

**MOTION BY SUPERVISORS HILDA L. SOLIS
AND JANICE HAHN**

July 3, 2018

Unlicensed Cannabis Business Closure Plan

Currently, all types of cannabis businesses including cultivating (except for personal-use cultivation), manufacturing, testing, distributing and selling medical or non-medical cannabis are banned in the unincorporated areas of Los Angeles County. Yet today, over 80 businesses are illegally conducting cannabis activities in the unincorporated area despite the County’s ban.

In March 2016, the Los Angeles County Board of Supervisors established the Medical Marijuana Dispensary Enforcement Team (MMDET), comprised of County Counsel, the District Attorney, the Department of Regional Planning, and the Sheriff, to close illegal cannabis stores and other related cannabis businesses and activities in the unincorporated areas.

However, this process is time-consuming and resource-intensive, and preventing new unlicensed cannabis stores from opening remains an ongoing challenge. In April

MOTION

SOLIS _____

RIDLEY-THOMAS _____

HAHN _____

BARGER _____

KUEHL _____

MOTION BY SUPERVISORS HILDA L. SOLIS AND JANICE HAHN
July 3, 2018
PAGE 2

2017, the MMDet estimated that approximately 75 illegal cannabis stores were operating in unincorporated areas. Six months later, 29 illegal cannabis stores were closed but 31 new stores opened during the same period. This phenomenon has been described as “whack-a-mole,” because when one cannabis business is shut down, a new one quickly opens.

We recently learned that the number of unlicensed dispensaries in unincorporated areas has now grown from 75 in April 2017 to 83 in May 2018. Many of these dispensaries are concentrated in communities already disproportionately impacted by drug use, high rates of incarceration, and crime. These illegal dispensaries are sometimes operated by organized crime and contribute to increased fear and blight in communities.

A more comprehensive approach is needed to eliminate unlicensed commercial cannabis activity in unincorporated areas.

WE, THEREFORE, MOVE THAT THE BOARD OF SUPERVISORS:

1. Direct the Office of Cannabis Management (OCM), in collaboration with County Counsel, the District Attorney, the Sheriff, the Treasurer and Tax Collector, the Fire Chief, the Directors of Public Health, Public Works, Regional Planning, and other partners including state agencies and local cities, to present an unlicensed cannabis business elimination plan to the Board in 90 days and include, at a minimum, the following strategies identified in the OCM’s report received by the Board on June 19, 2018:

MOTION BY SUPERVISORS HILDA L. SOLIS AND JANICE HAHN
July 3, 2018
PAGE 3

a. Public education and outreach to educate the public on how to determine whether a cannabis business is licensed and how to report unlicensed cannabis businesses. This strategy shall include:

- i. Establishing a universal emblem placard identifying permitted cannabis stores, promoting awareness of the universal emblem as a way for consumers to distinguish between licensed and unlicensed cannabis retail stores, and educating consumers on the potential harms of purchasing from an unlicensed store.
- ii. Exploring the feasibility of posting warning signage at or near unlicensed cannabis stores to alert consumers that the business is not licensed.
- iii. Conducting outreach to employees of cannabis businesses to inform them of the potential risks of working for an unlicensed cannabis business, in collaboration with County departments and other local partners.
- iv. Conducting outreach to commercial and industrial property owners, chambers of commerce, and real estate industry associations to raise awareness of the potential legal and financial risks of leasing space to an unlicensed cannabis business.

MOTION BY SUPERVISORS HILDA L. SOLIS AND JANICE HAHN
July 3, 2018
PAGE 4

- v. Conducting multilingual, culturally competent outreach to community groups to educate residents on how they can report unlicensed cannabis businesses in their neighborhoods.
 - vi. Exploring adding the feasibility of adding a function to “The Works” smartphone application to facilitate the reporting of unlicensed cannabis businesses and hotline.
- b. Enhanced direct enforcement against unlicensed businesses with new tactics. Including:
- i. Exploring the feasibility of establishing a procedure to disconnect utilities at unlicensed cannabis businesses, particularly those with safety hazards and those that are engaged in utility theft.
 - ii. Exploring the feasibility of establishing an administrative process to allow physical locking and sealing of premises housing unlicensed cannabis businesses that would not be eligible for licensing, pursuant to Los Angeles County Code (County Code) section 7.04.380.A.
 - iii. Amending the County Code to increase civil penalties per day for unlicensed cannabis businesses, pursuant to the Business and Professions Code section 26038.
 - iv. Exploring the feasibility of creating a multi-department

MOTION BY SUPERVISORS HILDA L. SOLIS AND JANICE HAHN
July 3, 2018
PAGE 5

inspection and enforcement team specifically for cannabis businesses, similar to the County's Nuisance Abatement Team (NAT.)

- v. Developing criteria to prioritize new and existing enforcement cases based on the severity and urgency of the complaint including over population of illegal businesses in specific census tracts.

c. Legislative advocacy. Including:

- i. Advocating for the State to adopt and strictly enforce regulations or laws prohibiting advertising of unlicensed cannabis businesses, including online platforms.
- ii. Exploring the feasibility of establishing a dedicated court department or judge to expedite processing of civil cases against unlicensed cannabis businesses.
- iii. Advocating for State funding and other resources to support enforcement against unlicensed cannabis businesses and consumer education efforts.

d. Strategic partnerships between County departments and other agencies involved in cannabis regulation. Including:

- i. Establishing a unified database of enforcement cases against unlicensed cannabis businesses in the County's unincorporated

areas, to provide County departments with on-demand access to the most current information for any given case or location, and to facilitate reporting on summary-level statistics and geographic trends.

- ii. Exploring the feasibility of establishing a cross-referral protocol with state agencies involved in cannabis regulation and enforcement, to ensure that the relevant state agencies are automatically notified with the County initiates a new enforcement case, and vice versa.
 - iii. Collaborating with cannabis regulators from the County, State, and other local jurisdictions regarding enforcement strategies, emerging trends, identified needs and other information on a regular basis.
2. Direct the Office of Cannabis Management to work with the Chief Executive Office and affected departments to report back on funding strategies and identify any new or additional resources that are needed to implement the plan.