



**Department of
Cannabis Control**
CALIFORNIA

Gavin Newsom

Governor

Nicole Elliott

Director

December 11, 2025

VIA EMAIL AND CERTIFIED MAIL

Lucky 13 Ventures Los Angeles LLC
Hector Rivera, Owner
2827 Norton Ave.
Lynwood, CA 90262
Hector@lucky13la.com

Re: Lucky 13 Ventures Los Angeles LLC - Case No. DCC23-0001092-INV
OAH Case No. 2025050344
Order Adopting Proposed Decision as Final Decision

Dear Mr. Rivera:

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

Pursuant to the Final Decision, Respondent Lucky 13 Ventures Los Angeles LLC's Cannabis Retailer Non-Storefront License No. C9-0000555-LIC is revoked.

The Department's Order and Final Decision is effective immediately, December 11, 2025.

Sincerely,

Douglas Smurr
Assistant General Counsel

Enclosure

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

In the Matter of the Accusation Against:

**LUCKY 13 VENTURES LOS ANGELES LLC; HECTOR RIVERA,
OWNER,**

Cannabis – Retailer

**Non-Storefront License No. C9-0000555-LIC,
Respondent.**

Agency Case No. DCC23-0001092-INV

OAH No. 2025050344

FINAL DECISION

Pursuant to Government Code Section 11517, the attached Proposed Decision of Administrative Law Judge Deena R. Ghaly is hereby adopted in its entirety by the Department of Cannabis Control as its Final Decision in the above-entitled matter.

This Final Decision shall become effective immediately, December 11, 2025.

IT IS SO ORDERED this 11th day of December 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 Accusation Against:

**LUCKY 13 VENTURES LOS ANGELES LLC; HECTOR RIVERA,
OWNER,**

Cannabis – Retailer

Non-Storefront License No. C9-0000555-LIC,

Respondent.

Agency Case No. DCC23-0001092-INV

OAH No. 2025050344

PROPOSED DECISION

Administrative Law Judge Deena R. Ghaly, Office of Administrative Hearings (OAH), State of California, heard this matter on October 21, 2025, by videoconference.

Deputy Attorney General Matthew S. Beasley represented complainant Evelyn Schaeffer, acting in her official capacity as Deputy Director of the Compliance Division of the Department of Cannabis Control (Department). Hector Rivera (Rivera) represented Lucky 13 Ventures Los Angeles LLC.

Documentary evidence and testimony were received. The record closed and the matter was submitted for decision at the conclusion of the hearing.

SUMMARY

Complainant seeks to discipline respondent's license based on allegations respondent violated several of the Department's regulations. Complainant also seeks to recoup its investigation and prosecution costs. A preponderance of the evidence established the violations alleged. Respondent's owner, Rivera, failed to provide any meaningful explanation for the multiple transgressions and failed to express any indications that he understood the seriousness of these violations. Moreover, there was no evidence that respondent had taken steps to ensure the violations would not occur again. Under these circumstances, license revocation is warranted. Respondent will also pay investigation and prosecution costs.

FACTUAL FINDINGS

Jurisdiction

1. On April 28, 2022, the Department issued Cannabis – Retailer Non-Storefront License C9-0000555-LIC to respondent with Rivera as Owner. Respondent's license was in full force and effect at all times relevant to this matter and will expire on April 28, 2026. On August 16, 2022, the Department issued an annual distributor's license, Number C11-0001753-LIC. The annual distributor's license expired on August 16, 2025.

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2. On March 28, 2025, complainant issued an accusation against respondent alleging five violations of Department regulations: (i) failure to reconcile inventory at least once every 30 days; (ii) failure to accurately report data; (iii) failure to record sales or donations within 24 hours; (iv) failure to report stolen inventory; and (v) unauthorized sharing of account log-in information.

3. Respondent timely filed a Notice of Defense requesting a hearing to challenge the charges against it, and this matter ensued.

Statutory/Regulatory Scheme Applicable to Commercial Sale of Cannabis

4. Commercial sale of cannabis in California is governed by the Medicinal and Adult Use Cannabis Regulation and Safety Act (the Act). (Bus. & Prof. Code, § 26000 et seq.) (Further statutory citations are to the Business and Professions Code unless otherwise designated.) The commercial sale of cannabis is also governed by the Act's implementing regulations (Cal. Code. Regs., tit. 3 (Regulation or Reg.), §8000 et seq.)

5. The Act charges the Department with licensing and regulating commercial cannabis (§ 26010.5, subd. (d)), issuing licenses and disciplining licensees (§ 26012, subd. (a)), and other related duties.

6. The Act requires the Department to establish a system to track and trace cannabis from cultivation through the supply chain "from seed to sale." To satisfy this obligation, the Department established the California Cannabis Track-and-Trace System (CCTT) using METRC software (METRC). Under the CCTT, licensees and their

designees are required to log in to METRC, each by a unique identifier (log-in credential) and to timely and accurately report required data.

The Department's Investigation

7. Department Special Investigator (SI) Eric Kinney testified at the hearing. He was assigned to investigate after the Department received a complaint that respondent was operating outside normal business hours. As a preliminary step, SI Kinney contacted respondent's owner, Rivera, who told him the business was inactive.

8. SI Kinney next made an announced inspection at respondent's facility on January 17, 2024. Prior to his visit, SI Kinney reviewed the facility's METRC data. METRC entries reflected 391 packages should have been delivered to respondent's facility but during SI Kinney's inspection there, he found only nine packages.

9. SI Kinney interviewed Rivera, who told him the facility had never been operational and the missing packages were the result of two burglaries, one in May 2023 and one in December 2023. The burglaries had not been reported to either law enforcement or the Department and the METRC entries had not been adjusted to reflect the stolen inventory or otherwise reconciled with the on-hand packages of product. Rivera also told SI Kinney that he would correct the noted discrepancies by January 29, 2024, and the business would be operational by February 7, 2024.

10. On January 26, 2024, Rivera reported the two burglaries to the Los Angeles Sheriff's Department. The resulting report (see Exh. 12) references surveillance videos Rivera submitted showing respondent's facility being broken into and the suspects carrying out black bags apparently filled with cannabis products.

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11. On January 29, 2024, Rivera sent SI Kinney a "package adjustment chart" addressing the discrepancies noted by SI Kinney during the January 17, 2024 inspection. The entries on the package adjustment chart reflect that not all the missing inventory was stolen but was distributed as "trade samples" during trade shows and similar events. At the hearing, Rivera was asked who prepared the package adjustment chart. Rivera responded that he did not know.

12. SI Kinney returned to respondent's facility on February 8, 2024, to determine if the discrepancies had been corrected and the business was otherwise compliant. At the February 2024 inspection, SI Kinney spoke to respondent's inventory manager, Daniel George. George told SI Kinney respondent had sold some products in May and June 2023, although he too characterized respondent as non-operational. George also maintained respondent's staff had given some of the product away as free samples. George also stated he was responsible for all data entry into the METRC system using Rivera's credentials and log-in.

Respondent's Evidence

13. Respondent testified at the hearing. He stated that in 2023, a management company ran respondent's operation. Because its personnel represented they were familiar with procedures related to running licensed cannabis businesses and he was busy caring for his mother who had suffered a stroke, Rivera left the business to them. Rivera later discovered the management company not only did nothing it was supposed to do, including paying respondent's bills, it fraudulently took out a loan in respondent's name. Rivera maintained he has brought a civil suit to recoup respondent's losses. Rivera never mentioned names or anything else to identify the management company and his testimony about the company's involvement with respondent was vague. Nothing corroborated Rivera's contention that he has brought

a lawsuit against the management company. Other than Rivera's contention about bringing the lawsuit, there was no evidence about what steps, if any, Rivera took to address its many transgressions once Rivera discovered that the management company was not properly running respondent's operation.

14. Rivera maintained respondent had no income at all in 2023 and that any money that came into the business was diverted by the management company. In 2024, Rivera maintained respondent netted "approximately" \$200,000. Although Rivera cited respondent's tax returns for that number, Rivera did not introduce any financial records to corroborate his statements about respondent's income. Additionally, Rivera did not clarify over what period of time respondent generated that income in 2024 or when in 2024 did respondent begin to actively engage in business.

15. Rivera stated his own financial status is not stable and that he could not weather any period of time without income. Rivera did not provide any financial records or similar evidence regarding his financial situation.

16. Rivera admitted the METRC records were not reconciled with the inventory at respondent's facility and that he and George did not accurately and timely input the transactions and stolen products. He also admitted to sharing log-in credentials with George. Rivera disputed that he did not call the police after the May and December 2023 burglaries but did not produce any police reports other than the one dated January 24, 2024.

Costs

17. The Department seeks an award of \$19,009 for investigative costs and \$11,832.75 for enforcement costs, a total of \$30,841.75. These costs are deemed reasonable given the size and scope of the matter.

LEGAL CONCLUSIONS

1. Section 26011.5 states: "The protection of the public shall be the highest priority for all licensing authorities in exercising licensing, regulatory, and disciplinary functions under this division. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount."
2. Pursuant to section 26031, subdivision (a), the Department may revoke or discipline licenses it issued "if the licensee is found to have committed any of the acts or omissions constituting grounds for disciplinary action." Under section 26031, subdivision (c), the Department may take disciplinary action against a licensee for any violation of the Act "when the violation was committed by the licensee's officers, directors, owners, agents or employees while acting on behalf of the licensee or engaged in commercial cannabis activity."
3. The burden of proof in a licensing disciplinary action is on the party filing the charges in the accusation, in this case, complainant. (Evid. Code, § 500.) Because no other standard of proof is identified in the statutory scheme and the disciplinary action does not involve the discipline of a professional license, the standard of proof is preponderance of the evidence. (Evid. Code, § 115; *Imports Performance v. Dept. of Consumer Affairs, Bur. of Automotive Repair* (2011) 201 Cal.App.4th 911, 916-918.) The preponderance standard requires "evidence that has more convincing force than that opposed to it." (*People ex. rel. Brown v. Tri-Union Seafoods, LLC* (2009) 171 Cal.App.4th 1549, 1567.)
4. Pursuant to section 26030, grounds for disciplining Department licensees include violations of the Act and its regulations.

Causes for Discipline

FIRST, SECOND, AND THIRD CAUSES FOR DISCIPLINE: FAILURE TO RECONCILE INVENTORY AT LEAST ONCE EVERY 30 DAYS; FAILURE TO ACCURATELY REPORT DATA IN THE CCTT SYSTEM; AND FAILURE TO RECORD SALES OR DONATIONS IN THE CCTT SYSTEM WITHIN 24 HOURS.

5. As first, second, and third causes for discipline, complainant alleged respondent committed three interrelated violations, all stemming from respondent's failure to track incoming packages respondent's facility received between May and December 2023 and multiple missing packages later reported by Rivera or his manager, George, to be either stolen during two unreported burglaries, or sold, or given away as trade samples. In January and February 2024, Department investigators discovered these products were not reflected in METRC data. Rivera and George admitted losing track of these products and so their receipt and ultimate disposal were not accounted for in the track-and-trace system until weeks or months after the loss or movement of the products.

6. Complainant cited Regulation sections 15051, subdivision (a)(1), 15047.2, subdivision (b), and section 15049, subdivision (b)(8) as provisions violated in the first three causes for discipline respectively.

7. Regulation section 15051, subdivision (a)(1), requires licensees to reconcile their on-hand inventory of cannabis and cannabis product with the records in the CCTT system at least once every 30 days. Department personnel examining respondent's records did not see that the records reflected burglaries and other transactions removing inventory from respondent's facilities purportedly months

before the Department's review. Additionally, Rivera admitted to this violation. Thus, the first cause for discipline was established.

8. Regulation section 15047.2, subdivision (b) requires all commercial activity be accurately recorded in the CCTT system. As noted above, Department personnel's review of respondent's METRC data did not reflect burglaries and other transactions removing inventory from respondent's facilities months before. Under these circumstances, the reported data was not an accurate reflection of respondent's commercial activity for the relevant period. Thus, the second cause for discipline was established.

9. Regulation section 15049, subdivision (b)(8), requires that the sale or donation of cannabis and cannabis products be accurately recorded in the CCTT system within 24 hours of occurrence. George told Department personnel respondent made some sales in 2023; Rivera did not dispute this but stated he believes a management company he hired to run operations for respondent did not maintain proper records and diverted any funds coming into the business. George also told Department personnel that some product was given away at trade shows but could not give any details about these donations. Nothing in Rivera's testimony contradicted George's statements and a number of products included in the Package Adjustment Chart are listed as missing because they were given away as trade sample. Under these circumstances, the preponderance of the evidence established that respondent's sales and donations in 2023 were not included in respondent's CCTT records. Therefore, this cause for discipline was established.

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FOURTH CAUSE FOR DISCIPLINE – FAILURE TO NOTIFY THE DEPARTMENT OF THEFT, LOSS, OR CRIMINAL ACTIVITY

10. As a fourth cause for discipline, complainant alleged respondent violated Regulation section 15036, requiring a licensee to notify the Department and local law enforcement within 24 hours of discovery of a significant discrepancy in its inventory, diversion, theft, loss, or any other criminal activity. Both Rivera and George stated respondent's facility was the victim of a burglary in both May and December 2023. The Los Angeles Sheriff's Department report documenting Rivera's eventual report of these events is dated in January 2024, much later than the 24-hour period. Nothing in the record, including the January 2024 report, substantiates Rivera's vague statements about an earlier report to law enforcement. Nothing in the record supports a finding that Rivera or George reported the burglaries to the Department at any time. Thus, the fourth cause for discipline was established.

FIFTH CAUSE FOR DISCIPLINE – UNAUTHORIZED SHARING OF ACCOUNT LOG-INS

11. As a fifth cause for discipline, complainant alleged respondent violated Regulation section 15048, subdivision (c), which requires all CCTT users to utilize a unique log-in consisting of their own username and password. The evidence established Rivera and George shared log-in credentials, thus establishing the fifth cause for discipline.

Disciplinary Guidelines

12. The Department promulgated the Disciplinary Guidelines for all Commercial Cannabis Licenses (Guidelines), amended July 2022, to promote

consistency in disciplinary orders for similar offenses. (See Exh. 17.) Pursuant to Regulation section 17814, deviation from the Guidelines is appropriate when the facts of the particular case warrant deviation, such as where there are mitigating facts.

13. The Guidelines categorize violations as Tier 1, 2, or 3, Tier 3 being the most serious. The first three causes for discipline, failure to reconcile inventory, failure to accurately report data, and failure to record sales or donations within 24 hours, as well as the fifth cause for discipline, unauthorized sharing of log-ins, are all Tier 2 violations. The fourth cause for discipline, failure to report the burglaries, is a Tier 3 violation.

14. The recommended minimum penalty for a Tier 2 violation is stayed revocation with a 15 to 30-day suspension, a fine, or a combination of suspension and a fine. The maximum recommended penalty is license revocation. The recommended minimum penalty for a Tier 3 violation is stayed revocation with a 45-day suspension, a fine, or a combination of suspension and a fine. As with Tier 2 violations, the maximum penalty for Tier 2 violations is license revocation.

15. The Guidelines also list the factors to be considered in determining the degree of license discipline. The relevant factors and their application to this case are as follows:

Nature and gravity of the act(s), violations, offenses, or crime(s) under consideration.
Respondent's failure to accurately and timely report its transactions and missing inventory, timely report two burglaries to law enforcement and the Department, and to maintain and use individual log-ins for each of its METRC users undermined not only the cited regulations but the safeguards of the Department's regulatory scheme. These laws and regulations are intended to allow cannabis and cannabis products to be

tracked and controlled, a primary objective of the Department's. As such, these acts of misconduct are deemed extremely serious.

Actual or potential harm to the public or consumers. Respondent lost control of its own product by failing to report the burglaries and giving away some of its products and selling some without appropriately tracking the transactions. As such, it is impossible to know whether there was any harm to the products' ultimate consumers but there is at least potential harm.

Prior disciplinary and/or administrative record. Respondent has no history of prior discipline but its relatively short tenure gives this factor little weight.

Number and/or variety of current violations. As alleged, respondent's transgressions were violations of multiple regulations.

Evidence of Mitigation and Rehabilitation. Rivera, as respondent's owner, described certain personal and business reasons for why respondent did not comply with its legal responsibilities but little information about improvements or other indicators that these issues are not likely to arise again. Moreover, Rivera did not express any understanding of the importance of abiding by the law in operating a cannabis business. His failure to take even the most self-evident, common sense steps to account for the cannabis products, such as promptly reporting burglaries, raises significant concerns about whether he can run such a highly regulated business at all.

16. Considering the Guidelines' factors for disposition, nothing in the record supports a basis for leniency. On the contrary, Rivera's lax attitude toward running respondent's business and his uncorroborated excuses support a finding that the maximum penalty, license revocation, is the only appropriate outcome for this matter.

Costs

17. Pursuant to section 26031.1, subdivision (a), the ALJ may require a licensee found to have committed a violation to pay the reasonable costs of the case's investigation and prosecution. Pursuant to section 26031.1, subdivision (b), certified cost records "shall be *prima facie* evidence of reasonable costs of investigation and prosecution of the case."

18. In *Zuckerman v. State Board of Chiropractic Examiners* (2002) 29 Cal.4th 32 (Zuckerman), the California Supreme Court examined a similar statute authorizing cost awards in license disciplinary matters. The Court set out factors to be considered in determining the reasonableness of the costs sought: (i) the licensee's success in getting the charges dismissed or reducing the severity of the discipline; (ii) the licensee's good faith belief in the merit of its position; (iii) whether the licensee raised a colorable challenge to the proposed discipline; (iv) the licensee's ability to pay; and (v) whether the scope of the investigation was appropriate in light of the alleged misconduct. (*Zuckerman, supra*, 29 Cal.4th at p. 45.)

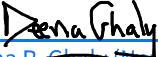
19. Complainant requests reimbursement of \$30,841.75 in investigation and enforcement costs. Applying the *Zuckerman* criteria, there is no basis to reduce these costs and thus the full amount is appropriately awarded.

ORDER

1. Respondent Lucky 13 Ventures Los Angeles LLC's Cannabis – Cannabis-Retailer Non-Storefront License Number C9-0000555-LIC, Hector Rivera, owner is revoked.

2. Respondent is ordered to pay \$30,841.75 in costs under terms and conditions to be determined by the Department.

DATE: 11/26/2025


Deena R. Ghaly (Nov 26, 2025 11:59:55 PST)

DEENA R. GHALY

Administrative Law Judge

Office of Administrative Hearings

PROOF OF SERVICE

Case Name: In the Matter of the Accusation Against: Lucky 13 Ventures Los Angeles LLC
DCC Case No. DCC23-0001092-INV
OAH Case No. 2025050344
License Number: C9-0000555-LIC, Retailer Non-Storefront

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 December 11, 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.

Lucky 13 Ventures Los Angeles LLC
Hector Rivera, Owner
2827 Norton Ave.
Lynwood, CA 90262
Certified Mail No. 7022 1670 0001 3411 8580
Hector@lucky13la.com

Evelyn Schaeffer (email only)
Deputy Director
Compliance Division
Department of Cannabis Control
Evelyn.Schaeffer@cannabis.ca.gov

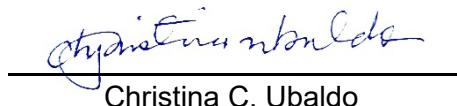
Matthew S. Beasley (email only)
Deputy Attorney General
Cannabis Control Section
Office of Attorney General
Matthew.Beasley@doj.ca.gov

Honorable Deena R. Ghaly (secure e-File only)
Administrative Law Judge
General Jurisdiction Division
Office of Administrative Hearings
Department of General Services

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 December 11, 2025, at Rancho Cordova, California.



Christina C. Ubaldo