
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 1826 (Lackey) - Cannabis: recall, embargo, and destruction of cannabis and cannabis products

Version: June 25, 2026

Urgency: No

Hearing Date: August 3, 2026

Policy Vote: B., P. & E.D. 10 - 0

Mandate: No

Consultant: Janelle Miyashiro

Bill Summary: AB 1826 requires the Department of Cannabis Control (DCC) to provide a licensee with an opportunity to have an informal conference pertaining to a citation, a recall or an embargo, as specified.

Fiscal Impact: DCC estimates ongoing annual costs ranging from \$1.6 million to \$2 million (Cannabis Control Fund) for additional legal and compliance staff needed to support the increased use of informal conferences, strict adherence to timeframes, and expanded documentation and evidentiary requirements.

Background: *Enforcement Operations.* Current law provides the DCC with enforcement authority over any licensee or non-licensee for violations of MAUCRSA. Business and Profession Code (BPC) § 26030 establishes the grounds for disciplinary action which include a variety of violations that range from failing to comply with state or local laws including tax requirements, to not complying with any of the regulations adopted by the DCC in addition to those violations enumerated in statute under MAUCRSA. The DCC is authorized to suspend, revoke, or place a license on probation subject to certain terms and conditions, or otherwise discipline a licensee including subject them to a fine, after a notice and hearing. In those cases where a licensee is accused of obtaining a license by fraud, the DCC can suspend the license before any hearing takes place. The DCC's regulations allow for informal conferences, as this bill is proposing to place in statute.

Citations. The DCC is authorized to issue a citation to any licensed or unlicensed person for violating MAUCRSA. Citations must be issued in writing and describe the specific details of the alleged violation, the written notice must also contain information informing the licensee or person of their right to request a hearing to contest the citation by submitting a written request to the DCC within 30 days of receiving a citation notice. Citations issued by the DCC may include an order of abatement (cease the questionable activity) and allow a reasonable time for abatement of the violation. In addition, the DCC can assess for each citation, administrative fine of not more than \$5,000 per violation by a licensee and \$30,000 per violation by an unlicensed person.

Proposed Law:

- Authorizes the DCC to establish an informal conference, to contest a citation, as specified.
- States that if a citation recipient does not request an informal conference within 30 days of receipt, the right to the conference is waived.

- Requires the DCC to hold an informal conference within 15 days of receiving the request with the licensee or their legal counsel or authorized representative, or any combination of those persons
- Specifies that at the information conference, the licensee, or their legal counsel or authorized representative, shall be allowed the opportunity to meet with a representative from DCC who has knowledge of the citation. That representative must provide the factual and legal basis for the citation, if requested. The licensee, or their legal counsel or authorized representative, must be allowed to present evidence and argument as to why the citation should be modified or dismissed.
- Requires the DCC after the informal conference, to affirm, modify, or dismiss the citation, including any fines levied or orders of abatement issued. The DCC must notify the licensee of its decision and the reasoning supporting the decision via notification, which must be provided to the licensee and their legal counsel or authorized representative, if any, within 15 calendar days after the date of the informal conference. The decision shall be deemed to be a final order regarding the citation issued, including the levied fine or the order of abatement, if any.
- Specifies that if the citation is dismissed, any request for a hearing shall be deemed withdrawn. If the citation is affirmed, the licensee may either withdraw the request for a hearing or proceed with the administrative hearing process.
- Specifies that if the citation, including any fines levied or orders of abatement issued, is modified, the citation originally issued shall be considered withdrawn and a new citation issued. If a hearing is requested for the subsequent citation, it shall be requested within 30 calendar days after issuance of the citation.
- Requires a citation issued by the DCC to be issued within three years of the performance of the violation of MAUCRSA.
- Requires the notice provided to a licensee from the DCC if a product is adulterated or misbranded to include a copy of the laboratory certificate of analysis (COA) and testing data, and a summary of the evidence supporting the finding of adulteration or misbranding, including the identity of the laboratory, and a description of the collection and sampling methodology used; and, the notice must also state whether or not the department has determined that a mandatory recall will be ordered.
- Requires, if DCC determines that a mandatory recall will be ordered, to include the following information in the notice:
 - The specific section or subdivision of law or regulation alleged to be violated.
 - A copy of the laboratory certificate of analysis and testing data, if applicable.
 - Sampling methodology documentation.
 - A detailed description of the sampling procedure.
 - Any photographic, electronic, or other evidence, if applicable.
 - A summary of the evidence supporting the finding of adulteration or misbranding.

- Requires the DCC, prior to a voluntary recall, to provide the licensee with an opportunity for an informal conference on why the cannabis or cannabis product is considered adulterated or misbranded. The informal conference must be with DCC staff who are knowledgeable on the matter and provide the licensee with an opportunity to present information and argument as to why the cannabis or cannabis product is not adulterated or misbranded and is not otherwise in violation of this division. The DCC may not permit destruction of the product until either the informal conference process has been concluded, or the licensee has declined to participate in the informal conference.
- Specifies that if the DCC finds that a product does not need to be recalled, the licensee is to receive a written notice from the DCC, which will serve as a final decision on the matter.
- Requires that simultaneously with issuance of a mandatory recall order the DCC is to provide the licensee with the summary of the DCC's determination for the recall and the specific evidence upon which the order is based, which may include but is not limited to:
 - The specific section or subdivision of code or regulation alleged to be violated.
 - A copy of the laboratory COA and testing data, if applicable.
 - Sampling methodology documentation.
 - A detailed description of the sampling procedure.
 - Any photographic, electronic, or other evidence, if applicable.
 - A summary of the evidence supporting the finding of adulteration or misbranding.
- Requires the DCC to provide a licensee with an opportunity for an informal conference on the recall order and permits the licensee to, within five calendar days of the delivery of the recall order, request an informal conference. If the licensee fails to submit a written request for an informal conference within five calendar days from the delivery of the order to the licensee, the right to an informal conference is waived and the order is deemed a final order.
- Requires the DCC within 15 calendar days after receipt of the request for an informal conference, hold an informal conference with the licensee or their legal counsel or authorized representative, or any combination of those persons.
- Authorizes at the informal conference, the licensee, or their legal counsel or authorized representative, be allowed the opportunity to meet with a DCC representative who has knowledge of the order. The licensee, or their legal counsel or authorized representative, must be allowed to present evidence and argument as to why the order should be modified or set aside
- Requires after the informal conference, the DCC to affirm, modify, or set aside the order, and the DCC must notify the licensee of its decision and the reasoning supporting the decision via written notification, which shall be mailed to the licensee

and their legal counsel or authorized representative, if any, within 15 calendar days after the date of the informal conference. The decision will be a final order.

- Prohibits the DCC from destructing the product until either the informal conference process has been concluded, or the licensee has declined to participate in an informal conference. Following the informal conference or the licensee's decision not to participate in the informal conference, the order shall be affirmed, modified, or set aside as determined appropriate by the DCC in a written decision setting out the reasons for the action taken.
- Prohibits the DCC from requiring a licensee to conduct a voluntary recall, sign a waiver of liability, or waive any right to an informal meeting or an administrative or judicial hearing or appeal as a condition of approving a voluntary recall, authorizing remediation, or supervising the destruction of the product.
- States that a licensee that conducts a voluntary recall does not waive any right to an informal meeting or an administrative or judicial hearing or appeal.
- States that a waiver of liability or appeal rights is valid only if expressly stated in writing and signed by the licensee following the conclusion of a condemnation proceeding or civil litigation regarding the matter.
- Specifies that in the notice from the DCC related to its probable cause that a cannabis product is adulterated or misbranded is to be sent within five calendar days of the tag or marking and the notice must be accompanied by clear, articulable facts and evidentiary documentation supporting the DCC's legal basis for the embargo, which may include, but is not limited to, all of the following:
 - The specific section or subdivision of law or regulation alleged to be violated.
 - A copy of the laboratory COA and testing data, if applicable.
 - Sampling methodology documentation.
 - A detailed description of the sampling procedure.
 - Any photographic, electronic, or other evidence, if applicable.
 - A summary of the evidence supporting the finding of adulteration or misbranding.
- Requires the DCC to provide a licensee with an opportunity for an informal conference for an embargoed product within 15 calendar days of the delivery of the notification, as specified, and further requires the DCC within 15 calendar days from the date of the informal conference, make a final determination on whether or not the cannabis or cannabis product is adulterated or misbranded, or the sale of the cannabis or cannabis product would be in violation MAUCRSA.
- Requires the DCC to remove a tag from an embargoed product within five days if the product is determined not to be adulterate or misbranded.
- States that if the DCC does not approve a corrective action plan or the DCC does not receive a response within 7 calendar days after providing a notice about a

potentially adulterated or misbranded product, the DCC may initial condemnation proceedings.

- Requires an administrative law judge to submit a proposed decision within 30 days after the case is submitted to the judge, in a form that may be adopted by the agency as the final decision in the case.
- Prohibits the DCC from requiring a licensee to sign a waiver of liability, or to waive any right to an informal meeting or an administrative or judicial hearing or appeal, as a condition of removing an embargo tag, approving a corrective action plan, or permitting the destruction of product, and specifies that a waiver of liability or appeal rights shall only be valid if executed following the conclusion of a condemnation proceeding pursuant to this section or civil litigation regarding the matter.
- Requires a petition for condemnation for a cultivation licensee to be served no later than 15 days after the DCC's decision to deny a corrective action plan, as specified; prohibits a manufacturer or retailer from an expedited hearing process; and requires a decision to be made within 10 days.
- States that the DCC or an administrative law judge sitting alone may, upon petition, issue an order condemning cannabis or cannabis products, and the DCC may, in its sole discretion, delegate the hearing to an administrative law judge in the Office of Administrative Hearings. If the DCC hears the noticed petition itself, an administrative law judge must preside at the hearing, rule on the admission and exclusion of evidence, and advise the department on matters of law.
- States that a failure to comply with a condemnation order constitutes a separate cause for disciplinary action against a licensee, as specified.
- Requires condemnation orders be subject to review by the Cannabis Control Appeals Panel, as specified.
- Revises the standards for determining whether cannabis or a cannabis product has been misbranded or adulterated, as specified.
- Makes numerous other technical and conforming changes.

Related Legislation: AB 2537 requires DCC to adopt and publish an enforcement prioritization policy; prioritize regulatory oversight, investigations, inspections, and enforcement and disciplinary actions in a manner consistent with this policy, as specified; and include additional enforcement data in its annual report to the Legislature. AB 2537 is pending in this committee.

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