

CALIFORNIA STATE BOARD OF EQUALIZATION
APPEALS DIVISION BOARD HEARING SUMMARY

In the Matter of the Petition for)
Redetermination Under the Cigarette and)
Tobacco Products Licensing Act of 2003 of:)
CIG ROW, INC., dba Smoke 4 Less #4) Account Number LR Q ET 91-328186
Petitioner) Case ID 588150
Lancaster, Los Angeles County

Type of Business: Smoke shop

Date of Citation: 08/02/11

This matter was scheduled for Board hearing in August 2012, but was postponed at petitioner’s request due to a scheduling conflict.

UNRESOLVED ISSUE

Issue: Whether the Special Taxes and Fees Division of the Property and Special Taxes Department properly denied petitioner’s application for a Cigarette and Tobacco Products Retailer’s license. We find that it did.

Petitioner filed an application dated June 20, 2011 for a Cigarette and Tobacco Products Retailer’s License (license) for Smoke 4 Less, under the Cigarette and Tobacco Products Licensing Act of 2003 (Act). The Special Taxes and Fees Division of the Property and Special Taxes Department (Department) denied the application on the basis that the application was for a license for a retail location that was the same location as that of a retailer whose license was revoked within the preceding five years.

Before addressing the specifics of this case, we will provide some history of the retail location. The business known as Smoke 4 Less, located at 2839 W. Avenue L, in Lancaster, was operated by Smoke Rings, Inc. Rami Darghalli was the president of Smoke Rings and is petitioner’s president. Smoke Rings held a license from June 30, 2004, through April 6, 2009. On April 15, 2005, the Investigations and Special Operations Division (ISOD) inspected Smoke 4 Less and found and seized cigarettes with counterfeit stamps. ISOD issued Civil Citation 0978 for various violations, and the Department issued a Notice of Decision imposing a 30-day license suspension, which Smoke Rings

1 appealed. The Appeals Division issued a Second Decision in which it upheld the 30-day license
2 suspension, and the Department issued a Notice of Suspension, informing Smoke Rings that its license
3 would be suspended from June 5, 2006, through July 4, 2006. During that suspension period, ISOD
4 made two undercover purchases of cigarettes at Smoke 4 Less. The Department issued Smoke Rings a
5 Notice of Decision revoking its license, which Smoke Rings, Inc. appealed. On March 16, 2009, the
6 Board heard Smoke Rings' appeal and upheld the license revocation. Prior to that date, Smoke Rings
7 had sold Smoke 4 Less to K. Zoeann Hauprich. Accordingly, on April 6, 2009, the Department
8 reopened Smoke Rings' license in order to note the revocation.

9 Petitioner disputes the Department's denial of a license, arguing that it has been longer than
10 five years since the violations occurred (during the period June 5, 2006, through July 4, 2006).
11 Additionally, petitioner asserts that Mr. Darghalli was in Syria to attend his mother's funeral and
12 observe an extended mourning period at the time Smoke Rings received the Notice of Suspension.
13 Petitioner states that the violations occurred because the manager left in charge of the business spoke
14 limited English, and he misunderstood the dates of the suspension, believing that it was to begin on
15 July 5. Petitioner further asserts that, even though the revocation did not occur until 2009, Smoke
16 Rings discontinued its business in 2007, and, as such, Mr. Darghalli has already been deprived of the
17 ability to operate a business at the location in question for more than five years. Finally, petitioner
18 claims that Mr. Darghalli feels he is being targeted by the Board because ISOD routinely inspects each
19 new business he opens.

20 A retailer engaging in the sale of cigarettes or tobacco products must have and maintain a
21 retailer's license. The Board issues licenses upon receipt of a completed application and fees, unless
22 the retailer, or, if the retailer is not an individual, any person controlling the retailer, has previously
23 been issued a license that is suspended or revoked by the Board for violation of any provisions of the
24 Act. (Bus. & Prof. Code, §§ 22972 and 22973.1, subd. (a)(1).) Additionally, as relevant here, a new
25 license will not be issued to an applicant where a license for the same location has been revoked any
26 time in the preceding five years. (Cal. Code of Regs., tit. 18, § 4502.)

