



CANNABIS CONTROL APPEALS PANEL

July 23, 2026
PANEL MEETING

Staff Copy



CANNABIS CONTROL APPEALS PANEL

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 **CANNABIS
CONTROL
APPEALS
PANEL**

GOVERNOR GAVIN NEWSOM
BUSINESS AND CONSUMER SERVICES AGENCY
Secretary Rohit Chopra



MEMBERS OF THE PANEL

Dr. Diandra Bremond – Chairperson, Los Angeles County
Cathryn Rivera – Member, Sacramento County
Jim Wood – Member, Sonoma County
Toni Atkins – Member, San Diego County

MEETING DATE AND TIME

Thursday, July 23, 2026
10:00 a.m. to 11:30 a.m.
(Or conclusion of business)

MEETING LOCATION

Cannabis Control Appeals Panel
400 R Street, Suite 330
Sacramento, CA 95811
(Open to the public)

NOTICE TO THE PUBLIC

If you wish to participate in person, you may attend the above public location. Or members of the public may take part remotely. You can watch the meeting through Zoom using the link below. You can also listen by phone using the call-in information.

Join Zoom Video Meeting

Meeting ID: 826 6098 9420

<https://us02web.zoom.us/j/82660989420?pwd=5RBVaMMinEp7ZuE9Y0adPdasE8Lebh.1>

Passcode: 706618

Call-In Information:

Phone Number: 1-669-444-9171

Meeting ID: 826 6098 9420

Passcode: 706618

MEETING AGENDA

Item 1	Call to Order and Establishment of Quorum <i>Dr. Diandra Bremond, Chairperson</i>	Action Item
Item 2	Welcome – Panel Member Toni Atkins <i>Dr. Diandra Bremond, Chairperson</i>	Information Item
Item 3	Approval of the Minutes <i>Dr. Diandra Bremond, Chairperson</i>	Action Item
Item 4	Executive Management Report <i>Anne Hawley, Executive Director</i>	Information Item

Item 5	Legislative Update – AB-1826 <i>Christopher Phillips, Chief Counsel</i> <i>Brian Hwang, Senior Staff Attorney</i>	Information Item
Item 6	Preliminary Decision Process <i>Christopher Phillips, Chief Counsel</i>	Action Item
Item 7	Public Comments on Items Not on the Agenda The Panel may not discuss or act on any matter raised during this public comment section, except to decide whether to place the matter on the agenda of a future meeting. [Government Code Sections 11125, 11125.7 (a)]	Information Item
Item 8	Future Agenda Items <i>Dr. Diandra Bremond, Chairperson</i>	Procedural Item
Item 9	Adjournment <i>Dr. Diandra Bremond, Chairperson</i>	Procedural Item

NOTICE TO THE PUBLIC

MEETING ACCESSIBILITY: A person who needs a disability-related accommodation to participate in the meeting may make a request by contacting Christopher Phillips at Christopher.Phillips@ccap.ca.gov, (916) 322-6870, or in writing to: Cannabis Control Appeals Panel, 400 R Street, Suite 320, Sacramento, CA 95811. Providing your request at least one week before the meeting will help to ensure availability of the requested accommodation.

IMPORTANT NOTICES: All times and the order of agenda items are subject to change at the discretion of the Chair. Action may be taken on any item listed on the agenda. We will take public comments on items of discussion for each item. If comments are not requested by the Chair, the public should feel free to request an opportunity to speak. Public comments will be limited to three minutes, or the Chair may limit the time allotted at their discretion. The meeting may be cancelled or delayed without notice.

ADDITIONAL INFORMATION OR REQUESTS: Interested parties may access the meeting agenda and materials at <http://www.ccap.ca.gov>. All other inquiries (such as translation services) should be directed to Christopher Phillips at least one week prior to the meeting.

AGENDA ITEM 1

No Meeting Materials

AGENDA ITEM 2

No Meeting Materials

AGENDA ITEM 3

Approval of the Minutes



Open Session Meeting Minutes

Thursday, June 25, 2026
10:01 am – 11:44 am

Cannabis Control Appeals Panel
400 R Street
Sacramento, CA 95811

Members present:

- Dr. Diandra Bremond, Chairperson (in Sacramento County – In Person)
- Cathryn Rivera, J.D. (in Sacramento County – In Person)
- Jim Wood (in Sacramento County – In Person)
- Josh Newman (in Sacramento County – In Person)

Staff present:

- Anne Hawley, Executive Director, Cannabis Control Appeals Panel
- Christopher Phillips, Chief Counsel, Cannabis Control Appeals Panel
- Sarah M. Smith, Senior Staff Attorney, Cannabis Control Appeals Panel
- Brian Hwang, Senior Staff Attorney, Cannabis Control Appeals Panel
- Ruben Garza, Office Technician, Cannabis Control Appeals Panel

Summary:

1. Call to Order and Establishment of Quorum.

Chairperson Diandra Bremond called the teleconference meeting to order at 10:01 am.

Ruben Garza took the roll call vote. Panel Members Diandra Bremond, Cathryn Rivera, Jim Wood, and Josh Newman were present. A quorum was established.

2. Approval of the Minutes.

Chairperson Bremond asked the Panel if there were any additions or corrections to the minutes of the May 21, 2026, meeting. There were no additions or corrections. No comments from the public.

Motion (Newman): Approve the minutes of the May 21, 2026, meeting as submitted. Seconded (Rivera). Ruben Garza took a roll call vote on the motion. Motion passed 3-0 with Wood abstaining.

3. Strategic Planning.

Chairperson Bremond gave the floor to Executive Director Anne Hawley to guide the Panel through the next phase of the strategic planning process.

Hawley and the Panel reviewed all the edits made at the May 21, 2026, meeting. Today's agenda is to review each of the four Goal Areas of the Panel's Strategic Plan, then vote to approve the edits before proceeding with the next steps of the strategic planning process.

The Panel reviewed the four Goal Areas. There were no changes or comments for Goal Area 1 and Goal Area 3. For Goal Area 2, the Panel made one technical revision to Goal Area 2.1.

For Goal Area 4, the Panel made one substantive change to Goal Area 4.2. The Panel pointed out that the phrase "underrecognized communities" is potentially ambiguous. Panel Members Newman and Rivera expressed it is important to have a consistent definition that all members can understand and agree on. Chairperson Bremond then proposed revising "underrecognized communities" to "all communities." The rest of the Panel agreed with this revision.

Hawley completed her presentation. Bremond thanked Hawley for her hard work.

No other comments from the Panel. No comments from the public.

Motion (Rivera): Approve the CCAP 2026 Strategic Plan including the above revisions. Seconded (Newman). Ruben Garza took a roll call vote on the motion. Motion passed 4-0.

4. Closed Session.

Open session suspended at 10:15 am—under the authority of Government Code section 11126(c)(6)—for the Panel to deliberate on two pending appeals.

The Panel met in closed session to: (1) continue its deliberations on the Department's Motion to Dismiss Appeal or, in the Alternative, to Vacate Stay in the matter of Euphoric Life, Inc. (CCAP Case No. 2026-04-DCC-0002); and (2) begin its deliberations in the matter of Lucky 13 Ventures Los Angeles, LLC (CCAP Case No. 2025-12-DCC-0005).

Open session resumed at 11:41 am. Chairperson Bremond informed all those present that the Panel completed its deliberations and will take the matters under submission.

Bremond also stated that the parties will be notified when the Panel issues a ruling on the Department's motion in CCAP Case No. 2026-04-DCC-0002 and a preliminary decision in CCAP Case No. 2025-12-DCC-0005.

5. Public Comments on Items Not on the Agenda.

Chairperson Bremond warned any comment should not involve pending or future appeals, complaints, applications, or any disciplinary actions that may come before the Panel.

No comments from the public.

6. Future Agenda Items.

Panel Member Wood requested a future discussion on the Panel's preliminary decision process.

Panel Member Rivera stated this is not a future agenda item, but expressed interest in future tours of cannabis licensees. She shared that previous tours were educational for the Panel.

No other comments from the Panel. No comments from the public.

7. Adjournment.

Motion (Wood). Adjourn the meeting. Seconded (Newman). Meeting adjourned at 11:44 am.

AGENDA ITEM 4

Executive
Management Report
(No Meeting Materials)

AGENDA ITEM 5

Legislative Update
AB-1826

CANNABIS CONTROL APPEALS PANEL

STAFF REPORT

REGULAR PANEL MEETING

July 23, 2026

SUBJECT: Information Presentation - Assembly Bill 1826 (Lackey) Cannabis: recall, embargo, and destruction of cannabis and cannabis products

BACKGROUND:

Existing law, the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) bans commercial cannabis activity involving misbranded or adulterated products and authorizes the Department of Cannabis Control to enforce these rules. The Department can recall, embargo, seize, or destroy cannabis and may allow destruction or remediation under an approved corrective action plan.

Because the Panel provides quasi-judicial administrative review of the Department's licensing decisions, its statutory framework does not allow it to take on legislative or policymaking functions. Accordingly, this presentation will focus solely on the portion of AB 1826 that directly affects the Panel.

BILL SUMMARY:

AB 1826 updates cannabis enforcement procedures by clarifying how the Department documents and issues embargoes, revising what qualifies as misbranding or adulteration, and creating a new process for condemnation proceedings. Most significantly, it allows licensees to appeal condemnation orders to the Cannabis Control Appeals Panel, filling a gap in existing law.

ANALYSIS:

Legal Background

The Department's authority to condemn cannabis derives from section 26039.3 of the Business and Professions Code and from Department rule 17801.5. Section 26039.3, subdivision (f), states, "The department may condemn cannabis or a cannabis product under the provisions of this section. A proceeding for condemnation shall be subject to appropriate notice to, and the opportunity for a hearing with regard to, the person or license affected in accordance with" the formal administrative hearing procedures supplied by the Government Code. (Bus. & Prof. Code, § 26039.3(f); see also Gov. Code, §§ 11500-11530.)

Department rule 17801.5, subsection (d)(2), permits the Department to "initiate condemnation proceedings in accordance with section 26039.3(f)" where it has previously embargoed a licensee's cannabis, and the licensee has failed to timely submit an adequate plan for remediation of the issues that led to the embargo. (Code Regs., tit. 4, § 17801.5(d)(2).)

At present, neither of these provisions supply a method for a licensee to appeal a final Department condemnation order following an administrative hearing.

Section 26043 of the Business and Professions Code defines this Panel's jurisdiction:

After proceedings pursuant to Section 26031, 26031.5, or 26058 of Chapter 2 (commencing with Section 480) or Chapter 3 (commencing with Section 490) of Division 1.5, any person aggrieved by the decision of the department denying the person's application for any license, denying the person's renewal of any license, placing any license of probation, imposing any condition on any license, imposing any fine on any license or licensee, assessing any penalty on any license, or canceling, suspending, revoking, or otherwise disciplining any license as provided for under this division, may appeal the department's written decision to the panel.

(Bus. & Prof. Code, § 26043(a).)

This statute enumerates which administrative proceedings must precede any appeal before the Panel. (See *ibid.*) Those proceedings include a hearing on the suspension, revocation, or probation of a license based on violations of cannabis law (see Bus. & Prof. Code, § 26031); a hearing on a citation resulting in a fine (see Bus. & Prof. Code, § 26031.5); a hearing on the denial of a license application (see Bus. & Prof. Code, § 26058); a hearing on the denial of a license based on provisions related to character and criminal convictions (see Bus. & Prof. Code §§ 480-489); or a hearing on the suspension or revocation of a license based on tax delinquencies, noncompliance with support orders, and similar provisions (see Bus. & Prof. Code, §§ 490-494.6). (Bus. & Prof. Code, § 26043(a).)

This list, however, does not include proceedings ordering condemnation of cannabis under section 26039.3, subdivision (f), or Department rule 17801.5, subsection (d)(2). (See *ibid.*)

Euphoric Life vs Department of Cannabis Control

In a recent appeal, the Panel addressed whether it has jurisdiction to hear an appeal from a final decision ordering condemnation of a licensee's cannabis product. (See *Euphoric Life, Inc.* (2026) 2026-04-DCC-0002.)

In *Euphoric Life*, the appellant appealed the Department's condemnation order authorizing destruction of its embargoed cannabis. The Department moved to dismiss the appeal on the grounds that the Panel lacks jurisdiction to review condemnation orders. The Panel held oral argument on the Department's motion on May 21, 2026. After considering arguments from both parties, the Panel granted the Department's motion and dismissed the appeal. (Panel Order Granting Motion to Dismiss Appeal (Jun. 25, 2026), hereinafter "Panel Order.")

In its Order, the Panel explained how its jurisdiction is expressly defined by section 26043. This statute specifies the types of cases that are appealable to the Panel. This list, however, does not include condemnation proceedings. Thus, based on the current language of section 26043, the Panel concluded that it lacked jurisdiction.

Assembly Bill 1826

As originally drafted, AB 1826 did not impact this Panel's jurisdiction as described in its *Euphoric Life* Order. This changed after the Senate Committee on Business, Professions and Economic Development amended the bill on June 16, 2026.

The relevant amendment concerns section 26039.3 of the Business and Professions Code. As noted earlier, this statute already authorizes the Department to condemn cannabis and initiate condemnation proceedings. (See Bus. & Prof. Code, § 26039.3(f).)

The amendment in question added subdivision (h) to section 26039.3. This new subdivision would expand the Panel's jurisdiction by authorizing the Panel to hear appeals from condemnation orders. This subdivision provides, in full:

Condemnation orders shall be subject to review by the Cannabis Control Appeals Panel pursuant to Section 26043. The review of a condemnation order shall be limited to a determination of whether the department abused its discretion in the issuance of the condemnation order. Abuse of discretion is established if the respondent department has not proceeded in the manner required by law, or if the panel determines that the condemnation order is not supported by substantial evidence in light of the whole record.

Section 26043 defines the scope of the Panel's jurisdiction, which does not include condemnation proceedings. Currently, there is no existing law allowing the Panel to review final condemnation orders. Subdivision (h) would fill this gap by explicitly permitting the Panel to hear these appeals under section 26043.

On June 22, 2026, the Senate Committee on Business, Professions and Economic Development passed the bill as amended and referred the bill to the Senate Committee on Appropriations. The Appropriations Committee is scheduled to hear the bill on August 3, 2026.

BUDGET AND FISCAL IMPACTS:

AB 1826 would create a new pathway for Panel review by allowing licensees to appeal condemnation orders. The Panel may see some increase in its caseload as a result, but any additional workload is manageable at this time.

BENEFITS AND RISKS:

AB 1826 benefits both the Panel and the parties appearing before it by codifying the Panel's jurisdiction over condemnation orders, thus providing clarity and addressing the apparent jurisdictional gap observed in *Euphoric Life*. There are no identified risks.

ATTACHMENTS:

Attachment 5.1 - AB 1826: Today's law as amended.

RECOMMENDATION:

No action is required from Panel Members at this time. Members may take this presentation under advisement, offer general comments, or move to express support or opposition to the amendment as it relates to the Panel's jurisdiction in condemnation cases.

STAFF CONTACT:

Christopher Phillips, Chief Counsel
Cannabis Control Appeals Panel
(916) 322-6874



AB-1826 Cannabis: recall, embargo, and destruction of cannabis and cannabis products.
(2025-2026)

As Amends the Law Today

SECTION 1. Section 26031.5 of the Business and Professions Code is amended to read:

26031.5. (a) (1) The department may issue a citation to a licensee or unlicensed person for any act or omission that violates or has violated any provision of this division or any regulation adopted pursuant ~~thereto.~~ *to this division.* The department shall issue the citation in ~~writing, and~~ *writing.* *The citation* shall describe with particularity the *legal and factual* basis of the ~~citation and~~ *citation, and it shall also include* the notification described in subdivision (c). The department may include in each citation an order of abatement and fix a reasonable time for abatement of the violation. The department may, as part of each citation, assess an administrative fine not to exceed five thousand dollars (\$5,000) per violation by a licensee and thirty thousand dollars (\$30,000) per violation by an unlicensed person. Each day of violation shall constitute a separate violation. ~~In assessing a fine, the department shall give due consideration to the appropriateness of the amount of the fine with respect to factors the department determines to be relevant, including the following:~~

(2) In assessing a fine, the department shall give due consideration to the appropriateness of the amount of the fine with respect to factors the department determines to be relevant, including the following:

~~(1)~~ (A) The gravity of the violation by the licensee or person.

~~(2)~~ (B) The good faith of the licensee or person.

~~(3)~~ (C) The history of previous violations.

(b) The sanctions authorized under this section shall be separate from, and in addition to, all other administrative, civil, or criminal remedies.

(c) A citation issued pursuant to this section shall include a provision that notifies the licensee that a hearing or informal conference, or both, may be requested to contest the finding of a violation by submitting a written request within 30 days from service of the citation.

(1) (A) A hearing shall be held pursuant to the Administrative Procedure Act (Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code).

(B) An informal conference shall be held in accordance with the provisions of Chapter 4.5 (commencing with Section 11400) of Part 1 of Division 3 of Title 2 of the Government Code, the requirements contained in paragraph (2), and the regulations of the department.

~~(c) (C) A citation issued pursuant to this section shall include a provision that notifies the licensee or person that a hearing may be requested to contest the finding of a violation by submitting a written request within 30 days from service of the citation. The hearing shall be held pursuant to the Administrative Procedure Act (Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code), unless held in accordance with the provisions of Chapter 4.5 (commencing with Section 11400) as authorized by regulation of the department.~~ If the licensee ~~or person cited~~ fails to submit a written request for a hearing *or an informal conference* within 30 days from the date of service of the citation, the right to a hearing *or an informal conference* is waived and the citation shall be deemed a final order of the department and is not subject to review by any court.

(2) The department shall, within 15 calendar days after receipt of the written request for an informal conference, hold an informal conference with the licensee or their legal counsel or authorized representative, or any combination of those persons.

(A) At the informal conference, the licensee, or their legal counsel or authorized representative, shall be allowed the opportunity to meet with a representative of the department who has knowledge of the citation. The department representative shall describe the factual and legal basis for the citation, if requested. The licensee, or their legal counsel or authorized representative, shall be allowed to present evidence and argument as to why the citation should be modified or dismissed.

(B) After the informal conference, the department shall affirm, modify, or dismiss the citation, including any fines levied or orders of abatement issued. The department shall notify the licensee of its decision and the reasoning supporting the decision via written notification, which shall be sent to the licensee and their legal counsel or authorized representative, if any, by electronic means or by mail to the premises address, or by both electronic means and by mail, within 15 calendar days after the date of the informal conference. The decision shall be deemed to be a final order with regard to the citation issued, including the levied fine or the order of abatement, if any.

(C) If the citation is dismissed, any request for a hearing shall be deemed withdrawn. If the citation is affirmed, the licensee may either withdraw the request for a hearing or proceed with the administrative hearing process.

(D) If the citation, including any fines levied or orders of abatement issued, is modified, the citation originally issued shall be considered withdrawn and a new citation issued. If a hearing is requested for the subsequent citation, it shall be requested within 30 calendar days after issuance of the citation.

(d) After the exhaustion of the administrative and judicial review procedures, the department may apply to the appropriate superior court for a judgment in the amount of the administrative fine and an order compelling the cited person to comply with the order of the department. The application, which shall include a certified copy of the final order of the department, shall constitute a sufficient showing to warrant the issuance of the judgment and order.

(e) The department may recover from the licensee or person who was the subject of the citation costs of investigation and enforcement, which may include reasonable attorney's fees for the services rendered. If the department recovers costs from a licensee, the department shall recover the costs pursuant to Section 26031.1.

(f) Fines shall be paid within 30 days of service of a citation by the department. Failure to pay a fine assessed pursuant to this section within 30 days of the date of service of the citation, unless the citation is being appealed, shall constitute a separate violation under this division subject to additional action by the department. The department shall not renew or grant a license to a person who was the subject of the fine until that person pays the fine.

(g) All moneys collected pursuant to this section associated with the recovery of investigation and enforcement costs shall be deposited into the Cannabis Control Fund. Any administrative fine amount shall be deposited directly into the Cannabis Fines and Penalties Account and shall be distributed pursuant to subdivision (d) of Section 26210.

(h) A citation issued by the department under this section shall be issued within three years after the performance of the act or omission that violates this division or any regulation adopted pursuant to this division.

SEC. 2. Section 26039.1 of the Business and Professions Code is amended to read:

26039.1. *(a) When the department has evidence that cannabis or a cannabis product is adulterated or misbranded, the department shall provide written notice to the licensee.*

(1) The notification shall include the following, as applicable:

(A) A copy of the laboratory certificate of analysis and testing data.

(B) A summary of the evidence supporting the finding of adulteration or misbranding, including the identity of the laboratory and a description of the collection and sampling methodology used.

(2) The notice shall also state whether or not the department has determined that a mandatory recall will be ordered.

(3) If the department determines that a mandatory recall will be ordered, the following information shall be included in the notice:

(A) The specific section or subdivision of law or regulation alleged to be violated.

(B) A copy of the laboratory certificate of analysis and testing data, if applicable.

(C) Sampling methodology documentation.

(D) A detailed description of the sampling procedure.

(E) Any photographic, electronic, or other evidence, if applicable.

(F) A summary of the evidence supporting the finding of adulteration or misbranding.

~~(a) (b) When— (1) the department has evidence that cannabis or a cannabis product is adulterated or misbranded, the department shall notify the licensee.~~ The licensee may conduct a voluntary recall of the affected cannabis or cannabis product and may remediate the cannabis or cannabis product, if approved by the department, or ~~shall~~ destroy the affected cannabis or cannabis product under the supervision of the department.

(2) Prior to a voluntary recall by the licensee, the department shall provide the licensee with an opportunity for an informal conference on why the cannabis or cannabis product is considered adulterated or misbranded. The informal conference shall be with department staff who are knowledgeable on the matter and shall provide the licensee with an opportunity to present information and argument as to why the cannabis or cannabis product is not adulterated or misbranded, and is not otherwise in violation of this division. The department shall not permit destruction of the product until either the informal conference process has concluded or the licensee has declined to participate in the informal conference.

(3) Following the informal conference, the department may determine that a product does not need to be recalled. If the department determines that a product does not need to be recalled, the department shall send the licensee a written notification that will serve as a final decision on the matter.

~~(b) (c)~~ The department may issue a mandatory recall order and require the licensee to immediately cease distribution of cannabis or a cannabis product and recall the cannabis or cannabis product if the department determines both of the following:

(1) The cultivation, manufacture, distribution, or sale of the cannabis or cannabis product creates or poses an immediate and serious threat to human life or health.

(2) Other procedures available to the department to remedy or prevent the occurrence of the situation would result in an unreasonable delay.

(d) (1) Simultaneously with the issuance of a mandatory recall order, the department shall provide the licensee with a summary of the department's determination for the recall and the specific evidence upon which the order is based, which may include, but is not limited to, the following:

(A) The specific section or subdivision of law or regulation alleged to be violated.

(B) A copy of the laboratory certificate of analysis and testing data, if applicable.

(C) Sampling methodology documentation.

(D) A detailed description of the sampling procedure.

(E) Any photographic, electronic, or other evidence, if applicable.

(F) A summary of the evidence supporting the finding of adulteration or misbranding.

~~(c) (2) (A)~~ The department shall provide the licensee *with* an opportunity for an informal proceeding conference on the ~~matter, as determined by the department, within five days, on the actions required by the order and on why the cannabis or cannabis product should not be recalled.~~ Following the ~~proceeding,~~ recall order. The department shall permit the licensee to, within five calendar days of the delivery of the recall order, request an informal conference. If the licensee fails to submit a written request for an informal conference within five calendar days from the delivery of the order to the licensee, the right to an informal conference is waived and the order shall be ~~affirmed, modified, or set aside as determined appropriate by the~~ deemed a final order of the department. The informal conference shall be held in accordance with the provisions

of Chapter 4.5 (commencing with Section 11400) of Part 1 of Division 3 of Title 2 of the Government Code, the requirements contained in subdivision (d), and the regulations of the department.

(B) The department shall, within 15 calendar days after receipt of the request for an informal conference, hold an informal conference with the licensee or their legal counsel or authorized representative, or any combination of those persons.

(i) At the informal conference, the licensee, or their legal counsel or authorized representative, shall be allowed the opportunity to meet with a representative of the department who has knowledge of the order. The licensee, or their legal counsel or authorized representative, shall be allowed to present evidence and argument as to why the order should be modified or set aside.

(ii) After the informal conference, the department shall affirm, modify, or set aside the order. The department shall notify the licensee of its decision and the reasoning supporting the decision via written notification, which shall be mailed to the licensee and their legal counsel or authorized representative, if any, within 15 calendar days after the date of the informal conference. The decision shall be deemed to be a final order of the department.

(C) The department shall not permit destruction of the product until either the informal conference process has concluded or the licensee has declined to participate in an informal conference. Following the informal conference or the licensee's decision not to participate in the informal conference, the order shall be affirmed, modified, or set aside as determined appropriate by the department in a written decision setting out the reasons for the action taken.

~~(d)~~ (e) The department's powers set forth in this section expressly include the power to order movement, segregation, isolation, or destruction of cannabis or cannabis products, as well as the power to hold cannabis or cannabis products in place.

~~(e)~~ (f) If the department determines it is necessary, it may issue the mandatory recall order, may conduct the recall, and may use all appropriate measures to obtain reimbursement from the licensee for any and all costs associated with these orders. All funds obtained by the department from these efforts shall be deposited in the Cannabis Control Fund, Fund and shall be available for use by the department upon appropriation by the Legislature.

~~(f)~~ (g) It is unlawful to move or allow to be moved cannabis or a cannabis product subject to an order issued pursuant to this section unless that person has first obtained written authorization from the department.

(h) (1) (A) The department shall not require a licensee to conduct a voluntary recall, sign a waiver of liability, or waive any right to an informal meeting or an administrative or judicial hearing or appeal as a condition of approving a voluntary recall, authorizing remediation, or supervising the destruction of the product.

(B) A licensee that conducts a voluntary recall does not waive any right to an informal meeting or an administrative or judicial hearing or appeal.

(2) A waiver of liability or appeal rights shall be valid only if expressly stated in writing and signed by the licensee following the conclusion of a condemnation proceeding pursuant to Section 26039.3 or civil litigation regarding the matter.

SEC. 3. Section 26039.3 of the Business and Professions Code is amended to read:

26039.3. (a) (1) *If the department finds or has probable cause to believe that cannabis or a cannabis product is adulterated or misbranded within the meaning of this division, or the sale of the cannabis or cannabis product would be in violation of this division, the department shall affix to the cannabis or cannabis product, or component thereof, a tag or other appropriate marking.*

~~(a) (2) If (A) the department finds or has probable cause to believe that cannabis or a cannabis product is adulterated or misbranded within the meaning of this division, or the sale of the cannabis or cannabis product would be in violation of this division, the department shall affix to the cannabis or cannabis product, or component thereof, a tag or other appropriate marking.~~ The department shall ~~give notice~~ *provide written notice to the licensee* that the cannabis or cannabis product is, or is suspected of being, adulterated or ~~misbranded~~, *misbranded* or the sale of the cannabis or cannabis product would be in violation of this division and has been embargoed and that the cannabis or cannabis product shall not be removed or disposed of by sale or otherwise until permission for removal or disposal is given by the department or a court.

(B) The notice shall be accompanied by clear, articulable facts and evidentiary documentation supporting the department's legal basis for the embargo, which may include, but is not limited to, all of the following:

(i) The specific section or subdivision of code or regulation alleged to be violated.

(ii) A copy of the laboratory certificate of analysis and testing data, if applicable.

(iii) Sampling methodology documentation.

(iv) A detailed description of the sampling procedure.

(v) Any photographic, electronic, or other evidence, if applicable.

(vi) A summary of the evidence supporting the finding of adulteration or misbranding.

(C) The department shall send the notice to the licensee within five calendar days of the tag or marking being placed on a product.

(b) (1) It is unlawful to remove, sell, or dispose of embargoed cannabis or an embargoed cannabis product without written permission of the department or a court. The removal, sale, or disposal of each item of embargoed cannabis or cannabis product without written permission of the department constitutes a violation of this subdivision. A violation of this subdivision is subject to a citation and fine of not more than ten thousand dollars (\$10,000).

(2) Notwithstanding paragraph (1), a licensed cultivator may request permission for the continued cultivation or harvesting of the cannabis subject to embargo. The department may authorize, and may impose conditions on, the continued cultivation or harvesting of the cannabis subject to embargo.

(c) If the adulteration or misbranding can be corrected by proper labeling or additional processing of the cannabis or cannabis product and all of the provisions of this division can be complied with, the licensee may request that the department remove the tag or other marking to permit correction. If, under the supervision of the department, the adulteration or misbranding has been corrected, the department may remove the tag or other marking. Cannabis and cannabis products found at an unlicensed location, or cultivated, processed, produced, or manufactured at an unlicensed location, or derived from an unlicensed source, ~~cannot~~ *shall not* be corrected and shall be destroyed.

(d) (1) For any cannabis or a cannabis product that is embargoed, the department shall provide the licensee with an opportunity for an informal conference on the matter within 15 calendar days of the delivery of the notification required by paragraph (2) of subdivision (a). The informal conference shall include department personnel with knowledge of the matter and shall provide the licensee with an opportunity to present information and argument as to why the cannabis or cannabis product is not adulterated or misbranded, and is not otherwise in violation of this division.

(2) The department shall, within 15 calendar days from the date of the informal conference, make a final determination on whether or not the cannabis or cannabis product is adulterated or misbranded, or the sale of the cannabis or cannabis product would be in violation of this division.

~~(d)~~ (3) If the department finds that cannabis or a cannabis product that is embargoed is not adulterated or misbranded, or that its sale is not otherwise in violation of this division, the department ~~may~~ *shall* remove the tag or other ~~marking~~ *marking within five calendar days of that determination.*

(e) The cannabis or cannabis product may be destroyed *or remediated* by the licensee or product owner pursuant to a corrective action plan approved by the department and under the supervision of the department. ~~The~~ *If destroyed, the* cannabis or cannabis product shall be destroyed at the expense of the licensee or product owner.

(f) (1) (A) The department may condemn cannabis or a cannabis product under the provisions of this section.

(B) If the department does not approve the corrective action plan, or the department does not receive a response from the licensee within seven calendar days after providing the notice described in paragraph (1) of subdivision (a), the department may initiate condemnation proceedings in accordance with the provisions of this section.

~~(f) (C) The department may condemn cannabis or a cannabis product under the provisions of this section. A proceeding~~ *A petition* for condemnation shall be subject to appropriate notice to, and the opportunity for a

hearing with regard to, the person or licensee affected in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

(i) For cultivation licensees, the petition for condemnation shall be filed and served no later than 15 days after the department's decision to deny the corrective action plan or, if the department does not receive a response from the licensee within 7 calendar days of the notice of the embargo, within 15 days from the expiration of that time period, whichever is later. The cultivation licensee shall be given at least 15 days' notice of the hearing on the petition for a condemnation order, and an expedited hearing shall be scheduled. The notice shall include documents submitted in support of the petition.

(ii) Manufacturer and retailer licensees are not entitled to an expedited hearing process for a petition for condemnation.

(2) A decision on the petition shall be rendered no later than 10 days after submission of the matter.

(3) Notwithstanding Section 11502 of the Government Code, the department or an administrative law judge sitting alone may, upon petition, issue an order condemning cannabis or cannabis products. The department may, in its sole discretion, delegate the hearing to an administrative law judge in the Office of Administrative Hearings. If the department hears the noticed petition itself, an administrative law judge shall preside at the hearing, rule on the admission and exclusion of evidence, and advise the department on matters of law. The department shall exercise all other powers relating to the conduct of the hearing but may delegate any or all of them to the administrative law judge. When the petition has been delegated to an administrative law judge, the administrative law judge shall sit alone and exercise all of the powers of the department relating to the conduct of the hearing. A decision issued by an administrative law judge sitting alone shall be final when it is filed with the department. The decision of the administrative law judge sitting alone on the petition for a condemnation order is final, subject only to review in accordance with subdivision (h).

~~(1)~~ *(4) Upon a finding by the department or an administrative law judge pursuant to paragraph (3) that the cannabis or cannabis product is adulterated or misbranded, or that its sale is otherwise in violation of this division, the department or the administrative law judge may direct the cannabis or cannabis product to be destroyed at the expense of the licensee or product owner and under the supervision of the department. The licensee or owner of the affected cannabis or cannabis product shall pay fees and reasonable costs, including the costs of storage, testing, and supervision, incurred by the department in investigating and prosecuting the action taken pursuant to this section.*

~~(2)~~ *(5) Upon a finding by the department or an administrative law judge pursuant to paragraph (3) that the adulteration or misbranding can be corrected by proper labeling or additional processing of the cannabis or cannabis product and that all provisions of this division can be complied with, the department or the administrative law judge may direct the cannabis or cannabis products to be brought into compliance under the department's supervision. The licensee shall pay fees and reasonable costs, including the costs of storage, testing, and supervision, incurred by the department in investigating and prosecuting the action. After the costs, fees, and expenses have been paid, the department may release the embargo and remove the tag or other marking and supervise the corrective action.*

(g) (1) The department shall not require a licensee to sign a waiver of liability, or to waive any right to an informal meeting or an administrative or judicial hearing or appeal, as a condition of removing an embargo tag, approving a corrective action plan, or permitting the destruction of product.

(2) A waiver of liability or appeal rights shall only be valid if the licensee agrees to a voluntary condemnation and destruction of the cannabis or cannabis products or if the waiver is executed following the conclusion of a condemnation proceeding pursuant to this section or civil litigation regarding the matter.

(3) Failure to comply with a condemnation order shall constitute a separate cause for disciplinary action against a licensee. Violation of the condemnation order is established upon proof that the licensee was on notice of the condemnation order and its terms, and that the order was in effect at the time of the violation.

(h) Condemnation orders shall be subject to review by the Cannabis Control Appeals Panel pursuant to Section 26043. The review of a condemnation order shall be limited to a determination of whether the department abused its discretion in the issuance of the condemnation order. Abuse of discretion is established if the respondent department has not proceeded in the manner required by law, or if the panel determines that the condemnation order is not supported by substantial evidence in light of the whole record.

SEC. 4. Section 26039.5 of the Business and Professions Code is amended to read:

26039.5. (a) Cannabis or a cannabis product is misbranded if it is any of the following:

- (1) Cultivated, processed, manufactured, packed, or held in a location not duly licensed as provided in this division.
- (2) Consists of cannabis or cannabis product that was cultivated, processed, manufactured, packed, or held in a location not duly licensed as provided in this division.
- (3) Its labeling is false or misleading in any particular.

~~(4) Its labeling or packaging does not conform to the requirements of Section 26120 or any other labeling or packaging requirement established pursuant to this division.~~

(b) It is unlawful to cultivate, process, manufacture, sell, deliver, hold, or offer for sale cannabis or a cannabis product that is misbranded.

(c) It is unlawful to misbrand cannabis or a cannabis product.

(d) It is unlawful to receive in commerce cannabis or a cannabis product that is misbranded or to distribute, deliver, or offer for delivery any such cannabis or cannabis product.

SEC. 5. Section 26039.6 of the Business and Professions Code is amended to read:

26039.6. (a) Cannabis or a cannabis product is adulterated if it is any of the following:

(1) It has been produced, prepared, packed, or held under unsanitary conditions in which it may have become contaminated with filth or in which it may have been rendered injurious.

(2) It consists, in whole or in part, of any filthy, putrid, or decomposed substance.

(3) It bears or contains any poisonous or deleterious substance that may render it injurious to users under the conditions of use suggested in the labeling or under conditions that are customary or usual.

(4) It bears or contains a substance that is restricted or limited under this division or regulations promulgated pursuant to this division and the level of substance in the product exceeds the limits specified pursuant to this division or in regulation.

~~(5) Its concentrations differ from, or its purity or quality is below, that which it is represented to possess.~~

~~(6) The methods, facilities, or controls used for its cultivation, manufacture, packing, or holding do not conform to, or are not operated or administered in conformity with, practices established by regulations adopted under this division to ensure that the cannabis or cannabis product meets the requirements of this division as to safety and has the concentrations it purports to have and meets the quality and purity characteristics that it purports or is represented to possess.~~

~~(7)~~ (5) Its container is composed, in whole or in part, of any poisonous or deleterious substance that may render the contents injurious to health.

~~(8) It is a cannabis product and a substance has been mixed or packed with it after testing by a testing laboratory so as to reduce its quality or concentration or if a substance has been substituted, wholly or in part, for the cannabis product.~~

(b) It is unlawful to cultivate, manufacture, distribute, sell, deliver, hold, or offer for sale cannabis or a cannabis product that is adulterated.

(c) It is unlawful to adulterate cannabis or a cannabis product.

(d) It is unlawful to receive in commerce cannabis or a cannabis product that is adulterated or to distribute, deliver, or proffer for delivery any such cannabis or cannabis product.

AGENDA ITEM 6

Preliminary Decision Process

CANNABIS CONTROL APPEALS PANEL

STAFF REPORT

REGULAR PANEL MEETING

July 23, 2026

SUBJECT: Preliminary Decision Process

BACKGROUND:

CCAP regulations require the Panel to reach a “Preliminary Decision” after the parties have submitted their briefs in an appeal. The Preliminary Decision is the Panel’s determination on the merits of the appeal based on the underlying record and the written arguments. It is not the Panel’s final decision, although it may become the final decision if the arguments made at hearing do not persuade the Panel to deviate from the written arguments.

The only statutory or regulatory directive for what is required of a preliminary decision is located in 16 CCR § 6007(a):

(a) After all briefs have been submitted to the Panel pursuant to section 6006, the Panel shall make a preliminary decision in the appeal based on the record. Once the Panel has reached its preliminary decision, the executive director shall notify all parties that the Panel is ready to enter its final order in accordance with section 6016. Each party shall have 20 days from the date they are served with the notice to submit a written request for a hearing to the Panel.

Rule 6007 is silent on how the Panel must reach the Preliminary Decision or whether the Panel must issue the Preliminary Decision to the parties. Thus, the Panel has discretion in the process it uses and whether it issues the decision to the parties.

Although CCAP was modeled after the Alcoholic Beverage Control Appeals Board (ABCAB), ABCAB does not have a similar process and they do not issue preliminary decisions. The closest analogy to the CCAP Rule 6007 preliminary decision is what is known as a *tentative ruling* used by California superior courts. A tentative ruling is a judge’s preliminary decision on a civil “law and motion” matter (such as a motion to compel, demurrer, or summary judgment). It’s issued in advance of the scheduled hearing, giving parties notice of the judge’s likely outcome and rationale. The policy behind tentative rulings is that they provide more insight into the decision-making process, streamline court proceedings, and guide parties in deciding whether oral argument is necessary.

This agenda item asks the Panel members to decide on the preliminary decision process for the Panel.

ANALYSIS:

ISSUE #1

In all appeals, after the parties have briefed the case and legal staff has analyzed the arguments and record below, legal staff prepares a recommendation memo for the Panel members. The recommendation memo is the main document that guides Panel members through the appeal and discusses the facts in the record, the applicable law, the arguments made by the parties, the findings and holdings of the decision below, and the recommended course of action for the Panel to take.

There are two scenarios for consideration.

In Scenario #1, the recommendation memo is distributed to Panel members along with the underlying administrative record and briefs. Panel members provide their feedback directly to the Chief Counsel without conferring with one another. Their input may range from a simple approval or disapproval to more detailed analysis. That feedback is then used to refine the recommendation memo into a preliminary decision, and the parties are informed accordingly.

Scenario #1

Advantages	Disadvantages
• Efficient • No meeting required (but could still hold one if needed) • Cuts down on length of appeal	• Lack of Panel deliberation and debate

In Scenario #2, the recommendation memo is also distributed to Panel members along with the underlying administrative record and briefs. Instead of providing individual feedback separately, Panel members convene in closed session at the next Panel meeting to discuss the memo, ask questions, and deliberate toward a consensus on the preliminary decision. The resulting discussion guides how the recommendation memo is refined into the preliminary decision, and the parties are notified.

Scenario #2

Advantages	Disadvantages
• Allows for robust discussion, deliberation, and questions • Panel members can direct staff on a more granular level regarding specific language/tone of preliminary decision • Session can be continued for multiple drafts, if necessary	• Requires Bagley-Keene compliant meeting • Adds to overall length of appeal, especially if prolonged drafting process is required • Potentially increased cost of appeals for all parties

ISSUE #2

The last issue for the Panel to consider is whether to disseminate the preliminary decision to the parties. Previously, the Panel issued the preliminary decision to the parties, thereby giving them notice, ahead of the oral arguments, as to what the Panel had concluded based on the record and written arguments.

The Panel may choose between two approaches:

1. Issuing the preliminary decision to the parties, allowing them to see the analysis and conclusions in advance; or
2. Informing the parties that a preliminary decision has been reached without disclosing the Panel's reasoning until after oral argument.

Advantages of Disclosing Preliminary Decision	Disadvantages
• More insight into the Panel's decision-making process • Guides/focuses oral arguments • May reduce number of hearings (not appeals) • Potential cost savings for appellants, and Department • Panel can still unilaterally set hearing for oral argument (e.g. to answer questions)	• May dissuade appellants from requesting oral argument, leading to more decisions reached without a hearing/oral argument • Panel members may feel locked-in to preliminary decision once issued • Thought process made public without benefit of deliberation on oral argument

BUDGET AND FISCAL IMPACTS:

For either scenario, any additional workload and related costs can be accommodated within existing resources at this time.

DECISIONS FOR CONSIDERATION:

1. Choose one of the two scenarios, or a combination thereof, or a new process altogether for how the Panel reaches a preliminary decision going forward.
2. Decide whether the Panel should issue the preliminary decision to the parties or simply notify them that a preliminary decision has been reached.

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AGENDA ITEM 7

Public Comments on
Items Not on the Agenda
(No Meeting Materials)

AGENDA ITEM 8

Future Agenda Items
(No Meeting Materials)

AGENDA ITEM 9

Adjournment

(No Meeting Materials)