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SUPERIOR CO	DIRT OF	CALIFORNIA
COUNT	Y OF OF	RANGE
CENTRAL	JUSTICE	CENTRER

MAR 0 2 2022

DAVID H. YAMASAKI, Clerk of the Court

BY:_____DEPUTY

SUPERIOR COURT OF THE STATE OF CALIFORNIA COUNTY OF ORANGE CENTRAL JUSTICE CENTER

HNHPC, INC.,

v.

on December 13, 2021.

THE DEPARTMENT OF CANNABIS

CONTROL, AN ADMINISTRATIVE DEPARTMENT OF THE STATE OF

CALIFORNIA; NICOLE ELLIOTT, inher

Cannabis Control, and DOES 1-50, inclusive

Defendant and Respondent.

capacity as Director of the Department of

...

Plaintiff and Petitioner,

Case No. 30-2021-01221014-CU-WM-CJC

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(PASSED) ORDER AFTER HEARING

Dept:

C26

Judge:

Honorable Gregory H. Lewis

Action Filed: September 15, 2021

Plaintiff and Petitioner HNHPC Inc. ('Petitioner") filed its first amended verified petition for writ of mandamus and complaint for (1) Peremptory Writ of Mandate; and (2) Injunctive Relief ("Petition") on November 12, 2021. The Defendants and Respondents Department of Cannabis Control and Nicole Elliott, in her capacity as Director ("Respondents") filed a demurrer

The Court, on January 13, 2022, announced its Tentative Ruling sustaining the demurrer without leave to amend. The matter was heard by the Honorable Gregory H. Lewis on January 19, 2022, with appearances made by Jeff Augustini, Esquire, for Petitioner and Deputy Attorney

1	General, Ethan Turner for the Respondents.
2	Having reviewed the pleadings and hearing oral arguments, the Court read its ruling into
3	the record, confirmed its tentative ruling sustaining Respondents' demurrer without leave to
4	amend, and issued a minute order to that effect. Attached hereto as Exhibit "A" is a copy of the
5	Court's Minute Order and the Tentative Ruling.
6	IT IS ORDERED, Respondents' demurrer to HNHPC's Petition is SUSTAINED
7	WITHOUT LEAVE TO AMEND.
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9	Dated: 3-2-22
10	The Honorable Gregory H. Lewis
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15	Approved as to Form:
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17	Jeff Augustini, Esq.
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EXHIBIT A

SUPERIOR COURT OF CALIFORNIA, COUNTY OF ORANGE CENTRAL JUSTICE CENTER

MINUTE ORDER

DATE: 01/19/2022

TIME: 10:30:00 AM

DEPT: C26

JUDICIAL OFFICER PRESIDING: Gregory H. Lewis

CLERK: Eric Yu

REPORTER/ERM: (ACRPT) Jane Hong CSR# 11975

BAILIFF/COURT ATTENDANT: Nestor Peraza

CASE NO: 30-2021-01221014-CU-WM-CJC CASE INIT.DATE: 09/15/2021 CASE TITLE: HNHPC, Inc. vs. The Department of Cannabis Control CASE CATEGORY: Civil - Unlimited CASE TYPE: Writ of Mandate

EVENT ID/DOCUMENT ID: 73678086

EVENT TYPE: Demurrer to Amended Complaint

MOVING PARTY: Nicole Elliot, in her capacity as Director of the Department of Cannabis Control,

Department of Cannabis Control

CAUSAL DOCUMENT/DATE FILED: Demurrer to Amended Complaint, 12/13/2021

APPEARANCES

Jeff Augustini, from Law Office of Jeff Augustini, present for Petitioner(s) remotely. Ethan Turner, Sara Gardner, Michael Yun, Tamara Colson, from Deputy Attorney General, present for Respondent, Defendant(s) remotely.

Tentative Ruling posted on the Internet.

Remote hearing held.

The Court hears oral argument and confirms the tentative ruling as follows:

Respondent Department of Cannabis Control's Demurrer to the First Amended Petition for Writ of Mandate is SUSTAINED <u>without</u> leave to amend. Respondent's Request for Judicial Notice is GRANTED.

Petitioner contends that Respondent failed to implement the required track and trace electronic database to flag irregularities in the cannabis industry. The key statute is *Bus. & Prof. Code*, § 26067. *Bus. & Prof. Code*, § 26067 requires that "(b)(1) The department, in consultation with the California Department of Tax and Fee Administration, shall create an electronic database containing the electronic shipping manifests to facilitate the administration of the track and trace program ..."

Demurrer to First Amended Petition: Respondent may demur to the Petition for Writ of Mandate to test its legal sufficiency. (*SJJC Aviation Services, LLC v. City of San Jose* (2017) 12 Cal.App.5th 1043, 1051). "A demurrer tests the legal sufficiency of factual allegations in a complaint." (*Chapman v. Skype Inc.* (2013) 220 Cal.App.4th 217, 225.) In ruling on a demurrer, a court must accept as true all allegations of fact contained in the complaint. (*Blank v. Kirwan* (1985) 39 Cal.3d 311, 318.) A demurrer challenges only the legal sufficiency of the affected pleading, not the truth of the factual allegations in the pleading or the pleader's ability to prove those allegations. (*Cundiff v. GTE Cal., Inc.* (2002) 101 Cal.App.4th 1395, 1404-05.)

A demurrer is limited to the operative complaint's four corners, attached exhibits, and judicially noticeable matters. (Hoffman v. Smithwoods RV Park, LLC (2009) 179 Cal.App.4th 390, 400.) Questions of fact cannot be decided on demurrer. (Berryman v. Merit Prop. Mgmt., Inc. (2007) 152 Cal.App.4th 1544, 1556.) "A demurrer does not lie to a portion of a cause of action." (PH II, Inc. v. Superior Court (1995) 33 Cal.App.4th 1680, 1682 [citation omitted].) "To properly state a cause of action, and as pertinent here,

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DEPT: C26

MINUTE ORDER

Page 1

Calendar No.

the operative complaint must sufficiently allege (1) every element of [that] cause of action and (2) the plaintiff's standing to sue." [Citations.]" (Shaeffer v. Califia Farms, LLC (2020) 44 Cal.App.5th 1125 [internal quotation marks omitted].)

Because a demurrer tests only the sufficiency of the complaint, "[a] court will not consider facts that have not been alleged in the complaint unless they may be reasonably inferred from the matters alleged or are proper subjects of judicial notice. (Hall v. Great W. Bank (1991) 231 Cal.App.3d 713, 718 n.7 [citation omitted].) "[A] demurrer may be sustained where judicially noticeable facts render the pleading defective . . and allegations in the pleading may be disregarded if they are contrary to facts judicially noticed." (Scott v. JPMorgan Chase Bank, N.A. (2013) 214 Cal.App.4th 743, 751.)

Respondent's Request for Judicial Notice. Evidence Code section 452, subdivision (c), because the documents are official acts and records of the Respondent, a state agency. Under Evidence Code section 452, subdivision (h), the documents are not reasonably subject to dispute and are capable of ready determination. "Where, as here, judicial notice is requested of a legally operative document—like a contract—the court may take notice not only of the fact of the document and its recording or publication, but also facts that clearly derive from its legal effect. . . . Moreover, whether the fact derives from the legal effect of a document or from a statement within the document, the fact may be judicially noticed where, as here, the fact is not reasonably subject to dispute." (Scott v. JPMorgan ChaseBank, N.A. (2013) 214 Cal.App.4th 743, 754). (Emphasis original).

When "the judicially noticed facts contradict the conclusory allegations of the [pleading], and those allegations may be disregarded." (Intengan v. BAC HomeLoans Servicing LP (2013) 214 Cal.App.4th 1047, 1055.) These judicially noticed documents demonstrated that Respondent complied with its

mandatory duty.

Petition for Writ of Mandate: "A writ of mandate will issue to 'compel the performance of an act which the law specially enjoins, as a duty resulting from an office, trust, or station' (Code Civ. Proc., § 1085, subd. (a)), 'where there is not a plain, speedy, and adequate remedy, in the ordinary course of law' (Code Civ. Proc., § 1086). "[T]here are dual requirements for mandamus: '(1) A clear, present (and usually ministerial) duty on the part of the respondent. (2) A clear, present and beneficial right in the petitioner, to the performance of that duty." (Santa Monica Mun. Employees Assn. v. City of Santa Monica (1987) 191 Cal.App.3d 1538, 1547.

"The writ will issue against a county, city, or other public body, or against a public officer." (Ochoav. Anahelm City Sch. Dist. (2017) 11 Cal. App. 5th 209, 223.) "A writ cannot be used to control a matter of discretion. [Citation.] Where a statute leaves room for discretion, a challenger must show the official acted arbitrarily, beyond the bounds of reason or in derogation of the applicable legal standards." (Ibid,

"In this state, however, the law is now established that mandamus is the remedial writ which will be used to correct those acts and decisions of administrative agencies which are in violation of law, where no other adequate remedy is provided." (Bodinson Mfg. Co. v. California Employment Commission (1941) 17 Cal.2d 321, 329).

"The proper interpretation and application of statutes as well as regulations are questions of law properly before this court. . Although a 'strong presumption' supports the correctness of the findings of an administrative agency, . . the agency's conclusions of law are subject to de novo review by this court; independent of the trial court." (Ghent v. Unemployment Ins. Appeals Bd. (1986) 183 Cal.App.3d 1167; 1171.)

Despite Petitioner's allegations, the judicial noticed document demonstrate that Respondent complied with its ministerial duty. Petitioner does not have standing to micro-manage the Respondent's

compliance. The manner of compliance is left to Respondent's discretion.

Preliminary Injunction: "Regardless of the balance of interim harm, the preliminary injunction cannot be allowed to stand unless there is 'some possibility' [Petitioner] will prevail on the merits of its action." (Costa Mesa City Employees' Assn. v. City of Costa Mesa (2012) 209 Cal.App.4th 298, 309.) Since Respondent complied with its mandatory duty, there can be no preliminary injunction.

Leave to Amend: "Generally it is an abuse of discretion to sustain a demurrer without leave to amend if there is any reasonable possibility that the defect can be cured by amendment. However, the burden is on the plaintiff to demonstrate that the trial court abused its discretion. . . Plaintiff must show in what

DATE: 01/19/2022

DEPT: C26

MINUTE ORDER

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Calendar No.

CASE 30-2021-01221014-CU-WM-CJC

manner he can amend his complaint and how that amendment will change the legal effect of his

pleading." (Goodman v. Kennedy (1976) 18 Cal. 3d 335, 349.)
Petitioner requested leave to amend, because most of Respondent's arguments were based on uncertainty, ambiguity and/or inconsistency. However, the sustaining of the Demurrer is based on Respondent's compliance with the duty to implement a track and trace electronic database. There does not appear to be an avenue for Petition to cure this critical defect. Respondent shall give notice of this ruling.

DATE: 01/19/2022

DEPT: C26

LAW AND MOTION PROCEDURES FOR DEPARTMENT C26

THE HONORABLE GREGORY H. LEWIS LAW & MOTION IS HEARD ON MONDAYS AT 10:30 A.M.

OBTAINING TENTATIVE RULINGS: All rulings will normally be posted on the internet at http://www.occourts.org/rulings by 12:00 p.m. Friday before the Monday date. -

The Law & Motion hearings are scheduled on Monday at 10:30 a.m. and all arguments will be heard at that time. No supplemental or additional papers will be allowed to be submitted following posting of the ruling on the internet, nor will the Court entertain a request for continuance once the ruling has been posted.

****** SUBMITTING ON THE COURT'S TENTATIVE RULING*****
Notice to be given to the Court and opposing counsel no later than 12:00 p.m.
the Friday before the Monday date.

APPEARANCES: The Court will hear oral argument on all matters at the time noticed for the hearing. If you intend to submit on the tentative and do not want oral argument, please contact the clerk by calling (657) 622-5226 and the prevailing party will give Notice of Ruling.

As of 08/09/2021 Department C26 will be participating in the Zoom Pilot Program **All appearances will be made in person or through Zoom**. The link may be accessed on the Court's Public Website at The Superior Court of California - County of Orange (occourts.org)

COURT REPORTERS: If a party desires a record of a law and motion proceeding, it will be the party's responsibility to provide a court reporter. Parties must comply with the Court's policy on the use of privately retained court reporters. Appearances may be made in person or through Zoom.

NOTICE TO COUNSEL: Upon filing of motion, moving party shall provide a copy of this procedural notice to opposing counsel. If opposing counsel appears at the scheduled hearing unnecessarily because of moving party's failure to provide this notice, sanctions may be imposed. Upon posting of ruling prevailing party shall give notice of the ruling. Prevailing party shall prepare and Order/Judgment for the Court's signature if the motion is dispositive of the cause of action, a party or the case.

The Court requests your cooperation in not calling the clerk or courtroom attendant for clarification of rulings or additional information. If you are moving party and do not have internet access, you may call the clerk or courtroom attendant after 1:30 p.m. on the Friday before the scheduled hearing and the ruling will be read to you.

WHEN A CASE MANAGEMENT CONFERENCE IS ALSO SET THE DAY OF A LAW AND MOTION MATTER, UNLESS SPECIFICALLY ADDRESSED OTHERWISE IN THE TENTATIVE RULING, BOTH MATTERS WILL BE HEARD AT 10:30 A.M.

ALL COURT REPORTERS ARE REQUIRED TO HAVE REAL TIME IN DEPARTMENT C26. OTHERWISE, REPORTERS WILL NOT BE APPROVED BY THE COURT.

LAW AND MOTION CALENDAR

January 19, 2022

#	Perfective Control of the Control of Control	
1	Smartstop Asset Management LLC vs. Tripemco Burlington Insurance Group Limited 2020-01142726	
2	Thomas vs. Rule 2020-01143305	OFF CALENDAR
3	Briano vs. Nguyen 2020-01140205	Matter is OFF CALENDAR due to Ntc of Settlement filed on 01.04.22
4	Ramirez Rabago vs. Nissan North America, Inc 2021-01217153	
5	American First Credit Union vs. Rangel 2008-00116214	Motion for Assignment Order. Moving Party Plaintiff American First Credit Union. No opposition filed: Ruling: Plaintiff's unopposed motion for assignment order is granted.

		Judgment Creditor Plaintiff American First Credit Union seeks an order assigning any and all commissions from Luxury Home, Inc., which are due and owing to Judgment Debtor Defendant Joseph J. Rangel. These interests are subject to assignment (Code Civ. Proc. § 708.510) and not subject to exemption (see Code Civ. Proc. §§ 704.010 et seq.; Moses v. DeVersecy (1984) 157 Cal.App.3d 1071, 1073-74). Judgment Debtor Rangel shall not encumber, assign, dispose, or otherwise spend any rights to payment assigned pursuant to this order. (Code Civ. Proc. § 708.520.) Judgment Creditor is ordered to give notice by personally serving the Judgment Debtor.
6	Peng vs.	
	Li	
	2020-01131891	
7	Strategic Funding Source, Inc	
	vs. Cyber Insurance Group	
	Corp	
	2020-01137531	
8	Rubio	Motions are OFF CALENDAR
	vs. K R Commercial	PIOLIOIIS BIE OTT CALLINDAR
	Interiors Inc	
	2020-01143163	
9	South Coast Spring	
	Homeowners Association	
	vs. Scherr	
	2020-01159792	
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discretion. [Citation.] Where a statute leaves room for discretion, a challenger must show the official acted arbitrarily, beyond the bounds of reason or in derogation of the applicable legal standards." (*Ibid*, 223, fn. 3.)

"In this state, however, the law is now established that mandamus is the remedial writ which will be used to correct those acts and decisions of administrative agencies which are in violation of law, where no other adequate remedy is provided." (Bodinson Mfg. Co. v. California Employment Commission (1941) 17 Cal.2d 321, 329).

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Petitioner requested leave to amend, because most of Respondent's arguments were based on uncertainty, ambiguity and/or inconsistency. However, the sustaining of the Demurrer is based on Respondent's compliance with the duty to implement a track and trace electronic database. There does not appear to be an avenue for Petition to cure this critical defect. Respondent shall give notice of this ruling.

ACE Foods, LLP

No.12: ACE Foods, LLP v. Redondo Investment Co.

Califia Farms, LLC (2020) 44 Cal.App.5th 1125 [internal quotation marks omitted].)
Because a demurrer tests only the sufficiency of the complaint, "[a] court will not consider facts that have not been alleged in the complaint unless they may be reasonably inferred from the matters alleged or are proper subjects of judicial notice. (Hall v. Great W. Bank (1991) 231 Cal.App.3d 713, 718 n.7 [citation omitted].) "[A] demurrer may be sustained where judicially noticeable facts render the pleading defective . . . and allegations in the pleading may be disregarded if they are contrary to facts judicially noticed." (Scott v. JPMorgan Chase Bank, N.A. (2013) 214 Cal.App.4th 743, 751.)

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Petition for Writ of Mandate: "A writ of mandate will issue to 'compel the performance of an act which the law specially enjoins, as a duty resulting from an office, trust, or station' (Code Civ. Proc., § 1085, subd. (a)), 'where there is not a plain, speedy, and adequate remedy, in the ordinary course of law' (Code Civ. Proc., § 1086). "[T]here are dual requirements for mandamus: '(1) A clear, present (and usually ministerial) duty on the part of the respondent. (2) A clear, present and beneficial right in the petitioner, to the performance of that duty." (Santa Monica Mun. Employees Assn. v. City of Santa Monica (1987) 191 Cal.App.3d 1538, 1547.)

mandatory duty.

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10	Smith vs. Americor Funding Inc 2019-01066312	Motion taken OFF CALENDAR my Moving Party
11	HNHPC, Inc	No. 11: HNHPC, Inc. v. Department of Cannabis
	vs. The Department of	Control Respondent Department of Cannabis Control's
	Cannabis Control	Demurrer to the First Amended Petition for Writ of
	2021-0122014	Mandate is SUSTAINED without leave to amend. Respondent's Request for Judicial Notice is GRANTED. Petitioner contends that Respondent failed to
		implement the required track and trace electronic database to flag irregularities in the cannabis industry. The key statute is <i>Bus. & Prof. Code</i> , § 26067. <i>Bus. & Prof. Code</i> , § 26067 requires that "(b)(1) The department, in consultation with the California Department of Tax and Fee Administration, shall create an electronic database containing the electronic
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		allegations in a complaint." (Chapman v. Skype Inc. (2013) 220 Cal.App.4th 217, 225.) In ruling on a demurrer, a court must accept as true all allegations of fact contained in the complaint. (Blank v. Kirwan (1985) 39 Cal.3d 311, 318.) A demurrer challenges only the legal sufficiency of the affected pleading, not the truth of the factual allegations in the pleading or the pleader's ability to prove those allegations. (Cundiff v. GTE Cal., Inc. (2002) 101 Cal.App.4th 1395, 1404-05.)
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vs. Redondo Investments Company

2020-01169974

Cross-Complainant's Application for Right to Attach Order and Writ of Attachment is DENIED. (Code Civ. Proc., 483.10.)

Upon the filing of a complaint or at any time thereafter, the plaintiff may apply for a right to attach order ("RTAO") and writ of attachment by filing an application for the order and writ with the court in which the action is brought. (Code Civ. Proc., § 484.010.)

To obtain an RTAO, the plaintiff has the burden of proving: (1) the claim is one on which an attachment order may be issued; (2) the probable validity of the claim; and (3) that the attachment is not sought for any other purpose than to secure recovery on the claim.

Evidence proffered in support of, or in opposition to, an application for an RTAO must be set forth with particularity, admissible, competent, and under oath by declarants with personal knowledge of the facts proffered. (*Code Civ. Proc.*, §§ 482.040, 484.020, 484.030; see *Generale Bank Nederland, N.V. v. Eyes of the Beholder Ltd.* (1998) 61 Cal.App.4th 1384, 1390.)

The party seeking the attachment at all times bears the burden of proving the facts essential to support the attachment sought. (See Loeb & Loeb v. Beverly Glen Music, Inc. (1985) 166 Cal.App.3d 1110, 1115-1116 [even where defendant failed to timely oppose application for writ of attachment, plaintiff still had burden of proof in defendant's later motion to set aside the attachment].)

An attachment may be issued only if the claim sued upon: (1) is a claim for money based upon a contract; (2) of a fixed or readily ascertainable amount not less than \$500"; (3) that is either unsecured or secured by personal property, not real property (including fixtures); and (4) is a commercial claim. (Code Civ. Proc., § 483.010(a), (c).) Where the defendant is an individual, the claim must arise out of his conduct of a trade, business or profession. (Code Civ. Proc., § 483.010(c).)

To obtain a right to attach order against a guarantor, the plaintiff must show that the guarantor's guarantee of the debt sued upon "is part and parcel of an activity which occupies the time, attention and effort of the guarantor[s] for the purpose of livelihood or profit on a continuing basis." (Advance

Transformer Co. v. Super. Ct. (1974) 44 Cal.App.3d 127, 144.) The court in Advance Transformer Co. v. Superior Court explained:

In cases involving guarantees by principal shareholders of closely held corporations, consideration will necessarily be given to the degree and continuity of the guarantor's involvement in the affairs of the primary obligor out of which the indebtedness has arisen, For example, (1) if a corporation has habitually been provided with operating capital through the medium of such guarantees by the defendant, or (2) the obligation sued upon has resulted from an extension of credit in reliance upon defendant's continuing guarantee, or (3) the defendant has extensively occupied himself in the management of the primary obligor on a continuing basis and has a major stake in its success, the required 'frequency and continuity' may be found to exist. In short, if the sum total of the circumstances justifies the conclusion that the guarantor occupied himself to a substantial degree and on a continuing basis in promoting his own profit through provision of credit or management to the primary obligor, a guarantee executed in the course of such activity may properly be considered an obligation arising out of the conduct of the guarantor's business." (Ibid.)

Here, Redondo does not show attachment against Guarantor Norman Lindauer ("Lindauer") would be proper. Redondo fails to establish that Lindauer's guarantee of the debt is part and parcel of any activity undertaken by Lindauer for his livelihood or profit. In fact, Lindauer submits evidence that he is 74 years old, retired, and has never had any ownership, business interest, or management authority in the tenant ACE. (Lindauer Decl., ¶¶ 3, 5.) Lindauer executed the guaranty as a favor to his son. (Id., at ¶ 6.)

Objections: The court sustains Cross-Defendant's objection Nos. 1, 15, and 16. Exhibits A, I, and J are illegible. The court, however, notes that Vella authenticates the copies of the 2019 Assignment and Norman Lindauer Guaranty of Lease attached to the FACC (Vella Decl. ¶¶ 11, 13) and finds those copies to be sufficiently authenticated. Cross-Defendant's objection Nos. 2-14 are overruled.

Cross-Defendant Lindauer to give notice.

13 | Colony Specialty

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	vs. JD Demolition and Grading Inc	
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DECLARATION OF SERVICE BY ELECTRONIC MAIL

Case Name:

HNHPC, Inc. v. The Department of Cannabis Control

Case No.:

30-2021-01221014-CU-WM-CJC

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 <u>January 31, 2022</u>, I served the attached [PROPOSED] ORDER AFTER HEARING by transmitting a true copy via electronic mail addressed as follows:

Jeff Augustini, Esq.
jeff@augustinilaw.com
Counsel for Plaintiff/Petitioner

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 31, 2022, at Sacramento, California.

N. Clark

Declarant

Signature

SD2021802046 35876840.docx

DECLARATION OF SERVICE BY E-MAIL

Case Name:

HNHPC, Inc. v. The Department of Cannabis Control

Case No.:

30-2021-01221014-CU-WM-CJC

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 <u>February 25, 2022</u>, I served the attached [**PROPOSED**] **ORDER AFTER HEARING** by transmitting a true copy via electronic mail to the following address:

Jeff Augustini, Esq.

Email: jeff@augustinilaw.com Counsel for Plaintiff/Petitioner

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 February 25, 2022, at Rocklin, California.

N. Clark

Declarant

Signature

SD2021802046 35963463.docx