

OFFICE COPY
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FILED
SUPERIOR COURT OF CALIFORNIA
COUNTY OF RIVERSIDE
FEB 18 2011
E. LaBarbera

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10 SUPERIOR COURT OF THE STATE OF CALIFORNIA
11 COUNTY OF RIVERSIDE
12 INDIO BRANCH

13
14 **THE PEOPLE OF THE STATE OF**
15 **CALIFORNIA, ex rel. Edmund G. Brown**
16 **Jr., Attorney General of the State of**
17 **California,**

Plaintiff,

18 v.

19 **CATHEDRAL CITY VENTURES, LLC.,**
20 **dba 7 LEAF TRADING POST,**

Defendant.

CASE NO. **INC 10009066**
STIPULATED JUDGMENT AND
PERMANENT INJUNCTION

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23 This Stipulated Judgment and Permanent Injunction (“Stipulated Judgment”) is issued and
24 entered based upon the Stipulation for Entry of Stipulated Judgment and Permanent Injunction
25 (“Stipulation”) entered into by the parties to this action and the Court’s approval of the same
26 based on its independent review of the Stipulation. This stipulation is for settlement purposes
27 only, and shall not be deemed or construed as evidence or admission of any issue of law. This
28 Stipulated Judgment is made with reference to the following findings of fact:

COPY

1 1. Defendant Cathedral City Ventures dba 7 Leaf Trading Post is managed by Richard
2 Gardiner, who assisted in the sale of cigarettes and other tobacco products by defendant Cathedral
3 City Ventures.

4 2. The People allege that in the course of selling cigarettes and other tobacco products,
5 defendant has engaged in unlawful business practices, in violation of Business & Professions
6 Code section 17200, by:

7 (a) violating the California tobacco directory law, Revenue and Taxation Code
8 section 30165.1, and specifically by

9 1. selling, offering, or possessing for sale in this state cigarettes of a tobacco
10 product manufacturer or brand family not included in the California tobacco directory,
11 which acts are prohibited by subdivision (e)(2) of section 30165.1;

12 2. selling or distributing cigarettes that defendant knows or should know are
13 intended to be distributed in violation of subdivision (e)(2), which acts are prohibited
14 by subdivision (e)(3) of section 30165.1;

15 3. acquiring, holding, owning, possessing, transporting, importing or
16 causing to be imported cigarettes that the person knows or should know are intended
17 to be distributed in violation of (e) (2), which acts are also prohibited by subdivision
18 (e)(3) of section 30165.1;

19 (b) violating the California Cigarette Fire-Safety and Firefighter Protection Act,
20 Health and Safety Code section 14950 et seq., and specifically from selling, offering,
21 or possessing for sale in this state cigarettes not in compliance with the requirements
22 of the Act, which acts are prohibited by section 14951(a) of the Health and Safety
23 Code; and

24 (c) violating the Contraband Cigarette Trafficking Act, 18 U.S.C. section 2341 et
25 seq., and specifically shipping, transporting, receiving, possessing, selling,
26 distributing, or purchasing contraband cigarettes as defined in the Act, i.e., any
27 quantity greater than 10,000 cigarettes whose packs do not bear California cigarette
28

1 excise tax stamps, which acts are prohibited by section 2342(a) of 18 United States
2 Code.

3 3. The Parties have entered into a Stipulation in order to settle this action, and have
4 requested that the Court approve the Stipulation.

5 **IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:**

6 1. The court has subject matter jurisdiction of this action.

7 2. The court has personal jurisdiction over the defendant for the purpose of entering and
8 enforcing this Stipulated Judgment.

9 3. Pursuant to Business and Professions Code section 17203, defendant and its directors,
10 officers, successors and assigns, and any other business entity directly or indirectly owned,
11 operated, managed, controlled by, or otherwise affiliated with it (an entity is an "affiliate" of, or
12 an entity is "affiliated" with, another specified entity if directly, or indirectly through one or more
13 intermediaries, controls, is controlled by or is under common control with the other specified
14 entity) is enjoined from engaging in unlawful business practices as follows:

15 (a) Defendant shall permanently cease and desist from violating the California
16 tobacco directory law, Revenue and Taxation Code section 30165.1.

17 (b) Defendant shall permanently cease and desist from violating the California
18 Cigarette Fire-Safety and Firefighter Protection Act, Health and Safety Code sections
19 14950 et seq.

20 (c) Defendant shall permanently cease and desist from violating the Contraband
21 Cigarette Trafficking Act, 18 U.S.C. section 2341 et seq.

22 (d) In addition to the above, if after entry of this Stipulated Judgment, defendant
23 sells cigarettes or other tobacco products by any non- face-to-face transaction to any person
24 residing in California, defendant shall also fully comply with section 30101.7 of the
25 Revenue and Taxation Code and section 22963 of the Business and Professions Code;

26 (e) The provisions in paragraphs 3(a) – 3(d) above shall not apply to any cigarette
27 sales to enrolled members of any federally-recognized Native American Tribe.
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1 (f) Within five (5) days following the date a defendant receives a court endorsed
2 copy of this Stipulated Judgment, defendant shall provide a copy of the Stipulation For
3 Entry of Stipulated Judgment and Permanent Injunction and this Stipulated Judgment to the
4 following: (1) any business or individual to which plaintiff requests a copy be sent; (2) all
5 successors or assigns of any business conducted by defendant since January 1, 2006, that
6 sold any cigarettes or other tobacco products to customers in California; and (3) all
7 businesses and individuals with which defendant had any agreement specifically regarding
8 cigarettes or other tobacco products purchased by California consumers, distributors,
9 wholesalers or tribal entities.

10 (g) If after entry of this Stipulated Judgment, defendant continues to sell cigarettes
11 or other tobacco products in California, defendant shall:

12 (1) apply for and maintain a cigarette and tobacco product retailer's license
13 with the California Board of Equalization;

14 (2) provide plaintiff's attorney of record a copy of the written policies and
15 procedures which defendant has adopted to ensure compliance with all California laws,
16 including those referred to in subparagraphs 6 (a) through (e), above,

17 (3) provide a copy of the policies and procedures to each employee with any
18 responsibility in the sale or shipment of cigarettes or other tobacco products in the State of
19 California; and

20 (4) allow inspections of defendant's premises by representatives of the
21 California Board of Equalization and the California Attorney General to monitor
22 compliance with this Stipulated Judgment.

23 4. This Stipulated Judgment is binding upon the defendant, its directors, officers, present
24 and future successors and assigns, and any other business entity directly or indirectly owned,
25 operated, managed, controlled by, or otherwise affiliated with each and every defendant, and
26 upon plaintiff.

27 5. If defendant violates this Stipulated Judgment, defendant shall pay as a penalty to the
28 People five thousand dollars (\$5000) for each violation.

1 6. Defendant Cathedral City Ventures, Inc. shall pay to the State of California the sum
2 of \$10,000 in attorneys' fees and costs.

3 7. The court accepts that this Stipulated Judgment is a compromise of disputed claims
4 and acknowledges that by entry into the Stipulated Judgment and Permanent Injunction no
5 enjoined party admits any liability, obligation or wrongdoing of any kind.

6 8. The court retains jurisdiction for the purpose of enabling any party to this Stipulated
7 Judgment to apply to the court at any time for such further orders and directions as may be
8 necessary and appropriate for the construction or carrying out of this Stipulated Judgment, for the
9 modification or termination of any of its injunctive provisions, for the enforcement of any of its
10 provisions, or for punishment of any violations of its provisions.


11 9. Jurisdiction and venue for any action or proceeding to enforce the provisions of this
12 Stipulated Judgment shall be in the Indio Branch of the Riverside County Superior Court.
13 Service may be accomplished on 7 Leaf by certified mail addressed to Sam Long, 3877 12th
14 Street, Riverside, California 92501, and the registered agent for service of process for 7 Leaf, or
15 after written notice has been given to the plaintiff, any other person designated to accept service
16 on its behalf. Service may be accomplished on the State of California by certified mail to Phillip
17 Priesman, Deputy Attorney General, P.O. Box 85266, San Diego, California 92101, or after
18 written notice has been given to defendant, any other person designated by the State of California
19 to accept service on its behalf.

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10. Defendant shall cooperate with the Attorney General's Office in its investigation of tobacco sales on Indian reserves and reservations.


Dated: 10.4.10

EDMUND G. BROWN JR.
Attorney General of California
DENNIS ECKHART
Senior Assistant Attorney General


Phillip S. Priesman
Deputy Attorney General
Attorneys for the People of the State of California

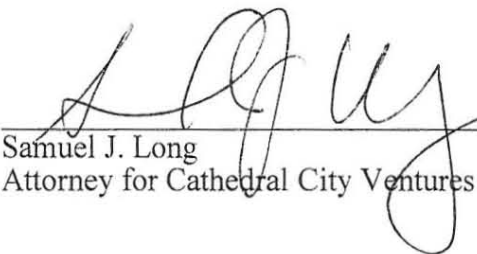
Dated:

Cathedral City Ventures
Jo Ann Coulter, Owner


Jo Ann Coulter

Dated:

9.14.10


Samuel J. Long
Attorney for Cathedral City Ventures

IT IS SO ORDERED, ADJUDGED AND DECREED.

Dated: FEB 18 2011

HAROLD W. HOPP
Judge of the Superior Court