

1 PEACE & SHEA LLP
Breton A. Peace (State Bar No. #250560)
2 2700 Adams Ave, Suite 204
3 San Diego, CA, 92116
4 Telephone: (619) 504-2424
Email: bret@peaceshea.com

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By Sophia Felix, Deputy Clerk

5 Attorney for Plaintiffs
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8 **SUPERIOR COURT OF CALIFORNIA**
9 **COUNTY OF SAN DIEGO CENTRAL DIVISION**
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11 Valley Greens Retail Outlet, Inc.; City Heights)
Greens, Inc.; CVCC Retail, Inc.; Honey Oil)
12 Collective; Imperial Greens Retail Outlet, Inc.;)
March and Ash Chula Vista, Inc.; March and Ash)
13 Imperial Beach, Inc.; March and Ash Nirvana,)
Inc.; March and Ash Sabre Springs, Inc.; CRFT)
14 Manufacturing, Inc.; Kind House Distribution,)
Inc.,)

15 Plaintiff(s),)
16)

17 v.)

18 Savage Enterprises, Cali Extrax LLC; Delta)
Extrax LLC; Hazy Extrax LLC; 3C LLC; Tre)
Wellness; Cookies Creative Consulting &)
19 Promotions, Inc.; Binoid LLC; Canably, Inc;)
Cutleaf Stores LLC; and DOES 1 through 1,000,)
20)

21 Defendant(s).)

Case No.: 37-2023-00041548-CU-BT-CTL

**COMPLAINT FOR DAMAGES AND
EQUITABLE RELIEF BASED ON
UNFAIR BUSINESS PRACTICES AND
FALSE ADVERTISING**

22 Plaintiffs, by and through attorney Breton A. Peace, of Peace & Shea LLP, hereby allege:
23

24 **I. INTRODUCTION**

25 1. The State of California (“State”) law requires that any person engaged in the cultivation,
26 distribution, transport, storage, manufacturing, processing and/or sale of cannabis products
27 (“commercial cannabis activities”) obtain a local authorization and State license to carry out any such
commercial cannabis activity. (Bus. & Prof. Code § 26055 *et seq.*)
28

1 2. At the State level, California’s Medicinal and Adult-Use Cannabis Regulation and Safety Act
2 establishes a “comprehensive system to control and regulate” the legal, licensed cultivation,
3 distribution, transport, storage, manufacturing, processing, distribution and sale of medicinal and
4 adult-use cannabis products. (Bus. & Prof. Code § 26000 *et seq.*)

5 3. At the local level, each of the jurisdictions in which Plaintiffs operate a cannabis retail outlet
6 providing delivery and/or storefront sales of cannabis products regulates commercial cannabis
7 activities or any other activity involving products containing THC (defined below). Specifically, the
8 City of Chula Vista, the City of Imperial, the City of Imperial Beach, the City of Vista and the City
9 of San Diego, regulate commercial cannabis activities, including placing strict requirements on
10 cannabis businesses within their respective jurisdiction, and requiring a local permit to engage in any
11 commercial cannabis activity including but not limited to the sale of any cannabis products to the
12 public. (Chula Vista Mun. Code § 5.19.010 *e. seq.*; Imperial Mun. Code § 90406.00 *et seq.*; Imperial
13 Beach Mun. Code § 4.60.010 *et seq.*; Vista Mun. Code § 5.95.010 *et seq.*; San Diego Mun. Code §
14 141.0504 *et seq.*)

15 4. Additionally, at the local level, each jurisdiction in which any Plaintiff cultivates, distributes,
16 transports, stores, manufactures, and/or processes cannabis products to licensed retail outlets also
17 places strict requirements to engage in these commercial cannabis activities within their jurisdiction.

18 5. Plaintiffs comply with these State and local laws and regulations pertaining to carrying out
19 commercial cannabis activities involving cannabis products in the State of California. Such
20 compliance includes without limitation (a) adherence to all health and safety requirements, (b)
21 compliance with restrictions on marketing and public disclosure of risks associated with use of
22 cannabis products on packaging and in other forums, (c) paying all special fees, taxes and other
23 governmental charges imposed by the State or local jurisdiction and required to be paid by any
24 cannabis business in connection with engaging in commercial cannabis activities, (d) complying with
25 State and federal employment and workplace laws including those specific to engaging in commercial
26 cannabis activities and (e) satisfying all licensing, permitting, reporting and similar responsibilities to
27 governmental authorities and the public.

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1 6. Businesses that are engaged in activities involving industrial or raw hemp products may apply
2 to the California Department of Public Health for a license to manufacture and sell “industrial hemp
3 products” or “raw hemp products” subject to the laws and regulations for the same and are not
4 required to comply with the laws and regulations for engaging in commercial cannabis activities
5 (Health & Safety Code § 11018.5 *et seq.*) This regulatory system for industrial and raw hemp products
6 provides a narrow carveout to the otherwise-applicable cannabis laws, which cannabis laws are
7 intended to comprehensively regulate products containing THC. It is a limited caveat for that reason
8 intended to support and promote agricultural activities in the State by allowing for the
9 commercialization of naturally derived products therefrom that do not have the psychoactive traits of
10 regulated cannabis products or the chemical composition of designer drugs.

11 7. Accordingly, under State law, industrial hemp is defined as the agricultural product that is
12 naturally derived from the cannabis plant (that is not chemically synthesized) and that contains no
13 more than 0.3% of the psychoactive compound delta-9 tetrahydrocannabinol – the compound
14 colloquially known as “THC”. (Health & Safety Code, §§ 11018.5(a); 111920(f).) Therefore, it is
15 illegal under State law to distribute or sell industrial hemp or raw hemp products that contain more
16 than 0.3% THC or are chemically synthesized. (Health & Safety Code, §§ 111921; 111925.2.) If an
17 industrial hemp or raw hemp product contains more than 0.3% THC, then the product falls outside
18 the definition of an industrial hemp product and is instead classified as a cannabis product subject to
19 the laws and regulations governing commercial cannabis activities and the criminal controlled
20 substances laws. Nonetheless, many bad actors distribute and/or sell industrial hemp products with
21 THC levels that far exceed 0.3% THC in and/or into the State in violation of these laws and
22 regulations, and market these products as “legal cannabis products.”

23 8. Additionally, if an industrial hemp or raw hemp product is chemically synthesized it does not
24 qualify as a legal industrial hemp or raw hemp product in the State and would be subject to other laws
25 and regulations designed to protect the public from the unregulated proliferation of designer drugs.¹
26 Nonetheless, many bad actors make, distribute and/or sell chemically synthesized industrial hemp
27

28 ¹ Chemically synthesized cannabinoids such as “THC-P” are not permitted at all in California and cannot be
manufactured or sold as legal cannabis products or a legal hemp product.

1 products in and/or into the State in violation of these laws and regulations, and market these products
2 as “legal cannabis products.”

3 9. Additional requirements must be complied with under State law to legally engage in industrial
4 hemp activities. As one example, industrial hemp or raw hemp products must be sold with a certificate
5 of analysis from an independent testing laboratory confirming compliance with these requirements.
6 (Health & Safety Code, §§ 111921(a)-(b); 111925(b).) Further, inhalable hemp products (as defined
7 in the regulation “Inhalable Hemp Products”) are strictly prohibited from sale in the State, a measure
8 put into place by the State to implement additional safeguards for the public. California Assembly
9 Bill 45 (“AB 45”) went into effect on October 6, 2021 (Bus. & Prof. Code § 26013.2; Health & Safety
10 Code §§ 11018.5, 100425, 110065, 110036, 110407, 110469, 110611, 111691, 111920 *et seq.*,
11 111921.6 and 113091.) As enacted, AB 45 specifically prohibits the sale of inhalable hemp products
12 in California. (Health & Safety Code, § 111921.6, subd. (a).) Nonetheless, many bad actors, including
13 Defendants, sell inhalable hemp products in and/or into California in direct violation of AB 45 as well
14 as other applicable laws and regulations. AB 45 also requires that hemp manufacturers “be able to
15 demonstrate that all parts of the plant used come from a state or country that has an established and
16 approved industrial hemp program, as defined, that inspects or regulates hemp under a food safety
17 program or equivalent criteria to ensure safety for human or animal consumption and that the
18 industrial hemp cultivator or grower is in good standing and compliance with the governing laws of
19 the state or country of origin.” (Health & Safety Code § 110469)²

20 10. Each Defendant has engaged in the following:

21 A. Manufacture, transport, storage, distribution and/or sale of industrial hemp products
22 with THC levels that far exceed 0.3% THC in and/or into the State; and

23 B. Manufacture, transport, storage, distribution and/or sale of chemically synthesized
24 industrial hemp products in and/or into the State; and

25 C. Manufacture, transport, storage, distribution and/or sale of Inhalable Hemp Products
26 in and/or into the State.

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28 ² To our knowledge after reasonable due diligence, none of the Defendants have demonstrated compliance with any such requirements.

1 Defendants have in most cases marketed these products as “legal cannabis products.”

2 As used in this complaint such industrial hemp products with more than 0.3% THC described
3 in clause (A) above, such industrial hemp products that are chemically synthesized described in clause
4 (B) above, and Inhalable Hemp Products described in clause (C) above are collectively referred to as
5 “Illegal Designer Drugs.”

6 11. Each Defendant has manufactured, transported, stored, distributed, and/or sold Illegal
7 Designer Drugs in and/or into the State that are expressly marketed as containing “Delta-8 THC”,
8 “Delta-9 THC”, “HHC” and/or similar variations of chemically synthesized THC at levels that far
9 exceed 0.3% THC and which are not naturally derived from hemp. Many of the Defendants have
10 manufactured, transported, stored, distributed, marketed and/or sold Illegal Designer Drugs that
11 contain total THC levels in excess of 50.0%, and even 78.1% (which is over 260 times the level of
12 THC allowable in legal hemp products under State law). Samples of products sold by certain
13 Defendants have over 72% THC-P, which has been demonstrated to have thirty-three (33) times more
14 psychoactive potency than naturally derived THC, meaning that such designer product effectively has
15 a 2,376% THC concentration in terms of psychoactive potency (which is 7,920 times the psychoactive
16 potency of the 0.3% THC limit on legal hemp products). This is particularly concerning given that
17 such synthesized chemicals have been demonstrated to pose serious health risks to the public
18 (including death), especially when consumed by minors (including children) and uninformed adults
19 who may already have underlying health risks.³

20 12. Defendants are knowingly creating and falsely advertising as “legal cannabis products” highly
21 intoxicating Illegal Designer Drugs and obtaining material financial gain from doing so. Defendants
22 are succeeding in doing so, in part, because: (a) Defendants are offering Illegal Designer Drugs at
23 lower prices than regulated cannabis products, which regulated products must internalize the costs,
24 fees and taxes required to comply with State and local laws and regulations for engaging in
25 commercial cannabis activities, (b) Defendants are offering Illegal Designer Drugs with much higher
26 weights of THC concentrate per unit than are allowable under State law for legal cannabis products

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³ See <https://www.fda.gov/consumers/consumer-updates/5-things-know-about-delta-8-tetrahydrocannabinol-delta-8-thc>

1 or legal industrial hemp products, (c) Defendants are actively marketing Illegal Designer Drugs in a
2 manner that is intended to confuse the public into believing they are safe “legal cannabis products”
3 while Defendants are not complying with State and local rules and regulations for engaging in
4 commercial cannabis and/or (d) Defendants likely believe the material financial gain to them from
5 doing so will outweigh any financial consequence from getting caught.

6 13. Each Defendant is engaging in the sale of these Illegal Designer Drugs while utilizing the very
7 State laws and regulations they violate to create consumer confusion and to drive demand by
8 advertising their Illegal Designer Drugs as legal cannabis products. As far as the consumer is aware,
9 these Illegal Designer Drugs comply with State and local health, safety and other requirements for
10 the manufacture and sale of cannabis products when in fact these Illegal Designer Drugs are being
11 manufactured and sold with no such controls or safeguards, including blatantly containing THC levels
12 that are over 260 times the safe legal limit established by the State for legal hemp products, and being
13 infused with a host of other harmful and undisclosed elements.

14 14. The actions of Defendant Cookies Creative Consulting & Promotions, Inc. (“Cookies”) are
15 particularly flagrant because Cookies or its affiliate(s) hold State licenses and local permits to engage
16 in commercial cannabis activities within the State’s comprehensive system for cannabis products.
17 Cookies nonetheless manufactures and/or causes the manufacture, distributes, markets and sells
18 Illegal Designer Drugs in California, including utilizing its web platform for the sale of regulated
19 cannabis products to do so. Orders made on Defendant’s website for Illegal Designer Drugs were
20 fulfilled including sales of products in the State containing highly psychoactive compounds such as
21 THCa (when heated), Delta 9 THC and Delta 8 THC.

22 15. Defendants’ basis for freely creating and selling to the California public Illegal Designer
23 Drugs is a perceived “loophole” in the 2018 Farm Bill, a federal law.⁴ Defendants’ own recent
24

25 ⁴ The Agriculture Improvement Act of 2018, commonly known as the 2018 Farm Bill (the “Farm Bill”), legalized the
26 growth and sale of hemp. The Farm Bill defines hemp as “the plant *Cannabis sativa* L. and any part of that plant, including
27 the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing
28 or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis” (Agriculture
Improvement Act of 2018, Pub. L. No. 115-334 (2018)). The intent of the Farm Bill was to provide hemp farmers with
avenues toward commercialization of non-psychoactive hemp products, hence the restriction on delta-9
tetrahydrocannabinol (or THC) concentrations. However, certain bad actors soon thereafter began manufacturing,

1 marketing demonstrates they are aware that even where this “loophole” under federal law exists (and
2 it does not⁵), it would not shield Defendants from compliance with the laws and regulations of the
3 State. While we address the perceived loophole in this complaint to inform the Court on background,
4 Plaintiffs’ claims are limited to the bright line violations of State law engaged in by Defendants.

5 16. Defendants have brazenly flooded the California marketplace with these highly intoxicating
6 and chemically synthesized Illegal Designer Drugs with the intention to evade and undermine
7 California’s comprehensive system to control and regulate cannabis products. In doing so, Defendants
8 have harmed and taken advantage of businesses operating within the State’s regulated system. Illegal
9 Designer Drugs almost always cause psychoactive and/or intoxicating effects, are often marketed to
10 mislead and confuse consumers into believing they are “legal cannabis products”, often utilize
11 falsified lab testing results, often contain levels of psychoactive compounds that are illegal under
12 State law for both regulated cannabis products and industrial hemp products, and in many cases are
13 targeted towards persons under the ages of 21.⁶

14 17. Businesses such as Plaintiffs acting in compliance with State and local laws and regulations
15 cannot compete with these bad actors because it is neither legal nor safe to make or sell the products
16 made and sold by Defendants. The State of California through the California Department of Tax and
17 Fee Administration (“CDTFA”) in June of 2023 announced that excise tax collections from the sale

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20 distributing, advertising and selling intoxicating hemp (as defined in the Farm Bill) products based on a supposed
21 “loophole” in the Farm Bill generally premised upon three (3) self-serving misinterpretations. First, the phrase “all
22 derivatives” is currently being misinterpreted by such bad actors to mean to encompass any compound that can
23 theoretically be chemically synthesized from hemp (as defined in the Farm Bill) including wholly novel compounds not
24 found in the plant in commercially meaningful quantities (if at all). Second, the phrase, “whether growing or not” is being
25 misconstrued by such bad actors to mean that the THC concentration limit applies to the plant biomass and the final
26 product. Lastly, the Farm Bill omission of tetrahydrocannabinolic acid (“THCA”) (a natural compound that converts to
27 THCA when heated or combusted) is being misconstrued by such bad actors to mean that the Farm Bill restriction on
28 THC levels applies only insofar as the “hemp” product is not heated to a level where a chemical reaction transforms
THCA into THC. Defendants have exploited this perceived “loophole” with increasing aggression and blatant disregard
for laws, regulations and public health. Justin Jounay, Chief Executive Officer of Defendant 3Chi (defined below)
recently testified on record in a legal proceeding that if heroin could be synthesized from hemp (as defined in the Farm
Bill), that such heroin would be legal.

⁵ On February 13, 2023, the U.S. Drug Enforcement Agency clarified the control status under the Controlled Substances
Act (the “CSA”) of THC acetate ester by concluding that delta 9 THCO and delta 8 THCO are Schedule 1 Substances.
(U.S. Department of Justice, Drug Enforcement Agency to Rod Knight RE: control status under Controlled Substances
Act of THC acetate ester (THCO). dated February 13, 2023).

⁶ For example, Defendant Binoid (as defined in paragraph 30 subsection (A)) provides this information on its website
(<https://www.binoidcbd.com/>).

1 of legal cannabis products in the State dropped by 20.5% between the first quarter of 2021 and the
2 first quarter of 2023. The CDTFA also reported that California’s legal cannabis market continues to
3 shrink with total cannabis sales in the first quarter of 2023 down 1.4% from the prior quarter,
4 continuing a multi-year downward trend despite expansion of commercial cannabis permits and
5 licenses. There is a direct correlation between the explosion of Illegal Designer Drugs that are
6 flooding California communities from Defendants and other bad actors, and the downward spiral of
7 the nascent legal cannabis industry, including the significant negative economic impacts incurred by
8 Plaintiffs.

9 18. This complaint seeks to prevent Defendants’ manufacture and/or sale of Illegal Designer
10 Drugs in and/or into California, and justly compensate Plaintiffs, respectively, for the economic and
11 reputational harm caused to Plaintiffs’ California licensed commercial cannabis businesses as a result
12 of such illegal actions taken by Defendants.

13 **II. PARTIES**

14 19. PLAINTIFF Valley Greens Retail Outlet, Inc., is a corporation organized and existing under
15 the General Corporation Law of California; does business in the County of San Diego under the
16 fictitious business name “March and Ash”; and operates a licensed commercial cannabis retail outlet
17 pursuant to California’s Department of Cannabis Control (“DCC”) license no. C10-0000076-LIC and
18 a permit to engage in commercial cannabis activities issued by the City of San Diego (“VGRO”).

19 20. PLAINTIFF City Heights Greens, Inc., is a corporation organized and existing under the
20 General Corporation Law of California; does business in the County of San Diego under the fictitious
21 business name “March and Ash”; and operates a licensed commercial cannabis retail outlet pursuant
22 to DCC license no. C10-0000778-LIC and a permit to engage in commercial cannabis activities issued
23 by the City of San Diego (“CHG”).

24 21. PLAINTIFF CVCC Retail, Inc., is a corporation organized and existing under the General
25 Corporation Law of California; does business in the County of San Diego under the fictitious business
26 name “Pacabol”; and operates a licensed commercial cannabis retail outlet pursuant to DCC license
27 no. C10-0001136-LIC and a permit to engage in commercial cannabis activities issued by the City of
28 Chula Vista (“CVCC”).

1 22. PLAINTIFF Honey Oil Collective is a nonprofit mutual benefit corporation organized and
2 existing under the General Corporation Law of California; does business in the County of San Diego
3 under the fictitious business name “March and Ash”; and operates a licensed commercial cannabis
4 retail outlet pursuant to DCC license no. C10-0000636-LIC and a permit to engage in commercial
5 cannabis activities issued by the City of Chula Vista (“HOC”).

6 23. PLAINTIFF Imperial Greens Retail Outlet, Inc., is a corporation organized and existing under
7 the General Corporation Law of California; does business in the County of Imperial under the
8 fictitious business name “March and Ash”; and operates a licensed commercial cannabis retail outlet
9 pursuant to DCC license no. C10-0000541-LIC and a permit to engage in commercial cannabis
10 activities issued by the City of Imperial (“IGRO”).

11 24. PLAINTIFF March and Ash Chula Vista, Inc., is a corporation organized and existing under
12 the General Corporation Law of California; does business in the County of San Diego under the
13 fictitious business name “March and Ash”; and operates a licensed commercial cannabis retail outlet
14 pursuant to DCC license no. C10-0000908-LIC and a permit to engage in commercial cannabis
15 activities issued by the City of Chula Vista (“MACV”).

16 25. PLAINTIFF March and Ash Imperial Beach, Inc., is a corporation organized and existing
17 under the General Corporation Law of California; does business in the County of San Diego under
18 the fictitious business name “March and Ash”; and operates a licensed commercial cannabis retail
19 outlet pursuant to DCC license no. C10-0000984-LIC and a permit to engage in commercial cannabis
20 activities issued by the City of Imperial Beach (“MAIB”).

21 26. PLAINTIFF March and Ash Nirvana, Inc., is a corporation organized and existing under the
22 General Corporation Law of California; does business in the County of San Diego under the fictitious
23 business name “March and Ash”; and operates a licensed commercial cannabis retail outlet pursuant
24 to DCC license no. C10-0000887-LIC and a permit to engage in commercial cannabis activities issued
25 by the City of Chula Vista (“MAN”).

26 27. PLAINTIFF March and Ash Sabre Springs, Inc., is a corporation organized and existing under
27 the General Corporation Law of California; does business in the County of San Diego under the
28 fictitious business name “March and Ash”; and operates a licensed commercial cannabis retail outlet

1 pursuant to DCC license no. C10-0001266-LIC and a permit to engage in commercial cannabis
2 activities issued by the City of San Diego (“MASS”).

3 28. PLAINTIFF Kind House, Inc., is a corporation organized and existing under the General
4 Corporation Law of California; does business throughout the State of California; and operates a
5 licensed commercial cannabis distribution business pursuant to DCC license no. C11-0000937-LIC
6 distributing legal cannabis products to licensed cannabis retailers throughout the State of California
7 (“KHD”).

8 29. PLAINTIFF CRFT Manufacturing, Inc., is a corporation organized and existing under the
9 General Corporation Law of California; does business throughout the State of California; and operates
10 a licensed commercial cannabis manufacturing business pursuant to DCC license no. CDPH-
11 10002270 manufacturing legal cannabis products that are distributed and sold throughout the State
12 (“CRFT”).

13 30. PLAINTIFFS are informed and believe and, on that basis, allege as follows:

14 A. Defendant Savage Enterprises (“Savage”) is a corporation organized and existing
15 under the General Business Entity and Corporation Law of the State of Wyoming; and does business
16 in the State of California including but not limited to the County of San Diego and the County of
17 Imperial.

18 B. Defendant Cali Extrax LLC (“Cali”) is a limited liability company organized and
19 existing under the General Business Entity and Corporation Law of the State of Wyoming; and does
20 business in the State of California including but not limited to the County of San Diego and the County
21 of Imperial.

22 C. Defendant Hazy Extrax LLC (“Hazy”) is a limited liability company organized and
23 existing under the General Business Entity and Corporation Law of the State of Wyoming; and does
24 business in the State of California including but not limited to the County of San Diego and the County
25 of Imperial.

26 D. Defendant Delta Extrax LLC (“Delta”) is a limited liability company organized and
27 existing under the General Corporation Law of California; and does business in the State of California
28 including but not limited to the County of San Diego and the County of Imperial.

1 E. Defendant 3C LLC (“3Chi”) is a limited liability company organized and existing
2 under the General Corporation Law of California; does business under the fictitious business name
3 “3 Chi”; and does business in the State of California including but not limited to the County of San
4 Diego and the County of Imperial.

5 F. Defendant Tre Wellness (“Trehouse”) is a corporation organized and existing under
6 the General Corporation Law of California; does business under the fictitious business name
7 “Trehouse”; and does business in the State of California including but not limited to the County of
8 San Diego and the County of Imperial.

9 G. Defendant Cookies Creative Consulting & Promotions, Inc. (“Cookies”) is a
10 corporation organized and existing under the General Corporation Law of California and does
11 business in the State of California including but not limited to the County of San Diego and the County
12 of Imperial.

13 H. Defendant Binoid LLC (“Binoid”) is a limited liability company organized and
14 existing under the General Corporation Law of California; and does business in the State of California
15 including but not limited to the County of San Diego and the County of Imperial.

16 I. Defendant Cutleaf Stores LLC (“Cutleaf”) is a limited liability company organized
17 and existing under the General Corporation Law of California; does business under the fictitious
18 business name “Cutleaf”; and does business in the State of California including but not limited to the
19 County of San Diego and the County of Imperial.

20 J. Defendant Canably, Inc (“Canably”) is a corporation organized and existing under the
21 General Corporation Law of California and does business in the State of California including but not
22 limited to the County of San Diego and the County of Imperial.

23 K. Defendants DOES 1 through 1,000 are business entities; and do business in the State
24 of California including but not limited to the County of San Diego and the County of Imperial. The
25 true names and capacities of the Defendants sued herein as Does 1 through 1,000 are unknown to
26 PLAINTIFFS, which therefore sue them by such fictitious names. PLAINTIFFS will amend this
27 complaint to allege the true names and capacities of the fictitiously named Defendants when they
28

1 have been determined. Each of the fictitiously named Defendants is responsible in some manner for
2 the conduct alleged herein.

3 31. Whenever reference is made in this complaint to “Defendants”, such reference, unless
4 otherwise specified, includes the Defendants named above. References made to one or more
5 specifically identified Defendants do not include Defendants not identified within the same reference.

6 **III. JURISDICTION**

7 32. This Court has jurisdiction pursuant to the California Constitution Article VI, section 10
8 because this case is a cause not given by statute to other trial courts.

9 33. This Court has jurisdiction over Defendants because Defendants named above are business
10 entities that do sufficient business in California, or otherwise have sufficient minimum contacts in
11 California, to render the exercise of jurisdiction over them by the courts of California consistent with
12 the traditional notions of fair play and substantial justice.

13 34. Venue is proper in this Court because this cause, or part thereof, arises in the County of San
14 Diego wherein one or more Defendants do business.

15 **IV. FACTS**

16 35. PLAINTIFFS are informed and believe and, on that basis, allege the facts below.

17 36. Defendant Savage has and/or does: manufacture, distribute, market and/or sell Illegal
18 Designer Drugs in and/or into the State of California including but not limited to the County of San
19 Diego and the County of Imperial, including Illegal Designer Drugs branded under Defendant’s Cali,
20 Delta and Hazy’s brand names.

21 37. Defendant Cali has and/or does: manufacture, distribute, market and/or sell Illegal Designer
22 Drugs in and/or into the State of California including but not limited to the County of San Diego and
23 the County of Imperial, including but not limited to direct sales to consumers through its website
24 (<https://caliextrax.com/>) and sales to third party retailers. True and correct copies of certain web pages
25 of Defendant Cali’s website are attached hereto as Exhibit 1.

26 38. Defendant Delta has and/or does: manufacture, distribute, market and/or sell Illegal Designer
27 Drugs in and/or into the State of California including but not limited to the County of San Diego and
28 the County of Imperial including but not limited to direct sales to consumers through its website

1 (<https://www.deltaextrax.com/>) and sales to third party retailers. True and correct copies of certain
2 web pages of Defendant Delta's website are attached hereto as Exhibit 2.

3 39. Defendant Hazy has and/or does: manufacture, distribute, market and/or sell Illegal Designer
4 Drugs in and/or into the State of California including but not limited to the County of San Diego and
5 the County of Imperial including direct sales to consumers through its website (hazyextrax.com) and
6 sales to third party retailers. True and correct copies of certain web pages of Defendant Hazy's website
7 are attached hereto as Exhibit 3.

8 40. Defendant 3Chi has and/or does: manufacture, distribute, market and/or sell Illegal Designer
9 Drugs in and/or into the State of California including but not limited to the County of San Diego and
10 the County of Imperial including direct sales to consumers through its website
11 (<https://www.3chi.com/>) and sales to third party retailers. True and correct copies of certain web pages
12 of Defendant 3Chi's website are attached hereto as Exhibit 4.

13 41. Defendant Trehouse has and/or does: manufacture, distribute, market and/or sell Illegal
14 Designer Drugs in and/or into the State of California including but not limited to the County of San
15 Diego and the County of Imperial including but not limited to direct sales to consumers through its
16 website (<https://trehouse.com/>) and sales to third party retailers. True and correct copies of certain
17 web pages of Defendant Trehouse's website are attached hereto as Exhibit 5.

18 42. Defendant Cookies has and/or does: manufacture, distribute, market and/or sell Illegal
19 Designer Drugs in and/or into the State of California including but not limited to the County of San
20 Diego and the County of Imperial including but not limited to direct sales to consumers through its
21 website (<https://shop.cookies.co/>) and sales to third party retailers. True and correct copies of certain
22 web pages of Defendant Cookies' website are attached hereto as Exhibit 6.

23 43. Defendant Binoid has and/or does: manufacture, distribute, market and/or sell Illegal Designer
24 Drugs in and/or into the State of California including but not limited to the County of San Diego and
25 the County of Imperial including but not limited to direct sales to consumers through its website
26 (<https://www.binoidcbd.com/>) and sales to third party retailers. True and correct copies of certain web
27 pages of Defendant Binoid's website are attached hereto as Exhibit 7.

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1 44. Defendant Cutleaf has and/or does: manufacture, distribute, market and/or sell Illegal
2 Designer Drugs in and/or into the State of California including but not limited to the County of San
3 Diego and the County of Imperial including but not limited to direct sales to consumers through its
4 website (<https://cutleafstore.com/shop/>) and its physical retail storefront located at 3275 Adams Ave
5 # B, San Diego, CA 92116 and sales to third party retailers. True and correct copies of certain web
6 pages of Defendant Cutleaf's website are attached hereto as Exhibit 8. Examples of products and
7 marketing for these products sold by Cutleaf at its unpermitted retail storefront in the City of San
8 Diego include:

9 A. Gummy edibles with 30 milligrams of THC in each gummy and 120 milligrams of
10 THC in the package (3 times the THC concentrate weight allowed in a gummy serving in the State
11 (10 milligrams) and 1.2 times the THC concentrate weight allowed in a gummy package in the State
12 (100milligrams) for legal cannabis products⁷);

13 B. Vaporizer pens with 5 grams of concentrate and an unspecified level of THC (5 times
14 the THC concentrate weight allowed in a vape cartridge in the State (1,000 milligrams or 1 gram) for
15 legal cannabis products⁷); and

16 C. Pre rolled cannabis joints with THCA.

17 In each case the packaging of the products listed in A through C above have lettering stating
18 that the product is "LEGAL CANNABIS". True and correct photos of such products are attached
19 hereto as Exhibit 9.

20 45. Defendant Canably has and/or does: manufacture, distribute, market and/or sell Illegal
21 Designer Drugs in and/or into the State of California including but not limited to the County of San
22 Diego and the County of Imperial including but not limited to direct sales to consumers through its
23 website (<https://www.canably.com/>) and its physical retail storefront located at 2971 India St, San
24 Diego, CA 92103 and sales to third party retailers. True and correct copies of certain web pages of
25
26

27
28 ⁷ Under State law cannabis products such as gummies cannot contain more than 10 milligrams (MG) of THC per serving (e.g., gummy piece) or 100 milligrams per package and cannabis concentrates (like those typically comprising vape pens) cannot contain more than 1,000 milligrams of THC per vape cartridge (Cal. Code Regs. Tit. 4 § 17304).

1 Defendant Canably’s website are attached hereto as Exhibit 10. Examples of products and marketing
2 for these products sold by Canably at its unpermitted retail storefront in the City of San Diego include:

3 A. Gummy edibles with 175 milligrams of THC in each gummy, and 3500 milligrams of
4 THC in the package (17.5 times the THC concentrate weight allowed in a gummy serving in the State
5 (10mg) and 35 times the THC concentrate weight allowed in a gummy package in the State (100mg)
6 for legal cannabis products⁷);

7 B. Vaporizer pens with up to 3.5 grams of inhalable product and an unspecified
8 concentration of THC (3.5 times the THC concentrate weight allowed in a vape cartridge in the State
9 (1,000mg or 1 gram) for legal cannabis products⁷); and

10 C. Vaporizer pens with up to 3.5 grams of inhalable product and without any labeling as
11 to the chemicals contained in the product.

12 In each case the packaging of the products listed in A through C above have lettering stating
13 that: “THIS PRODUCT IS IN COMPLIANCE WITH SECTION 10113 OF THE 2018 FARM BILL
14 AND CONTAINS <.3% DELTA 9 THC”. True and correct photos of such products are attached
15 hereto as Exhibit 11. Among other many dozens of products sold by Canably are: (A) the “Hydoze
16 Delta 8 Gummies 1500mg” described on the Canably website as follows: “100MG [THC] per piece.
17 15 pieces of delicious hemp harvested Delta 8 gummies” and (B) the “Torch Burnedout Blend THCA
18 Disp. Vape 3.5gr” described on the Canably website as follows: “Shop Torch Burnout Blend Black
19 Series Disposable 3.5g, featuring a blend of cannabinoids in a blacked out vape pen for added style.
20 Unveiling smooth, enjoyable flavors and a blend of cannabinoids that will leave you with euphoric
21 effects. Within the device is a 3.5-gram cannabinoid combination of THC-M, THC-A, THC-P, and
22 strain-specific terpenes.”

23 46. Defendants DOES 1 – 1,000 have and/or do: manufacture, distribute, market and/or sell Illegal
24 Designer Drugs in and/or into the State of California including but not limited to the County of San
25 Diego and the County of Imperial, or otherwise cause and aid and benefit from causing and aiding
26 other Defendants in the manufacture, distribute, market and/or sell Illegal Designer Drugs in and/or
27 into the State of California including but not limited to the County of San Diego and the County of
28 Imperial.

1 47. The exact dates, amounts, identities, and purchasers of the Illegal Designer Drugs
2 manufactured, distributed, marketed and/or sold in retail by the Defendants, respectively, will be
3 determined during discovery and, as applicable, at trial.

4
5 **FIRST CAUSE OF ACTION**

6 **Violations of Unfair Competition Law, BUS. & PROF. CODE § 17200 *et seq.***

7 **(Against All Defendants)**

8 48. The preceding allegations in this pleading are fully incorporated into this paragraph.

9 49. At all times relevant to this lawsuit, Business and Professions Code Section 17200 (“Section
10 17200”) has provided as follows: “As used in this chapter, unfair competition shall mean and include
11 any unlawful, unfair or fraudulent business act or practice and unfair, deceptive, untrue or misleading
12 advertising and any act prohibited by Chapter 1 (commencing with Section 17500) of Part 3 of
13 Division 7 of the Business and Professions Code.”)

14 50. At all times relevant to this lawsuit, Business and Professions Code Section 17201 (“Section
15 17201”) has provided as follows: “As used in this chapter, the term person shall mean and include
16 natural persons, corporations, firms, partnerships, joint stock companies, associations and other
17 organizations of persons.”

18 51. At all times relevant to this lawsuit, Business and Professions Code Section 17203 (“Section
19 17203”) has provided as follows: “Any person who engages, has engaged, or proposes to engage in
20 unfair competition may be enjoined in any court of competent jurisdiction. The court may make such
21 orders or judgments, including the appointment of a receiver, as may be necessary to prevent the use
22 or employment by any person of any practice which constitutes unfair competition, as defined in this
23 chapter, or as may be necessary to restore to any person in interest any money or property, real or
24 personal, which may have been acquired by means of such unfair competition.”

25 52. At all times relevant to this lawsuit, Business and Professions Code Section 17205 has
26 provided as follows: “Unless otherwise expressly provided, the remedies or penalties provided by this
27 chapter are cumulative to each other and to the remedies or penalties available under all other laws of
28 this state.”

1 53. PLAINTIFFS are informed and believe and, on that basis, allege as follows:

2 A. Each of the Defendants is a “person” within the meaning of Sections 17201 and 17203.

3
4 B. Each of the Defendants has (within the last four years⁸), and/or is currently, engaged
5 in conduct proscribed by Sections 17200 and 17203.

6 C. Each of the Defendants has (within the last four years) obtained, and/or is currently
7 obtaining, money as a result of conduct proscribed by Sections 17200 and 17203.

8 54. PLAINTIFFS have lost, and continue to lose, money as a result of the Defendants’ unfair
9 competition; and thus PLAINTIFFS have suffered, and continue to suffer, injuries in fact as a result
10 of the Defendants’ unfair competition.

11 **SECOND CAUSE OF ACTION**

12 **Violations of False Advertising Law, BUS. & PROF. CODE § 17500 *et seq.***

13 **(Against All Defendants)**

14 55. The preceding allegations in this pleading are fully incorporated into this paragraph.

15 56. At all times relevant to this lawsuit, Business and Professions Code Section 17500 (“Section
16 17500”) has provided as follows: “It is unlawful for any person, firm, corporation or association, or
17 any employee thereof with intent directly or indirectly to dispose of real or personal property or to
18 perform services, professional or otherwise, or anything of any nature whatsoever or to induce the
19 public to enter into any obligation relating thereto, to make or disseminate or cause to be made or
20 disseminated before the public in this state, or to make or disseminate or cause to be made or
21 disseminated from this state before the public in any state, in any newspaper or other publication, or
22 any advertising device, or by public outcry or proclamation, or in any other manner or means
23 whatever, including over the Internet, any statement, concerning that real or personal property or
24 those services, professional or otherwise, or concerning any circumstance or matter of fact connected
25 with the proposed performance or disposition thereof, which is untrue or misleading, and which is
26 known, or which by the exercise of reasonable care should be known, to be untrue or misleading, or
27

28 _____
⁸ See BUS. & PROF. CODE § 17208.

1 for any person, firm, or corporation to so make or disseminate or cause to be so made or disseminated
2 any such statement as part of a plan or scheme with the intent not to sell that personal property or
3 those services, professional or otherwise, so advertised at the price stated therein, or as so advertised.
4 Any violation of the provisions of this section is a misdemeanor punishable by imprisonment in the
5 county jail not exceeding six months, or by a fine not exceeding two thousand five hundred dollars
6 (\$2,500), or by both that imprisonment and fine.”

7 57. At all times relevant to this lawsuit, Business and Professions Code Section 17502 has
8 provided as follows: “This article does not apply to any visual or sound radio broadcasting station, to
9 any internet service provider or commercial online service, or to any publisher of a newspaper,
10 magazine, or other publication, who broadcasts or publishes, including over the Internet, an
11 advertisement in good faith, without knowledge of its false, deceptive, or misleading character.”

12 58. At all times relevant to this lawsuit, Business and Professions Code Section 17505 (“Section
13 17505”) has provided as follows: “No person shall state, in an advertisement of his goods, that he is
14 a producer, manufacturer, processor, wholesaler, or importer, or that he owns or controls a factory or
15 other source of supply of goods, when such is not the fact, and no person shall in any other manner
16 misrepresent the character, extent, volume, or type of his business.”

17 59. At all times relevant to this lawsuit, Business and Professions Code Section 17506 (“Section
18 17506”) has provided as follows: “As used in this chapter, ‘person’ includes any individual,
19 partnership, firm, association, or corporation.”

20 60. At all times relevant to this lawsuit, Business and Professions Code Section 17534 has
21 provided as follows: “Any person, firm, corporation, partnership or association or any employee or
22 agent thereof who violates this chapter is guilty of a misdemeanor.”

23 61. At all times relevant to this lawsuit, Business and Professions Code Section 17534.5 has
24 provided as follows: “Unless otherwise expressly provided, the remedies or penalties provided by this
25 chapter are cumulative to each other and to the remedies or penalties available under all other laws of
26 this state.”

27 62. At all times relevant to this lawsuit, Business and Professions Code Section 17535 has
28 provided as follows: “Any person, corporation, firm, partnership, joint stock company, or any other

1 association or organization which violates or proposes to violate this chapter may be enjoined by any
2 court of competent jurisdiction. The court may make such orders or judgments, including the
3 appointment of a receiver, as may be necessary to prevent the use or employment by any person,
4 corporation, firm, partnership, joint stock company, or any other association or organization of any
5 practices which violate this chapter, or which may be necessary to restore to any person in interest
6 any money or property, real or personal, which may have been acquired by means of any practice in
7 this chapter declared to be unlawful. Actions for injunction under this section may be prosecuted by
8 the Attorney General or any district attorney, county counsel, city attorney, or city prosecutor in this
9 state in the name of the people of the State of California upon their own complaint or upon the
10 complaint of any board, officer, person, corporation or association or by any person who has suffered
11 injury in fact and has lost money or property as a result of a violation of this chapter. Any person may
12 pursue representative claims or relief on behalf of others only if the claimant meets the standing
13 requirements of this section and complies with Section 382 of the Code of Civil Procedure, but these
14 limitations do not apply to claims brought under this chapter by the Attorney General, or any district
15 attorney, county counsel, city attorney, or city prosecutor in this state.”

16 63. PLAINTIFFS are informed and believe and, on that basis, allege as follows:

17 A. Each of the Defendants is a “person” within the meaning of Sections 17500, 17505,
18 and 17506.

19 B. Each of the Defendants has (within the last three years) has, and/or is currently,
20 engaged in conduct proscribed by Sections 17500 and/or 17505.

21 C. Each of the Defendants has (within the last three years) obtained, and/or is currently
22 obtaining, money as a result of conduct proscribed by Sections 17500 and/or 17505.

23 64. PLAINTIFFS have each lost, and continue to lose, money as a result of the Defendants’ unfair
24 competition; and thus, PLAINTIFFS have suffered, and continue to suffer, injuries in fact as a result
25 of the Defendants’ unfair competition.

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28 ///

1 **V. PRAYER FOR RELIEF**


2 FOR ALL AFOREMENTIONED REASONS, PLAINTIFFS respectfully pray for the
3 following relief against all Defendants (and any and all other parties who may oppose PLAINTIFFS
4 in this lawsuit) jointly and severally and to the maximum extent available by law:

- 5 A. General damages according to proof;
- 6 B. Special damages according to proof;
- 7 C. Punitive damages according to proof;
- 8 D. Treble damages according to proof;
- 9 E. Declaratory relief;
- 10 F. Provisional and/or permanent injunctive relief;
- 11 G. Specific relief, preventative relief or both in order to enforce a penalty, forfeiture or penal
12 law as authorized by Business and Professions Code Section 17202;
- 13 H. Disgorgement of Defendants’ illegal profits and nontangible economic gain (e.g., revocation
14 of trademarks);
- 15 I. Any and all attorney fees and other court costs incurred by PLAINTIFFS in connection with
16 this lawsuit; and
- 17 J. Any and all further relief that this Court may deem appropriate.

18
19 Date: September 14, 2023

Respectfully submitted,

20
21 PEACE & SHEA LLP

22 
23 _____

24 By: Breton A. Peace
25 Attorney for Plaintiffs
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27
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