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

In the Matter of the Consolidated Citations Against:)	CASE NO. ENF22-0000414
MISTICA A. MALTESE;)	
HAILE A. PECOT)	OAH NOS. 2024120879; 2024120883
Unlicensed persons,)	PRECEDENTIAL DECISION
Respondents.)	NO. 26-01

**DESIGNATION OF DECISION AS PRECEDENTIAL UNDER
GOVERNMENT CODE SECTION 11425.60**

Pursuant to Government Code section 11425.60, the Department of Cannabis Control designates as precedential the attached Final Decision in this matter.

This Final Decision is designated precedential effective on March 20, 2026.



Douglas Smurr
Assistant General Counsel
FOR THE DEPARTMENT OF CANNABIS CONTROL

1 Respondents culpable for violating Business and Professions Code¹ section 26031.5 as
2 unlicensed individuals operating in the commercial cannabis market and imposed
3 administrative fines of \$5,000 on each Respondent.

4 The Department rejected the Proposed Decision on September 4, 2025, by issuing a
5 Notice of Rejecting Proposed Decision followed by a First Amended Notice of Rejecting
6 Proposed Decision on September 10, 2025. On December 8, 2025, the Department sent
7 Respondents a Notice of Hearing Transcript and Opportunity to Present Written Argument.
8 This notice provided each Respondent with a certified copy of the Hearing Transcript and
9 advised them of their right to provide written argument pursuant to Government Code
10 Section 11517 on or before January 7, 2026. Respondents did not submit written arguments
11 and the Department now issues its decision based on the consolidated administrative record.²
12 In making its decision, the Department makes factual findings based on a preponderance of
13 evidence, and legal conclusions that Maltese and Pecot each violated various sections of the
14 Health and Safety Code and Business and Professions Code as specified below.

15
16 **FACTUAL FINDINGS**

17 Pursuant to Government Code section 11517, subdivision, (c)(2)(E)(iii), the
18 Department accepts and readopts Factual Findings 1-15, modified as indicated below:

19 1. The Department of Cannabis Control is the State of California agency
20 responsible for enforcing the Medicinal and Adult Use Cannabis Regulation and Safety Act
21 (MAUCRSA, Section 26000 et seq.).

22 2. Acting in his official capacity as a former Deputy Director of the
23 Department, Jeff Merriman issued Citations to Respondents Mistica A. Maltese and Haile
24 A. Pecot on January 3, 2024. Complainant Evelyn Schaeffer, Deputy Director,
25 Compliance Division, later replaced Merriman.

26
27 ¹ Future references shall be to the Business and Professions Code unless otherwise noted.

28 ² On September 24, 2025, Respondents did submit to the Department a two-page document entitled “Formal
Objection to CCB’s [sic] Rejection of ALJ Decision” that was accepted, reviewed, and made part of the
administrative record.

1 3. As to both Respondents, the Citations allege that on June 9, 2022, they
2 participated in commercial cannabis activity, including cannabis cultivation, at 17753
3 Road 24 ½, Madera, California 93638 (Madera County Assessor’s Parcel No. 032-582-015-
4 000; hereinafter referred to as “the Site”). The Citations allege further that neither
5 Respondent holds any Department license for commercial cannabis activity, and that the
6 Department has never licensed any person to conduct commercial cannabis activity at the
7 Site. Each Citation assesses an administrative fine of \$30,000 and directs the Respondent
8 to cease unlicensed commercial cannabis activity at the Site.

9 4. Both Respondent Maltese and Respondent Pecot timely appealed their Citations.
10 The Office of Administrative Hearings consolidated these appeals for hearing and decision.

11 5. Beginning in approximately January 2022, Respondents Maltese and Pecot
12 lived in a house at the Site identified in Finding 3. They did not own the house or the land
13 surrounding it.

14 6. On June 9, 2022, Madera County Sheriff’s deputies executed a search
15 warrant at the Site identified in Finding 3. Two investigators from the Department joined
16 the deputies. Respondents Maltese and Pecot were present, along with the property’s
17 owner, Kenyatta H. Island (“Island”).

18 7. Cannabis was under cultivation, at commercial scale, in the back yard of the
19 house. In total, almost 1,800 cannabis plants were growing in the yard, most in semi-
20 enclosed greenhouse structures. The overall growing area covered more than 5,000 square
21 feet. Respondent Pecot also had 33 cannabis plants growing in a room inside the house,
22 which he admitted were his. (See, Admitted Item 12, Madera County Sheriff’s Office
23 Offense/Incident Report, Page A53.) At the Hearing, Pecot testified “Like none of the plants
24 were ours” (Transcript, p. 68: 16.)

25 8. Respondent Maltese does not hold and never has held any license from the
26 Department to engage in any commercial cannabis activity in California.

27 9. Respondent Pecot does not hold and never has held any license from the
28 Department to engage in any commercial cannabis activity in California.

1 10. The Department has never issued any license to any person to conduct any
2 commercial cannabis activity at the Site.

3 11. Cannabis already was under cultivation in the back yard at the Site when
4 Respondents Maltese and Pecot moved in. While living there, they participated in the outdoor
5 cannabis cultivation activity in two chief ways: (1) they moved opaque tarpaulins to cover and
6 uncover the greenhouses every day, to optimize the amount of natural light falling on the
7 plants; and (2) they monitored surveillance cameras on the crop to protect against theft.

8 12. Respondents knew when they moved into the house and began tending its
9 cannabis crop that they did not hold licenses to participate in commercial cannabis
10 activity. Respondents also knew or should have known that the Department had not licensed
11 any person to cultivate cannabis commercially at the Site.

12 13. No evidence established the financial relationship at any time among Island,
13 Maltese, and Pecot. No evidence established whether they continued, at the time of the
14 Hearing, to have any business or social relationship.

15 14. The Madera County Sheriff's deputies who conducted the search described
16 in Factual Finding 6 confiscated and later destroyed the cannabis. Respondents'
17 involvement in commercial cannabis activity at the Site therefore ended on June 9, 2022.

18 15. Respondent Pecot testified credibly that the Citation described in Factual
19 Findings 2 and 3 came as a great surprise to him when it arrived in his mail more than 18
20 months after the search described in Factual Finding 6. At the time of the search, and during
21 the weeks immediately after it in summer 2022, he understood that he faced potential criminal
22 charges because of the unlawful cannabis crop at his home; but he was not aware that he might
23 also face a citation and large fine from the Department.

24 Pursuant to Government Code section 11517, subdivision (c)(2)(E)(iii), the
25 Department *rejects and does not adopt* Factual Finding 16 as set forth in the Proposed
26 Decision, which found:

27 16. *Both Respondents testified credibly that they are not currently able to pay a*
28 *\$30,000 fine to the Department.*

1 Pursuant to Government Code section 11517(c)(2)(E), the Department hereby makes
2 eight additional factual findings, numbered 17 to 24, based upon the record and transcript.

3 17. Respondents moved into the Site no later than January 31, 2022, although they
4 may have been on the Site earlier than that date. Respondents' testimony regarding the
5 duration of their presence at the Site ranged from "[m]aybe two or three months tops, from
6 January to April" to "Maybe like half a year almost" and "Maybe half a year. Not even a
7 year." (Transcript, p. 62: 8-17). They were present when the warrant was executed on June 9,
8 2022.

9 18. There are 129 days between January 31, 2022, and June 9, 2022, the date
10 when the Madera County Sheriff's deputies executed its search warrant on the Site.

11 19. The Madera County Sheriff's Department discovered that unlicensed
12 cannabis cultivation was occurring at the Site on March 29, 2022, and confirmed the
13 activity on June 3, 2022, by reviewing overflight photographs of the Site taken by Madera
14 County Sheriff's personnel showing the greenhouses and growing cannabis plants. These
15 observations led to the June 9, 2022, search warrant at the Site which was not issued a
16 commercial cannabis license according to the Department's records.

17 20. In addition to cultivating "over 1,766" live cannabis plants at the Site
18 (Transcript, p. 48: 9-12), Respondents kept digital scales typically used in weighing
19 cannabis for sale in the residence. (Transcript, pp. 27: 9-15; 37: 24-38 :7). Respondents
20 also watched cameras and provided security to the property. (Transcript, p. 46: 22-25.)

21 21. Located on the Site were black plastic light deprivation tarps used to deprive
22 cannabis plants sunlight 12 hours a day to maximize the plants' growth potential. (Transcript,
23 p. 30: 19-24.)

24 22. Pecot testified that "[w]e covered them and uncovered them. That was the
25 only thing that we did." (Transcript, p. 59: 8-9.) Maltese testified that Respondents "were
26 just strictly there to help cover and uncover tarps. (Transcript, p. 61: 13-14.)

27 23. Respondents testified, "we were just a small part of the operation . . . we
28 didn't have nothing to do with the big parts . . . we ain't got money like that to have a big

1 operation like that.” (Transcript, p. 69: 3-7.) Maltese agreed with Pecot’s testimony when
2 she testified “And I second that.” (Transcript, p. 69: 7.)

3 24. Pecot also testified regarding the \$30,000 fine amount: “That is why I was
4 wondering 30,000 apiece, that is kind of a high number, you know what I mean. That is just
5 a lot for something that we barely had anything a part of, you know what I mean? Like
6 none of the plants were ours.” (Transcript, p 68: 13-16.)

7
8 **LEGAL CONCLUSIONS**

9 Pursuant to Government Code section 11517, subdivision (c)(2)(E)(iii), the
10 Department hereby accepts and readopts Legal Conclusions 1-7 of the Proposed Decision,
11 modified as indicated below:

12 1. The Department may issue citations and assess administrative fines against
13 unlicensed persons who violate MAUCRSA. (Section 26031.5, subd. (a).) If a citation
14 recipient timely requests a hearing on the citation, the Department may affirm the citation
15 only if a preponderance of evidence at the hearing supports it.

16 2. MAUCRSA prohibits any person from engaging in commercial cannabis
17 activity, including commercial-scale cannabis cultivation, without a Department license.
18 (Sections 26001, subd. (n), 26037.5, subd. (a).)

19 3. The matters stated in Factual Findings 5 through 8, 10 through 12, 17, and 19
20 through 24, constitute cause for the Citation against Respondent Maltese.

21 4. The matters stated in Factual Findings 5 through 7, 9 through 12, 17, and 19
22 through 24 constitute cause for the Citation against Respondent Pecot.

23 5. The matters stated in Factual Finding 14 confirm that both Respondents have
24 complied with the Citations’ orders directing them to cease unlicensed commercial cannabis
25 activity at 17753 Road 24 ½, Madera, California 93638.

26 6. The maximum daily administrative fine for a MAUCRSA violation by an
27 unlicensed person is \$30,000. Each day of violation shall constitute a separate violation.
28 (Section 26031.5, subd. (a).) MAUCRSA states no minimum fine. In assessing a fine, the

1 Department shall give due consideration to the appropriateness of the amount of the fine
2 based, among other things, on: (1) the gravity of the violation; (2) the unlicensed person's
3 good or bad faith; and (3) any history of prior violations. (*Ibid.*)

4 7. Unlicensed commercial cannabis cultivation undermines the entire
5 MAUCRSA regulatory system and competes unfairly with commercial cannabis activity by
6 persons who have incurred the considerable expense and difficulty of complying with the
7 law. The matters stated in Factual Findings 7, 11, 12, and 19 through 24 demonstrate that
8 Respondents' MAUCRSA violations in June 2022 were serious, not trivial, and that
9 Respondents had no good-faith belief that their actions complied with MAUCRSA.
10 Although the Department alleges no prior MAUCRSA violations by either Respondent,
11 assessment against them of administrative fines is appropriate.

12 Pursuant to Government Code section 11517, subdivision (c)(2)(E)(iii), the
13 Department accepts and readopts the first two sentences of Legal Conclusion 8 as set forth in
14 the Proposed Decision as follows:

15 8. Criminal penalties are available to punish MAUCRSA violations. (Sections
16 26032, 26037; Health & Saf. Code, § 11357 et seq.) Administrative fines, in contrast, are not
17 punitive in nature, although they should reduce or remove financial incentives to violate
18 MAUCRSA and should dissuade future violations.

19 Pursuant to Government Code section 11517(c)(2)(E)(iii), the Department makes the
20 following 14 additional legal conclusions, numbered 9 to 22 as follows.

21 9. As unlicensed persons, Maltese and Pecot are subject to a maximum fine of
22 \$30,000 pursuant to Section 26031.5 for each day they violated Section 26031.5 by
23 participating in cultivation and conducting surveillance of the Site. Accordingly, the
24 maximum fine for this participation would be approximately \$1,800,000 per Respondent,
25 assuming only two months of operations, which is the shortest duration of time their testimony
26 would plausibly indicate. Assuming Respondents were cultivating the Site for 129 days,
27 which they also testified to, the maximum fine amount would be \$3,870,000. The Department
28 has determined that an administrative fine of \$30,000, equivalent to approximately \$500 or

1 \$233 per day depending on the duration of Respondents’ cultivation of the Site, is an
2 appropriate fine to deter future participation in the illicit cannabis market.

3 10. Fines assessed under Section 26031.5, subdivision 1, require due consideration
4 of factors the department determines to be relevant, including the gravity of the violation by
5 the person; the good faith of the person; and the history of previous violations.

6 11. The Department is not expressly required by MAUCRSA to determine
7 Respondents’ ability to pay in determining the fine amount. (*People v. First Federal Credit*
8 *Corp.* (2002) 104 Cal.App.4th 721, 728; *People v. Braum* (2020) 49 Cal.App.5th 342, 362-
9 363, (*Braum*)). However, the California Supreme Court has recently clarified in a criminal
10 case that the United States and California Constitutions make fines subject to an “excessive
11 fines” analysis, which is centered on the proportionality of a fine and includes consideration of
12 the “ability to pay.” (*People v. Kopp* (2025) 19 Cal.5th 1, 16-17 (*Kopp*) [citing U.S. Const.,
13 8th Amend.; Cal. Const., art. I, § 17].)

14 12. The California Supreme Court in *People ex rel. Lockyer v. R.J. Reynolds*
15 *Tobacco Co.* (2005) 37 Cal.4th 707 (*R.J. Reynolds*) identified four factors to assess whether a
16 fine violates the principle of proportionality. The four factors are: (1) the defendant's
17 culpability; (2) the relationship between the harm and the penalty; (3) the penalties imposed in
18 similar statutes³; and (4) the defendant's ability to pay.

19 13. At the same time, the California Supreme Court found no “due process
20 requirement to hold an ability to pay hearing before imposing every punitive fine.” (*Kopp*,
21 *supra*, 19 Cal. 5th at p. 16.) The *Kopp* decision’s reasoning is likely to be applied in the
22 context of civil administrative fines. (See, e.g., *Lent v. California Coastal Com.* (2021) 62
23 Cal.App.5th 812, 856 [applying the Excessive Fines Clause to administrative fines imposed by
24 the California Coastal Commission].)

25 14. The fine amount is appropriate under the factors identified in section 26031.5

26 _____
27 ³ Section 26038 contains a similar \$30,000 penalty for each day of violation; while Fish and Game Code section
28 12025, subdivision (a), paragraphs (2) through (6) provide for penalties up to \$40,000 for each violation in
connection with the production or cultivation of cannabis or cannabis products. See also *Braum, supra*, 49
Cal.App.5th at 362-363 (approving \$5,967,500 penalty against landlord who for 491 days leased property to a
cannabis dispensary in violation of local ordinance resulting in a daily fine of \$12,153.77).

1 and in *R.J. Reynolds*. The Respondents were knowing participants in a significant illicit
2 cannabis operation involving almost 1,800 live plants (including plants grown in the residence
3 in an unlawful quantity), had responsibilities in the cultivation that related to maximizing the
4 potency of the plants, were involved in the security of the grow, and maintained scales that are
5 used in the sale of cannabis. Their involvement likely spanned six months, and was brought to
6 a halt only when the Sheriff executed a search warrant on the Site.

7 15. The Department views Respondents' good faith as insignificant as either a
8 mitigating or aggravating factor. At the OAH hearing, Respondents did acknowledge their
9 participation, but in doing so attempted to minimize the nature and duration of their
10 involvement and Pecot incorrectly indicated none of the plants were "theirs" which is
11 contradicted by the Sheriff's report. (Factual Findings, ¶¶ 7, 22-24.)

12 16. The record does not indicate a history of prior violations, which is a significant
13 mitigating factor.

14 17. Respondents were provided an opportunity to address their ability to pay at the
15 hearing but did not do so. Pecot's testimony that "we were just a small part of the operation . .
16 . we ain't got money like that to have a big operation like that" indicates that Pecot and
17 Maltese understood: (1) they were assisting a significant unlicensed grow operation; and (2)
18 that operating such an illicit cultivation operation requires a large amount of capital. This
19 testimony was not offered for, and is not relevant to, Pecot's or Maltese's inability to pay a
20 \$30,000 fine.

21 18. Pecot's testimony is to the same effect: "That is why I was wondering 30,000
22 apiece, that is kind of a high number, you know what I mean. That is just a lot for something
23 that we barely had anything a part of, you know what I mean? Like none of the plants were
24 ours." This testimony objects to the amount of the fine in relation to the scope of the
25 operation, but not Pecot's ability to pay it.

26 19. The Department determines that Respondents' testimony indicating that they did
27 not have the resources to fund a large cannabis operation themselves does demonstrate an
28 inability to pay a maximum fine calculated in the millions of dollars, but does not indicate an

1 inability to pay the \$30,000 fine imposed by the Department’s Citations.

2 20. The Legislature listed three central reasons for enacting Section 26031.5’s fines:
3 (1) to “aid the state in its goal of eliminating or reducing the illicit cannabis market by
4 bringing more people into the legal marketplace”; (2) to preserve “the public peace, health, or
5 safety”; and (3) “to have a thriving and legal cannabis market in California.” (Assem. Bill No.
6 97 (2019-2020 Reg. Sess.) § 1.)

7 21. The Department also recognizes that unlicensed commercial cannabis was a
8 significant focus of the enforcement prongs of Proposition 64 (“The Control, Regulate and
9 Tax Adult Use of Marijuana Act), which indicated the intent to: (1) remove “[cannabis]
10 production and sales out of the hands of the illegal market and bring them under a
11 regulatory structure that . . . protects public safety, public health, and the environment”;
12 (2) “strictly control the cultivation, processing, manufacture, distribution, testing and sale
13 of [cannabis] through a system of state licensing, regulation, and enforcement;” and (3)
14 “tax the growth and sale of [cannabis] in a way that drives out the illicit market.”
15 (Proposition 64, subsections (a), (b) and (s) of Section 3 “Purpose and Intent,” enacted
16 November 9, 2016.)

17 22. Taking into consideration the important public policy considerations that
18 underly the imposition of significant fines for participation in the illicit market, the extent
19 and duration of Respondents involvement in the illicit cannabis operations, and after due
20 consideration of the factors described above, the Department determines that the Citation
21 imposing a \$30,000 fine on each Respondent is appropriate. It reflects a substantial
22 downward departure from a maximum fine that could range from \$1.8 to \$3.87 million
23 dollars, and further reduction is unwarranted by the record.

24 **ORDER**

25
26 Since a preponderance of evidence supports the Citations, the Department affirms the
27 Citations and orders that:

- 28 1. The Citation issued on January 3, 2024, to Respondent Mistica A. Maltese

1 requesting an administrative fine of \$30,000.00 is approved and adopted.

2 2. The Citation issued on January 3, 2024, to Respondent Haile A. Pecot
3 requesting an administrative fine of \$30,000.00 is approved and adopted.

4 3. Maltese and Pecot shall continue to comply with the order not to conduct
5 unlicensed commercial activity at the Site.

6 4. Each Respondent shall make a \$30,000.00 payment on or before April 20,
7 2026. Respondents shall make their payments, in the form of cashier's check, money order,
8 personal or business check, and shall be remitted by either of the following methods: (1) the
9 Department of Cannabis Control's cash payment procedures; or, (2) mailed to:

10 By U.S. Postal Service:
11 Department of Cannabis Control
12 Attn: Cashiers
13 P.O. Box 419106
14 Rancho Cordova, CA 95741-9106

15 By FedEx or UPS:
16 Department of Cannabis Control
17 Attn: Cashiers
18 2920 Kilgore Road
19 Rancho Cordova, CA 95670-9106

20 5. Failure by Maltese or Pecot to complete the payment or comply with the terms of
21 this Order shall constitute a separate violation pursuant to Business and Professions Code section
22 26031.5, subdivision (f) and California Code of Regulations, title 4, section 17804, subdivision (c),
23 and subject the Respondent to further administrative action by the Department.

24 This Final Decision shall take effect on March 20, 2026.

25 IT IS SO ORDERED, February 18, 2026.

26 

27 Douglas Smurr
28 Assistant General Counsel
FOR THE DEPARTMENT OF CANNABIS CONTROL

PROOF OF SERVICE

Case Name: In the Matter of the Citations Against: Mistica A. Maltese and Haile A. Pecot
DCC Case No. ENF22-0000414
OAH Case Nos. 2024120879; 2024120883
License Number: Unlicensed Persons

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 February 18, 2026, I served the within documents:

FINAL DECISION AS PRECEDENTIAL 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.

Mistica A. Maltese
605 Sorenson Rd., Apt. 40
Hayward, CA 94544
Certified Mail No. 7022 1670 0001 3411 7552
Misgbrook12@gmail.com

Haile A. Pecot
605 Sorenson Rd., Apt. 40
Hayward, CA 94544
Certified Mail No. 7022 1670 0001 3411 7828
AliPecot@gmail.com

Mistica A. Maltese
1014 Hopper Ave.
Santa Rosa, CA 95403
Certified Mail No. 7022 1670 0001 3411 7569

Haile A. Pecot
245 W Cypress Ave.
Reedley, CA 93654
Certified Mail No. 7022 1670 0001 3411 7835

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

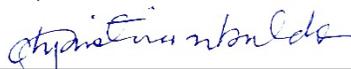
Matthew S. Beasley (email only)
Deputy Attorney General
Cannabis Control Section
Office of Attorney General
Matthew.Beasley@doj.ca.gov

Honorable Juliet E. Cox (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 February 18, 2026, at Rancho Cordova, California.



Christina C. Ubaldo