

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN DIEGO
CENTRAL DIVISION**

THE PEOPLE OF THE STATE OF CALIFORNIA,
Plaintiff,

v.

JAMES SEAN SLATIC,
dob 01/02/59;

KENSUKE HANAOKA,
dob 04/08/86;

PATRIC MCDONALD,
dob 10/14/73;

MATTHEW ALLAN CARMICHAEL,
dob 03/25/73;

DANIEL FORREST GREGG,
dob 11/20/67;

JESSICA CLAIRE MCELFRISH,
dob 02/20/82;

Defendants

CT No. CD272111

DA No. AEE604

COMPLAINT-FELONY

INFORMATION

Date: _____

PC296 DNA TEST STATUS SUMMARY

Defendant

DNA Testing Requirements

SLATIC, JAMES SEAN

DNA sample required upon conviction

HANAOKA, KENSUKE

DNA sample required upon conviction

MCDONALD, PATRIC

DNA sample has been previously provided

CARMICHAEL, MATTHEW ALLAN

DNA sample required upon conviction

GREGG, DANIEL FORREST

DNA sample has been previously provided

MCELFRISH, JESSICA CLAIRE

DNA sample required upon conviction

CHARGE SUMMARY

Count	Charge	Issue Type	Sentence Range	Special Allegations	Allegation Effect
1	PC182(a)(1)	Felony	3-5-7		
	SLATIC, JAMES SEAN				
	HANAOKA, KENSUKE				
	MCDONALD, PATRIC				
	CARMICHAEL, MATTHEW ALLAN				
	GREGG, DANIEL FORREST				
	MCELFRESH, JESSICA CLAIRE				
2	HS11379.6(a)	Felony	3-5-7		
	SLATIC, JAMES SEAN				
	HANAOKA, KENSUKE				
	MCDONALD, PATRIC				
	CARMICHAEL, MATTHEW ALLAN				
	GREGG, DANIEL FORREST				
	MCELFRESH, JESSICA CLAIRE				
3	PC182(a)(1)	Felony	16-2-3		
	SLATIC, JAMES SEAN				
	HANAOKA, KENSUKE				
	MCDONALD, PATRIC				
	MCELFRESH, JESSICA CLAIRE				
4	PC182(a)(5)	Felony	16-2-3		
	SLATIC, JAMES SEAN				
	HANAOKA, KENSUKE				
	MCDONALD, PATRIC				
	MCELFRESH, JESSICA CLAIRE				
5	PC182(a)(1)	Felony	16-2-3		
	SLATIC, JAMES SEAN				
	HANAOKA, KENSUKE				
	MCDONALD, PATRIC				
	MCELFRESH, JESSICA CLAIRE				

CHARGE SUMMARY (cont'd)

Count	Charge	Issue Type	Sentence Range	Special Allegations	Allegation Effect
6	PC182(a)(1) SLATIC, JAMES SEAN HANAOKA, KENSUKE MCDONALD, PATRIC MCELFRESH, JESSICA CLAIRE	Felony	16-2-3		
7	PC182(a)(1) SLATIC, JAMES SEAN HANAOKA, KENSUKE MCDONALD, PATRIC CARMICHAEL, MATTHEW ALLAN GREGG, DANIEL FORREST MCELFRESH, JESSICA CLAIRE	Felony	2-3-4		
8	HS11360(a)(3)(D) SLATIC, JAMES SEAN HANAOKA, KENSUKE MCDONALD, PATRIC	Felony	2-3-4		
9	HS11360(a)(3)(D) SLATIC, JAMES SEAN HANAOKA, KENSUKE MCDONALD, PATRIC	Felony	2-3-4		
10	HS11370.6(a) SLATIC, JAMES SEAN HANAOKA, KENSUKE MCDONALD, PATRIC	Felony	2-3-4		
11	PC186.10(a) SLATIC, JAMES SEAN	Felony	16-2-3/\$250,000	PC186.10(c)(1)(A)	+1 Yr Consec
12	HS11370.9(a) SLATIC, JAMES SEAN	Felony	2-3-4		
	PC1054.3		INFORMAL REQUEST FOR DISCOVERY		

The undersigned, certifying upon information and belief, complains that in the County of San Diego, State of California, the Defendant(s) did commit the following crime(s):

CHARGES

COUNT 1 - CONSPIRACY TO COMMIT A CRIME

On and between January 1, 2015, and June 29, 2016, JAMES SEAN SLATIC, KENSUKE HANAOKA, PATRIC MCDONALD, MATTHEW CARMICHAEL, DANIEL GREGG, AND JESSICA MCELFRISH did willfully and unlawfully conspire together and with another person and persons whose identity is known and unknown, under the business name Med-West Distribution, LLC (hereafter "MedWest"), to commit the crime of MANUFACTURING A CONTROLLED SUBSTANCE, to wit: TETRAHYDROCANNABINOLS (THC)/CONCENTRATED CANNABIS (Health and Safety Code section 11379.6(a)), in violation of PENAL CODE SECTION 182(a)(1).

The object of the conspiracy was to use flammable, volatile and toxic chemicals to extract THC from marijuana, to purify concentrated cannabis, to sell concentrated cannabis for a profit, and to hide such activity from city inspectors.

Thereafter, in the County of San Diego, State of California, pursuant to the above conspiracy and in furtherance thereof:

OVERT ACT NO.(01): Between January 1, 2015 and June 29, 2016, JAMES SLATIC used MedWest to chemically extract THC or concentrated cannabis, using flammable, volatile and/or toxic chemicals.

OVERT ACT NO.(02): Between January 1, 2015 and June 29, 2016, JAMES SLATIC, or another coconspirator on behalf of MedWest, made untrue or misleading advertisements that would lead a reasonable patient to believe that MedWest did not use flammable, volatile, and/or toxic chemicals in the manufacturing process of concentrated cannabis.

OVERT ACT NO.(03): Between January 1, 2015 and January 28, 2016, JAMES SLATIC, acting as CEO of the nonprofit corporation Pacific Heights Partners, Inc., documented a net profit of more than \$3.2 million dollars from the sale of concentrated cannabis.

OVERT ACT NO.(04): Between July 20, 2015 and August 18, 2015, PATRIC MCDONALD, acting as Vice President and/or General Manager of MedWest, exported over 10 kilograms of concentrated cannabis to Pueblo West Organics in the State of Colorado.

OVERT ACT NO.(05): On or about October 7, 2015, KENSUKE HANAOKA, acting as the Operations Director of MedWest, forwarded an email to Hannae Warren and asked her to create an invoice for the attached "purchase order" of marijuana for approximately \$82,350.

OVERT ACT NO.(06): On or about February 20, 2015, JAMES SLATIC recorded the business address of MedWest as 8210 Engineer Road, San Diego, CA 92111.

OVERT ACT NO.(07): On or about April 27, 2015, JESSICA MCELFRISH, acting as the attorney for MedWest, visited 8210 Engineer Road to ensure all evidence of the manufacturing and possession of concentrated cannabis was removed before the scheduled inspection of April 28, 2015.

CHARGES (cont'd)

OVERT ACT NO.(08): On April 28, 2015, during a city inspection of 8210 Engineer Road, JESSICA MCELFRISH, acting as the attorney for MedWest, and for the purpose of concealing the chemical extraction of concentrated cannabis conducted on site, told a city investigator that MedWest did not operate on site and led inspectors to believe the business was only a packaging and paper company.

OVERT ACT NO.(09): On April 28, 2015, MedWest attorney JESSICA MCELFRISH kept a close eye on one of the inspectors, to wit: retired SDPD investigator Gary Jaus. McElfresh tried to keep Jaus focused on her and the papers, with the goal of having inspectors leave under the theory that no actual marijuana was on site.

OVERT ACT NO.(10): On December 24, 2015, MedWest attorney JESSICA MCELFRISH emailed JAMES SLATIC about the inspection that occurred on April 28, 2015. McElfresh told Slatic that the inspectors “were clearly suspicious.” McElfresh continued to say “I had to keep a very, very close eye on the retired SDPD investigator...Gary Jaus.... He’s a very smart man, and I had to walk a very fine line between being very nice and trying too hard to keep him focused on me.” McElfresh continued to say “I didn’t flirt (wouldn’t have worked), but I just kept focusing on the papers.... I’m convinced they walked away knowing it wasn’t a dispensary in the typical sense... but it probably seemed like something other than just paper. That just wasn’t what they were under mandate to look for, and hey, we did a very good job.” McElfresh continued to say “they’ve been there once and went away, operating under the theory that no actual marijuana is there. We did a really, really good job giving them plausible deniability – and it was clear to them it wasn’t a dispensary. But, I think they suspected it was something else more than paper.”

OVERT ACT NO.(11): On January 19, 2016, MATTHEW CARMICHAEL, acting as Director of Research and Development for MedWest, requested a quote from Capitol Scientific for the purchase of technical grade hexanes.

OVERT ACT NO.(12): On January 27, 2016, MATTHEW CARMICHAEL, acting as Director of Research and Development for MedWest, emailed Capital Scientific a purchase order for a 55 gallon drum of 190 proof ethanol and 4 liters of technical grade Hexanes.

OVERT ACT NO.(13): On January 28, 2016, DANIEL GREGG, acting as an employee of MedWest, operated or controlled the laboratory at 8210 Engineer Road.

OVERT ACT NO.(14): On January 28, 2016, JAMES SLATIC, KENSUKE HANAOKA, PATRIC MCDONALD, MATTHEW CARMICHAEL, DANIEL GREGG, or another coconspirator on behalf of MedWest possessed hexane, a flammable and volatile solvent.

OVERT ACT NO.(15): On January 28, 2016, JAMES SLATIC, KENSUKE HANAOKA, PATRIC MCDONALD, MATTHEW CARMICHAEL, DANIEL GREGG, or another coconspirator on behalf of MedWest possessed diethyl ether, a toxic solvent.

OVERT ACT NO.(16): On January 28, 2016, JAMES SLATIC, KENSUKE HANAOKA, PATRIC MCDONALD, MATTHEW CARMICHAEL, DANIEL GREGG, or another coconspirator on behalf of MedWest possessed chloroform, a toxic solvent.

CHARGES (cont'd)

OVERT ACT NO.(17): On January 28, 2016, JAMES SLATIC, KENSUKE HANAOKA, PATRIC MCDONALD, MATTHEW CARMICHAEL, DANIEL GREGG, or another coconspirator on behalf of MedWest possessed ethanol, a flammable and volatile solvent, for the purpose of manufacturing concentrated cannabis.

OVERT ACT NO.(18): On January 28, 2016, JAMES SLATIC, KENSUKE HANAOKA, PATRIC MCDONALD, MATTHEW CARMICHAEL, DANIEL GREGG, or another coconspirator on behalf of MedWest put a container with a substance emitting flammable vapors into a purge oven. The substance was still emitting flammable vapors when HAZMAT arrived.

OVERT ACT NO.(19): On June 29, 2016, JAMES SLATIC, acting as CEO of MedWest, possessed over 1,000 vials of concentrated cannabis for sale, in the City of Escondido.

COUNT 2 - MANUFACTURING A CONTROLLED SUBSTANCE

On or about and between January 1, 2015 and January 28, 2016, JAMES SEAN SLATIC, KENSUKE HANAOKA, PATRIC MCDONALD, MATTHEW CARMICHAEL, DANIEL GREGG, AND JESSICA MCELFRISH did unlawfully manufacture, compound, convert, produce, derive, process and prepare, directly and indirectly by chemical extraction and independently by means of chemical synthesis, a controlled substance, to wit: TETRAHYDROCANNABINOLS (THC)/CONCENTRATED CANNABIS, in violation of HEALTH AND SAFETY CODE SECTION 11379.6(a).

COUNT 3 - CONSPIRACY TO COMMIT A CRIME

On or about and between January 1, 2015 and January 28, 2016, JAMES SEAN SLATIC, KENSUKE HANAOKA, PATRIC MCDONALD, MATTHEW CARMICHAEL, DANIEL GREGG, AND JESSICA MCELFRISH did unlawfully conspire together and with another person and persons whose identity is unknown to commit the crime of USING A PREMISES WITHOUT A PERMIT (San Diego Municipal Code section 121.0302(a)), in violation of PENAL CODE SECTION 182(a)(1).

The object of the conspiracy was to use flammable, volatile and/or toxic chemicals to extract THC from marijuana, to purify concentrated cannabis, to sell concentrated cannabis for a profit, and to hide such activity from city inspectors.

Thereafter, in the County of San Diego, State of California, pursuant to the above conspiracy and in furtherance thereof:

OVERT ACT NO.(01): Between January 1, 2015 and June 29, 2016, JAMES SLATIC used MedWest to chemically extract THC or concentrated cannabis, using flammable, volatile and/or toxic chemicals.

CHARGES (cont'd)

OVERT ACT NO.(02): Between January 1, 2015 and June 29, 2016, JAMES SLATIC, or another coconspirator on behalf of MedWest, made untrue or misleading advertisements that would lead a reasonable patient to believe that MedWest did not use flammable, volatile, and/or toxic chemicals in the manufacturing process of concentrated cannabis.

OVERT ACT NO.(03): Between January 1, 2015 and January 28, 2016, JAMES SLATIC, acting as CEO of the nonprofit corporation Pacific Heights Partners, Inc., documented a net profit of more than \$3.2 million dollars from the sale of concentrated cannabis.

OVERT ACT NO.(04): Between July 20, 2015 and August 18, 2015, PATRIC MCDONALD, acting as Vice President and/or General Manager of MedWest, exported over 10 kilograms of concentrated cannabis to Pueblo West Organics in the State of Colorado.

OVERT ACT NO.(05): On or about October 7, 2015, KENSUKE HANAOKA, acting as the Operations Director of MedWest, forwarded an email to Hannae Warren and asked her to create an invoice for the attached “purchase order” of marijuana for approximately \$82,350.

OVERT ACT NO.(06): On or about February 20, 2015, JAMES SLATIC recorded the business address of MedWest as 8210 Engineer Road, San Diego, CA 92111.

OVERT ACT NO.(07): On or about April 27, 2015, JESSICA MCELFRISH, acting as the attorney for MedWest, visited 8210 Engineer Road to ensure all evidence of the manufacturing and possession of concentrated cannabis was removed before the scheduled inspection of April 28, 2015.

OVERT ACT NO.(08): On April 28, 2015, during a city inspection of 8210 Engineer Road, JESSICA MCELFRISH, acting as the attorney for MedWest, and for the purpose of concealing the chemical extraction of concentrated cannabis conducted on site, told a city investigator that MedWest did not operate on site and led inspectors to believe the business was only a packaging and paper company.

OVERT ACT NO.(09): On April 28, 2015, MedWest attorney JESSICA MCELFRISH kept a close eye on one of the inspectors, to wit: retired SDPD investigator Gary Jaus. McElfresh tried to keep Jaus focused on her and the papers, with the goal of having inspectors leave under the theory that no actual marijuana was on site.

OVERT ACT NO.(10): On December 24, 2015, MedWest attorney JESSICA MCELFRISH emailed JAMES SLATIC about the inspection that occurred on April 28, 2015. McElfresh told Slatic that the inspectors “were clearly suspicious.” McElfresh continued to say “I had to keep a very, very close eye on the retired SDPD investigator... Gary Jaus.... He’s a very smart man, and I had to walk a very fine line between being very nice and trying too hard to keep him focused on me.” McElfresh continued to say “I didn’t flirt (wouldn’t have worked), but I just kept focusing on the papers.... I’m convinced they walked away knowing it wasn’t a dispensary in the typical sense... but it probably seemed like something other than just paper. That just wasn’t what they were under mandate to look for, and hey, we did a very good job.” McElfresh continued to say “they’ve been there once and went away, operating under the theory that no actual marijuana is there. We did a really, really good job giving them plausible deniability – and it was clear to them it wasn’t a dispensary. But, I think they suspected it was something else more than paper.”

CHARGES (cont'd)

OVERT ACT NO.(11): On January 19, 2016, MATTHEW CARMICHAEL, acting as Director of Research and Development for MedWest, requested a quote from Capitol Scientific for the purchase of technical grade hexanes.

OVERT ACT NO.(12): On January 27, 2016, MATTHEW CARMICHAEL, acting as Director of Research and Development for MedWest, emailed Capitol Scientific a purchase order for a 55 gallon drum of 190 proof ethanol and 4 liters of technical grade Hexanes.

OVERT ACT NO.(13): On January 28, 2016, DANIEL GREGG, acting as an employee of MedWest, operated or controlled the laboratory at 8210 Engineer Road.

OVERT ACT NO.(14): On January 28, 2016, JAMES SLATIC, KENSUKE HANAOKA, PATRIC MCDONALD, MATTHEW CARMICHAEL, DANIEL GREGG, or another coconspirator on behalf of MedWest possessed hexane, a flammable and volatile solvent.

OVERT ACT NO.(15): On January 28, 2016, JAMES SLATIC, KENSUKE HANAOKA, PATRIC MCDONALD, MATTHEW CARMICHAEL, DANIEL GREGG, or another coconspirator on behalf of MedWest possessed diethyl ether, a toxic solvent.

OVERT ACT NO.(16): On January 28, 2016, JAMES SLATIC, KENSUKE HANAOKA, PATRIC MCDONALD, MATTHEW CARMICHAEL, DANIEL GREGG, or another coconspirator on behalf of MedWest possessed chloroform, a toxic solvent.

OVERT ACT NO.(17): On January 28, 2016, JAMES SLATIC, KENSUKE HANAOKA, PATRIC MCDONALD, MATTHEW CARMICHAEL, DANIEL GREGG, or another coconspirator on behalf of MedWest possessed ethanol, a flammable and volatile solvent, for the purpose of manufacturing concentrated cannabis.

OVERT ACT NO.(18): On January 28, 2016, JAMES SLATIC, KENSUKE HANAOKA, PATRIC MCDONALD, MATTHEW CARMICHAEL, DANIEL GREGG, or another coconspirator on behalf of MedWest put a container with a substance emitting flammable vapors into a purge oven. The substance was still emitting flammable vapors when HAZMAT arrived.

COUNT 4 - CONSPIRACY TO OBSTRUCT JUSTICE

On or about and between April 1, 2015 and April 28, 2015, JAMES SEAN SLATIC, KENSUKE HANAOKA, PATRIC MCDONALD, AND JESSICA MCELFRISH did unlawfully conspire together and with another person and persons whose identity is unknown to commit an act to pervert and obstruct justice, and the due administration of the laws, in violation of PENAL CODE SECTION 182(a)(5).

The object of the conspiracy was to use flammable, volatile and/or toxic chemicals to extract THC from marijuana, to purify concentrated cannabis, to sell concentrated cannabis for a profit, and to hide such activity from city inspectors.

CHARGES (cont'd)

Thereafter, in the County of San Diego, State of California, pursuant to the above conspiracy and in furtherance thereof:

OVERT ACT NO.(01): On or about February 20, 2015, JAMES SLATIC recorded the business address of MedWest as 8210 Engineer Road, San Diego, CA 92111.

OVERT ACT NO.(02): Between April 1, 2015 and April 28, 2016, JAMES SLATIC used MedWest to chemically extract THC or concentrated cannabis, using flammable, volatile and/or toxic chemicals.

OVERT ACT NO.(03): On or about April 27, 2015, JESSICA MCELFRISH, acting as the attorney for MedWest, visited 8210 Engineer Road to ensure all evidence of the manufacturing and possession of concentrated cannabis was removed before the scheduled inspection of April 28, 2015.

OVERT ACT NO.(04): On April 28, 2015, during a city inspection of 8210 Engineer Road, JESSICA MCELFRISH, acting as the attorney for MedWest, and for the purpose of concealing the chemical extraction of concentrated cannabis conducted on site, told a city investigator that MedWest did not operate on site and led inspectors to believe the business was only a packaging and paper company.

OVERT ACT NO.(05): On April 28, 2015, MedWest attorney JESSICA MCELFRISH kept a close eye on one of the inspectors, to wit: retired SDPD investigator Gary Jaus. McElfresh tried to keep Jaus focused on her and the papers, with the goal of having inspectors leave under the theory that no actual marijuana was on site.

OVERT ACT NO.(06): On December 24, 2015, MedWest attorney JESSICA MCELFRISH emailed JAMES SLATIC about the inspection that occurred on April 28, 2015. McElfresh told Slatic that the inspectors “were clearly suspicious.” McElfresh continued to say “I had to keep a very, very close eye on the retired SDPD investigator... Gary Jaus.... He’s a very smart man, and I had to walk a very fine line between being very nice and trying too hard to keep him focused on me.” McElfresh continued to say “I didn’t flirt (wouldn’t have worked), but I just kept focusing on the papers.... I’m convinced they walked away knowing it wasn’t a dispensary in the typical sense... but it probably seemed like something other than just paper. That just wasn’t what they were under mandate to look for, and hey, we did a very good job.” McElfresh continued to say “they’ve been there once and went away, operating under the theory that no actual marijuana is there. We did a really, really good job giving them plausible deniability – and it was clear to them it wasn’t a dispensary. But, I think they suspected it was something else more than paper.”

COUNT 5 - CONSPIRACY TO COMMIT A CRIME

On or about and between April 1, 2015 and April 28, 2015, JAMES SEAN SLATIC, KENSUKE HANAOKA, PATRIC MCDONALD, AND JESSICA MCELFRISH did unlawfully conspire together and with another person and persons whose identity is unknown to commit the crime of DELAYING AND OBSTRUCTING A PUBLIC OFFICER (Penal Code section 148(a)(1)), in violation of PENAL CODE SECTION 182(a)(1).

Thereafter, in the County of San Diego, State of California, pursuant to the above conspiracy and in furtherance of the objects thereof:

CHARGES (cont'd)

OVERT ACT NO.(01): On or about February 20, 2015, JAMES SLATIC recorded the business address of MedWest as 8210 Engineer Road, San Diego, CA 92111.

OVERT ACT NO.(02): Between April 1, 2015 and April 28, 2016, JAMES SLATIC used MedWest to chemically extract THC or concentrated cannabis, using flammable, volatile and/or toxic chemicals.

OVERT ACT NO.(03): On or about April 27, 2015, JESSICA MCELFRISH, acting as the attorney for MedWest, visited 8210 Engineer Road to ensure all evidence of the manufacturing and possession of concentrated cannabis was removed before the scheduled inspection of April 28, 2015.

OVERT ACT NO.(04): On April 28, 2015, during a city inspection of 8210 Engineer Road, JESSICA MCELFRISH, acting as the attorney for MedWest, and for the purpose of concealing the chemical extraction of concentrated cannabis conducted on site, told a city investigator that MedWest did not operate on site and led inspectors to believe the business was only a packaging and paper company.

OVERT ACT NO.(05): On April 28, 2015, MedWest attorney JESSICA MCELFRISH kept a close eye on one of the inspectors, to wit: retired SDPD investigator Gary Jaus. McElfresh tried to keep Jaus focused on her and the papers, with the goal of having inspectors leave under the theory that no actual marijuana was on site.

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COUNT 6 - CONSPIRACY TO COMMIT A CRIME

On or about and between April 1, 2015 and April 28, 2015, JAMES SEAN SLATIC, KENSUKE HANAOKA, PATRIC MCDONALD, AND JESSICA MCELFRISH did unlawfully conspire together and with another person and persons whose identity is unknown to commit the crime of CONCEALING EVIDENCE (Penal Code section 135), in violation of PENAL CODE SECTION 182(a)(1).

Thereafter, in the County of San Diego, State of California, pursuant to the above conspiracy and in furtherance of the objects thereof:

OVERT ACT NO.(01): On or about February 20, 2015, JAMES SLATIC recorded the business address of MedWest as 8210 Engineer Road, San Diego, CA 92111.

CHARGES (cont'd)

OVERT ACT NO.(02): Between April 1, 2015 and April 28, 2016, JAMES SLATIC used MedWest to chemically extract THC or concentrated cannabis, using flammable, volatile and/or toxic chemicals.

OVERT ACT NO.(03): On or about April 27, 2015, JESSICA MCELFRISH, acting as the attorney for MedWest, visited 8210 Engineer Road to ensure all evidence of the manufacturing and possession of concentrated cannabis was removed before the scheduled inspection of April 28, 2015.

OVERT ACT NO.(04): On April 28, 2015, during a city inspection of 8210 Engineer Road, JESSICA MCELFRISH, acting as the attorney for MedWest, and for the purpose of concealing the chemical extraction of concentrated cannabis conducted on site, told a city investigator that MedWest did not operate on site and led inspectors to believe the business was only a packaging and paper company.

OVERT ACT NO.(05): On April 28, 2015, MedWest attorney JESSICA MCELFRISH kept a close eye on one of the inspectors, to wit: retired SDPD investigator Gary Jaus. McElfresh tried to keep Jaus focused on her and the papers, with the goal of having inspectors leave under the theory that no actual marijuana was on site.

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COUNT 7 - CONSPIRACY TO COMMIT A CRIME

On or about and between January 1, 2015 and June 29, 2016, JAMES SEAN SLATIC, KENSUKE HANAOKA, PATRIC MCDONALD, MATTHEW CARMICHAEL, DANIEL GREGG, AND JESSICA MCELFRISH did unlawfully conspire together and with another person and persons whose identity is unknown to commit the crime of SALE OF CONCENTRATED CANNABIS (Health and Safety Code section 11360(a)(2)), in violation of PENAL CODE SECTION 182(a)(1).

The object of the conspiracy was to use flammable, volatile and/or toxic chemicals to extract THC from marijuana, to purify concentrated cannabis, to sell concentrated cannabis for a profit, and to hide such activity from city inspectors. Thereafter, in the County of San Diego, State of California, pursuant to the above conspiracy and in furtherance of the objects thereof:

OVERT ACT NO.(01): Between January 1, 2015 and June 29, 2016, JAMES SLATIC used MedWest to chemically extract THC or concentrated cannabis, using flammable, volatile and/or toxic chemicals.

CHARGES (cont'd)

OVERT ACT NO.(02): Between January 1, 2015 and June 29, 2016, JAMES SLATIC, or another coconspirator on behalf of MedWest, made untrue or misleading advertisements that would lead a reasonable patient to believe that MedWest did not use flammable, volatile, and/or toxic chemicals in the manufacturing process of concentrated cannabis.

OVERT ACT NO.(03): Between January 1, 2015 and January 28, 2016, JAMES SLATIC, acting as CEO of the nonprofit corporation Pacific Heights Partners, Inc., documented a net profit of more than \$3.2 million dollars from the sale of concentrated cannabis.

OVERT ACT NO.(04): Between July 20, 2015 and August 18, 2015, PATRIC MCDONALD, acting as Vice President and/or General Manager of MedWest, exported over 10 kilograms of concentrated cannabis to Pueblo West Organics in the State of Colorado.

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OVERT ACT NO.(09): On April 28, 2015, MedWest attorney JESSICA MCELFRISH kept a close eye on one of the inspectors, to wit: retired SDPD investigator Gary Jaus. McElfresh tried to keep Jaus focused on her and the papers, with the goal of having inspectors leave under the theory that no actual marijuana was on site.

OVERT ACT NO.(10): On December 24, 2015, MedWest attorney JESSICA MCELFRISH emailed JAMES SLATIC about the inspection that occurred on April 28, 2015. McElfresh told Slatic that the inspectors “were clearly suspicious.” McElfresh continued to say “I had to keep a very, very close eye on the retired SDPD investigator... Gary Jaus.... He’s a very smart man, and I had to walk a very fine line between being very nice and trying too hard to keep him focused on me.” McElfresh continued to say “I didn’t flirt (wouldn’t have worked), but I just kept focusing on the papers.... I’m convinced they walked away knowing it wasn’t a dispensary in the typical sense... but it probably seemed like something other than just paper. That just wasn’t what they were under mandate to look for, and hey, we did a very good job.” McElfresh continued to say “they’ve been there once and went away, operating under the theory that no actual marijuana is there. We did a really, really good job giving them plausible deniability – and it was clear to them it wasn’t a dispensary. But, I think they suspected it was something else more than paper.”

CHARGES (cont'd)

OVERT ACT NO.(11): On January 19, 2016, MATTHEW CARMICHAEL, acting as Director of Research and Development for MedWest, requested a quote from Capitol Scientific for the purchase of technical grade hexanes.

OVERT ACT NO.(12): On January 27, 2016, MATTHEW CARMICHAEL, acting as Director of Research and Development for MedWest, emailed Capitol Scientific a purchase order for a 55 gallon drum of 190 proof ethanol and 4 liters of technical grade Hexanes.

OVERT ACT NO.(13): On January 28, 2016, DANIEL GREGG, acting as an employee of MedWest, operated or controlled the laboratory at 8210 Engineer Road.

OVERT ACT NO.(14): On January 28, 2016, JAMES SLATIC, KENSUKE HANAOKA, PATRIC MCDONALD, MATTHEW CARMICHAEL, DANIEL GREGG, or another coconspirator on behalf of MedWest possessed hexane, a flammable and volatile solvent.

OVERT ACT NO.(15): On January 28, 2016, JAMES SLATIC, KENSUKE HANAOKA, PATRIC MCDONALD, MATTHEW CARMICHAEL, DANIEL GREGG, or another coconspirator on behalf of MedWest possessed diethyl ether, a toxic solvent.

OVERT ACT NO.(16): On January 28, 2016, JAMES SLATIC, KENSUKE HANAOKA, PATRIC MCDONALD, MATTHEW CARMICHAEL, DANIEL GREGG, or another coconspirator on behalf of MedWest possessed chloroform, a toxic solvent.

OVERT ACT NO.(17): On January 28, 2016, JAMES SLATIC, KENSUKE HANAOKA, PATRIC MCDONALD, MATTHEW CARMICHAEL, DANIEL GREGG, or another coconspirator on behalf of MedWest possessed ethanol, a flammable and volatile solvent, for the purpose of manufacturing concentrated cannabis.

OVERT ACT NO.(18): On January 28, 2016, JAMES SLATIC, KENSUKE HANAOKA, PATRIC MCDONALD, MATTHEW CARMICHAEL, DANIEL GREGG, or another coconspirator on behalf of MedWest put a container with a substance emitting flammable vapors into a purge oven. The substance was still emitting flammable vapors when HAZMAT arrived.

OVERT ACT NO.(19): On June 29, 2016, JAMES SLATIC, acting as CEO of MedWest, possessed over 1,000 vials of concentrated cannabis for sale, in the City of Escondido.

COUNT 8 - EXPORT MORE THAN 4 GMS CONCENTRATED CANNABIS

On or about July 21, 2015, JAMES SEAN SLATIC, KENSUKE HANAOKA, and PATRIC MCDONALD did unlawfully import, offer to import, and attempted import into this state, and transport for sale, offer to transport for sale, and attempted transport for sale out of this state, of more than 4 grams of concentrated cannabis, within the meaning of HEALTH AND SAFETY CODE SECTION 11360(a)(3)(D).

CHARGES (cont'd)

COUNT 9 - EXPORT MORE THAN 4 GMS CONCENTRATED CANNABIS

On or about August 17, 2015, JAMES SEAN SLATIC, KENSUKE HANAOKA, and PATRIC MCDONALD did unlawfully import, offer to import, and attempted import into this state, and transport for sale, offer to transport for sale, and attempted transport for sale out of this state, of more than 4 grams of concentrated cannabis, within the meaning of HEALTH AND SAFETY CODE SECTION 11360(a)(3)(D).

COUNT 10 - POSSESSION OF MONEY OR INSTRUMENTS OVER \$100,000.00

On or about January 28, 2016, JAMES SEAN SLATIC, KENSUKE HANAOKA, and PATRIC MCDONALD did unlawfully possess money and negotiable instruments in excess of one hundred thousand dollars (\$100,00) which had been obtained as the result of the unlawful sale, possession for sale, transportation and manufacture of a controlled substance with knowledge that the money and negotiable instruments had been so obtained, in violation of HEALTH AND SAFETY CODE SECTION 11370.6(a).

COUNT 11 - MONEY LAUNDERING

On or about and between January 2, 2015 and November 30, 2015, JAMES SEAN SLATIC did unlawfully conduct and attempt to conduct more than one transaction involving monetary instruments of a total value exceeding twenty-five thousand dollars (\$25,000) within a 30-day period through one or more financial institutions, with the specific intent to promote, manage, establish, carry on and facilitate the promotion, management, establishment and carrying on of criminal activity and knowing that the monetary instrument represents the proceeds of and is derived directly or indirectly from the proceeds of criminal activity, in violation of PENAL CODE SECTION 186.10(a).

And it is further alleged with regard to the above offense that the value of the transaction and transactions involved exceeded fifty thousand dollars (\$50,000) but were less than one hundred fifty thousand dollars (\$150,000), within the meaning of PENAL CODE SECTION 186.10(c)(1)(A).

COUNT 12 - RECEIVE/ACQUIRE OVER \$25,000 FROM CONTROLLED SUBSTANCE OFFENSE

On or about and between November 6, 2015 and November 30, 2015, JAMES SEAN SLATIC did knowingly and unlawfully receive and acquire proceeds and engage in a transaction involving proceeds in excess of twenty-five thousand dollars (\$25,000), known to be derived from a violation of the Uniform Controlled Substances Act, with the intent to conceal and disguise and aid in concealing and disguising the nature, location, ownership, control and source of the proceeds, in violation of HEALTH AND SAFETY CODE SECTION 11370.9(a).



NOTICE: Any defendant named on this complaint who is on criminal probation in San Diego County is, by receiving this complaint, on notice that the evidence presented to the court at the preliminary hearing on this complaint is presented for a dual purpose: the People are seeking a holding order on the charges pursuant to Penal Code Section 872 and simultaneously, the People are seeking a revocation of the defendant's probation, on any and all such probation grants, utilizing the same evidence, at the preliminary hearing. Defenses to either or both procedures should be considered and presented as appropriate at the preliminary hearing.

NOTICE: Any defendant named on this complaint who is on Mandatory Supervision in San Diego County is, by receiving this complaint, on notice that the evidence presented to the court at the preliminary hearing on this complaint is presented for a dual purpose: the People are seeking a holding order on the charges pursuant to Penal Code Section 872 and simultaneously, the People are seeking a revocation of the defendant's Mandatory Supervision pursuant to Penal Code Sections 1170(h)(5)(B) and 1203.2, on any and all such grants, utilizing the same evidence, at the preliminary hearing. Defense to either or both procedures should be considered and presented as appropriate at the preliminary hearing.

Pursuant to PENAL CODE SECTION 1054.5(b), the People are hereby informally requesting that defendant's counsel provide discovery to the People as required by PENAL CODE SECTION 1054.3.

Sheriff's records indicate that as of the booking date one or more defendants have not yet provided a DNA sample to the DOJ database. Pursuant to Penal Code Section 296(e), the court shall order collection of DNA from the defendant(s) if advised by the prosecuting attorney that a sample is required but has not been provided by the defendant. Pursuant to Penal Code sections 296/296.1, if not already required from a past conviction, any defendants who have not done so will be required to provide a sample upon conviction of this felony offense.

I DECLARE UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT AND THAT THIS COMPLAINT, CASE NUMBER CD272111, CONSISTS OF 12 COUNTS.

Executed at City of San Diego, County of San Diego, State of California, on May 23, 2017.

COMPLAINANT

INFORMATION

BONNIE M. DUMANIS
District Attorney
County of San Diego
State of California
by:

Date

Deputy District Attorney