



**Department of
Cannabis Control**
CALIFORNIA

Gavin Newsom

Governor

Nicole Elliott

Director

September 17, 2025

VIA EMAIL AND CERTIFIED MAIL

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Re: Green Acre Management - Case No. DCC24-0000811-INV
OAH Case No. 2024110702
Order Adopting Proposed Decision as Final Decision

Dear Messrs. Garawi and Sefton and Mses. Castelo and Haye:

Attached please find a copy of the Department of Cannabis Control's Order Adopting the Proposed Decision of Administrative Law Judge Thomas Heller in its entirety as the Final Decision in the above-referenced matter.

Pursuant to the Final Decision, the Department's denial of respondent Green Acre Management's application number APL-21227 for a Type 6: Non-Volatile Solvent Extraction Manufacturing Annual Cannabis License is affirmed. The Department's Order and Final Decision is effective today, September 17, 2025.

Sincerely,

Douglas Smurr
Assistant General Counsel

Enclosure

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

In the Matter of the Statement of Issues Against:

GREEN ACRE MANAGEMENT, a California corporation,

Respondent.

Agency Case No. DCC24-0000811-INV

OAH No. 2024110702

ORDER AND FINAL DECISION

Pursuant to Government Code section 11517, the attached Proposed Decision of Administrative Law Judge Thomas Heller is hereby adopted by the Department of Cannabis Control as its Final Decision in the above-entitled matter.

This Decision is effective immediately.

IT IS SO ORDERED this 17th day of September 2025.



Douglas Smurr
Assistant General Counsel
FOR THE DEPARTMENT OF
CANNABIS CONTROL

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

In the Matter of the Statement of Issues Against:

GREEN ACRE MANAGEMENT, a California corporation,

Respondent.

Agency Case No. DCC24-0000811-INV

OAH No. 2024110702

PROPOSED DECISION

Thomas Heller, Administrative Law Judge, Office of Administrative Hearings (OAH), State of California, heard this matter by videoconference on May 19 and 20, 2025.

Gregory M. Cribbs, Supervising Deputy Attorney General, represented complainant Michael Cheng, Deputy Director of the Licensing Division of the Department of Cannabis Control (Department).

Eric M. Sefton, Esq., and Julia R. Haye, Esq., Greenberg Glusker Fields Claman & Machtlinger LLP, represented respondent Green Acre Management, a California corporation (Green Acre).

The parties stipulated to certain facts, presented oral and documentary evidence, and submitted the matter for decision at the end of the hearing. In an order

dated June 17, 2025, the Administrative Law Judge reopened the record for briefing on several issues. Complainant and Green Acre timely submitted briefs, which were marked for identification as exhibits 30 (complainant's brief), OO (Green Acre's brief), and 31 (complainant's reply brief). Thereafter, the matter was deemed resubmitted for decision on July 22, 2025.

SUMMARY

Green Acre applied for a cannabis manufacturing license in 2020, and a predecessor agency to the Department issued Green Acre a provisional license while the application was under review. After renewing the provisional license annually through early 2024, the Department denied Green Acre's application based on 15 violations of cannabis laws and regulations that Green Acre allegedly committed as a provisional licensee. Green Acre appealed the denial and requested a hearing, and complainant filed a Statement of Issues requesting that the Department's director affirm the denial based on 14 of the 15 alleged violations. Green Acre admits one violation – failing to report a criminal conviction of one of its owners – but disputes the rest, contending that most of them had nothing to do with Green Acre. Green Acre also contends that its one admitted violation does not justify the Department's denial of Green Acre's application.

Green Acre is correct that most of the alleged violations were not violations of Green Acre itself. Instead, they involved a different business of two individuals – Ali and Muhammad Garawi – who purchased Green Acre about a year after the Department discovered the alleged violations. But Green Acre's admitted failure to report a federal criminal conviction for conspiracy to commit wire fraud of one of those owners (Ali Garawi) was cause for the Department to deny the application. The

evidence also establishes that Green Acre did not follow proper procedures when notifying the Department of changes to Green Acre's ownership. Given these violations, Green Acre has not met its burden of proving that the Department erred in denying the application. Therefore, the Department's denial of the application is affirmed.

FACTUAL FINDINGS

Background

1. The Department is the state agency responsible for regulating the commercial medicinal and adult-use cannabis industry in California. (Bus. & Prof. Code, § 26000.) The Department was created on July 12, 2021. Before that, state regulation of the commercial cannabis industry was the responsibility of the Bureau of Cannabis Control, the California Department of Public Health (CDPH), and the Department of Food and Agriculture. (See former Bus. & Prof. Code, § 26012, subd. (a)(2), amended by Stats. 2021, ch. 70, (A.B. 141), § 11, eff. July 12, 2021.) The Department is the successor to the duties and powers of those agencies with respect to regulation of the commercial cannabis industry. (Bus. & Prof. Code, § 26010.7.)

2. Green Acre is a California corporation that was organized on a date not established. On or about December 2, 2020, Green Acre applied to CDPH for a "Type 6: Non-Volatile Solvent Extraction Manufacturing Annual Cannabis License," which CDPH assigned application number APL-21227. A Type 6 manufacturing licensee can: use mechanical methods or nonvolatile solvents for cannabis extractions; make cannabis products through infusion operations; and package and label cannabis products at its licensed premises. (Cal. Code Regs., tit. 4, § 17006, subd. (b).)

3. On February 23, 2021, CDPH issued provisional cannabis manufacturing license number CDPH-1004540 to Green Acre, which authorized Green Acre to conduct manufacturing operations while application number APL-21227 was under review. Green Acre's provisional license required annual renewal, which the Department granted several times after assuming regulatory responsibility from CDPH. The provisional license authorized Green Acre to operate at a single location in Long Beach, California.

4. On March 16, 2022, while operating as a provisional licensee, Green Acre submitted a "Form DCC-LIC-027" to notify the Department of changes in the ownership and contact information for Green Acre. Form DCC-LIC-027 is what licensees use to provide notices and request approvals as required by Department regulations. The form came from Green Acre's owner, Brittany Capone, who sent it using Green Acre's email address of record at the time (greenacreengmtinc@gmail.com). Capone reported she was transferring 49 percent of her shares in Green Acre to Ali and Muhammad Garawi, with each new owner receiving 24.5 percent of those shares. Enclosed with the form was copy of a stock purchase agreement stating that the transfer was the first step of a two-step transfer of all of Green Acre's shares to Ali and Muhammad Garawi, for a total purchase price of \$2,050,000. (Exhibit 3, A50.) The form also stated that Ali Garawi was the new primary contact for Green Acre.

5. In August 2022, the Department made the requested ownership change, updating its ownership records for Green Acre to add Ali and Muhamad Garawi each as 24.5 percent owners and to reduce Capone to a 51 percent owner. The Department also made Ali Garawi the new primary contact and changed Green Acre's email address of record to "aligarawigee@gmail.com." (Exhibit 3.)

6. Department investigators had previously encountered Ali Garawi and his brother Muhammad Garawi while investigating an unlicensed cannabis business named "Muha Meds." In March 2021, Department investigators executed a search warrant at various locations in Santa Fe Springs, California, in response to a June 2020 complaint about that business. The searches resulted in seizures of large quantities of illicit cannabis products and cash from locations associated with Muha Meds and Ali and Muhammad Garawi, among other persons. But the search warrant had no direct connection to Green Acre, and neither Ali nor Muhammad Garawi had been charged with any crime related to the searches when the Department added them as owners of Green Acre in August 2022.

7. On September 9, 2022, the Department received another Form DCC-LIC-027 stating that Capone had transferred her remaining shares in Green Acre equally to Ali and Muhammad Garawi, "so both are now 50% owners in the licensed business." (Exhibit 7, p. A77.) The form also stated the primary contact email for Green Acre should be changed to "ali@muhameds.com." (*Ibid.*) A person named Valeria Castelo emailed the form to the Department using the email address "valeria.castelo@hotmail.com," with copies to Green Acre's attorney (Craig Wasserman) and Ali Garawi at Green Acre's email address of record (aligarawigee@gmail.com). (*Id.* at p. A75; Exhibit BB, p. B200.) Castelo also attached a declaration from Capone stating that she was transferring her remaining shares in Green Acre to Ali and Muhammad Garawi. Castelo and the email address she used to send the form were not associated with Green Acre in the Department's licensing records.

8. On September 13, 2022, Department Licensing Division employee Joanna Chang replied by email to Castelo stating, "[t]hank you for reaching out. The contact

details ha[ve] been changed. . . . Please let me know if you need anything." (Exhibit CC, p. B204.) Chang's email included a screenshot showing that the designated primary contact for Green Acre was now Ali Garawi at "Ali@muhameds.com" as requested. (*Ibid.*) But Chang's reply email did not mention Green Acre's ownership change, and Chang did not change Green Acre's ownership information in the Department's records. This left Green Acre's owners of record as Capone, Ali Garawi, and Muhammad Garawi.

9. Green Acre and the Department had no further communications about changes in ownership or contact information between September 2022 and December 2023. In early 2023, Ali and Muhammad Garawi were charged in separate federal criminal cases with conspiracy to commit wire fraud with respect to loans they obtained for businesses named Golden Exclusive Properties Inc. and Muha Enterprises LLC, respectively. Both of those businesses were alleged to have engaged in illegal cannabis activity. On or about November 17, 2023, Ali and Muhammad Garawi each pleaded guilty to a single charge of conspiracy to commit wire fraud in violation of 18 U.S.C. section 371. The factual basis for Ali Garawi's plea included the following: "[D]efendant, acting with the intent to defraud, arranged to file on July 12, 2020, for an Economic Injury Disaster Loan for his business Golden Exclusive Properties Inc. for \$150,000, in which he falsely declared that it was not engaged in any illegal activity, when he knew that most of its business activity involved the sale of marijuana which was illegal activity as defined by Federal guidelines." (Exhibit 25, p. A246.) The factual basis for Muhammad Garawi's plea similarly stated: "[D]efendant, acting with the intent to defraud, arranged to file on July 8, 2020, for an Economic Injury Disaster Loan for his business Muha Enterprises LLC for \$150,000, in which he falsely declared that it was not engaged in any illegal activity, when he knew that most of its business activity

involved the sale of marijuana which was illegal activity as defined by Federal guidelines." (Exhibit 24, p. A226.)

10. On December 4, 2023, Castelo emailed the Department another Form DCC-LIC-027 stating that Ali and Muhammad Garawi had transferred 100 percent of Green Acre's common stock to Castelo as of November 15, 2023, just days before entering their guilty pleas. Neither Castelo nor the email address she used to send the form (cbd@muhameds.com) was an authorized contact for Green Acre in the Department's licensing records. The form stated that Ali Garawi "shall stay as a 'non-equity owner'" of Green Acre, but requested that the contact information for Green Acre be changed to Castelo at "val@muhameds.com." (Exhibit 8, p. A82.) Castelo also enclosed a copy of a purchase and sale agreement between her and Ali and Muhammad Garawi concerning Green Acre, and an owner declaration listing her affiliations with other licensed cannabis businesses. (*Id.* at pp. A87-95.) The title of the purchase and sale agreement included Green Acre's name, but the body of the agreement referred to a different company (Shepard Investments, Inc.) (*Id.* at p. A87.) The purchase price for the company's common stock was listed as \$25,000. (*Ibid.*)

11. Less than an hour later, Department Licensing Technician Mui Deng responded to Castelo stating, "[With respect to the . . . email, please note that the Department only corresponds with identified authorized contacts regarding applications and licenses. As you are not listed as an authorized contact of the business, we are unable to assist you with your inquiry/request. [¶] The request will need to come from an owner or authorized contact, and one of the registered contact email addresses currently associated with the license." (Exhibit HH, p. B295.)

12. The record does not include a reply to Deng's email, and the Department did not change the ownership or contact information for Green Acre as described in

the Form DCC-LIC-027. In February 2024, Castelo emailed Chang that the Department's online ownership and contact information for Green Acre were incorrect. Chang replied that Green Acre's owners of record remained Capone, Ali Garawi, and Muhammad Garawi, and Green Acre should submit another Form DCC-LIC-027 to change the ownership. (Exhibit GG, p. B288.)

13. On March 4, 2024, the court entered judgments in Ali and Muhammad Garawi's criminal cases, sentencing each of them to two years of probation and a \$20,000 fine. (Exhibits 26-27.) No one associated with Green Acre provided notice to the Department of either judgment of conviction. In late April 2024, Ali Garawi requested assistance from Department staff in downloading a provisional license renewal certificate for Green Acre from the Department's online portal. The request was forwarded to Chang; in one of her replies, she stated the owners of record for Green Acre were still Capone and Ali and Muhammad Garawi. (Exhibit M, p. B119.) Ali Garawi replied that this was incorrect and was changed almost two years earlier to just Ali and Muhammad Garawi, and changed again more recently to just Castelo. (*Ibid.*) Ali Garawi asked Chang to work on the earlier change first and do so as soon as possible. (*Ibid.*)

14. On May 1, 2024, Chang replied that she had updated the ownership information for Green Acre to reflect that Ali and Muhammad Garawi each owned a 50 percent interest in the company. (Exhibit B.) But the following day, Laurel Houle, Chang's supervisor, emailed Ali Garawi that the Department was unable to locate the modification request supporting that change, and the owners of record of Green Acre remained the Garawis and Capone. (Exhibit 14, p. A136.) Ali Garawi again replied that he made that modification two years ago. (*Ibid.*)

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Procedural History

15. On May 17, 2024, Department Special Investigator Emily Walker notified the Garawis and Capone that the Department was reviewing Green Acre's provisional license for revocation due to its alleged failure to comply with requirements related to commercial cannabis manufacturing. (Exhibit 19.) The alleged failures to comply included the matters discovered during the searches in March 2021 involving Muha Meds, along with the lack of notice to the Department of the Garawis' criminal convictions in March 2024. The same day, Castelo replied that all communications about Green Acre should be directed to her since she owned 100 percent of the company, as stated in the Form DCC-LIC-027 she submitted on December 4, 2023. (Exhibit 16, p. A150.) On May 20, 2024, Department Staff Service Analyst Kayla Santora Walker replied to Castelo stating, "The previous request for with [sic] the Form 27, change of ownership, came from another email address that was not associated with the record. As such, the change was not made and an email was sent with that notification on 12/4/2023. In order to request the change of ownership, the Form 27 will need to be sent from the primary email address on the record to licensechange@cannabis.ca.gov." (Exhibit 16, p. A150.)

16. Castelo emailed the Form DCC-LIC-027 to the Department again using an email address of her own (val@muhameds.com), and to Ali Garawi at Green Acre's email address of record (ali@muhameds.com). (Exhibit 17.) Chang replied that the Department was reviewing the change and would let Castelo know when the review was finished. On May 24, 2024, while the change was still under review, Department staff held an informal meeting with Ali Garawi and Capone about the Department's review of Green Acre's provisional license. During the informal meeting, Ali Garawi stated that he and Muhammad Garawi sold Green Acre's license to Castelo in

November 2023, and Capone stated she has not been associated with Green Acre since March 2022. Ali Garawi also stated the alleged violations involving Muha Meds had nothing to do with Green Acre.

17. In early June 2024, Houle emailed Ali Garawi that additional information was still needed to change Green Acre's ownership and contact information to Castelo. (Exhibit D.) Before those issues were resolved, the Department revoked Green Acre's provisional manufacturing license on June 19, 2024. (Joint Stipulation re Factual Allegations, p. 2.) On July 3, 2024, complainant sent a letter to Ali and Muhammad Garawi and Capone notifying them that the Department was also denying Green Acre's application. The notice gave 15 reasons for denial, 13 of which involved the matters discovered during the searches in March 2021 involving Muha Meds. According to complainant, Green Acre was "doing business as Muha Meds" with respect to those violations. (Exhibit 20.) The other two reasons were Green Acre's alleged failure to report the criminal convictions of Ali and Muhammad Garawi to the Department; and Green Acre's alleged failure to adhere to the Department's business modification requirements regarding ownership changes. (*Id.* at pp. A174-175.)

18. The notice advised the Garawis and Capone of their right to appeal the decision to deny Green Acre's application. Green Acre timely appealed the denial and requested a hearing, and complainant filed a Statement of Issues requesting that the Department's director affirm the denial. As causes for denial, the Statement of Issues includes 14 of the 15 violations alleged the prior notice of denial. The omitted violation concerned an alleged failure to record cannabis activity of Muha Meds in the Department's "track and trace" reporting system.

19. Green Acre's appeal also referenced the revocation of its provisional manufacturing license, but that revocation is not at issue in this case. Subject to

exceptions not applicable here, the Department "shall not renew a provisional license after January 1, 2025, and no provisional license shall be effective after January 1, 2026." (Bus. & Prof. Code, § 26050.2, subd. (o).)

Hearing

20. Complainant called four witnesses in support of the denial. First, Department Sergeant Sarah Smith described the searches involving Muha Meds and the Garawis in March 2021. Smith testified the unlicensed cannabis operation she observed was large and well-organized, and the investigators seized large quantities of illicit cannabis products during the searches. However, the searches were not associated with Green Acre, and Smith was not aware of any information about Green Acre at the time. Smith also testified Castelo was present at one of the search locations, but Castelo denied she worked there and declined to answer additional questions.

21. Second, Laura Meeks, the Department's Licensing Manager, testified the Department only accepts modification requests from a licensee's designated responsible party. Furthermore, an ownership change request requires Department approval before the Department will update its license records. The Department did not process or approve Green Acre's ownership changes because they did not come from Green Acre's designated responsible party using its primary email address of record.

22. Third, Laurel Houle also testified that modification requests must come from a licensee's designated responsible party. The Department does not accept requests from other sources in order to reduce the risk of fraudulent conduct. The

Form DCC-LIC-027 that Green Acre submitted in March 2022 came from Green Acre's email address of record; the subsequent forms did not.

23. Fourth, Eileen Del Rosario, a Department Senior Environmental Scientist Specialist, was also involved in the March 2021 searches concerning Muha Meds and Ali and Muhammad Garawi. Like Smith, Del Rosario testified she had no knowledge of any connection between the searches and Green Acre. However, in 2024, Del Rosario discovered that Green Acre was marketing cannabis products bearing the Muha Meds brand name.

24. Green Acre called Castelo as its sole witness. Castelo testified she has owned Green Acre since 2023 when Ali and Muhammad Garawi, whom she knew from high school, sold it to her for \$25,000. Before 2023, Castelo worked as a marketing consultant for Muha Meds. When she purchased Green Acre, she did not know what its gross income was, but it had between 25 and 50 employees, and "everything looked good."

25. Castelo testified the purchase and sale agreement she submitted to the Department was for Green Acre, even though it referred to a different company (Shepard Investments, Inc.) in the text of the agreement. According to Castelo, this was just a typographical error. Castelo also testified she has invested over \$300,000 in Green Acre since the agreement, and the Department's denial of the application has essentially shut down the business.

26. In her email dated December 4, 2023, Castelo reported her purchase of Green Acre to the Department, and Castelo believes she did so appropriately. Before purchasing Green Acre, Castelo also submitted the Form DCC-LIC-027 dated September 9, 2022, which provided notice of a change in Green Acre's ownership to

just Ali and Muhammad Garawi. When Chang replied to Castelo that “[t]he contact details ha[ve] been changed,” Castelo thought that meant the Department had processed the form in its entirety, not just the change in contact information. (See Exhibit CC.)

27. Regarding the criminal convictions of Ali and Muhammad Garawi, Castelo testified she “didn’t feel the need” to report them to the Department because they were no longer Green Acre’s owners. However, Green Acre did disclose the convictions to the City of Long Beach. Castelo also testified that when she purchased Green Acre, Ali and Muhammad Garawi did not tell her they were about to be convicted of crimes.

28. Although Castelo testified that Ali Garawi no longer owned Green Acre when he was convicted on March 4, 2024, Green Acre does not dispute that he remained a non-equity owner as of that date. Green Acre also “acknowledges that it failed to timely notify the Department of Ali[] [Garawi’s] criminal conviction. . . .” (Green Acre’s Hearing Br., p. 8.) However, Green Acre disputes that this “single inadvertent regulatory violation” is sufficient to justify the Department denying its application. (*Ibid.*) Green Acre disputes the remaining alleged violations and denies that Muhammad Garawi was still an owner of Green Acre as of March 4, 2024.

ANALYSIS OF EVIDENCE

29. The evidence does not establish that Green Acre was “doing business as Muha Meds” as alleged in the Department’s denial of Green Acre’s application (see exhibit 20), such that the illicit cannabis activity that the Department discovered in March 2021 is attributable to Green Acre. No witness testified to any direct connection between that activity and Green Acre, and no documentary evidence shows such a connection. Rather, the illicit cannabis activity related to a different business of Ali and

Muhammad Garawi, who had not yet purchased ownership interests in Green Acre in March 2021. Therefore, complainant's allegation that Green Acre itself engaged in that illicit cannabis activity lacks evidentiary support.

30. Regarding the criminal convictions of Ali and Muhammad Garawi, the evidence establishes that Green Acre did not report either of them to the Department. Furthermore, Green Acre does not dispute that Ali Garawi remained an owner of Green Acre as of March 4, 2024, the date of his judgment of conviction. Under the purchase and sale agreement with Castelo in November 2023, Ali Garawi remained a non-equity owner of Green Acre after the purchase. Therefore, the evidence establishes that Green Acre did not report a criminal conviction of one of its owners.

31. As to Muhammad Garawi, Green Acre contends there was no reporting requirement because the purchase and sale agreement with Castelo ended Muhammad Garawi's ownership of Green Acre before the judgment of conviction against him. On the other hand, complainant contends Muhammad Garawi remained an owner because the Department's licensing records stated he still was, and "no request for an ownership change . . . had been submitted by an owner of record authorized to communicate with the Department regarding the license." (Exhibit 30, p. 2 [Complainant's Post-Hearing Br.].)

32. The timing and price of the stock sale to Castelo, and her prior connections to Ali and Muhammad Garawi, raise questions about the purchase and sale agreement. However, in post-hearing briefing, complainant denies that these considerations are at issue, stating complainant "did not, and does not, dispute that the purported stock sale may or may not have occurred . . ." (Exhibit 30, p. 4, emphasis omitted.) According to complainant, the contention that Muhammad Garawi remained an owner is based instead on the definition of an "owner" and the lack of

proper notice to the Department of an ownership change. Given complainant's position, the contention involves questions of statutory and regulatory interpretation rather than a factual dispute. Those questions are addressed in the legal conclusions below.

33. Regarding Green Acre's ownership changes, the Forms DCC-LIC-027 that the Department received from Castelo on September 9, 2022, and December 4, 2023, accurately described the proposed changes. But Castelo was not the primary contact for Green Acre, and neither of the email addresses Castelo used to send the forms (valeria.castelo@hotmail.com and cbd@muhameds.com) was Green Acre's email address of record (ali@muhameds.com). As described below, the notices should have come from Green Acre's designated primary contact and email address.

34. Regarding the Form DCC-LIC-027 that Castelo submitted on September 9, 2022, Chang's reply email to Castelo that "[t]he contact details have been changed" did not mention Green Acre's change in ownership, or state that Castelo could not submit the form for Green Acre. (Exhibit CC.) Castelo interpreted Chang's reply to mean the email from Castelo was adequate, which is understandable. But as to the Form DCC-LIC-027 that Castelo submitted on December 4, 2023, the Department replied specifically that the form would not be processed because it did not come from an owner or authorized contact or email address associated with Green Acre's license. (Exhibit HH, p. B295.) Despite that reply, neither Green Acre nor Castelo resubmitted the form from an email address of record for Green Acre.

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LEGAL CONCLUSIONS

1. Green Acre bears the burden of proving that it meets all prerequisites necessary for the requested license. (Gov. Code, § 11504; *Martin v. Alcoholic Beverage Control Appeals Board* (1959) 52 Cal.2d 259, 265.) This burden of proof requires proof by a preponderance of the evidence. (Evid. Code, § 115.)
2. Under Business and Professions Code section 26057, subdivision (b), the Department may deny an application for licensure if any of the conditions described in that subdivision apply. As relevant here, one of those conditions is a “[f]ailure or inability to comply with the provisions of this division [i.e., the Medicinal and Adult-Use Cannabis Regulation and Safety Act, Bus. & Prof. Code, div. 10], any rule or regulation adopted pursuant to this division, or any requirement imposed to protect natural resources, including, but not limited to, protections for instream flow, water quality, and fish and wildlife.” (Bus. & Prof. Code, § 26057, subd. (b)(1).) As a provisional licensee, Green Acre was required to comply with all laws applicable to a licensee holding an annual license of the same type. (Cal. Code Regs., tit. 4, § 15001, subds. (a)-(c).) Thus, the Department may deny Green Acre’s application if it failed to comply with the cannabis laws and regulations identified in the Statement of Issues as a provisional licensee.
3. “Upon the denial of any application for a license, the Department shall notify the applicant in writing. Within 30 days of service of the notice, the applicant may file a written petition for a license with the department. Upon receipt of a timely filed petition, the department shall set the petition for hearing. The hearing shall be conducted in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, and the director [of the Department]

shall have all the powers granted therein. Any appeal from a final decision of the department shall be conducted in accordance with Chapter 4 (commencing with Section 26040)." (Bus. & Prof. Code, § 26058.)

Analysis

CAUSES FOR DENIAL ONE THROUGH TWELVE

4. The Statement of Issues includes 14 alleged causes for denial of Green Acre's application. Causes for denial one through twelve allege the application is subject to denial because Green Acre committed the various violations discovered in March 2021 during the searches involving Muha Meds and Ali and Muhammad Garawi.

5. The evidence does not support these causes for denial. No evidence establishes a direct connection between Green Acre and the alleged violations that the Department discovered in March 2021. Rather, those alleged violations related to a different business of Ali and Muhammad Garawi, who had not yet purchased their ownership interests in Green Acre. As such, the allegations in the Statement of Issues that Green Acre itself committed the violations lack evidentiary support.

THIRTEENTH CAUSE FOR DENIAL

6. In the thirteenth cause for denial, complainant alleges Green Acre's application is subject to denial for failing to comply with the requirement to notify the Department of a criminal conviction of any owner. (Exhibit 1, p. A19.) "A licensee shall ensure that the Department is notified in writing of a criminal conviction of any owner, either by mail or electronic mail, within 48 hours of the conviction. The written notification to the Department shall include the date of conviction, the court docket

number, the name of the court in which the licensee was convicted, and the specific offense(s) for which the licensee was convicted." (Cal. Code Regs., tit. 4, § 15035, subd. (a).)

7. As used in the regulations, "[o]wner" 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." (Bus. & Prof. Code, § 26001, subd. (aq); see also Cal. Code Regs., tit. 4, § 15003.) The Statement of Issues alleges Green Acre violated this requirement by failing to report the criminal convictions of Ali and Muhammad Garawi within 48 hours of March 4, 2024, the date of their judgments of conviction.

8. The evidence establishes this cause for denial as to Ali Garawi. Green Acre acknowledges that it failed to timely notify the Department of Ali Garawi's criminal conviction, and that Ali Garawi remained an owner of Green Acre as of March 4, 2024.

9. As to Muhammad Garawi, Green Acre contends that the purchase and sale agreement with Castelo ended his ownership of Green Acre before the judgment of conviction against him. In contrast, complainant contends Muhammad Garawi remained an owner because the Department's licensing records stated he still was, and "no request for an ownership change . . . had been submitted by an owner of record authorized to communicate with the Department regarding the license." (Exhibit 30, p. 2.) Complainant does not dispute that the purported stock sale "may or may not have occurred;" rather, Muhammad Garawi remained an owner based only on the definition

of an “owner” and the lack of proper notice to the Department of an ownership change. (*Id.* at p. 4.)

10. The definition of “owner” does not support complainant’s contention. The content of the Department’s licensing records is not part of that definition; instead, the definition requires actual ownership, management, or control of a licensee. (Bus. & Prof. Code, § 26001, subd. (a); see also Cal. Code Regs., tit. 4, § 15003.) The purchase and sale agreement with Castelo purports to end Muhammad Garawi’s actual ownership of Green Acre, and complainant disavows any dispute over whether the stock sale described in that agreement did or did not actually occur. There is also no evidence in the record establishing that Muhammad Garawi managed or controlled Green Acre after the purported sale. As a result, there is insufficient evidence to conclude that Muhammad Garawi was still an owner of Green Acre as that term is defined by statute and regulation. Therefore, the evidence does not establish this cause for denial as to Muhammad Garawi.

FOURTEENTH CAUSE FOR DENIAL

11. In the fourteenth cause for denial, complainant alleges Green Acre’s application is subject to denial “for failing to notify the Department and obtain Department approval of the ownership change” for Green Acre’s provisional license. According to complainant, the Department “does not have any record of submission by Green Acre . . . and Department approval” of the change removing Capone as an owner of Green Acre in September 2022, or of the change of ownership to Castelo in November 2023. (Exhibit 1, pp. A14-15, 19-20.)

12. Every licensee must have a “[d]esignated responsible party,” which means the individual identified by the licensee who has legal authority to bind the

commercial cannabis business and who is the primary contact for the application and license-related issues. (Cal. Code Regs., tit. 4, § 15000, subd. (t).) Additionally, every license application must contain “contact information for the owner . . . who will serve as the designated primary contact person or designated responsible party for the business, including the name, title, phone number, and email address of the individual.” (Cal. Code Regs., tit. 4, § 15002, subd. (c)(10).)

13. “Licenses are not transferrable or assignable to another person or owner. In the event of the sale or other transfer of the business or operations covered by the licensee, changes in ownership shall be made in accordance with the following:

[¶] (1) If one or more of the owners change, the new owners shall submit the information required under section 15002(c)(16) for each new owner to the Department within 14 calendar days of the effective date of the ownership change. . . .” (Cal. Code Regs., tit. 4, § 15023, subd. (c)(1).) The information required of new owners includes detailed background information about them. (Cal. Code Regs., tit. 4, § 15002, subd. (c)(16).) “For any business modification or notification under this section, licensees shall use and submit to the Department the Licensee Notification and Request Form, Notifications and Requests to Modify a License, DCC-LIC-027 (Amended 2/22), which is incorporated herein by reference, unless the change relates to contact information and can be made through the Department's online system.” (*Id.*, subd. (i).)

14. Read together, these regulations require business modification requests to come from the designated responsible party of a licensee. Furthermore, in the case of emailed requests, the regulations require the requests to come from the email address of record for a licensee. The Forms DCC-LIC-027 that Castelo submitted by email to the Department on September 9, 2022, and December 4, 2023, came from

two email addresses (valeria.castelo@hotmail.com and cbd@muhameds.com) that were not Green Acre's email address of record (ali@muhameds.com). Furthermore, Castelo was not the designated responsible party or an authorized contact for Green Acre in the Department's records. Therefore, the notices were not compliant with the Department's business modification requirements.

DISPOSITION

15. With two causes for denial established, the director must determine the appropriate disposition of Green Acre's application. The Department has not promulgated guidelines for reviewing licensing applications, but it has promulgated disciplinary guidelines for determining penalties against commercial cannabis licensees. (See Exhibit NN [Disciplinary Guidelines for all Commercial Cannabis Licensees, July 2022].) Those guidelines classify different violations in three tiers according to their severity (Tier 1, Tier 2, and Tier 3). Under the guidelines, a licensee's failure to notify the Department of criminal acts in violation of California Code of Regulations, title 4, section 15035 is a Tier 3 violation, which is the most serious type of violation. (Exhibit NN, p. B353.) A licensee's failure to comply with the Department's business modification requirements is a Tier 1 violation. (*Id.* at p. B346.) The minimum recommended penalty for a Tier 1 or Tier 3 violation is a stayed revocation with a suspension or fine (or both), with a longer suspension or higher fine for a Tier 3 violation. The maximum recommended penalty for either violation is license revocation. (*Id.* at pp. B345, 352.)

16. Consistent with these guidelines, the violations established in this case differ in severity. Green Acre's failure to comply with the Department's business modification requirements is less serious than its failure to report Ali Garawi's criminal conviction. Castelo's emails enclosed the Forms DCC-LIC-027 reflect efforts to comply

with the Department's business modification requirements, and they notified the Department of the ownership changes even though they originated from the wrong source. Therefore, the issue is a lack of proper notice to the Department, as opposed to a lack of any notice at all.

17. The failure to report Ali Garawi's criminal conviction is a more serious violation. Green Acre's application was still under review at the time, and a criminal conviction of an applicant's owner is an important consideration in that review. That is particularly true in Green Acre's case, where Ali Garawi's criminal conviction was for a conspiracy to commit wire fraud in connection with another business that was alleged to have engaged in illegal cannabis activity. The purpose of the criminal conviction reporting requirement is to ensure the Department receives information about criminal activity of an owner in a timely manner. Green Acre's failure to comply with that reporting requirement was not merely an "inadvertent regulatory violation" that should have no effect on its application, as Green Acre contends. (Green Acre's Hearing Br., p. 8.) Inadvertent or not, the violation reflected a failure to communicate information about an owner's criminal conviction that involved a conspiracy to commit fraud related to a different cannabis business.

18. Considering the above, the evidence establishes causes to deny the application, and Green Acre has not shown that it meets all necessary prerequisites for issuance of a Type 6 manufacturing license. Therefore, Green Acre has not met its burden of proof in this appeal.

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ORDER

The Department's denial of respondent Green Acre Management's application number APL-21227 for a Type 6: Non-Volatile Solvent Extraction Manufacturing Annual Cannabis License is affirmed.

DATE: **08/25/2025**


Thomas Heller
Thomas Heller (Aug 25, 2025 15:34:07 PDT)

THOMAS HELLER
Administrative Law Judge
Office of Administrative Hearings

PROOF OF SERVICE

Case Name: In the Matter of the Statement of Issues Against: Green Acre Management

DCC Case No. DCC24-0000811-INV

Application Number: APL-21227, Type 6 Non-Volatile Solvent Extraction Manufacturing

I am a resident of the State of California, over the age of eighteen years, and not a party to the within action. My business address is Department of Cannabis Control, 2920 Kilgore Road, Rancho Cordova, CA 95670. On September 17, 2025, I served the within documents:

ORDER ADOPTING PROPOSED DECISION AS FINAL DECISION

- VIA ELECTRONIC TRANSMISSION. Pursuant to CCP § 1010.6, I caused the document(s) to be sent to the person(s) at the Email address(es) listed below. I did not receive, within a reasonable time after the transmission, any electronic message or other indication that the transmission was unsuccessful.
- VIA CERTIFIED MAIL by placing the envelope for collection and mailing following our ordinary business practices for collecting and transmitting mail through the United States Postal Service to the individual(s) or entity(ies) listed below.
 - Service via certified mail to be completed upon the following business day.

Green Acre Management
Ali Garawi, Owner
515 W 17th St.
Long Beach, CA 90813
Certified Mail No. 7022 1670 0001 3411 3745
ali@muhameds.com

Julia R. Haye, Esq. & Eric M. Sefton, Esq.
Greenberg Glusker Fields Claman &
Machtlinger LLP
2049 Century Park East, Ste. 2600
Los Angeles, CA 90067
Certified Mail No. 7022 1670 0001 3411 3769
JHaye@ggfirm.com; ESefton@ggfirm.com

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Michael Cheng (email only)
Deputy Director
Licensing Division
Department of Cannabis Control
Michael.Cheng@cannabis.ca.gov

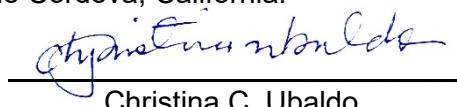
Honorable Thomas Heller (secure e-File only)
Administrative Law Judge
General Jurisdiction Division
Office of Administrative Hearings
Department of General Services

Gregory M. Cribbs (email only)
Supervising Deputy Attorney General
Cannabis Control Section
Office of Attorney General
Gregory.Cribbs@doj.ca.gov

I am familiar with the Department's business practices for collecting and transmitting mail through the United States Postal Service. In accordance with those practices, correspondence placed in the Department's internal mail collection system is, in the ordinary course of business, deposited in the United States Postal Service, with postage paid, on the same day.

I declare under penalty of perjury under the laws of the State of California, and the United States of America, that the above is true and correct.

Executed on September 17, 2025, at Rancho Cordova, California.


Christina C. Ubaldo