



COUNTY OF SANTA CRUZ

701 OCEAN STREET, SANTA CRUZ, CA 95060-4073

(831) 454-2000 WWW.SANTACRUZCOUNTY.US

CARLOS J. PALACIOS, COUNTY ADMINISTRATIVE OFFICER

PRESS RELEASE

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Contact: Jason Hoppin
831-454-3401

CANNABIS WARRANTS SERVED IN MULTIPLE JURISDICTIONS

On Wednesday, April 3rd, Sheriff's Office personnel assigned to the Cannabis Licensing Office served five search warrants in Santa Cruz and Monterey counties, part of a multi-jurisdictional investigation into suspected tax evasion, money laundering, failure to provide workers' compensation insurance to employees and unlawful cannabis distribution and cultivation.

The locations searched were facilities associated with cannabis operators suspected of operating out of compliance with the terms of their state and local regulated operations. The investigation includes evidence at least one of the businesses was using money orders in a sophisticated effort to launder large amounts of currency and avoid payment of Santa Cruz County Cannabis Business Tax. The investigation was joined by the Internal Revenue Service Criminal Investigation Unit, California Department of Tax and Fee Administration (CDTFA), California Bureau of Cannabis Control, Monterey County Sheriff's Office, California Department of Fish and Wildlife, and other agencies.

As a result of the searches, investigators seized 540 pounds of processed cannabis, \$140,095 in cash, and business and banking records. All the businesses searched were corporately controlled by the same individuals, who are suspected of directing specific financial transactions to avoid financial reporting and tax obligations.

Additionally, several residential properties in Santa Cruz County owned by individuals connected to the corporate entities have been the focus of recent investigations for unregulated, unlawful commercial cannabis activity. Investigators are determining whether unregulated cannabis from those properties was introduced into the lawful, regulated market through the five businesses searched.

The five sites searched are: 2700 block S. Rodeo Gulch, Santa Cruz ("Redwood Skyline"); 100 Block of Manfre Road, Watsonville ("Rooted Republic"); 100 block of Airport Road, King City ("Boutique Unlimited"); 22000 block of Fuji Lane, Salinas ("Monterey Botanicals"); 7000 block of Highway 1, Moss Landing ("Newtown Enterprises").

No arrests were made during the service of the search warrants. Investigators will be consulting with the regulating agencies and District Attorney's Office to determine criminal charges and civil assessments. The total amount of unpaid cannabis tax to the County of Santa Cruz will be determined once business records and banking records have been examined.