J. YUN (SBN 292587)  
8 ETHAN A. TURNER (SBN 294891)  
9 Deputy Attorneys General  
10 600 West Broadway, Suite 1800  
11 San Diego, CA 92101  
12 Telephone: (619) 321-5793  
13 Facsimile: (619) 645-2061  
14 E-mail: Michael.Yun@doj.ca.gov  
15 *Attorneys for Plaintiff*  
16 *Department of Cannabis Control*

11 SUPERIOR COURT OF THE STATE OF CALIFORNIA

12 COUNTY OF LOS ANGELES

14 **DEPARTMENT OF CANNABIS**  
15 **CONTROL,**

16 Plaintiff,

17 v.

18 **VERTICAL BLISS, INC., KUSHY**  
19 **PUNCH, INC., CONGLOMERATE**  
20 **MARKETING, LLC, MORE AGENCY,**  
21 **INC., RUBEN KACHIAN aka RUBEN**  
22 **CROSS, ARUTYUN BARSAMYAN,**  
23 **KEVIN HALLORAN, MIKE A.**  
24 **TOROYAN, and DOES 1 through 3,**  
25 **inclusive,**

26 Defendants.

Case No. 20CHCV00560

**NOTICE OF COURT ORDER  
GRANTING PLAINTIFF'S MOTION  
FOR SANCTIONS AGAINST  
DEFENDANT MORE AGENCY, INC.  
AND ITS ATTORNEY OF RECORD  
MARGARITA SALAZAR FOR  
VIOLATING COURT'S DISCOVERY  
ORDER**

Date: August 2, 2022

Time: 08:30 a.m.

Dept: F49

Judge: The Honorable Stephen P. Pfahler

Trial Date: January 30, 2023

Action Filed: September 23, 2020

1 **NOTICE OF COURT ORDER**

2 **TO MORE AGENCY, INC. AND ITS ATTORNEY OF RECORD, MARGARITA**  
3 **SALAZAR:**

4 **PLEASE TAKE NOTICE** that Plaintiff's Motion for Sanctions against Defendant More  
5 Agency, Inc. and its Attorney of Record Margarita Salazar for Violating Court's Discovery  
6 Order, came on regularly for hearing on August 2, 2022, at 8:30 a.m., in Department F49 of the  
7 Superior Court of California, County of Los Angeles, North Valley District – Chatsworth  
8 Courthouse. At the hearing on August 2, 2022, the Court adopted its Tentative Ruling as its final  
9 ruling and Order.

10 Per instruction of the Court, counsel for Plaintiff hereby gives notice of the Court's order to  
11 Defendant More Agency, Inc., through its attorney of record, Margarita Salazar. Attached hereto  
12 as "Exhibit 1" is a true and correct copy of the Court's Minute Order, dated August 2, 2022,  
13 adopting its Tentative Ruling, which is now the final ruling in this matter.

14 Dated: August 3, 2022

Respectfully submitted,

15 ROB BONTA  
16 Attorney General of California  
17 HARINDER K. KAPUR  
18 Senior Assistant Attorney General  
19 JOSHUA B. EISENBERG  
20 Supervising Deputy Attorney General

21 

22 MICHAEL J. YUN  
23 ETHAN A. TURNER  
24 Deputy Attorneys General  
25 *Attorneys for Plaintiff*  
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# Exhibit 1

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.  
vs VERTICAL BLISS, INC., et al.**

August 2, 2022

8:30 AM

Judge: Honorable Stephen P. Pfahler  
Judicial Assistant: Adrina Chebishyan  
Courtroom Assistant: Patricia Aranda

CSR: None  
ERM: None  
Deputy Sheriff: None

---

**APPEARANCES:**

For Plaintiff(s): ETHAN A. TURNER (Telephonic) by Michael Yun

For Defendant(s): No Appearances

---

**NATURE OF PROCEEDINGS:** Hearing on Motion for Sanctions

The matter is called for hearing.

The Court reads and considers the moving papers in support of Hearing on Motion for Sanctions.

The Court's Tentative Ruling is published.

Moving Party submits to the Court's Tentative Ruling in open court, and the Court adopts its tentative ruling as its final ruling as follows:

**SANCTIONS**

**MOVING PARTY:** Plaintiff, California Department of Public Health and Bureau of Cannabis Control

**RESPONDING PARTY:** Unopposed/Defendant, More Agency, Inc.

**RULING:** Granted

Plaintiff California Department of Public Health and Bureau of Cannabis Control moves for the imposition of issue and evidentiary, plus additional monetary sanctions against defendant More Agency, Inc., due to the failure of defendant to comply with the May 26, 2022 order compelling further responses to request for production of documents, request for admissions, and form interrogatories. Plaintiff also moves to deem request for admissions admitted.

The court considers the motion for evidentiary and issue sanctions. "Discovery sanctions 'should be appropriate to the dereliction, and should not exceed that which is required to protect the interests of the party entitled to but denied discovery.'" (Young v. Rosenthal (1989) 212 Cal.App.3d 96, 118-119 citing Deyo v. Kilbourne (1978) 84 Cal.App.3d 771, 793; Newland v.

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.  
vs VERTICAL BLISS, INC., et al.**

August 2, 2022

8:30 AM

Judge: Honorable Stephen P. Pfahler  
Judicial Assistant: Adrina Chebishyan  
Courtroom Assistant: Patricia Aranda

CSR: None  
ERM: None  
Deputy Sheriff: None

---

Superior Court (1995) 40 Cal.App.4th 608, 613.) A prerequisite to the imposition of the dismissal sanction is that the party has willfully failed to comply with a court order. (Mileikowsky v. Tenet Healthsystem (2005) 128 Cal.App.4th 262, 279-280; Laguna Auto Body v. Farmers Ins. Exchange (1991) 231 Cal.App.3d 481, 487 overruled on other grounds in Garcia v. McCutchen (1997) 16 Cal.4th 469, 478, fn. 4.); Young v. Rosenthal (1989) 212 Cal.App.3d 96, 114.)

Evidence or issue sanctions may be imposed only after parties violated discovery orders compelling further responses, except in exceptional circumstances, including where there was sufficiently egregious misconduct regarding a failure to respond to discovery, or a prior discovery order would be futile. (New Albertsons, Inc. v. Sup. Ct. (2008) 168 Cal.App.4th 1403, 1428.) To avoid sanctions, the burden of proving that a discovery violation was not willful is on the party on whom the discovery was served. (Cornwall v. Santa Monica Dairy Co. (1977) 66 Cal.App.3d 250, 252- 253.)

The underlying motion to compel was unopposed, and the subject motion remains unopposed. Defendant has apparently abandoned the action and/or demonstrates no intent to comply with the court order. The motion for evidentiary and issues sanctions is therefore granted as to the interrogatories and documents only. Defendant is precluded from introducing any evidence regarding the subject matter of the outstanding discovery.

On the admissions, Code of Civil Procedure section 2033.290, subd. (e), NOT subdivision (a)(1-2), as presented in the points and authorities [12:4-12] presents a basis to deem admissions admitted upon the violation of an order compelling responses. "If a party then fails to obey an order compelling further response to requests for admission, the court may order that the matters involved in the requests be deemed admitted. In lieu of, or in addition to, this order, the court may impose a monetary sanction under Chapter 7 (commencing with Section 2033.010)." The motion to deem admissions admitted is also granted. (Code Civ. Proc., § 2033.290, subd. (e).)

The court may impose additional monetary sanctions. (Code Civ. Proc., §§ 2030.300, subd. (d), 2031.300, subd. (c), 2033.300, subd. (d).) Additional joint and several monetary sanctions in the amount of \$125 against More Agency, Inc., and counsel of record to be paid within 30 days for the documents and interrogatories only. (Code Civ. Proc., §§ 2030.290, subd. (c) and 2031.300, subd. (c).) The court elects to deem the admitted admissions sufficient "in lieu" of additional monetary sanctions, and additionally declines to award additional monetary sanctions for work not presented to the court in the written motion.

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

August 2, 2022

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.**

8:30 AM

**vs VERTICAL BLISS, INC., et al.**

Judge: Honorable Stephen P. Pfahler

CSR: None

Judicial Assistant: Adrina Chebishyan

ERM: None

Courtroom Assistant: Patricia Aranda

Deputy Sheriff: None

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Next motion for sanctions on August 10, 2022.

Plaintiff to give notice.

**DECLARATION OF SERVICE BY U.S. Mail and E-Mail**

Case Name: **California Department of Public Health, et al. v. Vertical Bliss, Inc., et al.**  
No.: **20CHCV00560**

I declare:

I am employed in the Office of the Attorney General, which is the office of a member of the California State Bar, at which member's direction this service is made. I am 18 years of age or older and not a party to this matter. I am familiar with the business practice at the Office of the Attorney General for collection and processing of correspondence for mailing with the United States Postal Service. In accordance with that practice, correspondence placed in the internal mail collection system at the Office of the Attorney General is deposited with the United States Postal Service with postage thereon fully prepaid that same day in the ordinary course of business.

On **August 3 2022**, I served the **NOTICE OF COURT'S ORDER GRANTING PLAINTIFF'S MOTION FOR SANCTIONS AGAINST DEFENDANT MORE AGENCY, INC. AND ITS ATTORNEY OF RECORD MARGARITA SALAZAR FOR VIOLATING COURT'S DISCOVERY ORDER** by transmitting a true copy via electronic mail. In addition, I placed a true copy thereof enclosed in a sealed envelope, in the internal mail system of the Office of the Attorney General, addressed as follows:

<b>Party</b>	<b>Address</b>
Margarita Salazar, Esq. <i>Attorney for Defendants Vertical Bliss, Inc., Kushy Punch, Inc., Conglomerate Marketing, LLC., More Agency, Inc., Ruben Kachian, Arutyun Barsamyan, and Mike A. Toroyan</i>	Margarita Salazar, Esq. Law Offices of Margarita Salazar 470 Third Avenue, Ste. 9 Chula Vista, CA 91910-4663 <b>E-mail Address:</b> margarita@msalazarlaw.com
Ian Stewart Wilson Elser Moskowitz Edelman & Dicker LLP <i>Attorney for Defendant Kevin Halloran</i>	Wilson Elser Moskowitz Edelman & Dicker LLP 555 South Flower St. Ste. 2900 Los Angeles, Ca 90071 <b>E-mail Address:</b> ian.stewart@wilsonelser.com

I declare under penalty of perjury under the laws of the State of California and the United States of America the foregoing is true and correct and that this declaration was executed on **August 3, 2022**, at San Diego, California.

Alberto Flores

Declarant



Signature



# Exhibit H

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.  
vs VERTICAL BLISS, INC., et al.**

August 10, 2022

8:30 AM

Judge: Honorable Stephen P. Pfahler  
Judicial Assistant: Adrina Chebishyan  
Courtroom Assistant: Patricia Aranda

CSR: None  
ERM: None  
Deputy Sheriff: None

---

**APPEARANCES:**

For Plaintiff(s): ETHAN A. TURNER (Telephonic) by Michael Yun

For Defendant(s): Margarita Salazar (Telephonic)

---

**NATURE OF PROCEEDINGS:** Hearing on Motion to Compel Discovery (not "Further Discovery"); Hearing on Motion for Sanctions

The matters are called for hearing.

The Court reads and considers the moving papers in support of, in opposition to and reply to the Hearing on Motion to Compel Discovery (not "Further Discovery") and Hearing on Motion for Sanctions.

After oral argument, the Court adopts its tentative ruling as its final ruling as follows:

**COMPEL**

**MOVING PARTY:** Plaintiff, California Department of Public Health and Bureau of Cannabis Control

**RESPONDING PARTY:** Unopposed/Defendant, Ruben Kachian aka Ruben Cross

**RULING:** Granted

Plaintiff California Department of Public Health and Bureau of Cannabis Control moves to compel responses to Request for Production of Documents (set one) from Defendant Ruben Kachian aka Ruben Cross.

Plaintiff served Defendant on January 31, 2022. [Declaration of Ethan Turner, ¶ 2, Ex. 1-2.] Counsel promised responses. No responses were delivered, even after extensions. [Id., ¶¶ 3-7.]

The unopposed motion is granted. Defendant Ruben Kachian aka Ruben Cross is ordered to serve verified responses to request for production of documents without objections within ten days. (Code Civ. Proc., § 2031.300, subd. (a-b).)

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

August 10, 2022

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.**

8:30 AM

**vs VERTICAL BLISS, INC., et al.**

Judge: Honorable Stephen P. Pfahler  
Judicial Assistant: Adrina Chebishyan  
Courtroom Assistant: Patricia Aranda

CSR: None  
ERM: None  
Deputy Sheriff: None

---

Sanctions in the amount of \$250 joint and severally against Ruben Kachian aka Ruben Cross and counsel of record for Ruben Kachian aka Ruben Cross. (Code Civ. Proc., § 2031.300, subd. (c).) Payable within 30 days.

Motion to compel set for August 19, 2022.

Moving party to give notice to all parties.

**SANCTIONS**

**MOVING PARTY:** Plaintiff, California Department of Public Health and Bureau of Cannabis Control

**RESPONDING PARTY:** Unopposed/Defendant, Mike Toroyan

**RULING:** Granted.

Plaintiff California Department of Public Health and Bureau of Cannabis Control moves for the imposition of issue and evidentiary, plus additional monetary sanctions against defendant Mike Toroyan, due to the failure of defendant to comply with the May 26, 2022 order compelling further responses to request for production of documents, request for admissions, and form interrogatories. Plaintiff also moves to deem request for admissions admitted.

The court considers the motion for evidentiary and issue sanctions. “Discovery sanctions ‘should be appropriate to the dereliction, and should not exceed that which is required to protect the interests of the party entitled to but denied discovery.’” (Young v. Rosenthal (1989) 212 Cal.App.3d 96, 118-119 citing Deyo v. Kilbourne (1978) 84 Cal.App.3d 771, 793; Newland v. Superior Court (1995) 40 Cal.App.4th 608, 613.) A prerequisite to the imposition of the dismissal sanction is that the party has willfully failed to comply with a court order. (Mileikowsky v. Tenet Healthsystem (2005) 128 Cal.App.4th 262, 279-280; Laguna Auto Body v. Farmers Ins. Exchange (1991) 231 Cal.App.3d 481, 487 overruled on other grounds in Garcia v. McCutchen (1997) 16 Cal.4th 469, 478, fn. 4.); Young v. Rosenthal (1989) 212 Cal.App.3d 96, 114.)

Evidence or issue sanctions may be imposed only after parties violated discovery orders compelling further responses, except in exceptional circumstances, including where there was sufficiently egregious misconduct regarding a failure to respond to discovery, or a prior discovery order would be futile. (New Albertsons, Inc. v. Sup. Ct. (2008) 168 Cal.App.4th 1403,

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

August 10, 2022

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.**

8:30 AM

**vs VERTICAL BLISS, INC., et al.**

Judge: Honorable Stephen P. Pfahler  
Judicial Assistant: Adrina Chebishyan  
Courtroom Assistant: Patricia Aranda

CSR: None  
ERM: None  
Deputy Sheriff: None

---

1428.) To avoid sanctions, the burden of proving that a discovery violation was not willful is on the party on whom the discovery was served. (Cornwall v. Santa Monica Dairy Co. (1977) 66 Cal.App.3d 250, 252- 253.)

The underlying motion to compel was unopposed, and the subject motion remains unopposed. Defendant has apparently abandoned the action and/or demonstrates no intent to comply with the court order. The motion for evidentiary and issues sanctions is therefore granted as to the interrogatories and documents only. Defendant is precluded from introducing any evidence regarding the subject matter of the outstanding discovery.

On the admissions, Code of Civil Procedure section 2033.290, subd. (e), NOT subdivision (a)(1-2), as presented in the points and authorities [12:4-12] presents a basis to deem admissions admitted upon the violation of an order compelling responses. "If a party then fails to obey an order compelling further response to requests for admission, the court may order that the matters involved in the requests be deemed admitted. In lieu of, or in addition to, this order, the court may impose a monetary sanction under Chapter 7 (commencing with Section 2033.010)." The motion to deem admissions admitted is also granted. (Code Civ. Proc., § 2033.290, subd. (e).)

The court may impose additional monetary sanctions. (Code Civ. Proc., §§ 2030.300, subd. (d), 2031.300, subd. (c), 2033.300, subd. (d).) Additional joint and several monetary sanctions in the amount of \$125 against Mike Toroyan, and counsel of record to be paid within 30 days for the documents and interrogatories only. (Code Civ. Proc., §§ 2030.290, subd. (c) and 2031.300, subd. (c).) The court elects to deem the admitted admissions sufficient "in lieu" of additional monetary sanctions, and additionally declines to award additional monetary sanctions for work not presented to the court in the written motion.

Next motion to compel reserved for August 19, 2022.

Plaintiff to give notice.

1 ROB BONTA  
2 Attorney General of California  
3 HARINDER K. KAPUR  
4 Senior Assistant Attorney General  
5 JOSHUA B. EISENBERG  
6 Supervising Deputy Attorney General  
7 MICHAEL J. YUN (SBN 292587)  
8 ETHAN A. TURNER (SBN 294891)  
9 Deputy Attorneys General  
10 600 West Broadway, Suite 1800  
11 San Diego, CA 92101  
12 Telephone: (619) 321-5793  
13 Facsimile: (619) 645-2061  
14 E-mail: Michael.Yun@doj.ca.gov  
15 *Attorneys for Plaintiff*  
16 *Department of Cannabis Control*

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

13 **DEPARTMENT OF CANNABIS**  
14 **CONTROL,**

15 Plaintiff,

16 v.

17 **VERTICAL BLISS, INC., KUSHY**  
18 **PUNCH, INC., CONGLOMERATE**  
19 **MARKETING, LLC, MORE AGENCY,**  
20 **INC., RUBEN KACHIAN aka RUBEN**  
21 **CROSS, ARUTYUN BARSAMYAN,**  
22 **KEVIN HALLORAN, MIKE A.**  
23 **TOROYAN, and DOES 1 through 3,**  
24 **inclusive,**

25 Defendants.

Case No. 20CHCV00560

**NOTICE OF COURT ORDER**  
**GRANTING: (1) PLAINTIFF'S MOTION**  
**FOR SANCTIONS AGAINST**  
**DEFENDANT MIKE A. TOROYAN AND**  
**ITS ATTORNEY OF RECORD**  
**MARGARITA SALAZAR FOR**  
**VIOLATING COURT'S DISCOVERY**  
**ORDER, AND (2) PLAINTIFF'S**  
**MOTION TO COMPEL RESPONSES TO**  
**REQUESTS FOR PRODUCTION, SET**  
**ONE, AS TO DEFENDANT RUBEN**  
**KACHIAN, A.K.A. RUBEN CROSS**

Date: August 10, 2022

Time: 08:30 a.m.

Dept: F49

Judge: The Honorable Stephen P. Pfahler

Trial Date: January 30, 2023

Action Filed: September 23, 2020

1 **NOTICE OF COURT ORDER**

2 **TO MIKE A. TOROYAN, RUBEN KACHIAN, A.K.A. RUBEN CROSS, AND**  
3 **THEIR ATTORNEY OF RECORD, MARGARITA SALAZAR:**

4 **PLEASE TAKE NOTICE** that Plaintiff's Motion for Sanctions against Defendant Mike  
5 A. Toroyan and his Attorney of Record Margarita Salazar for Violating Court's Discovery Order,  
6 came on regularly for hearing on August 10, 2022, at 8:30 a.m., in Department F49 of the  
7 Superior Court of California, County of Los Angeles, North Valley District – Chatsworth  
8 Courthouse.

9 **PLEASE TAKE FURTHER NOTICE** that Plaintiff's Motion to Compel Responses to  
10 Requests for Production of Documents, Set One, as to Defendant Ruben Kachian, a.k.a. Ruben  
11 Cross, came on regularly for hearing on August 10, 2022, at 8:30 a.m., in Department F49 of the  
12 Superior Court of California, County of Los Angeles, North Valley District – Chatsworth  
13 Courthouse.

14 At the hearing on August 10, 2022, the Court adopted its Tentative Ruling as its final ruling  
15 and Order. Per instruction of the Court, counsel for Plaintiff hereby gives notice of the Court's  
16 order to Defendants Mike A. Toroyan and Ruben Kachian, through their attorney of record,  
17 Margarita Salazar. Attached hereto as "Exhibit 1" is a true and correct copy of the Court's  
18 Minute Order, dated August 10, 2022, adopting its Tentative Ruling, which is now the final ruling  
19 in this matter.

20 Dated: August 15, 2022

Respectfully submitted,

21 ROB BONTA  
22 Attorney General of California  
23 JOSHUA B. EISENBERG  
Supervising Deputy Attorney General

24 

25 MICHAEL J. YUN  
26 ETHAN A. TURNER  
27 Deputy Attorneys General  
Attorneys for Plaintiff

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# Exhibit 1

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.  
vs VERTICAL BLISS, INC., et al.**

August 10, 2022

8:30 AM

Judge: Honorable Stephen P. Pfahler  
Judicial Assistant: Adrina Chebishyan  
Courtroom Assistant: Patricia Aranda

CSR: None  
ERM: None  
Deputy Sheriff: None

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**APPEARANCES:**

For Plaintiff(s): ETHAN A. TURNER (Telephonic) by Michael Yun

For Defendant(s): Margarita Salazar (Telephonic)

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**NATURE OF PROCEEDINGS:** Hearing on Motion to Compel Discovery (not "Further Discovery"); Hearing on Motion for Sanctions

The matters are called for hearing.

The Court reads and considers the moving papers in support of, in opposition to and reply to the Hearing on Motion to Compel Discovery (not "Further Discovery") and Hearing on Motion for Sanctions.

After oral argument, the Court adopts its tentative ruling as its final ruling as follows:

**COMPEL**

**MOVING PARTY:** Plaintiff, California Department of Public Health and Bureau of Cannabis Control

**RESPONDING PARTY:** Unopposed/Defendant, Ruben Kachian aka Ruben Cross

**RULING:** Granted

Plaintiff California Department of Public Health and Bureau of Cannabis Control moves to compel responses to Request for Production of Documents (set one) from Defendant Ruben Kachian aka Ruben Cross.

Plaintiff served Defendant on January 31, 2022. [Declaration of Ethan Turner, ¶ 2, Ex. 1-2.] Counsel promised responses. No responses were delivered, even after extensions. [Id., ¶¶ 3-7.]

The unopposed motion is granted. Defendant Ruben Kachian aka Ruben Cross is ordered to serve verified responses to request for production of documents without objections within ten days. (Code Civ. Proc., § 2031.300, subd. (a-b).)



**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

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**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.**

8:30 AM

**vs VERTICAL BLISS, INC., et al.**

Judge: Honorable Stephen P. Pfahler  
Judicial Assistant: Adrina Chebishyan  
Courtroom Assistant: Patricia Aranda

CSR: None  
ERM: None  
Deputy Sheriff: None

---

Sanctions in the amount of \$250 joint and severally against Ruben Kachian aka Ruben Cross and counsel of record for Ruben Kachian aka Ruben Cross. (Code Civ. Proc., § 2031.300, subd. (c).) Payable within 30 days.

Motion to compel set for August 19, 2022.

Moving party to give notice to all parties.

**SANCTIONS**

**MOVING PARTY:** Plaintiff, California Department of Public Health and Bureau of Cannabis Control

**RESPONDING PARTY:** Unopposed/Defendant, Mike Toroyan

**RULING:** Granted.

Plaintiff California Department of Public Health and Bureau of Cannabis Control moves for the imposition of issue and evidentiary, plus additional monetary sanctions against defendant Mike Toroyan, due to the failure of defendant to comply with the May 26, 2022 order compelling further responses to request for production of documents, request for admissions, and form interrogatories. Plaintiff also moves to deem request for admissions admitted.

The court considers the motion for evidentiary and issue sanctions. “Discovery sanctions ‘should be appropriate to the dereliction, and should not exceed that which is required to protect the interests of the party entitled to but denied discovery.’” (Young v. Rosenthal (1989) 212 Cal.App.3d 96, 118-119 citing Deyo v. Kilbourne (1978) 84 Cal.App.3d 771, 793; Newland v. Superior Court (1995) 40 Cal.App.4th 608, 613.) A prerequisite to the imposition of the dismissal sanction is that the party has willfully failed to comply with a court order. (Mileikowsky v. Tenet Healthsystem (2005) 128 Cal.App.4th 262, 279-280; Laguna Auto Body v. Farmers Ins. Exchange (1991) 231 Cal.App.3d 481, 487 overruled on other grounds in Garcia v. McCutchen (1997) 16 Cal.4th 469, 478, fn. 4.); Young v. Rosenthal (1989) 212 Cal.App.3d 96, 114.)

Evidence or issue sanctions may be imposed only after parties violated discovery orders compelling further responses, except in exceptional circumstances, including where there was sufficiently egregious misconduct regarding a failure to respond to discovery, or a prior discovery order would be futile. (New Albertsons, Inc. v. Sup. Ct. (2008) 168 Cal.App.4th 1403,

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

North Valley District, Chatsworth Courthouse, Department F49

**20CHCV00560**

August 10, 2022

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH, et al.**

8:30 AM

**vs VERTICAL BLISS, INC., et al.**

Judge: Honorable Stephen P. Pfahler  
Judicial Assistant: Adrina Chebishyan  
Courtroom Assistant: Patricia Aranda

CSR: None  
ERM: None  
Deputy Sheriff: None

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1428.) To avoid sanctions, the burden of proving that a discovery violation was not willful is on the party on whom the discovery was served. (Cornwall v. Santa Monica Dairy Co. (1977) 66 Cal.App.3d 250, 252- 253.)

The underlying motion to compel was unopposed, and the subject motion remains unopposed. Defendant has apparently abandoned the action and/or demonstrates no intent to comply with the court order. The motion for evidentiary and issues sanctions is therefore granted as to the interrogatories and documents only. Defendant is precluded from introducing any evidence regarding the subject matter of the outstanding discovery.

On the admissions, Code of Civil Procedure section 2033.290, subd. (e), NOT subdivision (a)(1-2), as presented in the points and authorities [12:4-12] presents a basis to deem admissions admitted upon the violation of an order compelling responses. "If a party then fails to obey an order compelling further response to requests for admission, the court may order that the matters involved in the requests be deemed admitted. In lieu of, or in addition to, this order, the court may impose a monetary sanction under Chapter 7 (commencing with Section 2033.010)." The motion to deem admissions admitted is also granted. (Code Civ. Proc., § 2033.290, subd. (e).)

The court may impose additional monetary sanctions. (Code Civ. Proc., §§ 2030.300, subd. (d), 2031.300, subd. (c), 2033.300, subd. (d).) Additional joint and several monetary sanctions in the amount of \$125 against Mike Toroyan, and counsel of record to be paid within 30 days for the documents and interrogatories only. (Code Civ. Proc., §§ 2030.290, subd. (c) and 2031.300, subd. (c).) The court elects to deem the admitted admissions sufficient "in lieu" of additional monetary sanctions, and additionally declines to award additional monetary sanctions for work not presented to the court in the written motion.

Next motion to compel reserved for August 19, 2022.

Plaintiff to give notice.

**DECLARATION OF SERVICE BY E-Mail AND U.S. Mail**

Case Name: **Department of Cannabis Control v. Vertical Bliss, Inc., et al.**  
No.: **20CHCV00560**

I declare:

I am employed in the Office of the Attorney General, which is the office of a member of the California State Bar, at which member's direction this service is made. I am 18 years of age or older and not a party to this matter. I am familiar with the business practice at the Office of the Attorney General for collection and processing of correspondence for mailing with the United States Postal Service. In accordance with that practice, correspondence placed in the internal mail collection system at the Office of the Attorney General is deposited with the United States Postal Service with postage thereon fully prepaid that same day in the ordinary course of business.

On **August 15 2022**, I served the **NOTICE OF COURT ORDER GRANTING: (1) PLAINTIFF'S MOTION FOR SANCTIONS AGAINST DEFENDANT MIKE A. TOROYAN AND HIS ATTORNEY OF RECORD MARGARITA SALAZAR FOR VIOLATING COURT'S DISCOVERY ORDER AND (2) PLAINTIFF'S MOTION TO COMPEL RESPONSES TO REQUESTS FOR PRODUCTION, SET ONE, AS TO DEFENDANT RUBEN KACHIAN, A.K.A. RUBEN CROSS** by transmitting a true copy via electronic mail. In addition, I placed a true copy thereof enclosed in a sealed envelope, in the internal mail system of the Office of the Attorney General, addressed as follows:

Party	Address
Margarita Salazar, Esq. <i>Attorney for Defendants Vertical Bliss, Inc., Kushy Punch, Inc., Conglomerate Marketing, LLC., More Agency, Inc., Ruben Kachian, Arutyun Barsamyan, and Mike A. Toroyan</i>	Margarita Salazar, Esq. Law Offices of Margarita Salazar 470 Third Avenue, Ste. 9 Chula Vista, CA 91910-4663 <b>E-mail Address:</b> margarita@msalazarlaw.com
Ian Stewart Wilson Elser Moskowitz Edelman & Dicker LLP <i>Attorney for Defendant Kevin Halloran</i>	<b>E-mail Address:</b> ian.stewart@wilsonelser.com

I declare under penalty of perjury under the laws of the State of California and the United States of America the foregoing is true and correct and that this declaration was executed on **August 15, 2022**, at San Diego, California.

Alberto Flores

Declarant



Signature

# Exhibit I

1 ROB BONTA  
 Attorney General of California  
 2 HARINDER K. KAPUR  
 Senior Assistant Attorney General  
 3 State Bar No. 198769  
 ETHAN A. TURNER  
 4 Deputy Attorney General  
 State Bar No. 294891  
 5 Michael Yun  
 Deputy Attorney General  
 6 State Bar No. 292587  
 1300 I Street  
 7 P.O. Box 944255  
 Sacramento, CA 94244-2550  
 8 Telephone: (916) 210-7898  
 Fax: (916) 327-2319  
 9 E-mail: Ethan.Turner@doj.ca.gov  
*Attorneys for Respondents*

**FILED**  
 Superior Court of California  
 County of Los Angeles  
 02/08/2022  
 Sherri R. Carter, Executive Officer / Clerk of Court  
 By: A. Chebishyan Deputy

**EXEMPT FROM FILING FEES**  
**GOV. CODE, § 6103**

**SUPERIOR COURT OF THE STATE OF CALIFORNIA COUNTY**  
**OF LOS ANGELES**  
**NORTH VALLEY DISTRICT - CHATSWORTH COURTHOUSE**

**CALIFORNIA DEPARTMENT OF**  
**PUBLIC HEALTH AND BUREAU OF**  
**CANNABIS CONTROL,**  
  
 Plaintiffs,  
  
 v.  
  
**VERTICAL BLISS, INC.,**  
**KUSHY PUNCH, INC.,**  
**CONGLOMERATE MARKETING, LLC,**  
**MORE AGENCY, INC.,**  
**RUBEN KACHIAN AKA RUBEN CROSS,**  
**ARUTYUN BARSAMYAN,**  
**KEVIN HALLORAN,**  
**MIKE A. TOROYAN,**  
**and DOES 1 through 30, inclusive,**  
 Defendants

Case No. 20CHCV00560

**STIPULATION TO SUBSTITUTION OF**  
**PARTIES AND ~~PROPOSED~~ ORDER**

Dept: F49  
 Judge: The Honorable Stephen P.  
 Pfahler

Trial Date: June 13, 2022  
 Action Filed: September 23, 2020

**STIPULATION OF THE PARTIES**

Plaintiffs California Department of Public Health and the Bureau of Cannabis Control and  
 Defendants Vertical Bliss, Inc., Kushy Punch Inc., Conglomerate Marketing, LLC, More Agency,  
 Inc., Ruben Kachian, Arutyun Barsamyan, Kevin Halloran, and Mike A. Toroyon (collectively

Defendants) have jointly prepared and hereby jointly stipulate to the following:

1. The above entitled Complaint was originally filed jointly by the California Department of Public Health and the Bureau of Cannabis Control against the Defendants and does 1-30, on September 23, 2020;

2. Assembly Bill 141 (AB 141) was signed into law and took effect on July 12, 2021. Among the changes wrought by the bill was the consolidation of state agencies regulating commercial cannabis activity under a single agency entitled the Department of Cannabis Control;

3. Section 8 of AB 141, specifically, Business and Professions Code section 26010.7, subdivision (d), states that “[a]ny action by or against Bureau of Cannabis Control [or] the State Department of Public Health . . . pertaining to matters vested in the Department of Cannabis Control by this section shall not abate but shall continue in the name of the Department of Cannabis Control, and the name of the Department of Cannabis Control shall be substituted for the Bureau of Cannabis Control . . . by the Court where in the action is pending.”

4. Under Business Professions Code section 26012, all duties and functions formerly vested in the California Department of Public Health – Manufactured Cannabis Safety Branch and the Bureau of Cannabis Control and their officers and employees are now carried out by the Department of Cannabis Control and its officers and employees.

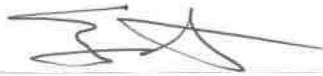
5. Now therefore, the parties stipulate and agree that the proper Plaintiff in this action is the Department of Cannabis Control, and that this party should be substituted in for the Plaintiffs identified in the above entitled Complaint.

Dated: January 21, 2022




Margarita Salazar, ESQ.  
Law Offices of Margarita Salazar, PLC  
Attorney for Defendants:  
Vertical Bliss, Inc.,  
Kushy Punch Inc.,  
Conglomerate Marketing, LLC,  
More Agency, Inc.,  
Ruben Kachian,  
Arutyun Barsamyan,  
Mike A. Toroyon

1  
2  
3 Dated: January 21, 2022

  
\_\_\_\_\_  
Ian Stewart, ESQ.  
Wilson Elser Moskowitz Edelman & Dicker LLP  
Attorneys for Defendant Kevin Halloran

6  
7 Dated: January 7, 2022

ROB BONTA  
Attorney General of California  
HARINDER K. KAPUR  
Senior Assistant Attorney General

  
\_\_\_\_\_  
ETHAN TURNER  
Deputy Attorney General  
*Attorneys for Plaintiff(s)*


14 ~~PROPOSED~~ ORDER

15 In accordance with Business and Professions Code section 26010.7, and the foregoing  
16 stipulation, the California Department of Public Health and the Bureau of Cannabis Control, shall  
17 be substituted out of this case and replaced by their successors in interest. The Plaintiff in this  
18 matter shall be identified in all future pleadings and orders in this matter as The Department of  
19 Cannabis Control.

20 It is so Ordered,

21  
22 Dated: 02/08/2022



  
\_\_\_\_\_  
Hon. Judge Stephen P. Pfahler  
Stephen P. Pfahler / Judge

**DECLARATION OF SERVICE BY E-MAIL**

Case Name: **California Department of Public Health, et al. v. Vertical Bliss, Inc., et al.**  
Case No.: **20CHCV00560**

I declare:

I am employed in the Office of the Attorney General, which is the office of a member of the California State Bar, at which member's direction this service is made. I am 18 years of age or older and not a party to this matter.

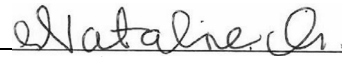
On January 21, 2022, I served the attached **STIPULATION TO SUBSTITUTION OF PARTIES AND[PROPOSED]ORDER** by transmitting a true copy via electronic mail to the following addresses:

Margarita Salazar  
The Law Office of Margarita Salazar, PLC  
Email: [Margarita@msalazarlaw.com](mailto:Margarita@msalazarlaw.com)  
*Attorney for Defendants*

Ian Stewart  
Wilson, Elser, Moskowitz, Edelman & Dicker LLP  
Email: [Ian.Stewart@wilsonelser.com](mailto:Ian.Stewart@wilsonelser.com)  
*Attorney for Defendant Kevin Halloran*

I declare under penalty of perjury under the laws of the State of California and the United States of America the foregoing is true and correct and that this declaration was executed on January 21, 2022, at Sacramento, California.

\_\_\_\_\_  
Natalie Y. Quinonez  
Declarant

\_\_\_\_\_  
  
Signature



# Exhibit J

West's Annotated California Codes  
Business and Professions Code ([Refs & Annos](#))  
Division 10. Cannabis ([Refs & Annos](#))  
Chapter 1. General Provisions and Definitions ([Refs & Annos](#))

This section has been updated. Click [here](#) for the updated version.

West's Ann.Cal.Bus. & Prof.Code § 26001

§ 26001. Definitions

Effective: September 16, 2017 to December 31, 2018

For purposes of this division, the following definitions shall apply:

- (a) “A-license” means a state license issued under this division for cannabis or cannabis products that are intended for adults who are 21 years of age and older and who do not possess a physician's recommendation.
- (b) “A-licensee” means any person holding a license under this division for cannabis or cannabis products that are intended for adults who are 21 years of age and older and who do not possess a physician's recommendation.
- (c) “Applicant” means an owner applying for a state license pursuant to this division.
- (d) “Batch” means a specific quantity of homogeneous cannabis or cannabis product that is one of the following types:
- (1) Harvest batch. “Harvest batch” means a specifically identified quantity of dried flower or trim, leaves, and other cannabis plant matter that is uniform in strain, harvested at the same time, and, if applicable, cultivated using the same pesticides and other agricultural chemicals, and harvested at the same time.
- (2) Manufactured cannabis batch. “Manufactured cannabis batch” means either of the following:
- (A) An amount of cannabis concentrate or extract that is produced in one production cycle using the same extraction methods and standard operating procedures.
- (B) An amount of a type of manufactured cannabis produced in one production cycle using the same formulation and standard operating procedures.
- (e) “Bureau” means the Bureau of Cannabis Control within the Department of Consumer Affairs, formerly named the Bureau of Marijuana Control, the Bureau of Medical Cannabis Regulation, and the Bureau of Medical Marijuana Regulation.

(f) “Cannabis” means all parts of the plant *Cannabis sativa* Linnaeus, *Cannabis indica*, or *Cannabis ruderalis*, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. “Cannabis” also means the separated resin, whether crude or purified, obtained from cannabis. “Cannabis” does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. For the purpose of this division, “cannabis” does not mean “industrial hemp” as defined by [Section 11018.5 of the Health and Safety Code](#).

(g) “Cannabis accessories” has the same meaning as in [Section 11018.2 of the Health and Safety Code](#).

(h) “Cannabis concentrate” means cannabis that has undergone a process to concentrate one or more active cannabinoids, thereby increasing the product's potency. Resin from granular trichomes from a cannabis plant is a concentrate for purposes of this division. A cannabis concentrate is not considered food, as defined by [Section 109935 of the Health and Safety Code](#), or a drug, as defined by [Section 109925 of the Health and Safety Code](#).

(i) “Cannabis products” has the same meaning as in [Section 11018.1 of the Health and Safety Code](#).

(j) “Child resistant” means designed or constructed to be significantly difficult for children under five years of age to open, and not difficult for normal adults to use properly.

(k) “Commercial cannabis activity” includes the cultivation, possession, manufacture, distribution, processing, storing, laboratory testing, packaging, labeling, transportation, delivery or sale of cannabis and cannabis products as provided for in this division.

(l) “Cultivation” means any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis.

(m) “Cultivation site” means a location where cannabis is planted, grown, harvested, dried, cured, graded, or trimmed, or a location where any combination of those activities occurs.

(n) “Customer” means a natural person 21 years of age or older or a natural person 18 years of age or older who possesses a physician's recommendation, or a primary caregiver.

(o) “Day care center” has the same meaning as in [Section 1596.76 of the Health and Safety Code](#).

(p) “Delivery” means the commercial transfer of cannabis or cannabis products to a customer. “Delivery” also includes the use by a retailer of any technology platform.

(q) “Director” means the Director of Consumer Affairs.

- (r) “Distribution” means the procurement, sale, and transport of cannabis and cannabis products between licensees.
- (s) “Dried flower” means all dead cannabis that has been harvested, dried, cured, or otherwise processed, excluding leaves and stems.
- (t) “Edible cannabis product” means cannabis product that is intended to be used, in whole or in part, for human consumption, including, but not limited to, chewing gum, but excluding products set forth in Division 15 (commencing with [Section 32501 of the Food and Agricultural Code](#)). An edible cannabis product is not considered food, as defined by [Section 109935 of the Health and Safety Code](#), or a drug, as defined by [Section 109925 of the Health and Safety Code](#).
- (u) “Fund” means the Cannabis Control Fund established pursuant to [Section 26210](#).
- (v) “Kind” means applicable type or designation regarding a particular cannabis variant or cannabis product type, including, but not limited to, strain name or other grower trademark, or growing area designation.
- (w) “Labeling” means any label or other written, printed, or graphic matter upon a cannabis product, upon its container or wrapper, or that accompanies any cannabis product.
- (x) “Labor peace agreement” means an agreement between a licensee and any bona fide labor organization that, at a minimum, protects the state's proprietary interests by prohibiting labor organizations and members from engaging in picketing, work stoppages, boycotts, and any other economic interference with the applicant's business. This agreement means that the applicant has agreed not to disrupt efforts by the bona fide labor organization to communicate with, and attempt to organize and represent, the applicant's employees. The agreement shall provide a bona fide labor organization access at reasonable times to areas in which the applicant's employees work, for the purpose of meeting with employees to discuss their right to representation, employment rights under state law, and terms and conditions of employment. This type of agreement shall not mandate a particular method of election or certification of the bona fide labor organization.
- (y) “License” means a state license issued under this division, and includes both an A-license and an M-license, as well as a testing laboratory license.
- (z) “Licensee” means any person holding a license under this division, regardless of whether the license held is an A-license or an M-license, and includes the holder of a testing laboratory license.
- (aa) “Licensing authority” means the state agency responsible for the issuance, renewal, or reinstatement of the license, or the state agency authorized to take disciplinary action against the licensee.
- (ab) “Live plants” means living cannabis flowers and plants, including seeds, immature plants, and vegetative stage plants.
- (ac) “Local jurisdiction” means a city, county, or city and county.

(ad) “Lot” means a batch or a specifically identified portion of a batch.

(ae) “M-license” means a state license issued under this division for commercial cannabis activity involving medicinal cannabis.

(af) “M-licensee” means any person holding a license under this division for commercial cannabis activity involving medicinal cannabis.

(ag) “Manufacture” means to compound, blend, extract, infuse, or otherwise make or prepare a cannabis product.

(ah) “Manufacturer” means a licensee that conducts the production, preparation, propagation, or compounding of cannabis or cannabis products either directly or indirectly or by extraction methods, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis at a fixed location that packages or repackages cannabis or cannabis products or labels or relabels its container.

(ai) “Medicinal cannabis” or “medicinal cannabis product” means cannabis or a cannabis product, respectively, intended to be sold for use pursuant to the Compassionate Use Act of 1996 (Proposition 215), found at [Section 11362.5 of the Health and Safety Code](#), by a medicinal cannabis patient in California who possesses a physician's recommendation.

(aj) “Nursery” means a licensee that produces only clones, immature plants, seeds, and other agricultural products used specifically for the propagation and cultivation of cannabis.

(ak) “Operation” means any act for which licensure is required under the provisions of this division, or any commercial transfer of cannabis or cannabis products.

(al) “Owner” means any of the following:

(1) A person with an aggregate ownership interest of 20 percent or more in the person applying for a license or a licensee, unless the interest is solely a security, lien, or encumbrance.

(2) The chief executive officer of a nonprofit or other entity.

(3) A member of the board of directors of a nonprofit.

(4) An individual who will be participating in the direction, control, or management of the person applying for a license.

(am) “Package” means any container or receptacle used for holding cannabis or cannabis products.

(an) “Person” includes any individual, firm, partnership, joint venture, association, corporation, limited liability company, estate, trust, business trust, receiver, syndicate, or any other group or combination acting as a unit, and the plural as well as the singular.

(ao) “Physician's recommendation” means a recommendation by a physician and surgeon that a patient use cannabis provided in accordance with the Compassionate Use Act of 1996 (Proposition 215), found at [Section 11362.5 of the Health and Safety Code](#).

(ap) “Premises” means the designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the applicant or licensee where the commercial cannabis activity will be or is conducted. The premises shall be a contiguous area and shall only be occupied by one licensee.

(aq) “Primary caregiver” has the same meaning as in [Section 11362.7 of the Health and Safety Code](#).

(ar) “Purchaser” means the customer who is engaged in a transaction with a licensee for purposes of obtaining cannabis or cannabis products.

(as) “Sell,” “sale,” and “to sell” include any transaction whereby, for any consideration, title to cannabis or cannabis products is transferred from one person to another, and includes the delivery of cannabis or cannabis products pursuant to an order placed for the purchase of the same and soliciting or receiving an order for the same, but does not include the return of cannabis or cannabis products by a licensee to the licensee from whom the cannabis or cannabis product was purchased.

(at) “Testing laboratory” means a laboratory, facility, or entity in the state that offers or performs tests of cannabis or cannabis products and that is both of the following:

(1) Accredited by an accrediting body that is independent from all other persons involved in commercial cannabis activity in the state.

(2) Licensed by the bureau.

(au) “Unique identifier” means an alphanumeric code or designation used for reference to a specific plant on a licensed premises and any cannabis or cannabis product derived or manufactured from that plant.

(av) “Youth center” has the same meaning as in [Section 11353.1 of the Health and Safety Code](#).

### **Credits**

(Added by [Initiative Measure \(Prop. 64, § 6.1, approved Nov. 8, 2016, eff. Nov. 9, 2016\)](#). Amended by [Stats.2017, c. 27 \(S.B.94\), § 5, eff. June 27, 2017](#); [Stats.2017, c. 253 \(A.B.133\), § 1, eff. Sept. 16, 2017](#).)

West's Ann. Cal. Bus. & Prof. Code § 26001, CA BUS & PROF § 26001

Current with urgency legislation through Ch. 250 of 2022 Reg.Sess. Some statute sections may be more current, see credits for details.

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End of Document

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West's Annotated California Codes  
Business and Professions Code ([Refs & Annos](#))  
Division 10. Cannabis ([Refs & Annos](#))  
Chapter 1. General Provisions and Definitions ([Refs & Annos](#))

This section has been updated. Click [here](#) for the updated version.

West's Ann.Cal.Bus. & Prof.Code § 26001

§ 26001. Definitions

Effective: January 1, 2019 to December 31, 2019

For purposes of this division, the following definitions apply:

(a) “A-license” means a state license issued under this division for cannabis or cannabis products that are intended for adults who are 21 years of age and older and who do not possess a physician's recommendation.

(b) “A-licensee” means any person holding a license under this division for cannabis or cannabis products that are intended for adults who are 21 years of age and older and who do not possess a physician's recommendation.

(c) “Applicant” means an owner applying for a state license pursuant to this division.

(d) “Batch” means a specific quantity of homogeneous cannabis or cannabis product that is one of the following types:

(1) Harvest batch. “Harvest batch” means a specifically identified quantity of dried flower or trim, leaves, and other cannabis plant matter that is uniform in strain, harvested at the same time, and, if applicable, cultivated using the same pesticides and other agricultural chemicals, and harvested at the same time.

(2) Manufactured cannabis batch. “Manufactured cannabis batch” means either of the following:

(A) An amount of cannabis concentrate or extract that is produced in one production cycle using the same extraction methods and standard operating procedures.

(B) An amount of a type of manufactured cannabis produced in one production cycle using the same formulation and standard operating procedures.

(e) “Bureau” means the Bureau of Cannabis Control within the Department of Consumer Affairs, formerly named the Bureau of Marijuana Control, the Bureau of Medical Cannabis Regulation, and the Bureau of Medical Marijuana Regulation.



(f) “Cannabis” means all parts of the plant *Cannabis sativa* Linnaeus, *Cannabis indica*, or *Cannabis ruderalis*, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. “Cannabis” also means the separated resin, whether crude or purified, obtained from cannabis. “Cannabis” does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. For the purpose of this division, “cannabis” does not mean “industrial hemp” as defined by [Section 11018.5 of the Health and Safety Code](#).

(g) “Cannabis accessories” has the same meaning as in [Section 11018.2 of the Health and Safety Code](#).

(h) “Cannabis concentrate” means cannabis that has undergone a process to concentrate one or more active cannabinoids, thereby increasing the product's potency. Resin from granular trichomes from a cannabis plant is a concentrate for purposes of this division. A cannabis concentrate is not considered food, as defined by [Section 109935 of the Health and Safety Code](#), or a drug, as defined by [Section 109925 of the Health and Safety Code](#).

(i) “Cannabis products” has the same meaning as in [Section 11018.1 of the Health and Safety Code](#).

(j) “Child resistant” means designed or constructed to be significantly difficult for children under five years of age to open, and not difficult for normal adults to use properly.

(k) “Commercial cannabis activity” includes the cultivation, possession, manufacture, distribution, processing, storing, laboratory testing, packaging, labeling, transportation, delivery, or sale of cannabis and cannabis products as provided for in this division.

(l) “Cultivation” means any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis.

(m) “Cultivation site” means a location where cannabis is planted, grown, harvested, dried, cured, graded, or trimmed, or a location where any combination of those activities occurs.

(n) “Customer” means a natural person 21 years of age or older or a natural person 18 years of age or older who possesses a physician's recommendation, or a primary caregiver.

(o) “Day care center” has the same meaning as in [Section 1596.76 of the Health and Safety Code](#).

(p) “Delivery” means the commercial transfer of cannabis or cannabis products to a customer. “Delivery” also includes the use by a retailer of any technology platform.

(q) “Director” means the Director of Consumer Affairs.

- (r) “Distribution” means the procurement, sale, and transport of cannabis and cannabis products between licensees.
- (s) “Dried flower” means all dead cannabis that has been harvested, dried, cured, or otherwise processed, excluding leaves and stems.
- (t) “Edible cannabis product” means cannabis product that is intended to be used, in whole or in part, for human consumption, including, but not limited to, chewing gum, but excluding products set forth in Division 15 (commencing with [Section 32501 of the Food and Agricultural Code](#)). An edible cannabis product is not considered food, as defined by [Section 109935 of the Health and Safety Code](#), or a drug, as defined by [Section 109925 of the Health and Safety Code](#).
- (u) “Fund” means the Cannabis Control Fund established pursuant to [Section 26210](#).
- (v) “Kind” means applicable type or designation regarding a particular cannabis variant or cannabis product type, including, but not limited to, strain name or other grower trademark, or growing area designation.
- (w) “Labeling” means any label or other written, printed, or graphic matter upon a cannabis product, upon its container or wrapper, or that accompanies any cannabis product.
- (x) “Labor peace agreement” means an agreement between a licensee and any bona fide labor organization that, at a minimum, protects the state's proprietary interests by prohibiting labor organizations and members from engaging in picketing, work stoppages, boycotts, and any other economic interference with the applicant's business. This agreement means that the applicant has agreed not to disrupt efforts by the bona fide labor organization to communicate with, and attempt to organize and represent, the applicant's employees. The agreement shall provide a bona fide labor organization access at reasonable times to areas in which the applicant's employees work, for the purpose of meeting with employees to discuss their right to representation, employment rights under state law, and terms and conditions of employment. This type of agreement shall not mandate a particular method of election or certification of the bona fide labor organization.
- (y) “License” means a state license issued under this division, and includes both an A-license and an M-license, as well as a testing laboratory license.
- (z) “Licensee” means any person holding a license under this division, regardless of whether the license held is an A-license or an M-license, and includes the holder of a testing laboratory license.
- (aa) “Licensing authority” means the state agency responsible for the issuance, renewal, or reinstatement of the license, or the state agency authorized to take disciplinary action against the licensee.
- (ab) “Live plants” means living cannabis flowers and plants, including seeds, immature plants, and vegetative stage plants.
- (ac) “Local jurisdiction” means a city, county, or city and county.

(ad) “Lot” means a batch or a specifically identified portion of a batch.

(ae) “M-license” means a state license issued under this division for commercial cannabis activity involving medicinal cannabis.

(af) “M-licensee” means any person holding a license under this division for commercial cannabis activity involving medicinal cannabis.

(ag) “Manufacture” means to compound, blend, extract, infuse, or otherwise make or prepare a cannabis product.

(ah) “Manufacturer” means a licensee that conducts the production, preparation, propagation, or compounding of cannabis or cannabis products either directly or indirectly or by extraction methods, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis at a fixed location that packages or repackages cannabis or cannabis products or labels or relabels its container.

(ai) “Medicinal cannabis” or “medicinal cannabis product” means cannabis or a cannabis product, respectively, intended to be sold for use pursuant to the Compassionate Use Act of 1996 (Proposition 215), found at [Section 11362.5 of the Health and Safety Code](#), by a medicinal cannabis patient in California who possesses a physician's recommendation.

(aj) “Nursery” means a licensee that produces only clones, immature plants, seeds, and other agricultural products used specifically for the propagation and cultivation of cannabis.

(ak) “Operation” means any act for which licensure is required under the provisions of this division, or any commercial transfer of cannabis or cannabis products.

(al) “Owner” means any of the following:

(1) A person with an aggregate ownership interest of 20 percent or more in the person applying for a license or a licensee, unless the interest is solely a security, lien, or encumbrance.

(2) The chief executive officer of a nonprofit or other entity.

(3) A member of the board of directors of a nonprofit.

(4) An individual who will be participating in the direction, control, or management of the person applying for a license.

(am) “Package” means any container or receptacle used for holding cannabis or cannabis products.

(an) “Person” includes any individual, firm, partnership, joint venture, association, corporation, limited liability company, estate, trust, business trust, receiver, syndicate, or any other group or combination acting as a unit, and the plural as well as the singular.

(ao) “Physician's recommendation” means a recommendation by a physician and surgeon that a patient use cannabis provided in accordance with the Compassionate Use Act of 1996 (Proposition 215), found at [Section 11362.5 of the Health and Safety Code](#).

(ap) “Premises” means the designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the applicant or licensee where the commercial cannabis activity will be or is conducted. The premises shall be a contiguous area and shall only be occupied by one licensee.

(aq) “Primary caregiver” has the same meaning as in [Section 11362.7 of the Health and Safety Code](#).

(ar) “Purchaser” means the customer who is engaged in a transaction with a licensee for purposes of obtaining cannabis or cannabis products.

(as) “Sell,” “sale,” and “to sell” include any transaction whereby, for any consideration, title to cannabis or cannabis products is transferred from one person to another, and includes the delivery of cannabis or cannabis products pursuant to an order placed for the purchase of the same and soliciting or receiving an order for the same, but does not include the return of cannabis or cannabis products by a licensee to the licensee from whom the cannabis or cannabis product was purchased.

(at) “Testing laboratory” means a laboratory, facility, or entity in the state that offers or performs tests of cannabis or cannabis products and that is both of the following:

(1) Accredited by an accrediting body that is independent from all other persons involved in commercial cannabis activity in the state.

(2) Licensed by the bureau.

(au) “Unique identifier” means an alphanumeric code or designation used for reference to a specific plant on a licensed premises and any cannabis or cannabis product derived or manufactured from that plant.

(av) “Youth center” has the same meaning as in [Section 11353.1 of the Health and Safety Code](#).

### **Credits**

(Added by [Initiative Measure \(Prop. 64, § 6.1, approved Nov. 8, 2016, eff. Nov. 9, 2016\)](#). Amended by [Stats.2017, c. 27 \(S.B.94\), § 5, eff. June 27, 2017](#); [Stats.2017, c. 253 \(A.B.133\), § 1, eff. Sept. 16, 2017](#); [Stats.2018, c. 92 \(S.B.1289\), § 19, eff. Jan. 1, 2019](#).)

West's Ann. Cal. Bus. & Prof. Code § 26001, CA BUS & PROF § 26001

Current with urgency legislation through Ch. 168 of 2022 Reg.Sess. Some statute sections may be more current, see credits for details.



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End of Document

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# Exhibit K

West's Annotated California Codes  
Business and Professions Code ([Refs & Annos](#))  
Division 10. Cannabis ([Refs & Annos](#))  
Chapter 3. Enforcement ([Refs & Annos](#))

This section has been updated. Click [here](#) for the updated version.

West's Ann.Cal.Bus. & Prof.Code § 26038

§ 26038. Civil penalties for engaging in commercial cannabis activity without a license

Effective: June 27, 2017 to July 11, 2021

(a) A person engaging in commercial cannabis activity without a license required by this division shall be subject to civil penalties of up to three times the amount of the license fee for each violation, and the court may order the destruction of cannabis associated with that violation in accordance with [Section 11479 of the Health and Safety Code](#). Each day of operation shall constitute a separate violation of this section. All civil penalties imposed and collected pursuant to this section by a licensing authority shall be deposited into the General Fund except as provided in subdivision (b). A violator shall be responsible for the cost of the destruction of cannabis associated with his or her violation.

(b) If an action for civil penalties is brought against a person pursuant to this division by the Attorney General on behalf of the people, the penalty collected shall be deposited into the General Fund. If the action is brought by a district attorney or county counsel, the penalty shall first be used to reimburse the district attorney or county counsel for the costs of bringing the action for civil penalties, with the remainder, if any, to be deposited into the General Fund. If the action is brought by a city attorney or city prosecutor, the penalty collected shall first be used to reimburse the city attorney or city prosecutor for the costs of bringing the action for civil penalties, with the remainder, if any, to be deposited into the General Fund.

(c) Notwithstanding subdivision (a), criminal penalties shall continue to apply to an unlicensed person engaging in commercial cannabis activity in violation of this division.

#### Credits

(Added by [Initiative Measure \(Prop. 64, § 6.1, approved Nov. 8, 2016, eff. Nov. 9, 2016\)](#). Amended by [Stats.2017, c. 27 \(S.B.94\), § 23, eff. June 27, 2017.](#))

West's Ann. Cal. Bus. & Prof. Code § 26038, CA BUS & PROF § 26038

Current with urgency legislation through Ch. 134 of 2022 Reg.Sess. Some statute sections may be more current, see credits for details.

# Exhibit N



## 17 CCR 40150

This document is current through Register 2022, No. 31, August 5, 2022

**CA - Barclays Official California Code of Regulations > TITLE 17. PUBLIC HEALTH > DIVISION 1. STATE DEPARTMENT OF HEALTH SERVICES > CHAPTER 13. MANUFACTURED CANNABIS SAFETY > SUBCHAPTER 2. MANUFACTURING LICENSES > ARTICLE 3. FEES**

### **§ 40150. Application and License Fees**

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- (a) Manufacturer application fees for new applications shall be as follows:
  - (1) For a Type 7, Type 6, Type N, or Type P license application, the nonrefundable application fee is \$ 1,000 for each new application submitted;
  - (2) For a Type S license application, a nonrefundable application fee of \$ 500 for each new application submitted.
- (b) The annual license fee shall be as follows:
  - (1) For a licensed premises with gross annual revenue of up to \$ 100,000 (Tier I), the fee shall be \$ 2,000;
  - (2) For a licensed premises with gross annual revenue of \$ 100,001 to \$ 500,000 (Tier II), the fee shall be \$ 7,500;
  - (3) For a licensed premises with gross annual revenue of \$ 500,001 to \$ 1,500,000 (Tier III), the fee shall be \$ 15,000;
  - (4) For a licensed premises with gross annual revenue of \$ 1,500,001 to \$ 3,000,000 (Tier IV), the fee shall be \$ 25,000;
  - (5) For a licensed premises with gross annual revenue of \$ 3,000,001 to \$ 5,000,000 (Tier V), the fee shall be \$ 35,000;
  - (6) For a licensed premises with gross annual revenue of \$ 5,000,001 to \$ 10,000,000 (Tier VI), the fee shall be \$ 50,000;
  - (7) For a licensed premises with an annual gross revenue of over \$ 10,000,000 (Tier VII), the fee shall be \$ 75,000.
- (c) All fees are nonrefundable.

### **Statutory Authority**

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#### **AUTHORITY:**

Note: Authority cited: Sections [26012](#), [26013](#) and [26130](#), *Business and Professions Code*.  
Reference: [Sections 26012 and 26180](#), *Business and Professions Code*.

## History

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### HISTORY:

1. New article 3 (section 40150) and section filed 12-7-2017 as a deemed emergency pursuant to [Business and Professions Code section 26013\(b\)\(3\)](#); operative 12-7-2017 (Register 2017, No. 49). A Certificate of Compliance must be transmitted to OAL by 6-5-2018 or emergency language will be repealed by operation of law on the following day.

2. New article 3 (section 40150) and section refiled 6-4-2018 as an emergency, including amendment of section; operative 6-6-2018 pursuant to [Government Code section 11346.1\(d\)](#) (Register 2018, No. 23). Pursuant to [Business and Professions Code section 26013\(b\)\(3\)](#), this is a deemed emergency and the emergency regulations remain in effect for 180 days. A Certificate of Compliance must be transmitted to OAL by 12-3-2018 or emergency language will be repealed by operation of law on the following day.

3. Certificate of Compliance as to 6-4-2018 order, including amendment of section, transmitted to OAL 12-3-2018 and filed 1-16-2019; amendments operative 1-16-2019 pursuant to [Government Code section 11343.4\(b\)\(3\)](#) (Register 2019, No. 3).

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# Exhibit O

## 16 CCR 5014

This document is current through Register 2022, No. 31, August 5, 2022

**CA - Barclays Official California Code of Regulations > TITLE 16. PROFESSIONAL AND VOCATIONAL REGULATIONS > DIVISION 42. BUREAU OF CANNABIS CONTROL > CHAPTER 1. ALL BUREAU LICENSEES > ARTICLE 3. LICENSING**

### **§ 5014. Fees**

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(a) The application fee for an annual license under section 5002 of this division, a cannabis event organizer license under section 5600 of this division, a temporary cannabis event license under section 5601 of this division for each event, and physical modification of the premises under section 5027 of this division shall be paid by an applicant or licensee as provided by this division. Applicants and licensees shall pay the appropriate fee as outlined in this section.

#### Application Fee Schedule

License Type	Fee Per
	Application
License Type	Fee Per
All Annual Licenses	\$ 1,000
Cannabis Event Organizer License	\$ 1,000
Temporary Cannabis Event License	\$ 1,000
Physical Modification of Premises	\$ 500

(b) The annual licensing fee for each license shall be paid by an applicant or licensee after the Bureau has approved the application. The Bureau shall not issue the license until the annual licensing fee has been paid.

(c) To determine the appropriate license fee due, the applicant or licensee shall first estimate the gross revenue for the 12-month license period of the license. Based on the license type sought, the applicant or licensee shall identify the appropriate tier category in which their expected gross revenue belongs, as identified in the Annual License Fee Schedule chart found in this section. The license fee associated with the licensing tier category the applicant or licensee has identified using their expected gross revenue shall be the license fee due for the application or renewal.

License	Gross Revenue	Fee Per
Type	(\$ Max. Per License)	License
Testing Laboratory	Less than or equal to \$ 160,000	\$ 3,000
Type 8	More than \$ 160,000 and less or equal to \$	\$ 6,000

## 16 CCR 5014

License	Gross Revenue	Fee Per
	320,000	
	More than \$ 320,000 and less or equal to \$ 480,000	\$ 8,000
	More than \$ 480,000 and less or equal to \$ 800,000	\$ 13,000
	More than \$ 800,000 and less or equal to \$ 1.2 million	\$ 20,000
	More than \$ 1.2 million and less or equal to \$ 2.0 million	\$ 32,000
	More than \$ 2.0 million and less or equal to \$ 2.8 million	\$ 48,000
	More than \$ 2.8 million and less or equal to \$ 4.4 million	\$ 72,000
	More than \$ 4.4 million	\$ 112,000
Distributor	Less than or equal to \$ 1.0 million	\$ 1,500
Type 11	More than \$ 1.0 million and less or equal to \$ 2.5 million	\$ 6,000
Type 13	More than \$ 2.5 million and less or equal to \$ 5.0 million	\$ 11,250
(unless only engaging	More than \$ 5.0 million and less or equal to \$ 10.0 million	\$ 22,500
in transport only	More than \$ 10.0 million and less or equal to \$ 20.0 million	\$ 45,000
self-distribution)	More than \$ 20.0 million and less or equal to \$ 30.0 million	\$ 75,000
	More than \$ 30.0 million and less or equal to \$ 50.0 million	\$ 120,000
	More than \$ 50.0 million and less or equal to \$ 70.0 million	\$ 180,000
	More than \$ 70.0 million	\$ 240,000
Distributor Transport Only	Less than or equal to \$ 1,000	\$ 200
Self-Distribution	More than \$ 1,000 and less or equal to \$ 3,000	\$ 500
Type 13	More than \$ 3,000	\$ 1,000
Retailer	Less than or equal to \$ 500,000	\$ 2,500
Type 9	More than \$ 500,000 and less or equal to \$ 750,000	\$ 5,500
Type 10	More than \$ 750,000 and less or equal to \$ 1.0 million	\$ 7,500
	More than \$ 1.0 million and less or equal to \$ 1.5 million	\$ 11,000
	More than \$ 1.5 million and less or equal to \$ 2.0 million	\$ 14,500



## 16 CCR 5014

License	Gross Revenue	Fee Per
	More than \$ 2.0 million and less or equal to \$ 3.0 million	\$ 22,500
	More than \$ 3.0 million and less or equal to \$ 4.0 million	\$ 30,500
	More than \$ 4.0 million and less or equal to \$ 5.0 million	\$ 38,500
	More than \$ 5.0 million and less or equal to \$ 6.0 million	\$ 46,500
	More than \$ 6.0 million and less or equal to \$ 7.5 million	\$ 57,000
	More than \$ 7.5 million	\$ 96,000
Microbusiness	Less than or equal to \$ 1.0 million	\$ 5,000
Type 12	More than \$ 1.0 and less or equal to \$ 2.0 million	\$ 12,000
	More than \$ 2.0 and less or equal to \$ 3.00 million	\$20,000
	More than \$ 3.0 and less or equal to \$ 4.0 million	\$ 32,000
	More than \$ 4.0 and less or equal to \$ 6.0 million	\$ 45,000
	More than \$ 6.0 and less or equal to \$ 7.0 million	\$ 60,000
	More than \$ 7.0 and less or equal to \$ 10.0 million	\$ 80,000
	More than \$ 10.0 and less or equal to \$ 20.0 million	\$ 100,000
	More than \$ 20.0 and less or equal to \$ 30.0 million	\$ 120,000
	More than \$ 30.0 and less or equal to \$ 40.0 million	\$ 140,000
	More than \$ 40.0 and less or equal to \$ 50.0 million	\$ 160,000
	More than \$ 50.0 and less or equal to \$ 60.0 million	\$ 180,000
	More than \$ 60.0 and less than or equal to \$ 80.0 million	\$ 220,000
	More than \$ 80 million	\$ 300,000

**(d)** Notwithstanding the fees identified above, cannabis event organizers shall pay the appropriate fee as outlined in this section.

#### Annual License Fee Schedule for Cannabis Event Organizers

License Type	Planned Operations (Number of Operations)	Fee Per License
Cannabis Event Organizer	0-5 events annually	\$ 3,000
	6-10 events annually	\$ 5,000
	11-20 events annually	\$ 9,000
	Greater than 20 events annually	\$ 20,000

**(e)** All fees are nonrefundable.

## Statutory Authority

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**AUTHORITY:**

Note: Authority cited: [Section 26013, Business and Professions Code](#). Reference: Sections [26012](#), [26051.5](#) and [26180, Business and Professions Code](#).

**History**

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**HISTORY:**

1. New article 3 (sections 5014-5038) and section filed 12-7-2017 as a deemed emergency pursuant to [Business and Professions Code section 26013\(b\)\(3\)](#); operative 12-7-2017 (Register 2017, No. 49). A Certificate of Compliance must be transmitted to OAL by 6-5-2018 or emergency language will be repealed by operation of law on the following day.

2. New article 3 (sections 5014-5038) and section refiled 6-4-2018 as an emergency, including amendment of subsections (b) and (c), repealer of subsection (e) and subsection renumbering; operative 6-6-2018 pursuant to [Government Code section 11346.1\(d\)](#) (Register 2018, No. 23). Pursuant to [Business and Professions Code section 26013\(b\)\(3\)](#), this is a deemed emergency and the emergency regulations remain in effect for 180 days. A Certificate of Compliance must be transmitted to OAL by 12-3-2018 or emergency language will be repealed by operation of law on the following day.

3. Certificate of Compliance as to 6-4-2018 order, including amendment of section and Note, transmitted to OAL 12-3-2018 and filed 1-16-2019; amendments operative 1-16-2019 pursuant to [Government Code section 11343.4\(b\)\(3\)](#) (Register 2019, No. 3).

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**DECLARATION OF SERVICE BY U.S. Mail and E-Mail**

Case Name: **California Department of Public Health, et al. v. Vertical Bliss, Inc., et al.**  
Case No.: **20CHCV00560**

I declare:

I am employed in the Office of the Attorney General, which is the office of a member of the California State Bar, at which member's direction this service is made. I am 18 years of age or older and not a party to this matter. I am familiar with the business practice at the Office of the Attorney General for collection and processing of correspondence for mailing with the United States Postal Service. In accordance with that practice, correspondence placed in the internal mail collection system at the Office of the Attorney General is deposited with the United States Postal Service with postage thereon fully prepaid that same day in the ordinary course of business.

On **September 21, 2022**, I served the attached **NOTICE OF REQUEST AND PLAINTIFF'S REQUEST FOR JUDICIAL NOTICE IN SUPPORT OF DEPARTMENT OF CANNABIS CONTROL'S MOTION FOR SUMMARY JUDGMENT** by transmitting a true copy via electronic mail. In addition, I placed a true copy thereof enclosed in a sealed envelope, in the internal mail system of the Office of the Attorney General, addressed as follows:

<b>Party</b>	<b>Address</b>
Margarita Salazar, Esq. <i>Attorney for Defendants Vertical Bliss, Inc., Kushy Punch, Inc., Conglomerate Marketing, LLC., More Agency, Inc., Ruben Kachian, Arutyun Barsamyan, and Mike A. Toroyan</i>	Margarita Salazar, Esq. Law Offices of Margarita Salazar 470 Third Avenue, Ste. 9 Chula Vista, CA 91910-4663 <b>E-mail Address:</b> margarita@msalazarlaw.com
Ian Stewart Wilson Elser Moskowitz Edelman & Dicker LLP <i>Attorney for Defendant Kevin Halloran</i>	Wilson Elser Moskowitz Edelman & Dicker LLP 555 South Flower St. Ste. 2900 Los Angeles, Ca 90071 <b>E-mail Address:</b> ian.stewart@wilsonelser.com

I declare under penalty of perjury under the laws of the State of California and the United States of America the foregoing is true and correct and that this declaration was executed on **September 21, 2022**, at San Diego, California.

Cecilia Apodaca

Declarant



Signature