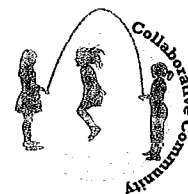


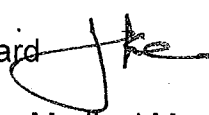


**COUNTY OF SAN MATEO**  
**Inter-Departmental Correspondence**  
License Board



**DATE:** June 1, 2010  
**BOARD MEETING DATE:** June 8, 2010  
**SPECIAL NOTICE/HEARING:** Notice to appellant  
**VOTE REQUIRED:** Majority

**TO:** Honorable Board of Supervisors

**FROM:** Jim Eggemeyer, Chair, License Board 

**SUBJECT:** Appeal from Denial of Application for Medical Marijuana Collective License, 2305 Carlos Street, Suite A, Moss Beach (Applicant: Ruben F. Muniz)

**RECOMMENDATION:**

Conduct a hearing on Ruben Muniz' appeal from the denial of his application for a license to operate a medical marijuana collective at 2305 Carlos Street, Suite A, Moss Beach.

**BACKGROUND:**

State law (the Compassionate Use Act "Prop 215" and the Medical Marijuana Program Act of 2004, the "MMPA") provides a limited defense to criminal prosecution for those who "collectively cultivate" medical marijuana. The MMPA permits local government to regulate the collective cultivation of medical marijuana consistent with state law.

Based on the authority of the MMPA, in May 2009, the Board of Supervisors adopted an ordinance requiring that medical marijuana collectives in the unincorporated area obtain a license issued by the County License Board. To grant a license, the License Board must make specific findings, some of which relate to land use issues, and others of which relate to law enforcement issues. In deciding whether to issue a license, the License Board relies on information collected by and recommendations of the Planning and the Sheriff's Office.

One finding that the License Board is required to make before a license can be issued is whether the applicant actually meets the state law criteria of a medical marijuana collective. While there is no precise definition of a collective, it is acknowledged that in order to receive the limited defense to prosecution provided by the MMPA, the members of the collective must come together and work on some aspect of cultivating and distributing marijuana for medical purposes. The members' tasks may include cultivation, manufacturing, selling, preparing, transportation, real estate management, administration. The members must make a meaningful contribution to the day-to-day activities of the collective and cooperative. If a small number of members conduct the

day-to-day work of the collective, and a large number of members merely purchase marijuana, the balance of the concern overwhelmingly tips in favor of curbing potential abuse. While the law does not specify a precise ratio of workers to members, if the relationships between the various members become too attenuated, the potential for abuse becomes too great, and clearly outweighs any public benefit in providing access for medical marijuana. The application for a medical marijuana collective license was intentionally and carefully designed to elicit sufficient information to enable the License Board to make this important finding.

The County's business license ordinance provides for an appeal of a decision (in this case a denial) of a County business license to the Board of Supervisors.

#### **DISCUSSION:**

Ruben Muniz applied for a license to operate the Blue Heaven medical marijuana collective at 2305 Carlos Street, Suite A, Moss Beach. Following extensive research by the Planning and Building Department and the Sheriff's Office, the License Board denied the application on May 17, 2010. A copy of the License Board decision letter is attached as Attachment A.

The denial was based on the applicant's non-compliance with Ordinance Code sections 5.148.030 (requires a primary caregiver to maintain and provide an up to date list of persons for whom the caregiver provides service); 5.148.040 (requires a finding that the applicant meets the criteria of a medical marijuana collective); and 5.148.050 (requires a finding that the requested use at the proposed location will not adversely affect the use of any property used for a school, playground, park, youth facility, child care facility, place of religious worship, or library).

Mr. Muniz' appeal was received by the Clerk of the Board of Supervisors on May 24, 2010. A copy of Mr. Muniz' appeal is attached as Attachment B. Mr. Muniz appeals on the ground that the decision was not supported by substantial evidence, that the decision is inconsistent with Prop. 215 and the MMPA, that the decision is vague, that the requirement of a patient list violates the right to confidentiality, that he will provide a patient list if certain protections are provided, and that the definition of "collective" used by the License Board was too restrictive.

We have provided all information considered by the License Board for your Board's "de novo" consideration. This information is contained in Attachment C, and includes reports prepared by the Planning and Building Department and the Sheriff's Office. Additional evidence became available since the license Board's denial of the license. This evidence, consisting of the results of background check of one of Mr. Muniz' employees and a newspaper article that refers to Mr. Muniz selling marijuana laced edibles, is discussed in Attachment D.

The hearing of this appeal will contribute to the Shared Vision 2025 outcome of a Healthy Community by providing opportunities for medical marijuana for those who collectively cultivate it consistent with state law, or by denying licenses to those who do not meet the state law criteria of collective cultivation.

**FISCAL IMPACT:**

None.

Attachments:

- A. Notification of Final License Board Decision and Denial of the Business License;
- B. Notice of Appeal to Board of Supervisors filed by Ruben Muniz and Blue Heaven Collective Corp.,
- C. Material submitted to the License Board at its hearings of February 23, 2010 and May 17, 2010;
- D. May 28, 2010, Letter from David A. Silberman, Deputy County Counsel to R. Zachary Wasserman regarding additional information.

Attachment “A”



## **SAN MATEO COUNTY LICENSE BOARD**

Jim Eggemeyer  
Dean D. Peterson  
Lieutenant Steve Shively  
Portor Goltz

Planning & Building Department  
Environmental Health Svcs. Div.  
Sheriff's Office  
Counsel to the License Board

County Office Building  
455 County Center  
Redwood City, California 94063  
650-363-4161

May 18, 2010

### **CERTIFIED/RETURN RECEIPT AND REGULAR MAIL**

Mr. Ruben Muniz  
51 Eden West Road  
Pescadero, CA 94060

Dear Mr. Muniz:

### **NOTIFICATION OF FINAL LICENSE BOARD DECISION AND DENIAL OF THE BUSINESS LICENSE**

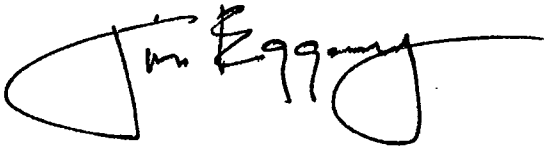
On May 17, 2010, the San Mateo County License Board considered your application for a business license to operate a Medical Marijuana Collective at the following location: 2305 Carlos Street, Suite A, Moss Beach, CA 94068, in unincorporated San Mateo County.

At that meeting, you were given an opportunity to address the Board with any information you wished to present, or any comments you wished to make. The Board took action and denied your application and found it did not comply with San Mateo County Ordinance Code Sections 5.148.030, 5.148.040, and 5.148.050 (Requirement that Primary Caregivers Create and Maintain Patient List, Requirement of and Application for County License, Conditions of License).

**Pursuant to Ordinance Code Section 5.04.230, within five (5) days from receipt of this notice of license denial by the License Board, you may appeal the decision related to the issues of whether your application complies with San Mateo County Ordinance Code Sections 5.148.030, 5.148.040 and 5.148.050, to the San Mateo County Board of Supervisors by filing a notice of appeal with the Board of Supervisors. This notice can be filed with the Clerk of the Board. Such appeal will be heard at a regularly scheduled Board of Supervisors public hearing no earlier than June 8, 2010.**

Mr. Ruben Muniz  
May 18, 2010  
Page 2

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Eggemeyer". The signature is stylized with a large, sweeping initial "J" and a long horizontal line extending to the right.

Jim Eggemeyer, Chair  
San Mateo County License Board

cc: 2305 Carlos Street, Suite A, Moss Beach, CA 94068  
Dean Peterson, Director, Environmental Health Services  
Lieutenant Steve Shively, Sheriff's Office  
Portor Goltz, Deputy County Counsel  
Tom Merson, Detective, Sheriff's Office  
Mary Barulich, Treasurer's Office

---

Attachment “B”

NOTICE OF APPEAL  
TO  
REDWOOD CITY  
BOARD OF SUPERVISORS OF SAN MATEO COUNTY

APPEAL OF:

RUBIN MUNIZ, and BLUE HEAVEN  
COLLECTIVE, CORP.

Appellants,

**NOTICE OF APPEAL OF DENIAL OF  
APPLICATION FOR A BUSINESS  
LICENSE TO OPERATE A MEDICAL  
MARIJUANA COLLECTIVE AT 2305  
CARLOS STREET, SUITE A, MOSS  
BEACH, CALIFORNIA**

vs.

SAN MATEO COUNTY LICENSE BOARD,

Respondent.

NOTICE IS HEREBY GIVEN THAT Rubin Muniz and Blue Heaven Collective Corp., appeal to the Board of Supervisors of San Mateo County from the decision of the San Mateo County License Board, dated May 18, 2010, denying his application to operate a medical marijuana collective at 2305 Carlos Street, Suite A, Moss Beach, CA. A copy of the License Board's decision is attached as Exhibit A and incorporated herein by reference.

The grounds for the appeal include the following:

1. The decision of denial is not supported by substantial evidence in light of the whole record and the decision of the License Board constituted an abuse of discretion.
2. The decision is not consistent with the letter or intent of San Mateo County Ordinance Code Section 5.148 and violates the provisions and intent of Proposition 215 and SB 420.
3. The Notice of Decision is vague and fails to state the factual basis on which the decision was based.
4. The requirement of Section 5.148.030 violates the rights of patients under the California Confidentiality of Medical Information Act, Civil Code Section 56-56.07.



5. The Appellant is willing to comply with Section 5.148.030 of the San Mateo County Code, provided there are reasonable protections for Appellant's patients.

6. The definition relied upon by the Sheriff's Office for a "Collective" which was apparently relied upon by the License Board is self-created, not supported by law and too narrow to comply with the intent of Proposition 215.

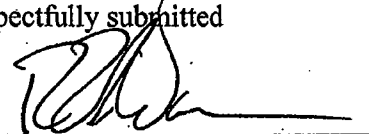
7. Appellant reserves the right to submit further facts and arguments in support of this appeal prior to or at the hearing on the appeal.

Please direct all correspondence and notice of date of hearing to the undersigned as counsel for the Appellant.

Dated: May 24, 2010.

Respectfully submitted

By:



R. Zachary Wasserman  
Wendel, Rosen, Black & Dean LLP  
Attorney for Appellants  
Rubin Muniz and Blue Heaven Collective,  
Corp.

# **Exhibit A**



## **SAN MATEO COUNTY LICENSE BOARD**

Jim Eggemeyer  
Dean D. Peterson  
Lieutenant Steve Shively  
Portor Goltz

Planning & Building Department  
Environmental Health Svcs. Div.  
Sheriff's Office  
Counsel to the License Board

County Office Building  
455 County Center  
Redwood City, California 94063  
650-363-4161

May 18, 2010

### **CERTIFIED/RETURN RECEIPT AND REGULAR MAIL**

Mr. Ruben Muniz  
51 Eden West Road  
Pescadero, CA 94060

Dear Mr. Muniz:

### **NOTIFICATION OF FINAL LICENSE BOARD DECISION AND DENIAL OF THE BUSINESS LICENSE**

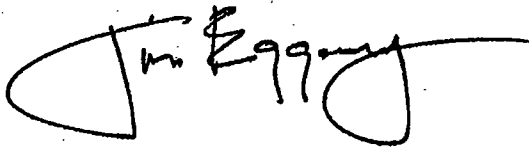
On May 17, 2010, the San Mateo County License Board considered your application for a business license to operate a Medical Marijuana Collective at the following location: 2305 Carlos Street, Suite A, Moss Beach, CA 94068, in unincorporated San Mateo County.

At that meeting, you were given an opportunity to address the Board with any information you wished to present, or any comments you wished to make. The Board took action and denied your application and found it did not comply with San Mateo County Ordinance Code Sections 5.148.030, 5.148.040, and 5.148.050 (Requirement that Primary Caregivers Create and Maintain Patient List, Requirement of and Application for County License, Conditions of License).

Pursuant to Ordinance Code Section 5.04.230, within five (5) days from receipt of this notice of license denial by the License Board, you may appeal the decision related to the issues of whether your application complies with San Mateo County Ordinance Code Sections 5.148.030, 5.148.040 and 5.148.050, to the San Mateo County Board of Supervisors by filing a notice of appeal with the Board of Supervisors. This notice can be filed with the Clerk of the Board. Such appeal will be heard at a regularly scheduled Board of Supervisors public hearing no earlier than June 8, 2010.

Mr. Ruben Muniz  
May 18, 2010  
Page 2

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Eggemeyer". The signature is stylized with a large, sweeping initial "J" and a long, horizontal stroke extending to the right.

Jim Eggemeyer, Chair  
San Mateo County License Board

cc: 2305 Carlos Street, Suite A, Moss Beach, CA 94068  
Dean Peterson, Director, Environmental Health Services  
Lieutenant Steve Shively, Sheriff's Office  
Portor Goltz, Deputy County Counsel  
Tom Merson, Detective, Sheriff's Office  
Mary Barulich, Treasurer's Office

---

Attachment “C”



## COUNTY OF SAN MATEO

### INTERDEPARTMENTAL CORRESPONDENCE

**To:** License Board  
**From:** County Counsel's Office  
**Subject:** Application for Business License  
(Ruben E. Muniz; Blue Heaven Collective Corp., Moss Beach)  
**Date:** February 12, 2010

On September 11, 2009 Ruben E. Muniz submitted an application for a business license to operate Blue Heaven Collective Corp. at 2305 Carlos Street, Suite A in unincorporated Moss Beach ("Blue Heaven Moss Beach). Blue Heaven Moss Beach was already (at the time that County Ordinance 5.148 took effect), and continues to be, in operation. A copy of that application is attached hereto as Exhibit A.

The Sheriff's Office and Planning Division have reviewed and evaluated the application (and conducted independent investigations) and are prepared to make recommendations to the License Board related to the application. Accordingly, the County Counsel's Office, on behalf of the Sheriff's Office and the Planning Division, respectfully requests that the License Board place this application on its Tuesday, February 23, 2010 agenda pursuant to Sections 5.04 and 5.148 of the Ordinance Code. A copy of the report of the Sheriff's Office is attached hereto as Exhibit B. A copy of the report of the Planning Division is attached hereto as Exhibit C.

A copy of this request and the reports will be sent today to Mr. Muniz by Federal Express for receipt on Monday, February 15, 2010.

DAS:DAS

## **EXHIBIT A**



**SAN MATEO COUNTY LICENSE BOARD**

455 COUNTY CENTER  
REDWOOD CITY, CA 94063

**APPLICATION FOR BUSINESS LICENSE FOR COLLECTIVE  
CULTIVATION AND/OR DISTRIBUTION OF MEDICAL MARIJUANA  
CHAPTERS 5.04 AND 5.148  
SAN MATEO COUNTY ORDINANCE CODE**

\* \* \* \* \*

**I. Applicant Information.**

APPLICANT'S NAME Ruben E. Muniz

ADDRESS 565 Willow Avenue

CITY: Half Moon Bay STATE: CA. ZIP CODE: 94019

CALIFORNIA DRIVER'S LICENSE NO. D6043461

DATE OF BIRTH 12-20-1971

PHONE NUMBER (650) 720-0842 Home ☐ Office ☐ Cell ☒

E-MAIL ADDRESS \_\_\_\_\_

(Please use additional sheets to provide this information if there are co-applicants.)

**II. Facility Information.**

NAME OF FACILITY Blue Heaven Collective Corp.

ADDRESS OF FACILITY 2305 Carlos St. Suite A, Moss Beach CA. 94068

FACILITY PHONE NUMBER: (650) 728-7003

DESCRIPTION OF BUILDING IN WHICH FACILITY IS LOCATED:

**III. Property Owner Information.**

CONTACT INFORMATION FOR OWNER OF BUILDING ("PROPERTY OWNER"):

Name: Coastside Realty Property - Chris Garcia

Address: Moss Beach, CA. 94068 Phone: (650) 712-7708



Moss Beach

State: CA

Zip Code: 94068

PLEASE OBTAIN AND ATTACH THE FOLLOWING DOCUMENTS FROM THE  
PROPERTY OWNER:

1. A SIGNED ACKNOWLEDGEMENT THAT HE/SHE IS AWARE OF THE  
NATURE OF THE OPERATION; and
2. THE NAME AND ADDRESS OF ANY LIEN HOLDER FOR THE PROPERTY;  
and
3. PROOF OF LIABILITY INSURANCE.

**IV. Employee and/or Officer Information.**

PLEASE PROVIDE THE FOLLOWING INFORMATION FOR EACH EMPLOYEE AND/OR  
OFFICER OF THE COLLECTIVE. FOR ADDITIONAL EMPLOYEES AND/OR OFFICERS,  
USE ADDITIONAL SHEETS OF PAPER.

**Employee and/or Officer No. 1**

Name:

RUBEN E. MUNIZ

Date of Birth:

12-20-1971

California Drivers License No.

D6043461

Has this employee/officer been convicted of a felony? If yes, provide date(s) and offense(s).

NO

**Employee and/or Officer No. 2**

Name:

Date of Birth:

California Drivers License No.

Has this employee/officer been convicted of a felony? If yes, provide date(s) and offense(s).

**Employee and/or Officer No. 3**

**Name:**

**Date of Birth:**

**California Drivers License No.**

**Has this employee/officer been convicted of a felony? If yes, provide date(s) and offense(s).**

**Please Note: The above employee and/or officer information must be updated and reported to Sheriff's Office as additional employees and/or officers are hired and/or appointed.**

**V. Warning - Risk of Criminal Liability.**

**Applicant has been advised and acknowledges that:**

- 1. operators, employees, and members of facilities where medical marijuana is collectively cultivated, manufactured, dispensed, or distributed in any form may be subject to prosecution under federal laws, and**
- 2. the application for and/or the issuance of a license does not, in and of itself, provide a legal defense to prosecution under state laws.**

**VI. Applicant/Licensee's Release and Indemnification of the County of San Mateo.**

**Applicant hereby releases and agrees to indemnify and defend the County of San Mateo and its employees, officers, elected officials, or agents, from any and all claims and legal liabilities related to or arising from the application for a license, the issuance of the license, any and all investigations conducted in determining whether to issue the license, or the enforcement of the conditions of the license, and/or the operation of any facility at which where medical marijuana is collectively cultivated and/or distributed.**

**VII. Applicable Requirements and Required Documentation.**

**Applicants for a medical marijuana license are required to comply with the general sections of the County ordinances concerning business licenses, and with specific requirements that apply to business licenses for medical marijuana collectives.**

**Chapter 5.148 provides that the Sheriff or the Sheriff's designee shall have the duty and responsibility of processing and referring to the License Board all applications for a medical marijuana collective business license, that the License Board shall determine**

whether to issue a medical marijuana collective business license, and that the Sheriff or the Sheriff's designee shall have the duty and responsibility to investigate and enforce any violations of this chapter, and to report and enforce against any violations of the conditions of approval.

Therefore, applicant shall provide evidence to the License Board and the Sheriff of any information required in connection with an application for or maintenance of a medical marijuana collective business license.

Please provide specific information, photographs, or brief statements on separate sheets of paper, to support the findings and conditions that the License Board is required to make before this license can be issued.

**VIII. General License Requirements (Ordinance Code Chapter 5.04.)**

The License Board is required to deny any application for a license if, after a public hearing, it finds:

1. That the business, occupation or activity sought to be licensed has been, will be, or is likely to become illegal or a public nuisance.

2. That the applicant:

(a) within the last five years has been convicted of violating or has been found by the License Board to have violated any county, state, or federal law, ordinance, rule or regulation regulating the activity for which the license is to be (or was previously) issued; or

(b) has previously obtained a license by fraud or misrepresentation; or

(c) has been guilty of fraud, false advertising, or other misrepresentation, uttering misleading statements, or dishonesty; or

(d) has knowingly made a false statement in a material matter either in his application or in his testimony before the Board.

**IX. Applicant Must Meet the Legal Criteria of a Medical Marijuana Collective**

Chapter 5.148 includes specific findings that must be made in order for a license to be issued.

Chapter 5.148 also requires that the applicant provide information that will enable the License Board to make a finding that the collective meets the criteria of a medical marijuana collective as defined in California state law. In general, these criteria require that applicants provide information about the following, which are addressed in the "worksheet" section of this application.

1. The definition, status, and responsibilities of "qualified patients", "persons with identification cards", and "the designated primary caregivers of qualified patients and persons with identification cards".

2. The involvement, contributions, and responsibilities of members of the collective.

3. The finances of the collective.

4. The operations of the collective, including but not limited to security, non-diversion practices, checks and balances on quantities of marijuana, sources of marijuana.

5. The steps the collective takes to differentiate itself from an unlawful criminal activity.

Applicant agrees and understands that the collective must comply with state statutes, case law, and the California Attorney General's Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use (August 2008), and that in the event a change in state statutes, case law, and/or the California Attorney General's Guidelines leads to the determination that the collective does not meet the criteria for a medical marijuana collective, the license will be null and void.

#### **X. Specific Finding Required for License.**

Chapter 5.148 includes a list of conditions that apply to a license to operate a facility for the collective cultivation of medical marijuana. In submitting this application, and in consideration of the County of San Mateo's consideration of this application, the applicant agrees to comply with all conditions included in Chapter 5.148 for the entire term of the license. The applicant understands and agree that the license may be revoked for any violation of state law or noncompliance with the license conditions for the entire term of the license.

#### **XI. Consent to Inspections.**

Applicant consents to any and all inspections and investigations deemed necessary by the County to determine whether the collective for which this application is submitted complies with: (a) state law, (b) Chapter 5.148 of the San Mateo County Ordinance Code, and/or (c) any and all other legal requirements, findings, conditions and criteria that apply to the license.

This consent includes but is not limited to inspections and investigations of the facility in which the collective is located, and any and all locations where the collective's marijuana is cultivated, processed, prepared, packaged, and/or distributed.

The consent also applies to any and all records of the collective, including but not limited to records of the source(s) of marijuana, records of membership, records of distribution, records of financial transactions, and records that would enable the determination of whether the collective complies with state law, the California Attorney General's Guidelines, and Chapter 5.148 of the San Mateo County Ordinance Code.

#### **XII. Execution Under Penalty of Perjury.**

I have received, read, and am familiar with all provisions of the California Attorney General's Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use ("Guidelines", August 2008), and Chapter 5.148 of the San Mateo County Ordinance

Code ("Ordinance"), relating to regulation of collective cultivation and distribution of medical marijuana. By executing this application, I agree to comply with state law, and with each and every provision of the Guidelines and the Ordinance.

I declare under penalty of perjury of the laws of the State of California that all information included in this license application, or provided in connection with the application is true and correct, and is executed at Redwood City, California, this \_\_\_\_ day of \_\_\_\_ 20\_\_.

Signature of Applicant: \_\_\_\_\_

**Approve      Deny**

**Sheriff:**

\_\_\_\_\_

**Health Officer:**

\_\_\_\_\_

**Planning/Zoning:**

\_\_\_\_\_

**Comments:**

|  |  |
|--|--|
|  |  |
|  |  |
|  |  |
|  |  |

The above application for a license pursuant to Chapter 5.148 of the San Mateo County Ordinance Code is hereby:

GRANTED \_\_\_\_\_

DENIED \_\_\_\_\_

Date: \_\_\_\_\_

Chair of the San Mateo County License Board

6. What measures has your collective implemented (or what measures does your collective plan to implement) to enforce the maximum amounts specified in the previous question?
7. What measures has your collective implemented (or what measures does your collective plan to implement) to ensure that members are not selling marijuana and/or giving marijuana to persons outside of the collective?
8. What measures has your collective implemented (or what measures does your collective plan to implement) to ensure that marijuana is not purchased from outside the collective for distribution to its members?
9. What procedures will your collective have in place to communicate legal requirements to members?
10. What procedures will your collective use to monitor the collective's and members' compliance with legal requirements?
11. What procedures will your collective use to enforce compliance with legal requirements?
12. Do you understand that Chapter 5.148 of the San Mateo County Ordinance code, relating to "Regulation of Collective Cultivation and Distribution of Medical Marijuana" provides that cooking, sale, preparation, or manufacturing of marijuana enhanced or edible or drinkable products, including but not limited to cookies, candy, drinks, or brownies is NOT permitted? Do you agree to comply with this requirement? What procedure will you implement to ensure that all members agree to comply with this requirement?
13. What is the current fee to become a member of your collective?
14. For the past five years, what has been the fee to become a member of your collective?
15. Describe the methodology for determining your collective's membership fee.
16. What reimbursement(s) or payment (other than membership fees) are members of your collective required and/or requested to pay to your collective?
17. For the past five years, what reimbursements (other than membership fees) have members been required and/or requested to pay to your collective?
18. Describe the methodology for determining any and all reimbursements other than membership fees that members of your collective are required and/or

requested to provide to your collective.

19. How does your collective ensure that it does not operate for a profit?

20. How does your collective determine its **overhead**?

21. For each item of overhead incurred by your collective in the past twelve (12) months, provide the name of payee, date of payment, and reason for payment.

22. How does your collective determine its **operating expenses**?

23. For each operating expense incurred by your collective in the past twelve (12) months, provide the name of payee, date of payment, method and form of payment, and reason for payment.

24. Does your collective have **employees**?

25. If the answer to No. 23 is "yes", how are their salaries determined?

26. Does your collective have **officers**?

27. If the answer to No. 25 is "yes", and if the officers are compensated, how is their compensation determined?

28. Does your collective operate in more than one county?

29. Is your collective limited to members who live or work in the County of San Mateo?

30. Does your collective have systems in place to discourage or prevent people who live and work in counties other than the County of San Mateo from coming to the collective for the purpose of obtaining marijuana?

31. If so, describe those systems.

32. Does your collective have a limit on the number of members who may belong to the collective?

33. If so, how is the number of members of the collective limited?

34. What is the tax status of your collective? Is your collective a corporation?

35. Have you filed to be recognized as a tax-exempt organization under section

501 (c) of the Internal Revenue Code?

36. Do you plan to file for state exempt tax status?

37. Does your collective use a system of receipts that includes the date, time, first and last name, drivers License Number, amount and type of marijuana purchased? Please describe your system of receipts and attach a sample copy of a receipt.

38. Describe the procedures and policies that your collective has in place to prevent against the following, which the California Attorney General's Guidelines identify as possible indicia of unlawful operation and signs of impermissible mass production:

- Presence of excessive amounts of marijuana at the collective
- Presence of excessive amounts of cash at the collective
- Failure to follow local and state laws applicable to similar businesses, such as maintenance of any required licenses and payment of any required taxes, including sales taxes
- Presence of weapons at the collective
- Presence of illicit drugs at the collective
- Purchases from, or sales or distribution to, non-members
- Distribution outside of California

39. Does your collective include any members whose only contribution to the collective is to pay or contribute money and to receive marijuana in exchange for that payment or contribution?

40. If the answer to No. 39 is "yes", what percentage of your collective consists of members whose only contribution to the collective is to contribute or to pay money and to receive marijuana in exchange for that payment or contribution?

41. If the answer to No. 39 is "yes", does your collective have a maximum number of members whose only contribution to the collective is to contribute or pay money and to receive marijuana in exchange for that payment or contribution? If so, what is that maximum and how is it determined?

42. For each source of your collective's marijuana, list the address of each location at which the marijuana is cultivated, and the amount cultivated at each location over the past twelve (12) months.



43. For each source of the collective's marijuana, list the quantity of marijuana provided to your collective over the past twelve (12) months, and the quantity of marijuana that source provided to other collectives over the past twelve (12) months, and the names and addresses of the other collective(s).

### **Part 2-- Membership Information**

**The following information is necessary to determine whether the applicant meets the requirements and conditions for the issuance of a license, and, if a license is issued, to monitor applicant/licensee's compliance with the terms and conditions of the license.**

**To the extent the answers to the following questions include confidential information, their disclosure will be determined on the basis of applicable confidentiality laws and regulations, including but not limited to the California Public Records Act.**

1. List the name, address, date of birth, and drivers license number for each person who cultivates or participates in the cultivation of marijuana for your collective. For each person, specify the person's roles and responsibilities in the cultivation. For each person, designate whether the person is a qualified patient, a person with a valid identification card, or the designated primary caregiver of qualified patients and persons with identification card.

2. For each person listed in response to No. 1, do any of those persons also cultivate or participate in the cultivation of marijuana for other collectives?

3. If the answer to No. 2 is "yes", specify the names and locations of the persons who also cultivate or participate in the cultivation of marijuana for other collectives, and the name and location of each of the other collectives for which the person also cultivates marijuana.

4. For each person who **transports** or participates in the transportation of marijuana for your collective, specify the person's name, address, date of birth, roles and responsibilities in the transportation, and designate whether each person is a qualified patient, a person with a valid identification card, or the designated primary caregiver of qualified patients and persons with identification card.

5. For each person who **prepares** or participates in the preparation of marijuana for your collective, specify the person's name, address, date of birth, roles and responsibilities in the preparation, and designate whether each person is a qualified patient, a person with valid identification card, or the designated primary caregiver of qualified patients and persons with identification card.

6. For each person who **packages or furnishes** or participates in the packaging or furnishing of marijuana for your collective, specify the person's name, address, date of birth, roles and responsibilities in the packaging or furnishing, and designate whether each person is a qualified patient, a person with valid identification card, or the designated primary caregiver of qualified patients and persons with identification card.

7. For each person who **administers** or participates in the administration of marijuana for your collective, specify the person's name, address, date of birth, roles and responsibilities in the administration, and whether the person is a qualified patient, a person with valid identification card, or the designated primary caregiver of qualified patients and persons with identification card.

8. Specify the names, addresses and dates of birth of all **primary caregivers** who are currently members of your collective. For each primary caregiver, specify the names of the persons for whom the person currently serves/has served as the primary caregiver, the length of service and dates of service as a primary caregiver for each person, and a description of the types of services that the caregiver provides/has provided to each person.

9. For each source of your collective's marijuana, list the name, address, date of birth and drivers license number for each person who cultivates marijuana, and designate whether each of those persons is a qualified patient, a person with valid identification card, or the designated primary caregiver of qualified patients and persons with identification card.

10. For each source of your collective's marijuana, list the name, address, date of birth and drivers license number for each person who transports marijuana, and designate whether each of those persons is a qualified patient, a person with valid identification card, or the designated primary caregiver of qualified patients and persons with identification card.

11. For each source of your collective's marijuana, list the name, address, date of birth and drivers license number for each person who prepares marijuana, and designate whether each of those persons is a qualified patient, a person with valid identification card, or the designated primary caregiver of qualified patients and persons with identification card.

12. For each source of your collective's marijuana, list the name, address, date of birth and drivers license number for each person who packages or furnishes marijuana, and designate whether each of those persons is a qualified patient, a person with valid identification card, or the designated primary caregiver of qualified patients and persons with identification card.

13. For each source of your collective's marijuana, list the name, address, date of birth and drivers license number for each person who administers marijuana, and designate whether each of those persons is a qualified patient, a person with valid identification card, or the designated primary caregiver of qualified patients and persons with identification card.

14. For each source of your collective's marijuana, list the name, address, date of birth, and drivers license number for each person who maintains or manages a facility or location for marijuana related purposes.

15. For each officer of your collective, specify and whether the officer is a qualified patient, a person with valid identification card, or the designated primary caregiver of qualified patients and persons with identification card.

16. For each employee of your collective, specify and whether the officer is a qualified patient, a person with valid identification card, or the designated primary caregiver of qualified patients and persons with identification card.

07/28/09



# CERTIFICATE OF LIABILITY INSURANCE

DATE(MM/DD/YYYY)

9/11/2009

## PRODUCER

**GALEN HAYES INSURANCE AGENCY**  
3550 SAN PABLO DAM RD., STE. C  
EL SOBRANTE, CA 94803  
(800) 869-8643

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

## INSURED

**BLUE HEAVEN COLLECTIVE CORPORATION**

P.O. BOX 7276  
REDWOOD CITY, CA 94063  
650-361-8009

## INSURERS AFFORDING COVERAGE

NAIC#

INSURER A: **LLOYDS, LONDON**

INSURER B:

INSURER C:

INSURER D:

INSURER E:

## COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| PROD. LTR. NO. | TYPE OF INSURANCE   | POLICY NUMBER | POLICY EFFECTIVE DATE(MM/DD/YYYY) | POLICY EXPIRATION DATE(MM/DD/YYYY) | LIMITS                                 |
|----------------|---|---------------|-----------------------------------|------------------------------------|--|
| A              | GENERAL LIABILITY<br><input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY<br><input type="checkbox"/> CLAIMSMADE <input checked="" type="checkbox"/> OCCUR  | ULC5901       | 04/21/09                          | 04/21/10                           | EACH OCCURRENCE \$ 1,000,000           |
|                | DAMAGE TO RENTED PREMISES (Ea accident) \$ 50,000   |               |                                   |                                    |  |
|                | MED EXP (Any one person) \$ EXCLUDED  |               |                                   |                                    |  |
|                | PERSONAL & AD&VI \$ EXCLUDED  |               |                                   |                                    |  |
|                | GENL AGGREGATE LIMIT APPLIES PER:<br><input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC  |               |                                   |                                    | GENERAL AGGREGATE \$ 2,000,000         |
|                |   |               |                                   |                                    | PRODUCTS - COMP/OP AGG \$ EXCLUDED     |
|                | AUTOMOBILE LIABILITY<br><input type="checkbox"/> ANYAUTO<br><input type="checkbox"/> ALL OWNED AUTOS<br><input type="checkbox"/> SCHEDULED AUTOS<br><input type="checkbox"/> HIRE AUTOS<br><input type="checkbox"/> NON-OWNED AUTOS |               |                                   |                                    | COMBINED SINGLE LIMIT (Ea accident) \$ |
|                |   |               |                                   |                                    | BODILY INJURY (Per person) \$          |
|                |   |               |                                   |                                    | BODILY INJURY (Per accident) \$        |
|                |   |               |                                   |                                    | PROPERTY DAMAGE (Per accident) \$      |
|                | GARAGE LIABILITY<br><input type="checkbox"/> ANYAUTO  |               |                                   |                                    | AUTO ONLY - EA ACCIDENT \$             |
|                |   |               |                                   |                                    | OTHER THAN AUTO ONLY: EA ACC \$        |
|                |   |               |                                   |                                    | AGG \$                                 |
|                | EXCESS / UMBRELLA LIABILITY<br><input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMSMADE   |               |                                   |                                    | EACH OCCURRENCE \$                     |
|                |   |               |                                   |                                    | AGGREGATE \$                           |
|                |   |               |                                   |                                    | \$                                     |
|                |   |               |                                   |                                    | \$                                     |
|                |   |               |                                   |                                    | \$                                     |
|                | WORKERS COMPENSATION AND EMPLOYERS' LIABILITY<br>ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/OWNER EXCLUDED? (Mandatory in WA)<br>If yes, describe under SPECIAL PROVISIONS below<br>OTHER   |               |                                   |                                    | WC/STATU-TORY LIMITS OTHER \$          |
|                |   |               |                                   |                                    | EL EACH ACCIDENT \$                    |
|                |   |               |                                   |                                    | EL DISEASE - EA EMPLOYEE \$            |
|                |   |               |                                   |                                    | EL DISEASE - POLICY LIMIT \$           |

## DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

LOCATION 1: 3149 MIDDLEFIELD RD, REDWOOD CITY - \$25,000 CONTENTS, \$50,000 MEDICINE  
LOCATION 2: 2305 CARLOS STREET, MOSS BEACH - \$15,000 CONTENTS, \$30,000 MEDICINE  
LOCATION 3: 550 4TH AVENUE, REDWOOD CITY, CA - \$300,000 BUILDING, \$50,000 CONTENTS, \$100,000 MEDICINE

## CERTIFICATE HOLDER

CERTIFICATE OF INSURANCE

## CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION

DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN

NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL

IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR

REPRESENTATIVES

AUTHORIZED REPRESENTATIVE

## letter of acknowledgement of business

From: **chris garcia** (chrisgarciahmb@yahoo.com)

Sent: Thu 9/10/09 3:44 PM

To: rubenmuniz57@msn.com

To Whom it May Concern:

Please be advised that I am the property manager for the property located at 2305 Carlos Montara, CA. Blue Heaven has the lease on suite "A" and they are in good standing with rental payments. We are aware of the type of business that they operate (Cannabis Collective).

If there are any questions, please feel free to call me anytime at 650.619.7200.

Regards,

Chris Garcia, Broker/Owner  
Coastside Realty & Management  
Tel: 650.619.7200, Fax: 650.712.7708  
210 Main Street, Suite 200  
Half Moon Bay, CA 94019

## **PART ONE –Collective Practices**

1. Blue Heaven Collective Corp. (BHCC) obtains all of its medical cannabis from members who cultivate it exclusively for the use of all of the members of (BHCC) The only medical cannabis purchased, consumed, or provided to members through BHCC is the aforementioned medical cannabis cultivated by the members of BHCC.

In order to obtain medical cannabis from BHCC, a qualified medical marijuana patient must already be a member of BHCC. By becoming a member and signing BHCC's membership agreement form, the patient/member agrees that they will not divert/resell/ or distribute medical cannabis to anyone else, and that they will have their membership terminated and revoked if they do. ADOPT AN HONOR CODE/MANDATORY REPORTING

2. QUICK BOOK point of sales.

3. All medical cannabis is clearly labeled "For Medical Use Only" and medical cannabis is only provided to members of BHCC that have already been verified as valid medical cannabis patients. Additionally, BHCC members can only obtain two ounces of medical cannabis unless they provide written verification that their doctor has recommended a larger amount.

4. Quick book point of sales.

5. BHCC restricts the amount of medical cannabis that members may obtain to two ounces; unless they provide written verification that their doctor has recommended a larger amount.

6. Quick book point of sales.

7. By becoming a member and signing BHCC's membership agreement form, the patient/member agrees that they will not divert/resell/ or distribute medical cannabis to anyone else, and that they agree that they will have their membership terminated and revoked if they do.

## **ADOPT AN HONOR CODE/MANDATORY REPORTING**

Quick Book point of sales.

8. Only BHCC members are permitted to provide or receive medical cannabis from BHCC. BHCC will not purchase medical cannabis from non-members.

Quick book point of sales to verify

9. All BHCC members are required to sign a membership agreement that details pertinent legal requirements. Any pertinent changes in the statutory law, case law, or the Attorney General's guidelines will be provided to members as a written addendum to the membership agreement, requiring the member's agreement and a signature.

Quick book point of sales.

10. BHCC maintains full time security staff that will monitor and enforce the legal requirements that all members must adhere to while on site. By becoming a member and signing BHCC's membership agreement form, the patient/member agrees that they will abide by all legal requirements, and that they agree that they will have their membership terminated and revoked if they do violate any legal requirements.

## **ADOPT AN HONOR CODE/MANDATORY REPORTING**

Quick Book of sale.

11. Any violation of the legal requirements articulated in BHCC's membership agreement or subsequent addendums will result in immediate termination of membership.

12. ???????

13. BHCC has adopted a \$20.00 one-time fee to apply for membership. This fee will be waived for veterans and senior citizens, and people who can demonstrate financial hardship. At this time there is no fee.

14. There has been no fee to join BHCC.

15. This fee has been determined to be the maximum amount that BHCC wishes to impose upon its members. This amount has been established to defray the expenses incurred by the human resources and tracking system software implemented to investigate, validate, and track the applicant's status and membership application, in order to maintain compliance with Chapter 5.148 of the San Mateo County Ordinance Code.

16. Members obtaining medical cannabis are required to reimburse BHCC for the medical cannabis they obtain at a rate commensurate with the quality, amount, and variety/type of medical cannabis. Currently, BHCC members receive medical cannabis at the tax included rate of:

A Grade: \$20.00 per gram; \$25.00 per 1.7 grams; \$55.00 per 3.5 grams; \$100.00 per 7 grams; \$200.00 per 14 grams; \$360.00 per 28 grams (1 ounce)

B Grade: \$15.00 per gram; \$25.00 per 1.7 grams; \$45.00 per 3.5 grams; \$90.00 per 7 grams; \$180.00 per 14 grams; \$345.00 per 28 grams (1 ounce)

C Grade: \$10.00 per gram; \$15.00 per 1.7 grams; \$35.00 per 3.5 grams; \$70.00 per 7 grams; \$140.00 per 14 grams; \$280.00 per 28 grams (1 ounce)

BHCC collective also maintains a "patients helping patients" philosophy, whereby patient members with demonstrated severe financial and/or medical disabilities will be discounted in an amount up to and including free medicine, as determined by BHCC.

BHCC members who are veterans currently receive a 10% discount on medical cannabis.

17. Since BHCC began operating in January 2009, members obtaining medical cannabis were required to reimburse BHCC for the medical cannabis they obtained at a tax included rate of:



**\$15.00 per gram; \$25.00 per 1.7 grams; \$50.00 per 3.5 grams; \$100.00 per 7 grams; \$180.00 per 14 grams; \$350.00 per 28 grams (1 ounce)**

**BHCC collective has always maintained a “patients helping patients” philosophy, whereby patient members with demonstrated severe financial and/or medical disabilities have been discounted in an amount up to and including free medicine, as determined by BHCC.**

**BHCC members who are veterans received a 10% discount on medical cannabis.**

**BHCC has also started a volunteer program to few of its member’s. Member’s come to BHCC & provides volunteer services as needed.**

**18. BHCC determines the rate of reimbursement for medical cannabis by quality, amount, and variety/type.**

**BHCC collective also maintains a “patients helping patients” philosophy, whereby patient members with demonstrated severe financial and/or medical disabilities will be discounted in an amount up to and including free medicine, as determined by BHCC.**

**BHCC members who are veterans currently receive a 10% discount on medical cannabis.**

**19. BHCC ensures that it does not operate for profit by taking reimbursement payments from members to cover BHCC’s operating expense budget, and if the operating expense budget is met, then providing all members with vouchers for the amount of free medical cannabis which results.**

**20. BHCC’s overhead is determined by adding the following costs: payroll for member employees; rent; utilities; code compliance related construction and build out; payments to member providers to reimburse the cost of providing medical cannabis; hardware (including cameras, alarm system, etc.); business services (including computer maintenance, legal and accounting services); tracking software; and any and all other expenses necessary to maintain BHCC that arise in the course of providing member services.**

**Definition 1**

**General: Resource consumed or lost in completing a process, but which does not contribute directly to the end-product. Also called burden cost.**

**Definition 2**

**Accounting: Cost or expense (such as for administration, insurance, rent, and utility charges) that (1) relates to an operation or the firm as a whole, (2) does not become an integral part of a good or service (unlike raw material or direct labor), and (3) cannot be applied or traced to any specific unit of output. Overheads are indirect costs.**

**21. Quick Books**

**22. Operating expenses**

**Those incurred in carrying out a firm's day to day activities, but not directly associated with production. Operating expenses include payroll, sales commissions, employee benefits and pension contributions, transportation and travel, amortization and depreciation, rent, repairs, and taxes, etc. Also called non-manufacturing expenses, these expenses are usually subdivided into selling expenses and administrative and general expenses.**

**23. Quick Book**

**24. Yes, BHCC has three employees.**

**25. Salaries are determined by the skill set of the individual employee, the market rate for such labor, and BHCC's desire to reduce expenses.**

**26. Yes, BHCC has a President, Vice-President, Treasurer, and in the future may have a secretary.**

**27. The President and Treasurer receive salaries compensation by the skill set of the individual employee, the market rate for such labor.**

28. No.

29. No.

30. No. May develop preferential wait list policies for San Mateo County residence.

31. N/A

32. Yes.

33. BHCC maintains a cap on membership at 500 patient members.

34. Not for profit corporation paying taxes to the BOE on a quarterly basis. Yes.

35. No.

36. No.

37. No. ~~ADD MORE TO ANSWER LATER QUICK BOOKS~~

38. BHCC has no presence of excessive amount of medical marijuana only the amount for each of its member's.

- No presence of excessive amount of cash.
- No BHCC is paying state sales taxes.
- No weapons allowed at BHCC.
- No presence of illicit drugs at BHCC.
- Only BHCC member's which are verified.
- No distribution outside California, or US
- BHCC hold the right to refuse service to anyone.

39. Yes, some of our member's can't contribute anyway else because of severe illness and/or other.

40. Yes, a small percentage of BHCC member's.

41. Please see answer for question # 16.

42. BHCC at 3149 Middlefield Road, Redwood City Ca. 94063

BHCC at 2305 Carlos St. Suite A, Moss Beach Ca. 94068

BHCC has only been operating for nine months at Redwood City location and 3 months at the Moss Beach location.

43. No other locations to be listed, other than the locations of BHCC as stated Above, - #42.

### **Part 2 Member Information**

BHCC can not provide this information at this time. BHCC members would have to get a consent form from San Mateo County License Board For BHCC to provide you with this information for it's members. BHCC practices HIPPA Law and the confidentiality for each member at this time.

3111509

**State of California  
Secretary of State**

I, **DEBRA BOWEN**, Secretary of State of the State of California, hereby certify:

That the attached transcript of \_\_\_\_\_ page(s) has been compared with the record on file in this office, of which it purports to be a copy, and that it is full, true and correct.



IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of

OCT 10 1994

*Debra Bowen*

**DEBRA BOWEN**  
Secretary of State

**ARTICLES OF INCORPORATION OF  
BLUE HEAVEN COLLECTIVE CORP.  
A California Nonprofit Mutual Benefit Corporation**

I.

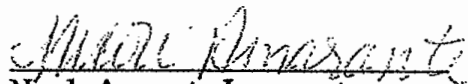
The name of this corporation is Blue Heaven Collective Corp.

II.

This corporation is a nonprofit mutual benefit corporation organized under the Nonprofit Mutual Benefit Corporation Law. The purpose of this corporation is to engage in any lawful act or activity, other than credit union business, for which a corporation may be organized under such law.

III.

The name of this corporation's initial agent for service of process is Paracorp Incorporated.

  
Nicole Amarante, Incorporator

I declare that I am the person who executed the above Articles of Incorporation, and that this instrument is my act and deed.

  
Nicole Amarante, Incorporator

ENDORSED - FILED  
in the office of the Secretary of State  
of the State of California

OCT 07 2008

**ARTICLES OF INCORPORATION OF  
BLUE HEAVEN COLLECTIVE CORP.  
A California Nonprofit Mutual Benefit Corporation**

**I.**

The name of this corporation is Blue Heaven Collective Corp.

**II.**

This corporation is a nonprofit mutual benefit corporation organized under the Nonprofit Mutual Benefit Corporation Law. The purpose of this corporation is to engage in any lawful act or activity, other than credit union business, for which a corporation may be organized under such law.

**III.**

The name of this corporation's initial agent for service of process is Paracorp Incorporated.

  
Nicole Amarante, Incorporator

I declare that I am the person who executed the above Articles of Incorporation, and that this instrument is my act and deed.

  
Nicole Amarante, Incorporator

CALIFORNIA STATE BOARD OF EQUALIZATION

**SELLER'S PERMIT**



ACCOUNT NUMBER

12/15/2008 SR BH 101-174389

BLUE HEAVEN COLLECTIVE CORP.  
3149 MIDDLEFIELD RD  
REDWOOD CITY, CA 94063-3763

**NOTICE TO PERMITTEE:**  
*You are required to obey all Federal and State laws that regulate or control your business. This permit does not allow you to do otherwise.*

IS HEREBY AUTHORIZED PURSUANT TO SALES AND USE TAX LAW TO ENGAGE IN THE BUSINESS OF SELLING TANGIBLE PERSONAL PROPERTY AT THE ABOVE LOCATION. THIS PERMIT IS VALID ONLY AT THE ABOVE ADDRESS.

THIS PERMIT IS VALID UNTIL REVOKED OR CANCELED AND IS NOT TRANSFERABLE. IF YOU SELL YOUR BUSINESS OR DROP OUT OF A PARTNERSHIP, NOTIFY US OR YOU COULD BE RESPONSIBLE FOR SALES AND USE TAXES OWED BY THE NEW OPERATOR OF THE BUSINESS.

*Not valid at any other address*

**For general tax questions, please call our Information Center at 800-400-7115.**

**For information on your rights, contact the Taxpayers' Rights Advocate Office at 888-324-2798 or 916-324-2798.**

BOE-442-R REV. 15 (2-06)

**A MESSAGE TO OUR NEW PERMIT HOLDER**

**As a seller, you have rights and responsibilities under the Sales and Use Tax Law. In order to assist you in your endeavor and to better understand the law, we offer the following sources of help:**

- Visiting our website at [www.boe.ca.gov](http://www.boe.ca.gov)
- Visiting a district office
- Attending a Basic Sales and Use Tax Law class offered at one of our district offices
- Sending your questions in writing to any one of our offices
- Calling our toll-free Information Center at 800-400-7115

**As a seller, you have the right to issue resale certificates for merchandise that you intend to resell. Conversely, you have the responsibility of not misusing resale certificates. While the sales tax is imposed upon the retailer,**

- You have the right to seek reimbursement of the tax from your customer
- You are responsible for filing and paying your sales and use tax returns timely
- You have the right to be treated in a fair and equitable manner by the employees of the Board
- You are responsible for following the regulations set forth by the Board

As a seller, you are expected to maintain the normal books and records of a prudent businessperson. You are required to maintain these books and records for no less than four years, and make them available for inspection by a Board representative when requested. You are also expected to notify us if you are buying, selling, adding a location, or discontinuing your business. adding or dropping a partner, officer, or member, or when you are moving any or all of your business locations. If it becomes necessary to surrender this permit, you should only do so by mailing it to a Board office, or giving it to a Board representative.

If you would like to know more about your rights as a taxpayer, or if you are unable to resolve an issue with the Board, please contact the Taxpayers' Rights Advocate Office for help by calling toll-free, 888-324-2798 or 916-324-2798. Their fax number is 916-323-3319.

**Please post this permit at the address for which it was issued and at a location visible to your customers.**

STATE BOARD OF EQUALIZATION  
Sales and Use Tax Department



## **EXHIBIT B**

**SAN MATEO COUNTY SHERIFF'S INVESTIGATION OF  
MEDICAL MARIJUANA COLLECTIVE BUSINESS LICENSE  
APPLICATION**

**APPLICANT**                      **Ruben Muniz**  
   **Blue Heaven Collective Corporation**

**LOCATION**                      **2305 Carlos Street Suite A, Moss Beach, Ca**

**Introduction.**

As part of the required process for the licensing medical marijuana collectives under Chapter 5.148 and 5.04 of the San Mateo County Ordinance Code, I reviewed the application that Ruben Muniz submitted on September 11, 2009 for a license to operate the Blue Heaven medical marijuana collective in Moss Beach. In addition, I visited the collective site on Carlos Ave. in Moss Beach to determine whether the collective can meet the findings and conditions required by the relevant ordinances. This report will summarize the observations from the review of the application and the site visit, as well as provide the Sheriff's recommendation on this application, which is denial.

**Review of Application.**

The application requires the applicant to provide specific information to show that it can support the findings that the License Board is required to make before a license can be issued. The specific information is also necessary to show that the applicant can meet the conditions specified in the ordinance. The application was incomplete or insufficient, as follows:

1.      Although the applicant did respond to some of the specific questions on the application form itself, he did not provide information that showed how he would meet several of the license findings and conditions.
2.      The application did not include the names of the employees, and it is therefore impossible to tell whether felons or probationers are employed by the collective.
3.      The application asked the applicant to confirm understanding of and certify compliance with the Ordinance requirement that cooking, sale, preparation, or manufacturing of marijuana enhanced or edible or drinkable products, including but not limited to cookies, candy, drinks, or brownies is NOT permitted, the applicant simply indicated a series of question marks. (?????????????)

4. The application includes a pricing structure consistent with prices one would pay on the street for marijuana.
5. The application indicates that there only a few employees who meet the needs of up to 500 members, which is inconsistent with the requirement that collective members participate in the operation of the collective.
6. This applicant refused to provide a list of members, and did not answer any of the questions on Part 2 of the worksheet.
7. Although the application says that Blue Heaven does not operate at a profit because the member's contributions support the operating expenses, the failure to provide a list of members makes it impossible to verify this statement.
8. The application does not say where the marijuana is cultivated, which makes it impossible to determine whether the marijuana sold at Blue Heaven is the result of collective cultivation.

**Site Visit.**

**January 22, 2010 Friday @ 1200**

As a condition and requirement of the application process for licensing I arrived at the Blue Heaven (Coast Side) Collective Corporation at approximately 1200 hours to conduct a site visit. I was met in the doorway by Rose Muniz the manager. I introduced and identified myself and asked her if we could go to a location to talk regarding the collective. I was told that Mr. Rubin Muniz was not available. Rose Muniz allowed me into the collective's offices for an inspection only after having me wait for several minutes in lobby. I thought this unusual but did not make an issue of it.

Mrs. Muniz offered her identification information including her home address and her Medical Marijuana Patient Number (144899). She also offered her "Medicann" ID card and her doctor and prescription information.

I explained to Rose that it was important that the collective was in compliance with the provisions of the County Ordinance and other laws, rules and regulations regarding the collective. Rose agreed and told me she and Rubin were always mindful of and in compliance with all the rules.

While at the collective I found the items of concern that are, or appear to be in conflict or noncompliance with requirements as listed in the San Mateo County Ordinance dealing with Medical Marijuana Collectives.

During my visit to 2305 Carlos Street, Moss Beach, Mrs. Muniz identified herself as the manager and the partner of the collective while her husband is away from the location. Mrs. Muniz told me the marijuana distributed or sold at the collective was cultivated at their home at 565 Willow Ave in Half Moon Bay. The address is within Half Moon Bay City limits and may not be zoned for such cultivation. The Ordinance requires the

cultivation take place within county area. Additionally, a visit to the residence at 565 Willow Ave indicates no significant security to the structure. Mrs. Muniz explained to me that the cultivation location is guarded by two large "pit bull dogs". The presence of such guard dogs as the only means of security may not be considered as sufficient to meet the security standard of the ordinance.

Mrs. Muniz was unable to provide any documents or evidence of either any patient list or a list of the Collective's membership as required by the Ordinance and described by the Attorney General's Guidelines. Muniz explained all the records are on a computer with the bookkeeper who lives in Berkeley. The Ordinance requires the list(s) be immediately be provided to the Sheriff or his designee. In general, I found Mrs. Muniz apprehensive and reluctant to answer pointed questions about the collective and its practices.

Without a Collective Member List or Patient list for review, I was unable to determine if the quantity of product on hand was consistent with the amount of collective members or patients. Within the collective's office was a large industrial type safe that Mrs. Muniz was unable to open for review or inspection. The safe may or may not have contained additional product or cash.

There were no transaction records available, other than a handwritten memo book with very limited information. In response to my questions regarding documentation of transactions, Mrs. Muniz showed me a page in the memo book. On that page, I read the following:

1-22-10,  
½ oz. ROM  
1 gr Kief  
1/8 Headband  
1/8 OG Snowcap  
\$40 OG Kush

This memo book failed to indicate the necessary information regarding the transaction(s) made on a regular or daily basis. Mrs. Muniz told me that neither the patient's name nor the purchase price is reported or written in the memo book. Rose did say that each patient is identified via their Medical Marijuana Card at the front doorway prior to being allowed inside to make a purchase. Accordingly, I was unable to obtain an accurate number of collective members or patients served on a per-day or per-week basis.

Rose Muniz further explained the collective is usually staffed by Ruben, herself or the current doorman and counter person, Matthew Allen from Burlingame. Matthew Allen voluntarily identified himself with a mutilated paper document that appeared to be a Medical Marijuana related document which was at best difficult to read. Rose said there are other "volunteers" but that that she and Matthew are usually there. I was told there is no formal employee list or schedule.

I asked Rose if the collective still sold edible medication or medicated food items. She assured me they took all of those items off the shelf after hearing the County banned all medicated food products some months ago. Rose said she threw them all out. I did not see any medicated food items or edible products while at the collective.

I asked Rose if she had a record of how much marijuana product she had on hand at the moment. She said she could not provide an exact amount. I asked for any document or system to account for the available stock of marijuana on hand. She did not have any documentation, but estimated it at approximately one pound. With just a brief look at the product on the shelves it appeared to me more than one pound. The product on hand (that was visible) appeared to be approximately 2 pounds. The product was available for purchase in a variety of small plastic containers or in rolled cigarettes. Without any accurate records or accounting system, the collective is unable to comply with **Attorney General's Guidelines** regarding the "Aggregate Amounts" of Medical Marijuana on hand tied to its collective membership numbers.

I explained to Mrs. Muniz that without a current patient or collective membership list I would be unable to calculate the amount of product on hand and the number of patients they served. I further explained the amount of product on hand must be relative to the number of patients served on a regular basis.

I asked Mrs. Muniz if there was a large amount of cash on hand. She showed me the cash register which had approximately 3 to 4 hundred dollars. She said they rarely exceed \$2,000.00 in daily sales. I asked Mrs. Muniz to estimate how many patients they serve in total. Rose said, "I would guess about 100, but don't quote me on that".

Mrs. Muniz explained that they grow the marijuana they have on hand in their garage at their house. Rose told me she knows they have approximately 30 mature adult plants and about 20 smaller plants. I asked Rose who was tending the plants or protecting the cultivation location to which she responded, "two big pit bulls".

Mrs. Muniz pointed out that the collective was in compliance with other requirements like an alarm system, handicapped parking, cameras and bars on the windows. I told her I would make a note of that. Rose told me she would make a note of the items she was unable to provide and talk to her husband, Rubin about them.

During my site visit I became aware that collective members or patients were being turned away from the front door. It appeared that Matthew was not allowing customers inside while I spoke with Rose. I mentioned to Rose that it was not necessary to lock the door or to turn away people wishing to purchase marijuana. Rose told me, "People don't like coming around if the cops are here".

I left my name and contact information with Rose. I thanked Mrs. Muniz for her cooperation and left the collective at about 1310 hours. I have not received any additional information from Mr. Muniz since my visit.

Following my visit to 2305 Carlos Street, I visited the 565 Willow Ave address identified by Ms. Muniz as the source of Blue Heaven's marijuana. A visual inspection of the exterior of the residence at 565 Willow Ave in Half Moon Bay shows no indication of any additional or significant security measures or devices in place to protect the cultivation area from theft or other criminal activity. As noted above, Mrs. Muniz reported that two large dogs protect the property but this is not sufficient to meet the requirement of "additional security measures".

**The Applicant Does Not Meet the Requirements of County Ordinance Chapter 5.148.**

I noted the following areas of non-compliance in my review of the application and the site visit:

1. BECAUSE MR. AND MRS. MUNIZ BOTH SAY THAT THEY GROW ALL OR MOST OF BLUE HEAVEN'S MARIJUANA THEMSELVES, IN THEIR HOME, BLUE HEAVEN IS NOT ENGAGING IN "COLLECTIVE CULTIVATION."

The applicant previously advised Detective Guidotti that he provides all the cannabis, as he prefers to be self sufficient and not take any risks of having any inferior strain of cannabis. Mrs. Muniz advised me that the collective relies on plants that are grown in the garage of the applicant's home. She said that they grow the marijuana they have on hand in their garage at their house, and that they have approximately 30 mature adult plants and about 20 smaller plants.

A collective is required to include united action or participation among all those involved. With the exception of those who are too ill or frail to do so, the members of the collective should work on some aspect of the association that was directly or indirectly related to cultivating and distributing marijuana for medical purposes, such as cultivation, manufacturing, selling, preparing, transportation, real estate management, administration, etc. The members must make a meaningful contribution to the day-to-day activities of the collective and cooperative. If the Muniz' are doing all or most of the cultivation, the operation is not a "collective."

2. BLUE HEAVEN IS NOT COLLECTIVELY CULTIVATING MEDICAL MARIJUANA IN THE UNINCORPORATED AREA OF THE COUNTY.

Section 5.148.020 of the Ordinance permits the issuance of a license to collectively or cooperatively to cultivate and/or store marijuana for medical purposes **within the unincorporated area of the County of San Mateo**. However, Mr. Muniz told Det. Guidotti and Mrs. Muniz told me the marijuana distributed or sold at the collective was cultivated at their home at 565 Willow Ave in Half Moon Bay. The address is within Half Moon Bay City limits. The Ordinance only provides for licensing of collective cultivation in the unincorporated area. If all of the cultivation takes place outside of the unincorporated area, the collective would not be eligible for a license.

3. BLUE HEAVEN DOES NOT MEET THE STATE LAW CRITERIA FOR MEDICAL MARIJUANA COLLECTIVE.

The ordinance (Section 5.148.040) requires a general finding that the collective meets the criteria that are included in the state law definition of medical marijuana collective. This finding cannot be made for the following reasons:

A. The absence of a ledger of transactions or detailed and accurate records makes it impossible to confirm that the enterprise is not simply selling marijuana, or that it is not operating for profit.

One item that would be subject to inspection is the collective's ledger system that enables a determination of whether the collective meets the state law criteria.

The California Attorney General's Guidelines for the security and non-diversion of marijuana grown for medical use provide that to maintain security, prevent fraud, and deter robberies, collectives and cooperatives should keep accurate records and follow accepted cash handling practices, including regular bank runs and cash drops, and maintain a general ledger of cash transactions.

The Ordinance also prohibits collectives from operating at a profit. The unavailability of collective member records for inspection made it impossible to verify or evaluate compliance with this prohibition, even though the application simply says that it does not operate at a profit. The pricing structure described below indicates that Blue Heaven may well operate at a profit.

The absence of accurate transaction records and the inability of Mrs. Muniz to access the contents of a large locked safe make it impossible to tell whether the applicant meets the criteria of a collective.

Finally, the cryptic and skeletal information that Mrs. Muniz was jotting onto a memo book did not provide any useful or meaningful information.

B. No member/patient list available on site makes it impossible to confirm compliance with the ordinance.

The ordinance requires each and every primary caregiver to create and maintain an up to date list of qualified patients or persons with identification cards for whom the caregiver provides service. The list must immediately be provided to the Sheriff or the Sheriff's designee upon request, for the purposes of verifying that the primary caregiver possesses no more than the maximum quantity per patient of medical marijuana authorized by state law, multiplied by the number of patients for whom the primary caregiver is providing service.

On my visit, Mrs. Muniz was unable to provide any documents or evidence of either any patient list or a list of the Collective's membership as required by this section and by the Attorney General's Guidelines. Muniz explained all the records are on a computer with the bookkeeper who lives in Berkeley. The ordinance requires the list(s) be immediately provided to the Sheriff or his designee.

On the application, Mr. Muniz declined to list the members, citing HIPAA concerns laws intended to protect the privacy of patient identifiable "protected health information". County Counsel has advised that HIPAA does not prohibit Mr. Muniz from providing the names of the cooperative members because the names of collective members their responsibilities would not be health information, because Mr. Muniz has not shown that his collective is a "covered entity" under HIPAA (health care provider). In any case, the vast majority of information sought by Part 2 of the application worksheet the application would not appear to be Protected Health Information.

Without a membership list, it would be impossible for Blue Heaven to ensure that only collective members were receiving marijuana.

C. The ratio of employees to members is compelling evidence that Blue Heaven is not a collective.

The application lists either zero or three employees, and the available information indicates a membership of between 100 and 500 persons. This ratio is inconsistent with the collective effort required of a collective, which should involve the members of the collective or cooperative coming together and working on some aspect of the association that was directly or indirectly related to cultivating and distributing marijuana for medical purposes.

Essentially, to be considered a collective, members should volunteer or in some way participate as a collective by assisting with cultivation, tending, transportation and processing of the medical marijuana. In the case of the Blue Heaven Collective in Moss Beach, according to Rose herself, it appears much or all of the work is done exclusively by Rose and Matthew Allen. The information about others who work within the collective is vague and ambiguous.

D. Blue Heaven's method of pricing marijuana is consistent with bay area street sales rather than a collective.

The application states that marijuana is priced as follows:

A Grade: \$20.00 per gram; \$25.00 per 1.7 grams; \$55.00 per 3.5 grams; \$100.00 per 7 grams; \$200.00 per 14 grams; \$360.00 per 28 grams (1 ounce)

B Grade: \$15.00 per gram; \$25.00 per 1.7 grams; \$45.00 per 3.5 grams; \$90.00 per 7 grams; \$180.00 per 14 grams; \$345.00 per 28 grams (1 ounce)

C Grade: \$10.00 per gram; \$15.00 per 1.7 grams; \$35.00 per 3.5 grams; \$70.00 per 7 grams; \$140 per 14 grams; \$280.00 per 28 grams (1 ounce)



This is comparable to the price that one would pay on the street for marijuana, which creates a doubt about whether the activity is truly collective cultivation. In a true collective, the payments would be based on the collectives operating costs and overhead. It is unlikely that these amounts would bear any relation to the quality of the marijuana, or that the amounts would happen to coincide with the street price of marijuana.

E. Evidence that Blue Heaven does not check to determine whether persons who acquire marijuana are members of the collective membership before providing marijuana.

Mrs. Muniz did not provide any records of the persons who purchased marijuana, did not have a list of members on site, and said that she does not even write down the names of the persons who came to Blue Heaven and obtained marijuana in her memo book. This is inconsistent with the Attorney General Guidelines which say that distribution and sales to Non-Members are prohibited, and that a collective or cooperative may not distribute medical marijuana to any person who is not a member in good standing of the organization.

F. Blue Heaven seemed simply to be selling marijuana to persons who had marijuana cards.

There were no membership list or records, so Mrs. Muniz had no means of determining whether the purchasers were or were not members of the collective. The collective seemed to consist of many members whose only contribution to the collective is to contribute or to pay money and to receive marijuana in exchange for that payment or contribution. There was no way to verify that the applicant acquired, possessed, and distributed only lawfully cultivated marijuana, or that marijuana was obtained only from their constituent members.

There was no way to document a "closed circuit of marijuana cultivation and consumption with no purchases or sales to or from non-members." The applicant did not comply with the requirement that "to help prevent diversion of medical marijuana to non-medical markets, collectives and cooperatives should document each member's contribution of labor, resources, or money to the enterprise.", and that they also should track and record the source of their marijuana.

4. BLUE HEAVEN IS LOCATED WITHIN 1000 FEET OF AN OPEN AIR CHILDREN'S PARK, AND IS NOT IS NOT SUFFICIENTLY BUFFERED FROM THAT AREA.

The collective is located within 1000 feet of the Children's Open Air Playground at the intersection of Virginia and Etheldore. Based on the neighboring activities, it appears the requested use at the proposed location would adversely affect the economic welfare of the nearby community; and that the requested use at the proposed location would adversely affect the use of any property used for a playground, park, and a youth facility.

5. BLUE HEAVEN'S APPLICATION IS INCOMPLETE, INACURATE, OR BOTH.

A. Although the application says that the collective has three officers, it does not list any employees.

B. Neither Rose Muniz nor Matthew Allen was listed as an employee on the application. Therefore, the application is either incomplete, inaccurate, or both.

C. The application does not provide information to show that it could meet the conditions specified in section 5.148.050,

6. INADEQUATE SECURITY MEASURES.

The ordinance requires that the collective site will include an alarm system that is monitored at all times for security purposes; a centrally monitored alarm system is required.

Mrs. Muniz advised that "two big pit bulls" were tending the plants or protecting the cultivation location at the Muniz home. This is inconsistent with the requirement. Pit Bulls dogs are not an adequate security system.

A visual inspection of the exterior of the residence at 565 Willow Ave in Half Moon Bay shows no indication of any additional or significant security measures or devices in place to protect the cultivation area from theft or other criminal activity. The presence of such guard dogs as the only means of security may not be considered as sufficient to meet the security standard of the ordinance.

7. THE APPLICATION MAKES IT IMPOSSIBLE TO CONFIRM THAT THE EMPLOYEES OF THE COLLECTIVE ARE NOT FELONS OR PROBATIONERS.

The application does not list the names of any employees so we cannot verify compliance with this requirement.

8. IT IS IMPOSSIBLE TO VERIFY THAT THE QUANTITY OF MARIJUANA EXCEEDS THE MAXIMUM QUANTITY PER PATIENT OF MEDICAL MARIJUANA AUTHORIZED BY STATE LAW, MULTIPLIED BY THE NUMBER OF PARTICIPANTS WHO ARE SERVED BY THE COLLECTIVE.

The ordinance (section 5.148.050 [13]) requires that the quantity of marijuana located at the facility where medical marijuana is collectively cultivated may not exceed the maximum quantity per patient of medical marijuana authorized by state law, multiplied by the number of participants who are served by the collective. State law (Health and Safety Code section 1362.77) says that a qualified patient or primary caregiver may

possess no more than eight ounces of dried marijuana per qualified patient. In addition, a qualified patient or primary caregiver may also maintain no more than six mature or 12 immature marijuana plants per qualified patient. Without a Collective member list or a patient list for review it cannot be confirmed that the quantity of product on hand was consistent with the amount of collective members or patients.

The ordinance (section 5.148.050[14]) also says that the Sheriff may inspect the collective at any reasonable time to ensure that the amounts of medical marijuana on site conform to this Chapter and state law. The failure to provide membership records, a ledger, or access to the safe made an inspection impossible, which leads to the conclusion that the applicant does not meet those criteria.

Regarding the locked safe within the office, the safe may have contained additional marijuana or cash. As it was locked and secured and unable to be opened the contents are in question. The safe and its contents should be available for reasonable inspection to confirm compliance with Medical Marijuana Collective requirements.

**CONCLUSION:**

Based on the totality of the information gathered to date the application by Mr. Ruben E. Muniz and the Blue Heaven Collective Corp. at 2305 Carlos Ave. Suite A in Moss Beach, California, for a business license for Collective Cultivation and/or Distribution of Medical Marijuana, should be denied.

Submitted

  
Gil Rodriguez  
Sheriff's Investigator  
San Mateo County Medical Marijuana Program

## **EXHIBIT C**

**COUNTY OF SAN MATEO  
PLANNING AND BUILDING DIVISION**

**DATE:** February 4, 2010

**TO:** San Mateo County License Board

**FROM:** Planning Staff

**SUBJECT:** Consideration of a County of San Mateo business license, pursuant to Chapters 5.04 and Section 5.148.505 of the San Mateo County Ordinance Code, to operate a Medical Marijuana Collective, located at 2305 Carlos Street in the unincorporated Moss Beach area of San Mateo County.

**RECOMMENDATION**

That the San Mateo County License Board determine that there are planning related matters that would prevent the approval of the Medical Marijuana business license request.

**BACKGROUND**

Report Prepared By: Angela Chavez, Planner

Applicant: Ruben Muniz (DBA Blue Heaven Collective Corp.)

Owner: Louis and Helen Smits

Location: 2305 Carlos Street, Moss Beach

APN: 037-097-010

Parcel Size: 4,873 sq. ft.

Existing Zoning: C-1/S-3/DR/CD (Neighborhood Business/ Design Review/Coastal District)

General Plan Designation: Neighborhood Commercial

Existing Land Use: Commercial Use

Setting: The property is located on a corner lot at the intersection of Carlos Street and Etheldore Street just east of Cabrillo Highway. The subject parcel is developed with a single-story two suite commercial building that currently houses a chiropractic office and the subject Blue Heaven Collective Corporation. There is a small parking area behind the building which serves only the subject property and is accessed from Etheldore Street. The immediate properties to the

east (rear) of the subject property are developed with single-family residences and are zoned R-1/S-17/DR/CD (Single-Family Residential/Mid-Coast/Design Review/Coastal District). The properties to the west are also zoned R-1/S-17/DR/CD but are buffered from the subject site by the 60 foot Carlos Street right-of-way and 100 feet of Cabrillo Highway right-of-way. The properties to the south along San Carlos are utilized for various commercial uses. The area immediately to the north is made up of the Etheldore right-of-way which is approximately 200 feet wide.

## **DISCUSSION**

### **A. KEY ISSUES**

#### **1. Conformance with Zoning Regulations**

The project site is located in the C-1/S-3/DR/CD (Neighborhood Business/ Design Review/Coastal District) Zoning District. The structure currently located on the site was constructed in conformance with the Planning and Building regulations in effect at the time of its creation.

#### **2. Compliance with Regulation of Collective Cultivation and Distribution of Medical Marijuana**

Planning Staff has reviewed the proposal for conformance with planning standards and found that the project does not comply with the findings required to be made pursuant to Section 5.148.040b of the San Mateo County Ordinance Code. See the detailed discussion below for Staff's analysis:

##### **a. That the requested use at the proposed location will not adversely affect the economic welfare of the nearby community.**

There are a variety of commercial uses present in the nearby community that provide a wide range of services and products. The addition of a medical marijuana collective is an allowed use with the issuance of a business license and there is no indication that the addition of this business would negatively impact the economic welfare of the nearby community.

##### **b. That the requested use at the proposed location will not adversely affect the use of any property used for a school, playground, park, youth facility, child care facility, place of religious worship, or library.**

A review of the County's Geographic Information Systems program identified that two places of religious worship that are located within 1000 feet of the subject parcel. The Church of Jesus Christ of Latter-Day Saints is located at 475 California Avenue which is across Cabrillo Highway from the subject property. The highway acts as a physical buffer between the proposed collective and place of worship. Staff has determined that there is a sufficient buffering between uses so as not to impact the day to day operations of the temple. The Russian Convent of our Lady of Vladimir is

located at 502 Vermont Street, which is also within 1000 feet from the proposed collective. However, the convent is approximately two blocks from the collective's location and there is no indication that collective poses any potential impact to the day to day activities of the convent.

Staff notes that there are three parks within close proximity to the proposed collective; specifically, Rancho Corral de Tierra, Fitzgerald Marine Reserve, and Moss Beach Park. Both Rancho Corral de Tierra and Fitzgerald Marine Reserve are nature reserves. These two parks do support some amenities such as hiking trails, picnic areas, and tours of natural habitats (i.e. tide pools). However, each of these two sites are sufficiently buffered from the proposed collective by both commercial and residential areas.

As to Moss Beach Park, Section 5.148.050(a)(20) of the Ordinance Code provides that no medical marijuana collective can be located within 1,000 feet of any schools, *recreation centers*, or *youth centers*. A review by the San Mateo County Sheriff's Office determined that the proposed location is, in fact, within 1,000 feet of Moss Beach Park and the Planning Department concurs in this determination. (The location of the proposed collective is within approximately 680 feet of the park.)

Moss Beach Park is a community funded and maintained children's park and is located at the corner of Virginia Avenue and Etheldore Street. The park is specifically geared towards toddler and school aged children and provides no other amenities aside from the youth-oriented play structures found throughout the parcel. In light of the focus on uses of the facility by youth, Staff believes that it may be concluded that this park is both a youth center and a recreation center within the meaning of the Ordinance Code. If the Board determines that the park is, in fact, a recreation center or a youth center, applicant would be barred by law from locating the proposed collective within 1,000 feet of it and this finding could not be made.

If, on the other hand, the license board determines that the park is not a recreation center or youth center, staff believes that the proposed collective would not adversely affect the use of the park due to the distance between the two uses (approximately 680 feet). In addition, the collective and park are sufficiently buffered by numerous other commercial establishments in the immediate vicinity.

- c. **That the request use at the proposed location is sufficiently buffered in relation to any residential area in the immediate vicinity so as not to adversely affect said area.**

As discussed above there are residentially zoned properties to the rear of the site. However, there is a large 50 foot right-of-way between the subject parcel and the adjacent residentially-zoned parcels. The building in which the collective is housed has been constructed towards the right side of the parcel that fronts Carlos Street and

thereby is oriented away from the residential area. While the parking area for this building is located behind the building (across Etheldore Street from the residential area) the topography in this area drops off so that the subject property sits below the residential area. The parking area is also buffered from Etheldore Street by a landscaped area and chain link fence. Access to the parking area is limited, as there are no doors at the back of the building and the building layout requires that patients access the building by either utilizing the sidewalk or an existing ramp that wraps around to the front of the building. Based on the layout of the building, surrounding street layout, and site topography, Staff has determined that the collective is sufficiently buffered from areas used for residential purposes.

- d. **That the exterior appearance of the structure is compatible with the exterior appearance of structures already constructed or under construction within the immediate area, and shall be maintained so as to prevent blight or deterioration, or substantial diminishment or impairment of property values within the immediate area.**

The exterior appearance of the structure is compatible with the exterior appearance of surrounding structures. While there is no overall design aesthetic that is consistent throughout the neighborhood, the subject structure and existing landscaping appears to be well maintained.





## COUNTY OF SAN MATEO

### INTERDEPARTMENTAL CORRESPONDENCE

**To:** License Board  
**From:** County Counsel's Office  
**Subject:** Application for Business License  
(Ruben E. Muniz; Blue Heaven Collective Corp., Moss Beach)  
**Date:** May 10, 2010

On September 11, 2009 Ruben E. Muniz submitted an application for a business license to operate Blue Heaven Collective Corp. at 2305 Carlos Street, Suite A in unincorporated Moss Beach ("Blue Heaven Moss Beach). Blue Heaven Moss Beach was already (at the time that County Ordinance 5.148 took effect), and continues to be, in operation. An investigation of the application was conducted and reports were submitted by the Planning Division and by the Sheriff's Office.

Mr. Muniz had requested a hearing on the License Board's preliminary decision to deny him a license. A hearing was scheduled for the March meeting and then continued to May 17, 2010 at Mr. Muniz's request. On April 5, 2010 Mr. Muniz submitted an amended application. A copy of that amended application is attached.

The Sheriff's Office has reviewed and evaluated the amended application (and conducted further independent investigation) and continues to recommend denial. A report is attached hereto.

A copy of this memorandum and the report will be sent to Mr. Muniz by Federal Express for receipt on Tuesday, May 11, 2010.

DAS:DAS

**SAN MATEO COUNTY SHERIFF'S INVESTIGATION OF  
MEDICAL MARIJUANA COLLECTIVE  
BUSINESS LICENSE APPLICATION**

**Applicant:** Rubin E. Muniz DBA Blue Heaven Collective Corp.  
**Location of distribution site:** 2305 Carlos Street, Suite A, Moss Beach Calif.  
**Location of cultivation site:** 51 West Eden Road, Pescadero  
**Date of Original Application:** September 11, 2010  
**Date of Addenda:** April 5, 2012  
**Department:** San Mateo County Sheriff's Office  
**Reviewer:** Sergeant Bryan Cassandro

**INTRODUCTION**

As noted above, Mr. Rubin Muniz submitted his original application on September 11, 2010. The Sheriff's Office investigated that application and submitted a report to the License Board. This report is intended to update the License Board on information gathered since the March hearing.

On April 5, 2010, Mr. Rubin Muniz, representing Blue Heaven Collective, submitted a second revised business application requesting issuance of a business license pursuant to San Mateo County Ordinance Code chapters 5.04 and 5.148 (Regulation of Collective Cultivation and Distribution of Medical Marijuana.)

**REVIEW OF APPLICATION**

The application requires the applicant to provide specific information necessary to evaluate whether a license should issue. Review of the Blue Heaven's amended application raises a number of concerns.

**Collective Practices**

According to the guidance provided by the State Attorney General's Office, a collective must be jointly owned and operated by members of the group. Pursuant to this requirement, each member should actively participate in day-to-day operations (excepting those who are too ill or frail to do so). Some examples of this collective work are cultivation, manufacturing, selling, preparation, transportation, real estate management, administration, etc. The members must make a meaningful contribution to the day-to-day activities of the collective and cooperative. Mr. Muniz does not address this issue in his amended application.

Mr. Muniz writes in his application that Blue Heaven Collective obtains all its medical cannabis from members who cultivate it exclusively for the use of all members of (BHCC). Mr. Muniz then states that "Currently the majority of medical marijuana is

provided by Rubin Muniz and Rose Muniz, both members of the collective. Additional medical marijuana is provided by members of the collective who are verified through their ID cards.” It appears that Mr. Muniz is still supplying most of the marijuana to the members (and members do not assist in the cultivation). This arrangement is not collective cultivation. It is of note that, in a prior interview with Detective Guidotti, the applicant stated that he provides all the cannabis himself because he prefers to be self-sufficient.

Blue Heaven’s method of pricing marijuana is still consistent with street sales rather than a collective. The application states the marijuana is priced as follows:

A Grade: \$15.00 per gram; \$25.00 per 1.8 grams; \$50.00 per 3.5 grams; \$100.00 per 7.2 grams; \$180.00 per 14 grams; \$350.00 per 28 grams (1 oz.).

The applicant goes on to list the price for B grade and C grade marijuana. (Refer to applicant’s response to question #16 for complete list of prices).

My research found these quoted prices are comparable to the price one would pay on the street for marijuana in San Mateo County, even though Mr. Muniz lowered the rates from his prior application. This creates doubt about the activity being truly collective cultivation.

Question #17 of the application asks: “for the last five years, what reimbursements (other than membership fees) have members of your collective been required/requested to pay to your collective?”

The applicant’s response is that since BHCC began operating in January 2009, members obtaining medical cannabis were required to reimburse BHCC for medical cannabis they obtained at a tax-included rate. This response indicates that Mr. Muniz is selling marijuana in violation of California law and County Ordinance.

In addition, many answers in the amended application, are vague and non responsive. Mr. Muniz’s also refuses to answer certain questions. For example:

*Question # 23 For each operating expense incurred by your collective in the past twelve (12) months, provide the name of the payee, date of payment, method and form of payment and reason for payment.* Applicant’s response: “We are currently not providing based on advice of Council.”

*Question#40: What percentage of your collective consists of members whose only contribution to the collective is to contribute or pay money and receive marijuana in exchange for that payment or contribution?* Applicant’s response: “Not relevant”

*Question #41 Does your collective have a maximum number of members whose only contribution to the collective is to contribute or pay money and to receive marijuana in exchange for that payment or contribution?* Applicant’s response: “Not relevant”

*Question #42 For each source of your collective's marijuana, list the address of each location at which the marijuana is cultivated and the amount cultivated at each location over the last twelve (12) months?* Applicant's response: BHCC at 2305 Carlos Street, Suite A, Moss Beach, California and 51 Eden West Road, Pescadero, California. "Other addresses not provided under advice of council."

### **Membership**

The second part of the application addresses membership and requests membership information. The purpose of these questions is, in part, to ensure that only qualified individuals are handling, packaging and transporting the cannabis and the applicant is to include procedures to prevent diversion of marijuana to persons who are not protected by state law. The applicant declined to list the members of the collective citing HIPPA concerns, laws intended to protect the privacy of patient identifiable "protected health information".

On April 3, 2010, R. Zachary Wasserman, an attorney with the law firm of Wendel, Rosen, Black and Dean who represent Blue Heaven Collective, wrote a letter to the San Mateo County License Board that was forwarded to County Counsel, writing that he has advised his client not to answer particular questions in the permit application in part one and part two. (a copy of the letter is attached).

On April 15, 2010, David Silberman, County Counsel, responded to Mr. Wasserman in writing addressing the issues memorialized by Mr. Wasserman. (a copy of the is attached).

### INTERVIEW

On April 15, 2010, I contacted Mr. Rubin Muniz via his cell phone to set up a time and date for me to meet with him and review his amended application. Mr. Muniz responded by saying, "I will not talk to you. I want to call my attorney and have him with me."

On April 19, 2010 I had yet to hear back from Mr. Muniz regarding the interview request. I called his cell phone number to cancel the one-on-one interview and got a recorded message saying that number had been disconnected. I then called Mr. Muniz's residence and left a message to cancel the interview. I called Rose Muniz's cell phone number to advise her of the cancellation and reached a recorded message her phone had been disconnected. I then sent an e-mail to Mrs. Muniz advising her of the interview cancellation.

### VISIT TO DISTRIBUTION SITE

As a condition and requirement of the application process of licensing, I arrived at the Blue Heaven Marijuana Collective (2305 Carlos Street, Moss Beach) at 11:00 a.m. on April 26, 2010 to conduct a site visit. I was met in the front waiting room area by Mr. Rubin Muniz. Mrs. Rose Muniz was also working at the collective. I was advised that no other employees or members were working at this time. I observed two people in the

waiting area who appeared to be filling out applications to become members of the collective.

During my visit, Mr. Rubin Muniz established himself as the person who oversees the daily operation of the Blue Heaven Collective and the cultivation of the marijuana. He told me that this is his full-time job. Mr. Muniz went on to say that he tended to the growing and management stating, "I do not trust a lot of people." Mr. Muniz told me his wife, Rose Muniz, is the office manager at Blue Heaven and they have four (4) employees. (listed on the application) He said they had one (1) volunteer named Jeff but he could not recall his last name. Jeff's job is to answer the phones. Mr. Muniz told me Orlando Pohahau's job is driving the van for marijuana deliveries and Matt Allen works in the office and as security.

Mr. and Mrs. Muniz explained to me that they are in the process of setting up a system to track all member's sales and transactions. The system is Quick Books (sales transactions). Mr. Muniz explained that each member will be issued a member card. I reviewed a member's card and it listed the member's name, date of birth, identification number and a scanning bar code. I was asked not to write down the member's name per Mr. Muniz's attorney. I was told that at each transaction, the identification card will be scanned and the information retrieved from the card that is obtained from the member's application will determine if the member makes a donation, helps on site, if they are eligible for a discount such as a VA member, Medicare recipient, etc.

Mr. Muniz pointed out a large metal cabinet located in the back room. Mr. Muniz said the cabinet contained the membership files for the collective. I asked how many member files there were in the cabinet and he replied there were 300-400 signed up with a cap on membership at 500. Mr. Muniz asked if I wanted to look at a file. Per his attorney I was not allowed to write down any information. I received a manila file marked with the letter "D" and on opening the file I observed there were approximately 25-30 forms inside. I did not write any of the information down from the forms and did not review the forms because of the issues raised by Mr. Muniz.

Mr. Muniz showed me a large industrial safe located in the back room. Mr. Muniz said the safe weighed 3.5 tons and was not secured to the floor. Mr. Muniz opened the combination safe for me and said only he and his wife have the combination. I observed plastic bags of dried marijuana in the safe. Mr. Muniz stated there was approximately three (3) pounds of processed marijuana in the bags. I observed nothing else in the safe.

I asked how much cash they had on hand and after checking, it was determined there was \$300.00.

Mr. Muniz explained to me they are using a ledger book to keep track of the sales transactions of each member until the quick books system is up and running. He explained to me the information in the ledger was the members ID, amount of cannabis purchased, what type of cannabis, price and if they received a discount. The ledger page read as follows:

|           |          |      |                             |
|-----------|----------|------|-----------------------------|
| ID# 12345 | 1/16 oz. | CD   | \$25.00                     |
| ID#12346  | 1/16 oz. | Dino | \$25.00                     |
| ID#12347  | 1/16 oz. | SD   | \$40.00 10% discount VA     |
| ID#12348  | 1/8 oz.  | SD   | \$50.00 new member/free gr. |

SD= Discount

CD/Dino= type of marijuana

Mr. Muniz explained that all new members get a free gram of marijuana when they sign up.

Mr. Muniz added that Blue Heaven also provides a free ten minute massage paid for by the collective.

I observed numerous marijuana plants in what Mr. Muniz referred to as the employee area of the facility. This is where the marijuana is distributed to members. Mr. Muniz said only employees are allowed in that area. The plants were of different sizes. Mr. Muniz explained to me he provided all the marijuana plants and marijuana on site from his cultivation site located in Pescadero and from vendors. Mr. Muniz told me there were less than 100 plants of different varieties and he also will sell plants to members for startup. He pointed out a plant that was approximately 12 inches high, stating, "I will sell that one for \$25.00." I observed plastic bins which contained pre-packaged and pre-measured marijuana for sale. The bins were under the counter in the employee area.

Mr. Muniz told me he provides the majority of marijuana for the collective, stating, "I do all the growing and cultivation. It's more convenient to grow it ourselves rather than an outside source. That way I can keep an eye on it." I asked Mr. Muniz what percentage of the collective's members provide marijuana to the collective and he responded, "Maybe 10%." I asked Mr. Muniz if Pescadero was the only location where he cultivates marijuana for the collective and he answered he only cultivates it at his residence in Pescadero. He told me he grows marijuana indoors in the garage and some outdoors. He told me he has two pit bulls on the 8.5 acre property for security. Mr. Muniz told me he has approximately 40 marijuana plants indoors and "maybe 50 plants outdoors." I asked Mr. Muniz if it was okay to inspect the Pescadero site after I was through at Blue Heaven and he said yes, it was okay. Mr. Muniz's wife, Rose, said today was not a good day because that would leave her at the collective all alone. We agreed to meet in Pescadero on Wednesday.

I asked Mr. Muniz about the vendors he mentioned that supplemented his cultivated product. Mr. Muniz told me, "they used to stop by all the time to sell me marijuana. Finally I told them to only come by on Thursdays." I asked him how many vendors would stop by and he answered, "One to four; if I like it, I buy it." Mr. Muniz said the vendors will become members. When I asked Mr. Muniz who his vendors were, he would not tell me.

Mr. Muniz said he determines the quality of the product before he buys it from a vendor. I asked what price the vendors ask for the product and he answered, "For an indoor grow

it would be \$2,000.00 to \$4,000.00 per pound and for an outdoor grow \$1,500.00 to 2,000.00 per pound.

I asked Mr. Muniz what exactly does Orlando Pohahau do as driver for the collective (The Sheriff's Office has not yet received a report back on Mr. Pohahau's criminal history.). Mr. Muniz explained that Orlando is his driver for medical marijuana deliveries to the members. If the member calls for a delivery, Orlando takes it to them. Mr. Muniz said, "This is a service I provide for the collective. It doesn't matter where they live, if they want the medical marijuana delivered, I'll see it's delivered." Mr. Muniz told me they make 5-6 deliveries a day.

### **Security at Distribution Site**

The Blue Heaven Collective is located at the north end of Carlos Street in Moss Beach. The facility shares a building with a chiropractic office. Blue Heaven occupies the south part of the building. (photographs attached)

The first room is the lobby area. This room has three (3) large windows facing west. These windows are not secured by safety latch security bars. On the south end of the room is a window that has a solid security bar with no safety latch affixed on the bar to allow an escape in the event of an emergency. All the windows in the front lobby area are in violation of Section 5.148.050 sub-section (7) of the County Ordinance Code. There is a window in the employee area that is on the east side of the building. This is the area where the marijuana is sold and cultivated. This window is equipped with a safety latch bar. There are no other windows in the facility. Mr. Muniz told me there were security cameras inside and outside the building. I checked out all the cameras and they appeared to be placed in locations to monitor inside and outside the building as well as the front and back parking areas. The eight inside monitoring screens were all in operation at this time. I was also shown the motion detectors that are installed on the windows and the front door. Mr. Muniz said he contracts with ADT Security Company.

There were no members volunteering their services during this on-site visit.

There has been previous discussion and documentation regarding the Children's Open Air Playground at the intersection of Virginia and Etheldore in Moss Beach. I checked the children's park twice on my visit to Blue Heaven. At 10:40 a.m. I observed approximately 10-15 pre-school children and adults at the park. At 12:30 p.m. I observed approximately 25-30 pre-school children at the park.

### **VISIT TO CULTIVATION SITE**

As a condition and requirement of the application process for licensing, I arrived at the residence of Rubin and Rose Muniz located at 51 West Eden Road, Pescadero, to inspect the cultivation site on April 28, 2010. This inspection was done with the knowledge of Mr. Muniz.

The home is located in a rural setting on the San Mateo County coastside. The residence is approximately 3.5 miles south of the town of Pescadero off of Cloverdale Road. West Eden Road is a paved county road that has a sign indicating it is a dead-end street. Upon exiting Cloverdale Road onto West Eden Road there is a driveway on the left that proceeds up a hill. Continuing on West Eden Road there is another driveway at the end with a sign on it. I went up the first driveway which did not have any numbers to indicate the address. It had two Do Not Trespass signs posted. I drove up this driveway 0.2 miles and saw #51 posted on a rock along with two Do Not Trespass signs. I then turned into another driveway and came to a metal cyclone gate approximately 4 feet by 12 feet. As I approached the gate I saw two pit bulls on the property. Then I saw Mr. Muniz get the dogs, put them away and come to the gate which I noticed had two locks on it. One was a key operated padlock and the other was a combination cable lock. There was also a light overlooking the gate. Mr. Muniz told me the only people who have access to the gate locks are himself, his wife, Rose and their 18-year-old daughter. (photographs attached).

Mr. Muniz stated that his two pit bull dogs patrol his property as part of his security.

Mr. Muniz said there is a neighbor to the north of him and they both share the same driveway off of West Eden Road. The neighbor's house is not visible from Mr. Muniz's residence.

Mr. Muniz informed me he has lived at this residence on West Eden Road since February 15, 2010. He went on to tell me he rents the house with an option to buy. The rent is \$2,700.00 per month and Mr. Muniz stated, "I pay half and the collective pays half." Mr. Muniz also said that he and his wife, Rose and their 18-year-old daughter live there full time and his mother-in-law has a room in the house but does not live there on a full-time basis.

Mr. Muniz described the house as having five bedrooms, an office and sits on eight (8) acres of land. Mr. Muniz pointed to the attached two-car garage and said that is where he grows and cultivates the marijuana. He pointed out to me a 250 watt light-sensitive bulb attached to the southeast top corner of the garage. Mr. Muniz also pointed out to me some other large lights that were on the ground and said, "These lights are going to be installed, also." I asked Mr. Muniz if he had any alarmed security or cameras in or around the garage area where he grows the marijuana or inside the house and he replied he did not at this time saying, "I'm in the process of doing that with my security company." Mr. Muniz said he would supply me with the security plan at a later date.

We proceeded to walk to the garage area at the front of the house where Mr. Muniz pointed out a motion light overlooking the front entrance. Mr. Muniz then pointed out what he described as thirty (30) marijuana seedling plants located on a patio outside in front of the house. (photographs attached).



We then entered the garage area through a side door off the front patio. This door had a locking mechanism on the door handle and also had a dead bolt lock. Mr. Muniz informed me that only he and his wife have keys to the garage door.

Once inside the garage, I observed numerous marijuana plants in various stages of growth and size. Mr. Muniz explained to me the reason it was so dark inside the garage when we entered was the marijuana plants were in what he called "their dark cycle". When I asked Mr. Muniz how many marijuana plants were being grown, he counted them and came up with approximately sixty two (62): forty two (42) mature plants and twenty (20) smaller plants. (Refer to attached photographs.) Mr. Muniz then showed me two (2) large heat lamp lights overhead that supply the light to the marijuana plants. Mr. Muniz added that he uses fertilizer and a mixture of cigarette tobacco spray on the marijuana plants. I asked Mr. Muniz about the security on the large garage door and he replied, "It's always locked." Mr. Muniz added that the marijuana plants he had cultivated in Half Moon Bay at his prior residence were transported to this present location by him.

Mr. Muniz indicated he had membership forms from the collective pointing to a plastic container sitting on the floor. Mr. Muniz stated, "These forms authorize me to grow marijuana for them from the attorney general." I asked Mr. Muniz if all those members told him to grow marijuana specifically for them and he replied, "Yes." I then asked Mr. Muniz how many member forms were in the box and after counting most of them, he found there were approximately 200-plus. I asked Mr. Muniz if he brought those membership forms down from the Blue Heaven Collective for this inspection and he replied, "No, the forms stay here in my office in the house."

I asked Mr. Muniz if any members of the collective help him in the cultivation of the marijuana at this site and he told me the only person who helps is his wife, Rose and went on to say, "I'm the collective's primary caregiver. I'm its servant." Mr. Muniz explained to me he does all the marijuana growing, drying and processing to the finished product. Mr. Muniz elaborated that he produces approximately 2-3 pounds per harvest every three months. I asked Mr. Muniz how does the finished product get from the grow site to the collective cite and he informed me he is the only one that transports the marijuana to Moss Beach.

I then proceeded with an inspection of the garage and the premises. The front cyclone gate is approximately 50 yards from the house. Mr. Muniz said he plans to put a wireless alarm on the gate. I noted there was wire fencing around the property that I could observe from the house. Inside the garage there were two round windows covered with plywood, not secured with safety-latch security bars. I did not observe any type of electronic security such as cameras, monitors or alarms inside or outside of the garage.

There was no door leading from the garage to the house. There was only one side door leading into the garage. Mr. Muniz showed me his office area located inside the house and I noted it had one door to the office and a sliding glass window facing a room that had a hot tub in it. Mr. Muniz told me this office was not alarmed and I did not observe any security cameras or alarms. This is the only portion of the house I checked because

Mr. Muniz indicated that this is where he kept the membership forms that justify his marijuana cultivation.

## CONCLUSION

It is the Sheriff's Office view that Blue Heaven is not a collective. The applicant previously advised Detective Guidotti he provides all the cannabis, as he prefers to be self sufficient and not take any risks of having any inferior strain of cannabis. Mrs. Muniz advised Detective Rodriguez that the collective relies on plants that are grown in the applicant's garage. Mr. Muniz has advised me he grows and cultivates most of the cannabis for Blue Heaven Collective at his residence in Pescadero.

As noted above, a collective is an entity operated by its members. With the exception of those who are too ill or frail to do so, the members of the collective should work on some aspect of the association that was directly or indirectly related to cultivating and distributing marijuana for medical purposes, such as cultivation, manufacturing, selling, preparing, transportation, real estate management, administration, etc. The members must make a meaningful contribution to the day-to-day activities of the collective and cooperative. If the Muniz's are doing all or most of the cultivation, the operation is not a collective. In addition, the ratio of employees to members is compelling evidence that Blue Heaven is not a collective. The application lists four employees and the available information on the application and what was related to me indicates a membership of approximately 500. This ratio is inconsistent with a finding that the applicant is operating through collective effort.

In addition, while the application asserts that Blue Heaven is non-profit, the unavailability of collective member records and transaction records for a thorough and complete inspection makes it impossible to verify or evaluate compliance with the prohibition against a collective operating as a for-profit enterprise. Similarly, it would appear to be inconsistent with non-profit status for the collective to pay for the home, in which Mr. Muniz resides with his family.

The ordinance requires each and every primary caregiver to create and maintain an up-to-date list of qualified patients or persons with identification cards for whom the caregiver provides service. The list must immediately be provided to the Sheriff or the Sheriff's designee upon request for the purposes of verifying that the primary caregiver possesses no more than the maximum quantity per patient of medical marijuana authorized by state law multiplied by the number of patients for whom the primary caregiver is providing service. On my visit to the collective, while Mr. Muniz asked if I wanted to look at a membership file, I was not allowed to write down any information from the member's file.

Further, on the application, the applicant declined to list the members, citing HIPPA concerns laws intended to protect the privacy of patient identifiable "protected health information". County Counsel has advised that HIPPA does not prohibit Mr. Muniz from

providing the names of cooperative members because the names of collective members their responsibility would not be health information

Blue Heaven's method of pricing marijuana is consistent with San Mateo street sales rather than a collective. The pricing is comparable to the price one would pay on the street for marijuana, which creates doubt as to whether the activity is truly collective cultivation. In a true collective, reimbursement to the collective, if any, would be based on the collective's operating costs and overhead. It is unlikely that these amounts would bear any relation to the quality of the marijuana and it is unlikely that the amounts would happen to coincide with the street price of marijuana.

Blue Heaven seemed simply to be selling marijuana to persons who had marijuana cards. The collective appeared to consist of many members whose only contribution to the collective was to contribute or pay money and to receive marijuana in exchange for that payment or contribution. There is no way to verify that the applicant acquired, possessed and distributed only lawfully cultivated marijuana or that marijuana was obtained only from their constituent members. There was no way to document a "closed circuit of marijuana cultivation and consumption with no purchases or sales to or from non-members." The applicant did not comply with the requirements that "to help prevent diversion of medical marijuana to non-medical markets, collectives and cooperatives should document each member's contribution of labor, resources or money to the enterprise." Nor did the applicant satisfy the obligation to track and record the source of their marijuana.

Further, the collective is located within 1000 feet of the Children's Open Air Playground at the intersection of Virginia and Etheldore. Based on the neighboring activities, it appears the requested use of the proposed location would adversely affect the use of the property used for a playground, park and youth facility.

The ordinance also requires that the collective site and cultivation site include an alarm system that is monitored at all times for security purposes and that all windows be secured with safety latch bars, requirements the applicant does not meet. The front windows of the collective have no bars and the front side window has a secured bar covering the window. The cultivation site has no alarm system or cameras at the present time, no bars on the windows and the front gate could be easily accessed by cutting the locks securing the gate. Mr. Muniz has been cultivating marijuana at this location for three (3) months knowing that he is in violation of the County Ordinance.

RECOMMENDATION

Based on the totality of the information gathered to date, the Sheriff's Office continues to recommend that the application of Mr. Rubin Muniz and the Blue Heaven Collective at 2305 Carlos Avenue, Suite A in Moss Beach, California, for a business license for Collective Cultivation and/or Distribution of Medical Marijuana, be DENIED



Bryan Cassandro  
Sheriff's Sergeant  
San Mateo County Medical Marijuana Program

BC:kj





**SAN MATEO COUNTY LICENSE BOARD**

455 COUNTY CENTER  
REDWOOD CITY, CA 94063

**APPLICATION FOR BUSINESS LICENSE FOR COLLECTIVE  
CULTIVATION AND/OR DISTRIBUTION OF MEDICAL MARIJUANA  
CHAPTERS 5.04 AND 5.148  
SAN MATEO COUNTY ORDINANCE CODE  
\*\*\*\*\***

**I. Applicant Information.**

APPLICANT'S NAME RUBEN E. MUNIZ - On Behalf of Blue Heaven Collective Corp.

ADDRESS 51 West Eden Road

CITY: Pescadero STATE: CA. ZIP CODE: \_\_\_\_\_

CALIFORNIA DRIVER'S LICENSE NO. D6043461

DATE OF BIRTH 12-20-1971

PHONE NUMBER (650) 728-7003 Home ☐ Office ☒ Cell ☐

E-MAIL ADDRESS \_\_\_\_\_

(Please use additional sheets to provide this information if there are co-applicants.)

**II. Facility Information.**

NAME OF FACILITY Blue Heaven Collective Corp.

ADDRESS OF FACILITY 2305 Caelos Street, Suite A, Moss Beach, CA. 94068

FACILITY PHONE NUMBER: (650) 728-7003

DESCRIPTION OF BUILDING IN WHICH FACILITY IS LOCATED:  
\_\_\_\_\_  
\_\_\_\_\_

**III. Property Owner Information.**

CONTACT INFORMATION FOR OWNER OF BUILDING ("PROPERTY OWNER"):

Name: Coastside Realty Property - Cheis Garcia

Address: Moss Beach, CA. 94068 Phone: (650) 712-7708

City: Noss Beach, CA. 94068 State: CA. Zip Code: 94068

PLEASE OBTAIN AND ATTACH THE FOLLOWING DOCUMENTS FROM THE  
PROPERTY OWNER:

1. A SIGNED ACKNOWLEDGEMENT THAT HE/SHE IS AWARE OF THE  
NATURE OF THE OPERATION; and
2. THE NAME AND ADDRESS OF ANY LIEN HOLDER FOR THE PROPERTY;  
and
3. PROOF OF LIABILITY INSURANCE.

**IV. Employee and/or Officer Information.**

PLEASE PROVIDE THE FOLLOWING INFORMATION FOR EACH EMPLOYEE AND/OR  
OFFICER OF THE COLLECTIVE. FOR ADDITIONAL EMPLOYEES AND/OR OFFICERS,  
USE ADDITIONAL SHEETS OF PAPER.

**Employee and/or Officer No. 1**

Name:

Ruben Muniz  
Date of Birth: 12-21-1971 California Drivers License No. D6043461

Has this employee/officer been convicted of a felony? If yes, provide date(s) and offense(s).

No

**Employee and/or Officer No. 2**

Name:

Rose M. Muniz  
Date of Birth: 04-15-1974 California Drivers License No. D7362504

Has this employee/officer been convicted of a felony? If yes, provide date(s) and offense(s).

No

**Employee and/or Officer No. 3**

Name:

Matthew P. Allen

Date of Birth:

California Drivers License No.

04-13-1984

D9101120

Has this employee/officer been convicted of a felony? If yes, provide date(s) and offense(s).

None to our knowledge

**Please Note: The above employee and/or officer information must be updated and reported to Sheriff's Office as additional employees and/or officers are hired and/or appointed. See additional page of employment information.**

**V. Warning – Risk of Criminal Liability.**

Applicant has been advised and acknowledges that:

1. operators, employees, and members of facilities where medical marijuana is collectively cultivated, manufactured, dispensed, or distributed in any form may be subject to prosecution under federal laws, and
2. the application for and/or the issuance of a license does not, in and of itself, provide a legal defense to prosecution under state laws.

**VI. Applicant/Licensee's Release and Indemnification of the County of San Mateo.**

Applicant hereby releases and agrees to indemnify and defend the County of San Mateo and its employees, officers, elected officials, or agents, from any and all claims and legal liabilities related to or arising from the application for a license, the issuance of the license, any and all investigations conducted in determining whether to issue the license, or the enforcement of the conditions of the license, and/or the operation of any facility at which where medical marijuana is collectively cultivated and/or distributed.

**VII. Applicable Requirements and Required Documentation.**

Applicants for a medical marijuana license are required to comply with the general sections of the County ordinances concerning business licenses, and with specific requirements that apply to business licenses for medical marijuana collectives.

Chapter 5.148 provides that the Sheriff or the Sheriff's designee shall have the duty and responsibility of processing and referring to the License Board all applications for a medical marijuana collective business license, that the License Board shall determine



04-05-2010

## Blue Heaven Collective Corp. Employee Information

1. Ruben E. Muniz  
12-21-1971  
D6043461  
51 Eden West Road  
Pescadero, Ca.94060  
(650) 728-7003
2. Rose M. Muniz  
04-15-1974  
D7362504  
51 Eden West Road  
Pescadero, Ca.94060  
(650) 720-0838
3. Matthew P. Allen  
04-13-1984  
D9101120  
351 Torino Drive  
San Carlos, Ca.94070  
(650) 834-2160
4. Orlando Pohahau  
09-21-1984  
D3135724  
411 5<sup>th</sup>. Avenue  
Redwood City, Ca.94063  
(650) 716-3456

whether to issue a medical marijuana collective business license, and that the Sheriff or the Sheriff's designee shall have the duty and responsibility to investigate and enforce any violations of this chapter, and to report and enforce against any violations of the conditions of approval.

Therefore, applicant shall provide evidence to the License Board and the Sheriff of any information required in connection with an application for or maintenance of a medical marijuana collective business license.

**Please provide specific information, photographs, or brief statements on separate sheets of paper, to support the findings and conditions that the License Board is required to make before this license can be issued.**

**VIII. General License Requirements (Ordinance Code Chapter 5.04.)**

The License Board is required to deny any application for a license if, after a public hearing, it finds:

1. That the business, occupation or activity sought to be licensed has been, will be, or is likely to become illegal or a public nuisance.
2. That the applicant:
  - (a) within the last five years has been convicted of violating or has been found by the License Board to have violated any county, state, or federal law, ordinance, rule or regulation regulating the activity for which the license is to be (or was previously) issued; or
  - (b) has previously obtained a license by fraud or misrepresentation; or
  - (c) has been guilty of fraud, false advertising, or other misrepresentation, uttering misleading statements, or dishonesty; or
  - (d) has knowingly made a false statement in a material matter either in his application or in his testimony before the Board.

**IX. Applicant Must Meet the Legal Criteria of a Medical Marijuana Collective.**

Chapter 5.148 includes specific findings that must be made in order for a license to be issued.

**Chapter 5.148 also requires that the applicant provide information that will enable the License Board to make a finding that the collective meets the criteria of a medical marijuana collective as defined in California state law. In general, these criteria require that applicants provide information about the following, which are addressed in the "worksheet" section of this application.**

1. The definition, status, and responsibilities of "qualified patients", "persons with identification cards", and "the designated primary caregivers of qualified patients and persons with identification cards".
2. The involvement, contributions, and responsibilities of members of the collective.

3. The finances of the collective.

4. The operations of the collective, including but not limited to security, non-diversion practices, checks and balances on quantities of marijuana, sources of marijuana.

5. The steps the collective takes to differentiate itself from an unlawful criminal activity.

Applicant agrees and understands that the collective must comply with state statutes, case law, and the California Attorney General's Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use (August 2008), and that in the event a change in state statutes, case law, and/or the California Attorney General's Guidelines leads to the determination that the collective does not meet the criteria for a medical marijuana collective, the license will be null and void.

**X. Specific Finding Required for License.**

Chapter 5.148 includes a list of conditions that apply to a license to operate a facility for the collective cultivation of medical marijuana. In submitting this application, and in consideration of the County of San Mateo's consideration of this application, the applicant agrees to comply with all conditions included in Chapter 5.148 for the entire term of the license. The applicant understands and agree that the license may be revoked for any violation of state law or noncompliance with the license conditions for the entire term of the license.

**XI. Consent to Inspections.**

Applicant consents to any and all inspections and investigations deemed necessary by the County to determine whether the collective for which this application is submitted complies with: (a) state law, (b) Chapter 5.148 of the San Mateo County Ordinance Code, and/or (c) any and all other legal requirements, findings, conditions and criteria that apply to the license.

This consent includes but is not limited to inspections and investigations of the facility in which the collective is located, and any and all locations where the collective's marijuana is cultivated, processed, prepared, packaged, and/or distributed.

The consent also applies to any and all records of the collective, including but not limited to records of the source(s) of marijuana, records of membership, records of distribution, records of financial transactions, and records that would enable the determination of whether the collective complies with state law, the California Attorney General's Guidelines, and Chapter 5.148 of the San Mateo County Ordinance Code.

**XII. Execution Under Penalty of Perjury.**

I have received, read, and am familiar with all provisions of the California Attorney General's Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use ("Guidelines", August 2008), and Chapter 5.148 of the San Mateo County Ordinance

Code ("Ordinance"), relating to regulation of collective cultivation and distribution of medical marijuana. By executing this application, I agree to comply with state law, and with each and every provision of the Guidelines and the Ordinance.

I declare under penalty of perjury of the laws of the State of California that all information included in this license application, or provided in connection with the application is true and correct, and is executed at Redwood City, California, this 24 day of Sept. 2009.

Signature of Applicant: Ruben E. [Signature]

**Approve**      **Deny**

**Sheriff:**      \_\_\_\_\_

**Health Officer:**      \_\_\_\_\_

**Planning/Zoning:**      \_\_\_\_\_

**Comments:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The above application for a license pursuant to Chapter 5.148 of the San Mateo County Ordinance Code is hereby:

GRANTED \_\_\_\_\_

DENIED \_\_\_\_\_

\_\_\_\_\_  
Date: \_\_\_\_\_

Chair of the San Mateo County License Board

## **DETERMINATION OF WHETHER APPLICANT MEETS CRITERIA OF A MEDICAL MARIJUANA COLLECTIVE**

**The California Attorney General's Guidelines ("Guidelines") set forth criteria for medical marijuana collectives:**

- **Collectives should acquire, possess, and distribute only lawfully cultivated marijuana.**
- **The collective's operations should be a "closed circuit" of marijuana cultivation and consumption with no purchases or sales to or from non-members. Distribution and sales to non-members are prohibited.**
- **Any monetary reimbursement that members provide to the collective should only be an amount necessary to cover overhead costs and operating expenses.**

**To determine your collective's compliance with the Guidelines, please answer the following questions on separate sheet(s) of paper:**

### **Part 1—Collective's Practices**

- 1 Describe how your collective is a "closed circuit" of marijuana cultivation and consumption with no purchases or sales to or from non-members.
2. The Attorney General's Guidelines say that collectives should track and record the source of marijuana. What is your collective's system for doing so?
3. What is your collective's system for preventing the diversion of marijuana to non-medical markets?
4. The Attorney General's Guidelines say that to help prevent diversion of medical marijuana to non-medical markets, collectives should document each member's contribution of money, resources, and labor to the enterprise. Describe and provide examples of your system for collecting and documenting this information.
5. Does your collective set a maximum amount of marijuana that your collective will distribute per member, either daily, weekly or monthly? If so, what is the maximum amount of marijuana that your collective will distribute per member, either daily, weekly or monthly?

6. What measures has your collective implemented (or what measures does your collective plan to implement) to enforce the maximum amounts specified in the previous question?
7. What measures has your collective implemented (or what measures does your collective plan to implement) to ensure that members are not selling marijuana and/or giving marijuana to persons outside of the collective?
8. What measures has your collective implemented (or what measures does your collective plan to implement) to ensure that marijuana is not purchased from outside the collective for distribution to its members?
9. What procedures will your collective have in place to communicate legal requirements to members?
10. What procedures will your collective use to monitor the collective's and members' compliance with legal requirements?
11. What procedures will your collective use to enforce compliance with legal requirements?
12. Do you understand that Chapter 5.148 of the San Mateo County Ordinance code, relating to "Regulation of Collective Cultivation and Distribution of Medical Marijuana" provides that cooking, sale, preparation, or manufacturing of marijuana enhanced or edible or drinkable products, including but not limited to cookies, candy, drinks, or brownies is NOT permitted? Do you agree to comply with this requirement? What procedure will you implement to ensure that all members agree to comply with this requirement?
13. What is the current fee to become a member of your collective?
14. For the past five years, what has been the fee to become a member of your collective?
15. Describe the methodology for determining your collective's membership fee.
16. What reimbursement(s) or payment (other than membership fees) are members of your collective required and/or requested to pay to your collective?
17. For the past five years, what reimbursements (other than membership fees) have members been required and/or requested to pay to your collective?
18. Describe the methodology for determining any and all reimbursements other than membership fees that members of your collective are required and/or

requested to provide to your collective.

19. How does your collective ensure that it does not operate for a profit?

20. How does your collective determine its **overhead**?

21. For each item of overhead incurred by your collective in the past twelve (12) months, provide the name of payee, date of payment, and reason for payment.

22. How does your collective determine its **operating expenses**?

23. For each operating expense incurred by your collective in the past twelve (12) months, provide the name of payee, date of payment, method and form of payment, and reason for payment.

24. Does your collective have **employees**?

25. If the answer to No. 23 is "yes", how are their salaries determined?

26. Does your collective have **officers**?

27. If the answer to No. 25 is "yes", and if the officers are compensated, how is their compensation determined?

28. Does your collective operate in more than one county?

29. Is your collective limited to members who live or work in the County of San Mateo?

30. Does your collective have systems in place to discourage or prevent people who live and work in counties other than the County of San Mateo from coming to the collective for the purpose of obtaining marijuana?

31. If so, describe those systems.

32. Does your collective have a limit on the number of members who may belong to the collective?

33. If so, how is the number of members of the collective limited?

34. What is the tax status of your collective? Is your collective a corporation?

35. Have you filed to be recognized as a tax-exempt organization under section

501 (c) of the Internal Revenue Code?

36. Do you plan to file for state exempt tax status?

37. Does your collective use a system of receipts that includes the date, time, first and last name, drivers License Number, amount and type of marijuana purchased? Please describe your system of receipts and attach a sample copy of a receipt.

38. Describe the procedures and policies that your collective has in place to prevent against the following, which the California Attorney General's Guidelines identify as possible indicia of unlawful operation and signs of impermissible mass production:

- Presence of excessive amounts of marijuana at the collective
- Presence of excessive amounts of cash at the collective
- Failure to follow local and state laws applicable to similar businesses, such as maintenance of any required licenses and payment of any required taxes, including sales taxes
- Presence of weapons at the collective
- Presence of illicit drugs at the collective
- Purchases from, or sales or distribution to, non-members
- Distribution outside of California

39. Does your collective include any members whose only contribution to the collective is to pay or contribute money and to receive marijuana in exchange for that payment or contribution?

40. If the answer to No. 39 is "yes", what percentage of your collective consists of members whose only contribution to the collective is to contribute or to pay money and to receive marijuana in exchange for that payment or contribution?

41. If the answer to No. 39 is "yes", does your collective have a maximum number of members whose only contribution to the collective is to contribute or pay money and to receive marijuana in exchange for that payment or contribution? If so, what is that maximum and how is it determined?

42. For each source of your collective's marijuana, list the address of each location at which the marijuana is cultivated, and the amount cultivated at each location over the past twelve (12) months.



## PART ONE - Collective Practices

1. Blue Heaven Collective Corp. (BHCC) obtains all of its medical cannabis from members who cultivate it exclusively for the use of all of the members of (BHCC) The only medical cannabis purchased, consumed, or provided to members through BHCC is the aforementioned medical cannabis cultivated by the members of BHCC.

In order to obtain medical cannabis from BHCC, a qualified medical marijuana patient must already be a member of BHCC. By becoming a member and signing BHCC's membership agreement form, the patient/member agrees that they will not divert/resell/ or distribute medical cannabis to anyone else, and that they will have their membership terminated and revoked if they do. ADOPT AN HONOR CODE/MANDATORY REPORTING

2. QB point of sales - Currently majority of medical marijuana is provided by Ruben Muniz and Rose Muniz - both members of collective, Additional medical marijuana is provided by members of collective who are verified thru their ID cards. The source is logged into manual record book <sup>keeping</sup>

3. All medical cannabis is clearly labeled "For Medical Use Only" and medical cannabis is only provided to members of BHCC that have already been verified as valid medical cannabis patients. Additionally, BHCC members can only obtain two ounces of medical cannabis per week unless they provide written verification that their doctor has recommended a larger amount.

4. QB point of sales. - New id card system for tracking such records.

5. BHCC restricts the amount of medical cannabis that members may obtain to two ounces per week, unless they provide written verification that their doctor has recommended a larger amount. - Daily

6. QB point of sales. - And the amount will be verified for each member.

7. By becoming a member and signing BHCC's membership agreement form, the patient/member agrees that they will not divert/resell/ or distribute medical cannabis to anyone else, and that they agree that they will have their membership terminated and revoked if they do. 3 members have already been Revoked of their membership at Blue Heaven Collective Corp.

ADOPT AN HONOR CODE/MANDATORY REPORTING

QB point of sales.

8. Only BHCC members are permitted to provide or receive medical cannabis from BHCC. BHCC will not purchase medical cannabis from non-members.

QB to verify - also new id card tracking system for each member.

9. All BHCC members are required to sign a membership agreement that details pertinent legal requirements. Any pertinent changes in the statutory law, case law, or the Attorney General's guidelines will be provided to members as a written addendum to the membership agreement, requiring the member's agreement and a signature.

~~QB~~

10. BHCC maintains full time security staff who will monitor and enforce the legal requirements that all members must adhere to while on site. By becoming a member and signing BHCC's membership agreement form, the patient/member agrees that they will abide by all legal requirements, and that they agree that they will have their membership terminated and revoked if they do violate any legal requirements.

~~ADOPT AN HONOR CODE/MANDATORY REPORTING~~

QB - Also, each member will be verified.

11. Any violation of the legal requirements articulated in BHCC's membership agreement or subsequent addendums will result in immediate termination of membership.

12. ???????? Yes, There is no sale of any kind of edibles in the collective, since it has been banned in San Mateo County.

13. ~~BHCC has adopted a \$20.00 one-time fee to apply for membership. This fee will be waived for veterans and senior citizens, and people who can demonstrate financial hardship.~~ There is no fee to join B.H.C.C.

14. There has been no fee to join MHCC.

15. ~~This fee has been determined to be the maximum amount that BHCC wishes to impose upon its members.~~ This amount has been established to defray the expenses incurred by the human resources and tracking system software implemented to investigate, validate, and track the applicant's status and membership application, in order to maintain compliance with Chapter 5.148 of the San Mateo County Ordinance Code. Currently BHCC does not intend to charge a fee.

16. Members obtaining medical cannabis are required to reimburse BHCC for the medical cannabis they obtain at a rate commensurate with the quality, amount, and variety/type of medical cannabis. Currently, BHCC members receive medical cannabis at the tax included rate of:

~~\$15.00 per gram \$25.00 per 1.7 grams \$50.00 per 3.5 grams~~  
~~A Grade: \$20.00 per gram; \$25.00 per 1.7 grams; \$55.00 per 3.5 grams; \$100.00 per 7 grams; \$200.00 per 14 grams; \$360.00 per 28 grams (1 ounce)~~  
~~7.2 grams \$180.00 per 14 grams \$360.00 per 28 grams~~  
~~B Grade: \$15.00 per gram; \$25.00 per 1.7 grams; \$45.00 per 3.5 grams; \$90.00 per 7 grams; \$180.00 per 14 grams; \$345.00 per 28 grams (1 ounce)~~  
~~11- \$160 -11- -11- -11- \$320.00 -11- -11- -11-~~  
~~C Grade: \$10.00 per gram; \$15.00 per 1.7 grams; \$35.00 per 3.5 grams; \$70.00 per 7 grams; \$140 per 14 grams; \$280.00 per 28 grams (1 ounce)~~  
~~11- \$100 per -11- -11- \$160.00 -11- -11- -11-~~

BHCC collective also maintains a "patients helping patients" philosophy, whereby patient members with demonstrated severe financial and/or medical disabilities will be discounted in an amount up to and including free medicine, as determined by BHCC.

BHCC members who are veterans currently receive a 10% discount on medical cannabis. Discounts for retired law enforcement, special needs (Aids, cancer, MS, etc...)  
VA, Medical-Medicare recipients,

17. Since BHCC began operating in January 2009, members obtaining medical cannabis were required to reimburse BHCC for the medical cannabis they obtained at a tax included rate of: As stated in answer 16.

N/A → \$15.00 per gram; \$25.00 per 1.7 grams; \$50.00 per 3.5 grams; \$100.00 per 7 grams; \$180.00 per 14 grams; \$350.00 per 28 grams (1 ounce)

BHCC collective has always maintained a "patients helping patients" philosophy, whereby patient members with demonstrated severe financial and/or medical disabilities have been discounted in an amount up to and including free medicine, as determined by BHCC.

BHCC members who are veterans received a 10% discount on medical cannabis.

18. BHCC determines the rate of reimbursement for medical cannabis by quality, amount, and variety/type.

BHCC collective also maintains a "patients helping patients" philosophy, whereby patient members with demonstrated severe financial and/or medical disabilities will be discounted in an amount up to and including free medicine, as determined by BHCC.

BHCC members who are veterans currently receive a 10% discount on medical cannabis. Also, BHCC started a free massage sessions to members every 2nd & 4th Wed. of each month - provided by Dr. Derry - chiropractor, a counseling program, There is also a resource & benefits outreach worker on site - to help members connect with food, clothing, Social Security, Medical and more.

19. BHCC ensures that it does not operate for profit by taking reimbursement payments from members to cover BHCC's operating expense budget, and if the operating expense budget is met, then providing all members with vouchers for the amount of free medical cannabis which results. Discounts = To any income over operating costs. "Including additional services".

20. BHCC's overhead is determined by adding the following costs: payroll for member employees; rent; utilities; code compliance related construction and build out; payments to member providers to reimburse the cost of providing medical cannabis; hardware (including cameras, alarm system, etc.); business services (including computer maintenance, legal and accounting services); tracking software; and any and all other expenses necessary to maintain BHCC that arise in the course of providing member services.

#### Definition 1

**General:** Resource consumed or lost in completing a process, but which does not contribute directly to the end-product. Also called burden cost.

#### Definition 2

Accounting: Cost or expense (such as for administration, insurance, rent, and utility charges) that (1) relates to an operation or the firm as a whole, (2) does not become an integral part of a good or service (unlike raw material or direct labor), and (3) cannot be applied or traced to any specific unit of output. Overheads are indirect costs.

21. - We are not currently providing based on advice of council.

## 22. Operating expenses

Those incurred in carrying out a firm's day to day activities, but not directly associated with production. Operating expenses include payroll, sales commissions, employee benefits and pension contributions, transportation and travel, amortization and depreciation, rent, repairs, and taxes, etc. Also called non-manufacturing expenses, these expenses are usually subdivided into selling expenses and administrative and general expenses.

23. - We are currently not providing based on advice of council.

24. Yes, BHCC has ~~three~~ employees. - BHCC is now paying salary to 4 members.

25. Salaries are determined by the skill set of the individual employee, the market rate for such labor, and BHCC's desire to reduce expenses.

26. Yes, BHCC has a President, Vice-President, Treasurer, and in the future may have a secretary.

27. The President and Treasurer receive salaried compensation at by the skill set of the individual employee, the market rate such labor.

28. No.

29. No.

30. No. May develop preferential wait list policies for San Mateo County residence.

31. N/A

32. Yes.

33. ~~BHCC maintains a cap on membership at 500 patient members.~~ *Currently the cap on members is 500.*

34. ~~Not for profit corporation~~ <sup>~~cooperative~~ ~~sales~~</sup> paying taxes to the BOE on a quarterly basis. Yes.

35. No.

36. No.

37. ~~No. ADD MORE TO ANSWER LATER QUICK BOOKS~~ ? *We keep a paper log which records a member's ID number*

38. BHCC has no presence of excessive amount of medical marijuana only the amount for each of its member's.

- No presence of excessive amount of cash. *We make 1-2 deposits per day.*

- ~~No BHCC is paying state sales taxes.~~ *BHCC is paying state sales taxes.*

- No weapons allowed at BHCC.

- No presence of illicit drugs at BHCC. *allowed at any time.*

- ~~Only BHCC member's which are verified.~~ *purchase & sales are made only with members with ID CARDS from collective.*

- No distribution outside California, or US

- BHCC hold the right to refuse service to anyone. *and we have rejected people who violate our rules.*

39. Yes, some of our member's can't contribute anyway else because of severe illness and/or other.

40. ~~Yes, a small percentage of BHCC member's. What is percentage?~~ *Not relevant.*

41. ~~Please see answer for question # 16.~~ *Not relevant.*

*N/A* → 42. ~~BHCC at 3149 Middlefield Road, Redwood City Ca. 94063~~

BHCC at 2305 Carlos St. Suite A, Moss Beach Ca. 94068

51 EDEN West Road, Pescadero, CA. 94060

*Other addresses not provided under advice of council.*

) BHCC has only been operating for nine months at Redwood City location and 3 months at the Moss Beach location.

43. No other locations to be listed, other than the locations of BHCC as stated Above, - #42. *See answer to 42.*

### **Part 2 Member Information**

BHCC can not provide this information at this time. BHCC members would have to get a consent form from San Mateo County License Board For BHCC to provide you with this information for it's members. BHCC practices HIPPA Law and the confidentiality for each member at this time.

43. For each source of the collective's marijuana, list the quantity of marijuana provided to your collective over the past twelve (12) months, and the quantity of marijuana that source provided to other collectives over the past twelve (12) months, and the names and addresses of the other collective(s).

## **Part 2-- Membership Information**

**The following information is necessary to determine whether the applicant meets the requirements and conditions for the issuance of a license, and, if a license is issued, to monitor applicant/licensee's compliance with the terms and conditions of the license.**

**To the extent the answers to the following questions include confidential information, their disclosure will be determined on the basis of applicable confidentiality laws and regulations, including but not limited to the California Public Records Act.**

1. List the name, address, date of birth, and drivers license number for each person who cultivates or participates in the cultivation of marijuana for your collective. For each person, specify the person's roles and responsibilities in the cultivation. For each person, designate whether the person is a qualified patient, a person with a valid identification card, or the designated primary caregiver of qualified patients and persons with identification card. *See attached letter.*

2. For each person listed in response to No. 1, do any of those persons also cultivate or participate in the cultivation of marijuana for other collectives? *No.*

3. If the answer to No. 2 is "yes", specify the names and locations of the persons who also cultivate or participate in the cultivation of marijuana for other collectives, and the name and location of each of the other collectives for which the person also cultivates marijuana. *Not Relevant.*

4. For each person who **transports** or participates in the transportation of marijuana for your collective, specify the person's name, address, date of birth, roles and responsibilities in the transportation, and designate whether each person is a qualified patient, a person with a valid identification card, or the designated primary caregiver of qualified patients and persons with identification card.

*Ruben E. Muniz, see employee information document, Orelando Robahay, Matthew P. Allen.*

5. For each person who **prepares** or participates in the preparation of marijuana for your collective, specify the person's name, address, date of birth, roles and responsibilities in the preparation, and designate whether each person is a qualified patient, a person with valid identification card, or the designated primary caregiver of qualified patients and persons with identification card. *Same as answer to number 1.*



6. For each person who **packages or furnishes** or participates in the packaging or furnishing of marijuana for your collective, specify the person's name, address, date of birth, roles and responsibilities in the packaging or furnishing, and designate whether each person is a qualified patient, a person with valid identification card, or the designated primary caregiver of qualified patients and persons with identification card. *Same as answer to 1.*

7. For each person who **administers** or participates in the administration of marijuana for your collective, specify the person's name, address, date of birth, roles and responsibilities in the administration, and whether the person is a qualified patient, a person with valid identification card, or the designated primary caregiver of qualified patients and persons with identification card.

*Ruben E. Muniz, Rose M. Muniz.*

8. Specify the names, addresses and dates of birth of all **primary caregivers** who are currently members of your collective. For each primary caregiver, specify the names of the persons for whom the person currently serves/has served as the primary caregiver, the length of service and dates of service as a primary caregiver for each person, and a description of the types of services that the caregiver provides/has provided to each person. *We are not providing an answer of council advice.*

9. For each source of your collective's marijuana, list the name, address, date of birth and drivers license number for each person who cultivates marijuana, and designate whether each of those persons is a qualified patient, a person with valid identification card, or the designated primary caregiver of qualified patients and persons with identification card. *See answer to 1.*

10. For each source of your collective's marijuana, list the name, address, date of birth and drivers license number for each person who transports marijuana, and designate whether each of those persons is a qualified patient, a person with valid identification card, or the designated primary caregiver of qualified patients and persons with identification card. *See answer to 4.*

11. For each source of your collective's marijuana, list the name, address, date of birth and drivers license number for each person who prepares marijuana, and designate whether each of those persons is a qualified patient, a person with valid identification card, or the designated primary caregiver of qualified patients and persons with identification card. *See answer to 1.*

12. For each source of your collective's marijuana, list the name, address, date of birth and drivers license number for each person who packages or furnishes marijuana, and designate whether each of those persons is a qualified patient, a person with valid identification card, or the designated primary caregiver of qualified patients and persons with identification card. *See answer to 1 & 45.*

13. For each source of your collective's marijuana, list the name, address, date of birth and drivers license number for each person who administers marijuana, and designate whether each of those persons is a qualified patient, a person with valid identification card, or the designated primary caregiver of qualified patients and persons with identification card. *See answer to 12.*

14. For each source of your collective's marijuana, list the name, address, date of birth, and drivers license number for each person who maintains or manages a facility or location for marijuana related purposes. *See answer to 12.*

15. For each officer of your collective, specify and whether the officer is a qualified patient, a person with valid identification card, or the designated primary caregiver of qualified patients and persons with identification card. *Each officer is a qualified patient and a member of collective.*

16. For each employee of your collective, specify and whether the officer is a qualified patient, a person with valid identification card, or the designated primary caregiver of qualified patients and persons with identification card. *Each employee is a qualified patient.*

07/28/09

## New ID CARD TRACKING SYSTEM.

[Register](#) [Address](#) [Shipping](#) [Payment](#) [Review & Submit](#)

Call for assistance: (800) 717-8080

[Address Information](#)[Shipping Method](#)[Payment Information](#)[Review & Submit Order](#)

## Thank you for your order!

Your Confirmation Number is **680-SO-235630**

Thank you for ordering from Alpha Card Systems. We appreciate your business and look forward to providing you with continued service and support.

| Image    | Description                                    | Qty | Rate       | Amount     |
|----------|--|-----|------------|------------|
|          | Enduro ID Card Printer 2 Year Limited Warranty | 1   | \$1,195.00 | \$1,195.00 |
|          | Alpha Card Light ID Card Software              | 1   | \$175.00   | \$175.00   |
|          | Enduro System Discount                         | 1   | (\$260.05) | (\$260.05) |
|          | Enduro YMCKO 5 panel Dye Film EN1 300 prints   | 1   | \$94.35    | \$94.35    |
|          | PVC Cards CR-80 30mil 500 cards                | 1   | \$39.95    | \$39.95    |
|          | Quickcam Communicate Webcam                    | 1   | \$79.00    | \$79.00    |
|          | Enduro Cleaning Kit                            | 1   | \$21.75    | \$21.75    |
| Subtotal |  |     |            | \$1,345.00 |
| Shipping |  |     |            | \$18.74    |
| Tax      |  |     |            | \$121.05   |
| Total    |  |     |            | \$1,484.79 |

[Continue Shopping](#)

Alpha Card

Conf # 680-SO-235630

**Blue Heaven Collective Corp.**  
**P.O. Box 7276 Redwood City CA 94063 1-866-240-9121**  
**PERSONAL INFORMATION**  
**(Please Print Clearly)**

First Name \_\_\_\_\_ Middle Initial (if any) \_\_\_\_\_ Last Name \_\_\_\_\_

Mailing Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

Home Phone ( ) \_\_\_\_\_ Cell Number( ) \_\_\_\_\_

California Driver's License # \_\_\_\_\_

California State Medical Marijuana I.D. Card# \_\_\_\_\_

How do you plan to use medical cannabis?

Smoke High Grade \_\_\_\_\_ Low Grade \_\_\_\_\_  
Vaporizer \_\_\_\_\_ Edibles \_\_\_\_\_ Tincture \_\_\_\_\_  
Capsule \_\_\_\_\_ Sativa \_\_\_\_\_ Indicia \_\_\_\_\_

Do you want to be notified of political news related to medical cannabis? \_\_\_\_\_

\_\_\_\_\_  
Patient Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
BHCC Staff Member Signature

\_\_\_\_\_  
Member Number

**AUTHORIZATION FOR RELEASE OF PATIENT STATUS**

I, \_\_\_\_\_ hereby authorize my treating Physician,  
named below to release to BHCC any and all records indicating that it has been  
recommended or approved that I use medical cannabis during the course of my medical.

Physician's Name \_\_\_\_\_ Phone Number \_\_\_\_\_

Physician's Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Medical Diagnosis (Optional) \_\_\_\_\_

\_\_\_\_\_  
Patient/ Signature

\_\_\_\_\_  
Date

**Blue Heaven Collective Corp.**  
**Membership agreement, Designation as Primary Caregiver, and**  
**Informed Consent**

I (print name clearly) \_\_\_\_\_ understand that medical cannabis collectives are legal under California law, and that BHCC was organized to promote and facilitate the non-profit, collaborative goal of providing a safe and legal method of providing medical cannabis for the therapeutic use of BHCC collective's patient members as authorized under Health and Safety code 11362.5 and 11362.7, et seq. Specifically, Health and Safety code 11362.775 allows medical cannabis patients to associate collectively or cooperatively to cultivate and obtain their medical cannabis. Similarly, Health and Safety code 11362.765 (a) and (b) provides immunity from criminal prosecution for qualified medical cannabis activities. These sections apply to patients, primary caregivers, individuals who provide assistance to qualified patients and caregivers, and collectives of the aforementioned individuals. California's Court of Appeal for the Third District recently confirmed this in the case of People vs. Urziceanu 132 Cal. App. Fourth 747. The court held that,

*The Legislature also exempted those qualifying patients and primary caregivers who collectively or cooperatively cultivate marijuana for medical purposes from criminal sanctions for possession, for sale, transportation or furnishing marijuana, maintaining a location for managing a location for the storage, distribution of any controlled substance for sale, and the laws declaring the use of property marijuana sales law indicates it contemplate the formation and reimbursement for marijuana and services provided in conjunction Urziceanu, 132 Cal. App. Fourth 785*

I understand that BHCC is a "non-for-profit" collective, formed under California law with a stated mission of community service. Any fees accruing to BHCC are not for profit but to defray expenses, provide reasonable compensation, and to maintain and support BHCC.

I affirm that BHCC has made no efforts to encourage me to use or produce any substance for my medical condition. I have been informed by an authorized representative of BHCC that I should continue to seek professional medical advice prior to beginning treatment and when therapeutically using any cannabis products.

I understand that no activities of the collective have ever resulted in making medical cannabis available to the general public, nor to anyone not entitled to possess it pursuant to California law, and I affirm that I will continue to abide by these restrictions as mandated by law.

I understand that circumstances may require BHCC Collective Members to assert legal defenses in a court of law and I hereby agree to participate in such defense to the extent necessary and practical. Further, I authorize BHCC to acknowledge the fact of my membership, when needed, for the legal defense of BHCC members.

I understand that BHCC reserves the right to refuse membership status to anyone, and for any reason. I affirm that I am over eighteen (18) years of age or have the consent of my parent/ guardian, and that I have the medical condition(s) for which my physician issued a recommendation or approval for my use of medical cannabis.

I hereby affirm that I have read all of the above information, agree to abide by the terms and conditions of BHCC membership, and I will hereby assume the responsibilities of membership in order to obtain benefits provided to BHCC Collective Members.

No weapons  
No loitering  
No smoking at/or

No soliciting  
No selling to others

\_\_\_\_\_  
Member Name/ Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
BHCC Representative Name/ Signature

\_\_\_\_\_  
Date

**M E D I C A L**



**N O T I C E**

This medical cannabis is solely for medical use in accordance with Proposition 215 and Senate Bill 420 (codified as California Health & Safety Code §§ 11362.5 & 11362.7 *et seq.*) If you are a California peace officer, Article III § 3.5 of the California Constitution mandates that it is your duty to uphold California law. Interference with this medicine may result in your liability for substantial harm caused to seriously ill patients.

**PLEASE RESPECT THE WILL OF THE VOTERS  
DO NOT SEIZE OR DESTROY!**

**MEDICAL FOR MEDICAL USE ONLY**  
Not For Resale



**NOTICE**

**Safety Code 11362.5**







1111 Broadway, 24<sup>th</sup> Floor  
Oakland, CA 94607-4036

Post Office Box 2047  
Oakland, CA 94604-2047

T: 510-834-6600  
F: 510-808-4691  
zwasserman@wendel.com

April 3, 2010

San Mateo County License Board  
455 County Center  
Redwood City, CA 94063

**Re: Application for Business License for Collective Cultivation and Distribution  
of Medical Marijuana  
Blue Heaven Collective Corp.**

Dear San Mateo County License Board:

We represent the Blue Heaven Collective Corp. regarding its Application for Business License for Collective Cultivation and Distribution of Medical Marijuana.

We have advised our client and we wish to inform you that certain information requested on your application form violates the California Confidentiality of Medical Care Act. As you know, and San Mateo County Ordinance Chapter 5.148 recognizes, medical marijuana is given to medical patients whose doctor has determined that the patients need marijuana for medical purposes. This is no different than any other medicine or medical treatment in terms of the Confidentiality of Medical Care Act.

That Act provides that no health care provider shall disclose medical information regarding a patient of the provider of health care without first obtaining an authorization from the patient. The County does not have the right to compel the members of Blue Heaven Collective to authorize the release of their patient information and cannot make such disclosure or authorization a requirement in order for Blue Heaven Collective to obtain a business license.

There are two other provisions of the application that also exceed the County's authority in reviewing a business license application. One is requesting the address of all sources of marijuana used by the Collective. Since this information could be used, as the application acknowledges, to incriminate or pursue prosecution of those sources, Blue Heaven is not obligated to provide that information. They have provided information about the primary source of marijuana for the Collective.

The requirement that an applicant provide names, addresses and amounts of all payments for the past 12 months is both overly burdensome and might similarly be used for prosecution purposes. It is worth noting that neither the state nor counties require this kind of information from other non profit organizations when determining whether they are entitled to tax exempt status for income tax or property tax purposes.

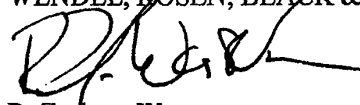
San Mateo County License Board  
April 3, 2010  
Page 2

WENDEL, ROSEN, BLACK & DEAN LLP

Based on this reasoning, we have advised our client not to answer those questions. Blue Heaven is certainly prepared to cooperate to provide other information that is not a violation of privacy of its members that would assist the County in exercising reasonable judgment in reviewing its application. If you have any questions, please contact me.

Very truly yours,

WENDEL, ROSEN, BLACK & DEAN LLP

A handwritten signature in black ink, appearing to read 'R. Wasserman', written over the printed name.

R. Zachary Wasserman



## COUNTY COUNSEL

MICHAEL P. MURPHY

## CHIEF DEPUTIES

JOHN C. BEIERS  
DEBORAH PENNY BENNETT  
BRENDA B. CARLSON



## COUNTY COUNSEL

COUNTY OF SAN MATEO  
HALL OF JUSTICE AND RECORDS · 6<sup>TH</sup> FLOOR  
400 COUNTY CENTER · REDWOOD CITY, CA 94063-1662  
TELEPHONE: (650) 363-4250 · FACSIMILE: (650) 363-4034

## DEPUTIES

REBECCA M. ARCHER  
AIMEE B. ARMSBY  
CLAIRE A. CUNNINGHAM  
PETER K. FINCK  
TIMOTHY J. FOX  
PORTOR GOLTZ  
JUDITH A. HOLIBER  
DAVID A. LEVY  
GLENN M. LEVY  
KIMBERLY A. MARLOW  
KATHRYN E. MEOLA  
JOHN D. NIBBELIN  
PAUL A. OKADA  
DAVID A. SILBERMAN  
WILLIAM E. SMITH  
LEE A. THOMPSON  
EUGENE WHITLOCK  
BRIAN J. WONG  
CAROL L. WOODWARD

*Please respond to: (650) 363-4749*

April 15, 2010

Via Facsimile (510.834.1928) and U.S. Mail

R. Zachary Wasserman  
Wendel, Rosen, Black & Dean, L.L.P.  
1111 Broadway, 24th Floor  
Oakland, CA 94607

*Re: Blue Heaven Collective Corp.  
Letter dated April 3, 2010*

Dear Mr. Wasserman:

I write to respond to your letter dated April 3, 2010 and to follow up on my brief phone conversation with you April 6th.

In your letter, you raise three issues regarding information requested by the County's application process for a medical marijuana collective business license. As an initial matter, I would note that your client first applied for a business license many months ago. Over the last 6 months your client has been informed repeatedly that it must make its best efforts to supply all of the information required by the application. You are not the first attorney who has written to the County on Blue Heaven's behalf in support of its failure to supply the required information.

In any event, you write "that certain information requested on your application form violates the California Confidentiality of Medical Care Act."<sup>1</sup> When I spoke to you on April 6th, I informed you that I was unsure to which law you were referring. I asked you whether you were referring to the Confidentiality of Medical Information Act, California Civil Code Section 56, *et seq.* You indicated to me that you were not sure and told me that you would call me back.

<sup>1</sup> You also make assertions regarding how a person obtains legal authorization to possess marijuana. While I do not know that the County agrees with your assertions, they are irrelevant to this response.

R. Zachary Wasserman  
April 15, 2010  
Page 2

To date, you have not responded. Accordingly, this letter assumes that you are relying on the Confidentiality of Medical Information Act. As has already been explained to your client, this Act does not prevent Blue Heaven from providing a list of its members for multiple reasons, including the fact that Blue Heaven is not a "provider of health care" covered by the Act. And even if it were, it would appear that membership status is not "medical information" and members are not "patients" as defined by the Act. In addition, even if the Act did apply, the Act contains a number of exceptions that would allow Blue Heaven to provide this information to the License Board, in part because providing this information is required by Ordinance, specifically Section 5.148.030 of the San Mateo County Ordinance Code. It is of note that the result would be the same were you to assert the Health Insurance Portability and Accountability Act. The County has received no evidence that suggests that Blue Heaven is a covered entity, no rationale for treating the names of collective members as protected health information and no explanation as to why the information sought is not exempted from HIPAA (in any event) because it is required by law. And, it is also significant that the application is specifically designed to accord confidentiality to membership information that is provided to the County, to the extent allowed by law. Finally, it is of notable that Blue Heaven has refused to provide various other pieces of information regarding its membership other than the names of members.

Second you write that the portion of the application "requesting the address of all sources of marijuana used by the Collective...exceed[s] the County's authority...[s]ince this information could be used...to incriminate or pursue prosecution of those sources." The County disagrees with your position for a number of different reasons. But even assuming that the Fifth Amendment was applicable to a business license application, the County is not compelling the applicant, Mr. Muniz, to incriminate himself. Mr. Muniz has voluntarily decided to complete the license application to obtain the privilege of conducting operations in San Mateo County. He has already, by filling out the application, disclosed that he is purporting to organize a collective that distributes marijuana. It is hard to understand how requiring Mr. Muniz to declare the source of his marijuana has any tendency to further incriminate unless Mr. Muniz is obtaining the marijuana in violation of California law, in which case he is not eligible for a business license anyway. In any event, the County must obtain this information to ensure that the collective is complying with the Attorney General guidelines, which require a closed-circuit of cultivation.

Finally, you write "[t]he requirement that an applicant provide names, addresses and amounts of all payments for the past 12 months is both overly burdensome and might similarly be used for prosecution purposes." As to the incrimination aspect of your position, please refer to the above discussion. As to burden, I am aware of no foundation for this assertion. Blue Heaven is required to maintain an accurate record of this information to ensure that it is in compliance with state law and the ordinance. In our view, the requirement is quite reasonable.

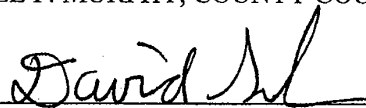
In sum, please advise your client that the Licensing Board may have already considered its failure to provide the requested information and may continue to consider that failure in its

R. Zachary Wasserman  
April 15, 2010  
Page 3

continued evaluation of Blue Heaven's application. If you have any questions or concerns, please do not hesitate to contact me directly.

Very truly yours,

MICHAEL P. MURPHY, COUNTY COUNSEL

By:   
David A. Silberman, Deputy

MPM:DAS/das

cc: Mark Hanlon, Sheriff's Captain  
Brian Cassandro  
John Nibbelin, Deputy County Counsel

L:\CLIENTS\_DEPTS\SHERIFF\2010\Medical Marijuana\Letter Re Blue Heaven (Response To April 3 Letter).Docx

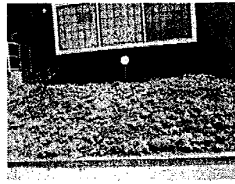




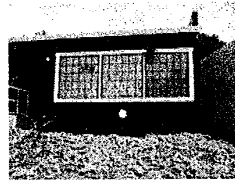
## Photographs



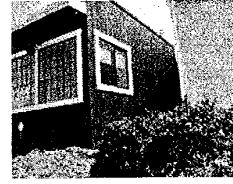
P1000068.JPG



P1000034.JPG



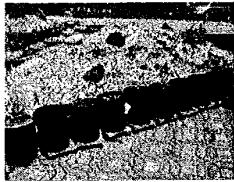
P1000035.JPG



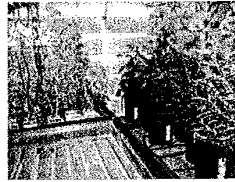
P1000036.JPG



P1000043.JPG



P1000044.JPG



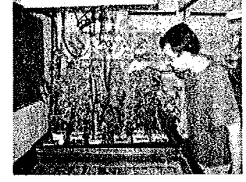
P1000045.JPG



P1000046.JPG



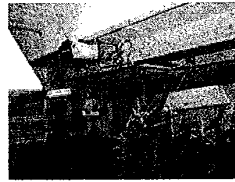
P1000047.JPG



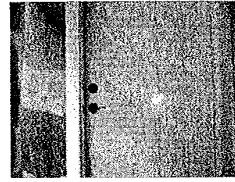
P1000048.JPG



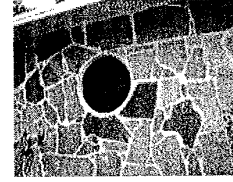
P1000049.JPG



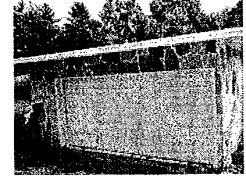
P1000050.JPG



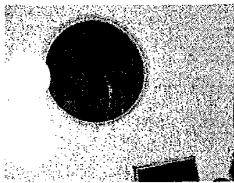
P1000051.JPG



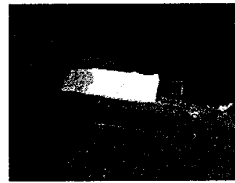
P1000052.JPG



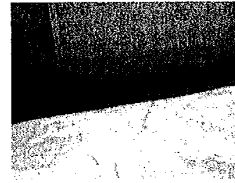
P1000053.JPG



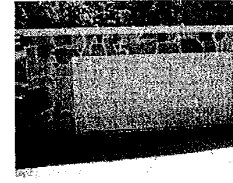
P1000054.JPG



P1000055.JPG



P1000056.JPG



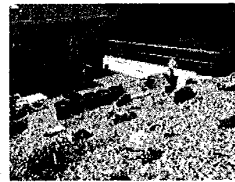
P1000057.JPG



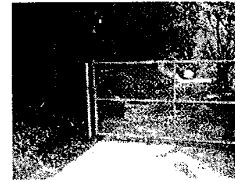
P1000058.JPG



P1000059.JPG



P1000060.JPG



P1000061.JPG



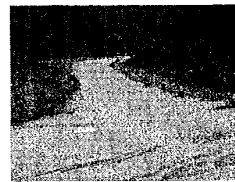
P1000062.JPG



P1000063.JPG



P1000064.JPG



P1000065.JPG



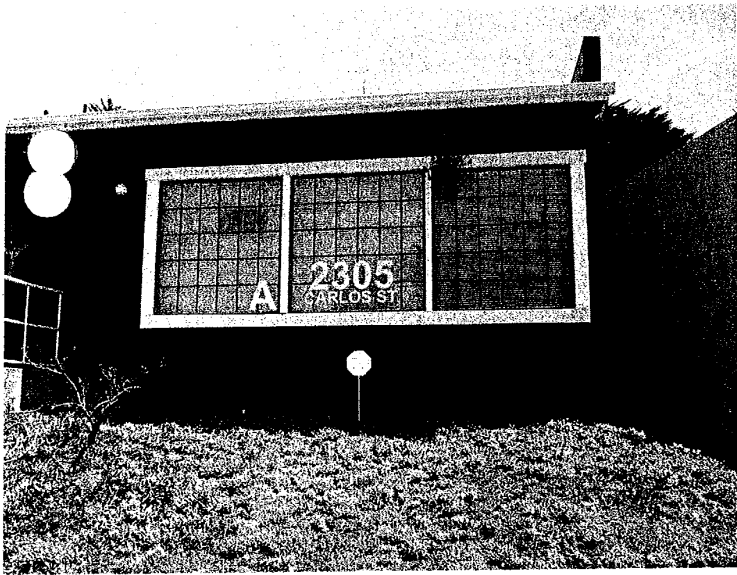
P1000066.JPG

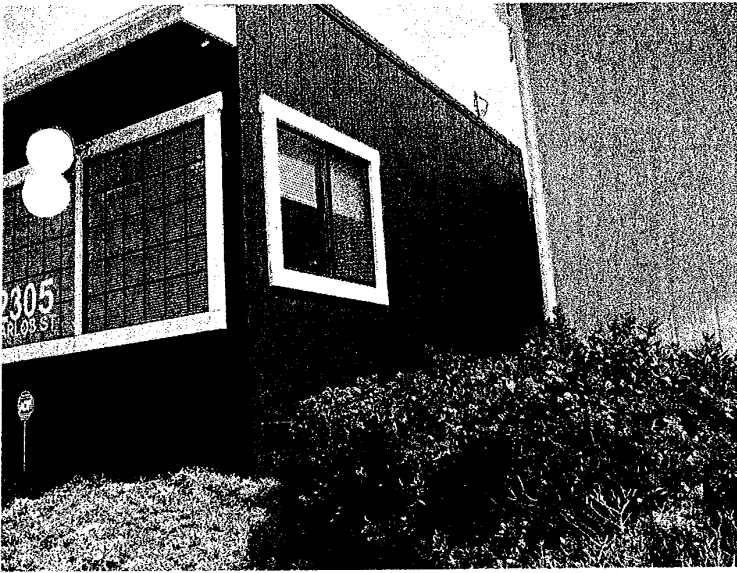


P1000067.JPG

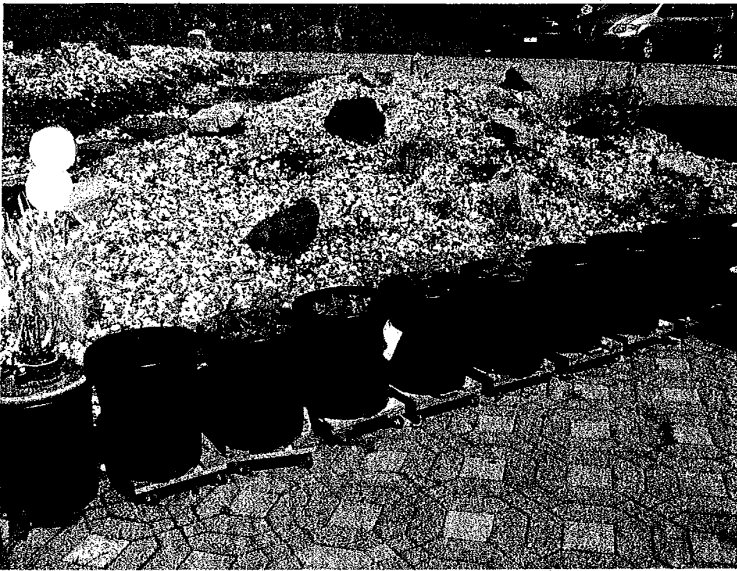
Blue Heaven





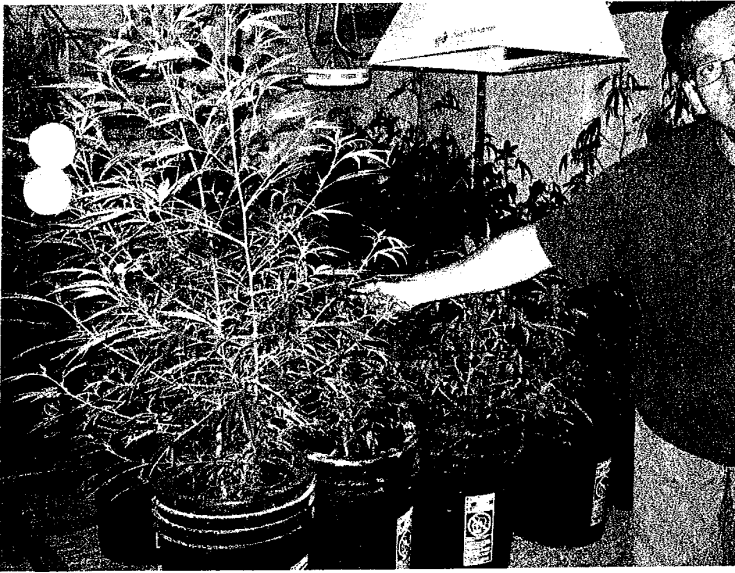




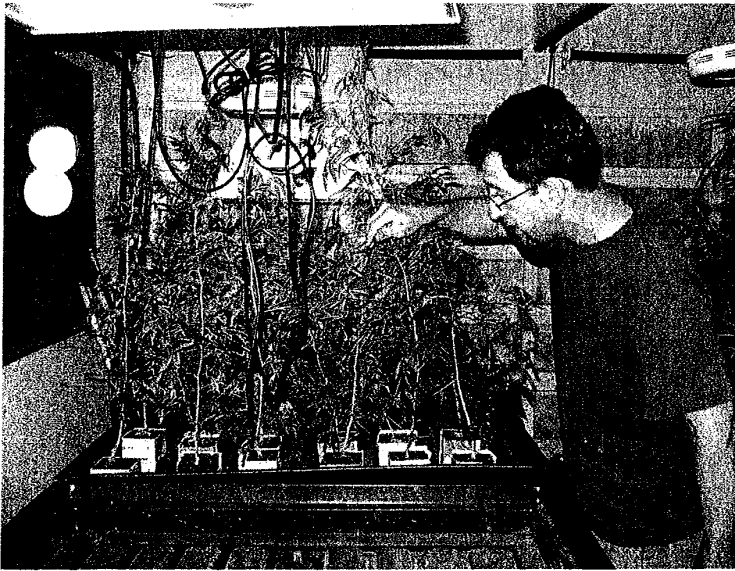














## SMALL BUSINESS CONTRACT



3081UE03

CONTRACT DATE: 4/28/10 TOWN NO: 158 CUSTOMER NO: \_\_\_\_\_ JOB NO: \_\_\_\_\_ LEAD SOURCE: \_\_\_\_\_

### Section 1. Customer Info

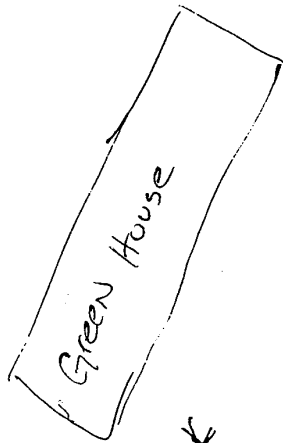
|  |   |
|--|---|
| <b>ADT Security Services, Inc. ("ADT")</b><br>Office Address<br><u>4511 Willow Rd #8</u><br><u>Pleasanton CA 94588</u><br>(Tel: 1-800-ADT-ASAP)<br>1-800-238-2727  | Business Name ("Customer") <u>Blue Heaven</u><br>Address <u>51 Glen West Rd</u><br>City <u>Redwood</u> State / Zip <u>CA 94060</u><br>Protected Premises' Telephone <u>(650) 879-9247</u><br><input checked="" type="checkbox"/> Traditional Phone <input type="checkbox"/> Other (Qualified) <input type="checkbox"/> Other (Non-Qualified)<br>Alternate Telephone 1 _____ (Circle one) Home / Cell / Work w/ ext.<br>Alternate Telephone 2 _____ (Circle one) Home / Cell / Work w/ ext.<br>EMAIL _____ |
| IF FAMILIARIZATION PERIOD IS ACCEPTED INITIAL HERE _____   |   |
| Verticals Retail: _____ Business Services: _____ Personal Service: _____ Automotive/Transportation: _____<br>Grocery/Food: _____ Health Services: _____ Restaurants: _____ Wholesale: _____ Other: _____   |   |
| Communications Authorization: You hereby authorize ADT to furnish information and/or updates regarding your security system and new ADT and/or third party products and services available to ADT customers to the contact information provided by you. You may unsubscribe or opt-out by emailing donotcontact@adt.com or by calling 888-DNC4ADT (888-362-4238). Initial here _____ |   |
| Ownership of System and Equipment: <input type="checkbox"/> Customer-Owned <input checked="" type="checkbox"/> ADT-Owned   |   |

### Section 2. Services to be Provided

| Alarm Monitoring and Notification Services  | Monthly Service Charge | Customer to obtain and pay for initial/annual municipal alarm use permit. Failure to obtain and provide ADT with a municipal alarm use permit registration number could result in no municipal fire/police response to an alarm from the protected premises and/or a fine. (Subject to change based on local law) Initial here _____ |  |
|---|------------------------|--|--|
| <input checked="" type="checkbox"/> Burglary (BA)   | <u>INC</u>             |  |  |
| <input type="checkbox"/> Hold-up (HUA)  |                        |  |  |
| <input type="checkbox"/> Fire   |                        |  |  |
| <input type="checkbox"/> Medical Condition Monitoring (CCM)   |                        |  |  |
| <input type="checkbox"/> Flood <input type="checkbox"/> Temperature                                 |                        |  |  |
| Parallel Protection* Services   |                        |  |  |
| <input checked="" type="checkbox"/> Parallel Protection*  | <u>INC</u>             |  |  |
| Video Verification  |                        |  |  |
| <input type="checkbox"/> Indoor <input type="checkbox"/> Outdoor                                    |                        |  |  |
| ADT Select Services* (web-based)  |                        |  |  |
| <input type="checkbox"/> ADT Select* DataSource   |                        |  |  |
| <input type="checkbox"/> ADT Select Entry   |                        |  |  |
| <input type="checkbox"/> Supervised Scheduled Open/Close  |                        |  |  |
| <input type="checkbox"/> Printed Open/Close Reports (not web-based)                                 |                        |  |  |
| Other Services  |                        |  |  |
| <input type="checkbox"/> IF Quality Service Plan (QSP) IS DECLINED CUSTOMER MUST INITIAL HERE       |                        |  |  |
| <input type="checkbox"/> Preventative Maintenance/Inspections Per Year<br>1 2 3 4 6 12 (Circle One) |                        |  |  |
| <input type="checkbox"/> Training   |                        |  |  |
| <input type="checkbox"/> Direct Connection Services   |                        |  |  |
| <input type="checkbox"/> Monthly Recurring Municipal Fee (Subject to change based on local law)     |                        |  |  |
| <input type="checkbox"/> Customer to obtain and pay for municipal alarm use permit                  |                        |  |  |
| <input checked="" type="checkbox"/> Other: <u>QSP</u>   | <u>INC</u>             |  |  |
| Total Monthly Service Charge  |                        | <u>59.49</u>   |  |

|   |  |
|---|--|
| Estimated Installation Start Date   | Estimated Installation Completion Date                       |
| SECOND AND THIRD PAGES ACCOMPANY THIS PAGE WITH ADDITIONAL TERMS AND CONDITIONS |  |
| Rep.: <u>TU Tran</u>  | Rep. ID No.: <u>M# X</u>                                     |
| Rep. License No.: _____   | CUSTOMER'S APPROVAL: <u>[Signature]</u> DATE: <u>4/28/10</u> |
| ADT Authorized Representative (Mgr.)/Date: _____                                |  |

✓



house

outree \*

GA/2

\*Camera

Attachment “D”

## COUNTY COUNSEL

MICHAEL P. MURPHY



## CHIEF DEPUTIES

JOHN C. BEIERS  
DEBORAH PENNY BENNETT  
BRENDA B. CARLSON

# COUNTY COUNSEL

## COUNTY OF SAN MATEO

HALL OF JUSTICE AND RECORDS · 6<sup>TH</sup> FLOOR  
400 COUNTY CENTER · REDWOOD CITY, CA 94063-1662  
TELEPHONE: (650) 363-4250 · FACSIMILE: (650) 363-4034

## DEPUTIES

REBECCA M. ARCHER  
AIMEE B. ARMSBY  
CLAIRE A. CUNNINGHAM  
PETER K. FINCK  
TIMOTHY J. FOX  
PORTOR GOLTZ  
JUDITH A. HOLIBER  
DAVID A. LEVY  
GLENN M. LEVY  
KIMBERLY A. MARLOW  
KATHRYN E. MEOLA  
JOHN D. NIBBELIN  
PAUL A. OKADA  
DAVID A. SILBERMAN  
WILLIAM E. SMITH  
LEE A. THOMPSON  
EUGENE WHITLOCK  
BRIAN J. WONG  
CAROL L. WOODWARD

*Please respond to: (650) 363-4749*

May 28, 2010

*Via Facsimile (510.834.1928 Letter only) and U.S. Mail (with Attachments)*

R. Zachary Wasserman  
Wendel, Rosen, Black & Dean, L.L.P.  
1111 Broadway, 24th Floor  
Oakland, CA 94607

*Re: Appeal before the Board of Supervisors of San Mateo County  
of Denial of License for Applicant Blue Heaven Collective Corp.*

Dear Mr. Wasserman:

I write regarding the upcoming June 8, 2010 hearing your client has requested before the San Mateo County Board of Supervisors.

The purpose of this letter is to inform you that I will be presenting the recommendations of the Sheriff's Office and Planning Division at this hearing. It is my understanding that the record before the Board of Supervisors will likely include the packets of materials previously submitted to the License Board on February 12, 2010 (for February 23, 2010) and May 10, 2010 (for May 17, 2010).

Additional evidence has become available since May 17, 2010. At the May 17, 2010 License Board hearing, I alluded to the fact that a background check on one of Mr. Muniz's employees had not been completed. On May 19, 2010, the Sheriff's Office learned from the California Department of Justice that the employee is a felon currently on probation. This is a violation of Section 5.148.050(21) of the Ordinance Code. I intend to inform the Board of Supervisors of this fact by submitting a copy of this letter to be considered as part of the record. In addition, on May 18, 2010, an article was published in the San Mateo County Times. That article reports that Mr. Muniz is selling marijuana-laced edibles in violation of Section 5.148.050(10) of the Ordinance Code. I intend to present a copy of that article to the Board of Supervisors. I have attached a copy to this letter.

R. Zachary Wasserman  
May 28, 2010  
Page 2

Finally, my intention at the Board Meeting is to ask to present a PowerPoint presentation. I have attached to this letter a copy of that PowerPoint. I do not intend to ask that a copy of the PowerPoint be included as part of the written record.

If you have any questions or concerns, please do not hesitate to contact me.

Very truly yours,

MICHAEL P. MURPHY, COUNTY COUNSEL

By: David Silberman  
David A. Silberman, Deputy

MPM:DAS/das

cc: Mark Hanlon, Sheriff's Captain  
Brian Cassandro



## MOSS BEACH DISPENSARY



JOHN GREEN/BAY AREA NEWS GROUP ARCHIVES

Owner Rubin Muniz stands behind marijuana seedlings on display at Blue Heaven, his Moss Beach medical marijuana facility. The dispensary, which has been open since June 2009, was denied an operating permit Monday.

# Pot club disapproved

### Board denies license; owner of Blue Heaven plans appeal

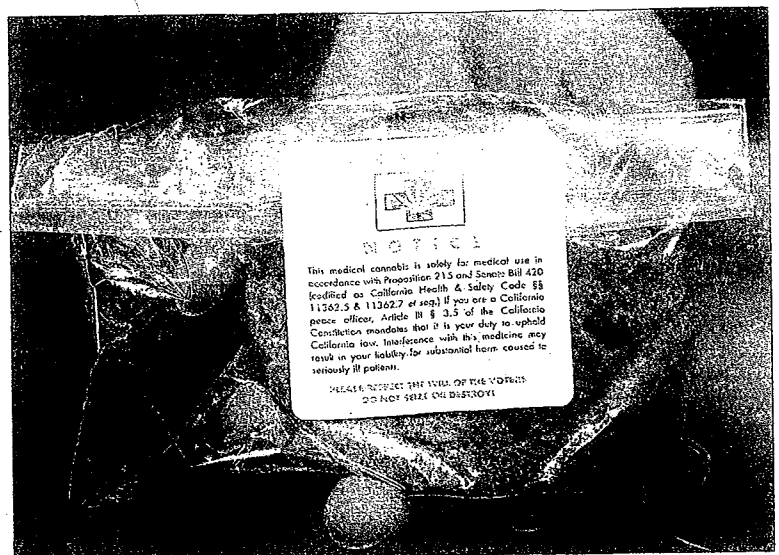
By Joshua Melvin

[jmelvin@bayareanewsgroup.com](mailto:jmelvin@bayareanewsgroup.com)

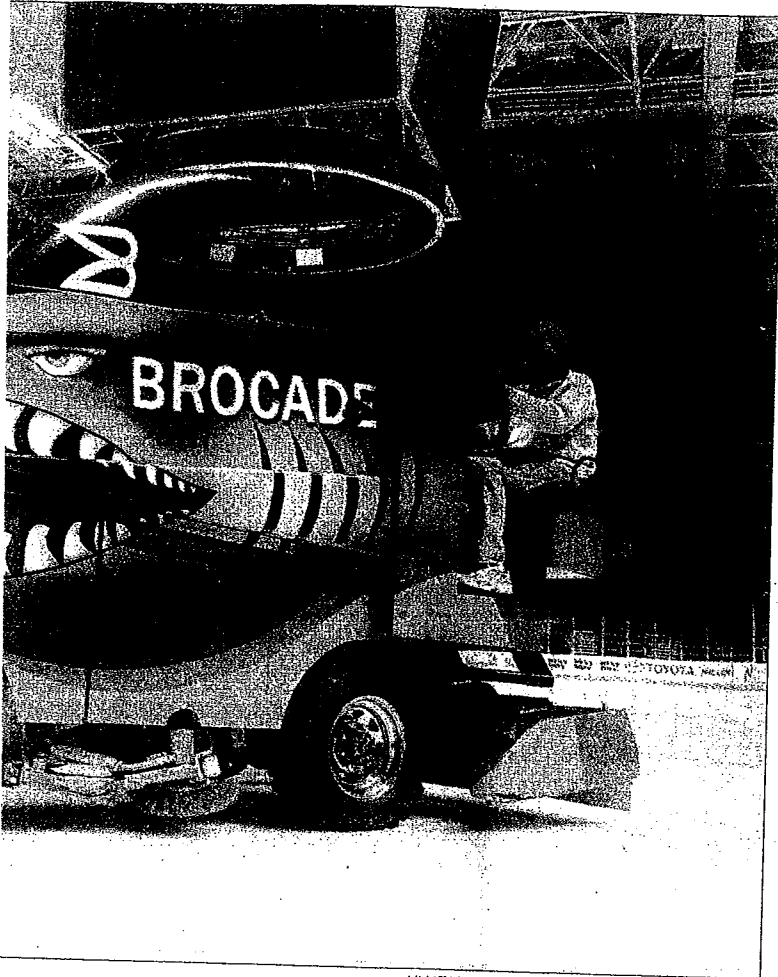
REDWOOD CITY — The only known medical-marijuana dispensary operating in San Mateo County was denied a business license Monday, a decision that could lead the Coastside collective to shut down.

The San Mateo County License Board voted 3-0 not to give a permit to the Blue Heaven Collective, which opened last summer before a county ordinance regulating pot clubs took effect. Blue Heaven was still obligated to go through the licensing process, but it stayed open while its application was pending.

The operator of the collective, Rubin Muniz, said after the hearing that he plans to appeal the denial to the board of supervisors.



Muniz sells medical marijuana cookies at his Blue Heaven dispensary, which may be forced to shut down.



NHAT V. MEYER/MERCURY NEWS/PHOTOGRAPHS

ds, goes for a spin in one of the two Zambonis used to groom the  
ay — despite the vehicle's dismaying lack of brakes.

## one cool ride



Richards, right, gets some tips from Zamboni operator Bruce Tharaldson before driving the 9,000-pound vehicle out on the rink. "The ice is slippery right now .... But you're from Iowa. You've driven on icy roads before," Tharaldson said.

## Pot club

*Continued from Page 1*

If Muniz loses his fight to stay open, his club will meet the same end as a string of other dispensaries in the county that have popped up since voters legalized medical marijuana in 1996 with Proposition 215.

Some were shut down in the wake of a 2007 San Mateo police and Drug Enforcement

Agency raid, including one formerly run by Muniz. Others have closed because they were within 1,000 feet of a school or community center, which violates the county ordinance.

Several Peninsula cities, including Redwood City and South San Francisco, have set up temporary bans on pot clubs while

they research the topic.

Blue Heaven is the first to go through a full San Mateo County licensing hearing and to be denied.

The board's reasoning for turning down the application centered on questions of whether the club is really a collective, its proximity to a playground and Muniz's refusal to turn over certain information to a county investigator.

Because Muniz grows the majority of the marijuana sold at Blue Heaven in his Pescadero home, deputy county counsel David Silberman argued the club doesn't meet the definition of a collective. He said members should be doing some work.

However, state laws don't define what a collective is.

Muniz's attorney, Zach Wasserman, said members support a collective by making purchases and there is nothing in the law that says they have to do more.

Silberman also took aim at the club's closeness to a playground, saying it would be naive to think people who buy pot at Blue Heaven won't go there to smoke their purchases. People who go to the collective aren't allowed to consume the marijuana inside the building.

However, there haven't been any reports of smoking at the playground, officials said. And Wasserman said there is no indication that the club has had any impact on the playground.

Wasserman added that Muniz would consider turning over certain information, such as patient names,

if the county agreed not to target those people for investigation or prosecution.

Even if Blue Heaven is eventually forced to shut down, it likely won't be the last collective to try to set up shop in the county. On Monday, the License Board also listened to arguments for and against the opening of a new collective in North Fair Oaks.

Brad Ehikian wants to set up a collective at 2991 El Camino Real and a grow site at 2676 Bay Road. A group of neighbors showed up at the meeting, most of whom opposed the club. The board put off a decision until its June 21 meeting while Ehikian tries to work with the neighbors on car traffic and safety worries.

Reach more customers.