



LOS ANGELES COUNTY  
**CONSUMER & BUSINESS AFFAIRS**

Board of Supervisors

March 11, 2025

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Second District

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Third District

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Fourth District

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Fifth District

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Rafael Carbajal

Chief Deputy  
Joel Ayala

To: Supervisor Kathryn Barger, Chair  
Supervisor Hilda L. Solis  
Supervisor Holly J. Mitchell  
Supervisor Lindsey P. Horvath  
Supervisor Janice Hahn

From: Rafael Carbajal  
Director

**BOARD REPORT REGARDING DEPLATFORMING UNLICENSED CANNABIS DISPENSARIES (ITEM NO. 12, AGENDA OF SEPTEMBER 24, 2024)**

On September 24, 2024, your Board directed the Department of Consumer and Business Affairs (DCBA) and its Office of Cannabis Management (OCM), in consultation with the Sheriff's Department to report back with recommendations on strategies the County could pursue locally and/or with the State to curb unlicensed cannabis advertising (including digital) and operations in unincorporated Los Angeles County.

The attached report provides key strategies that may help address unlicensed cannabis advertising and activities, while considering existing enforcement challenges and certain restrictions subject to existing advertising laws. Recommendations emphasize the necessity of adopting a multi-faceted approach that combines the need for enhanced enforcement capabilities, community engagement and awareness, and long-term regulatory solutions. Proposed strategies include:

- Strengthening local enforcement mechanisms by increasing resources for civil litigation and implementing the County's unpermitted cannabis nuisance abatement ordinance.
- Collaborating with social media companies and utilizing their existing avenues to address unlicensed business presence on their platforms.



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- Leveraging state resources aimed at supporting the legal marketplace and continued partnerships with state agencies.
- Implementing community engagement initiatives, including public awareness campaigns about licensed cannabis businesses and educational materials for consumers.
- Adopting cannabis advertising regulations as part of its commercial cannabis ordinances that complement and supplement current state regulations.
- Supporting relevant State legislation that could strengthen local enforcement.

The report also includes funding and resource considerations to implement these strategies effectively, which is even more pertinent as the County proceeds with implementing a commercial cannabis program for unincorporated areas. Such strategies would be recommended to implement before the adoption of a commercial cannabis program to help licensed and compliant operators compete more effectively against the unlicensed and unregulated market. By increasing investments in these strategies, the County can strengthen its ability to reduce the number of unlicensed dispensaries in unincorporated areas, while supporting a sustainable regulatory environment for future legal cannabis operations in the County.

If your Board chooses to pursue these strategies, OCM is prepared to collaborate with the appropriate County departments to implement them and provide any updated cost estimates for execution.

Should you have any questions concerning these matters, please contact me or Laura Magallanes, Deputy Director of Office of Cannabis Management, at [lmagallanes@dcba.lacounty.gov](mailto:lmagallanes@dcba.lacounty.gov).

RC:LM:EV:ph

Attachment

c: Executive Office, Board of Supervisors  
Chief Executive Office  
County Counsel  
Sheriff

## **STRATEGIES TO LIMIT ADVERTISING OF UNLICENSED CANNABIS BUSINESS AND ACTIVITIES**

### **INTRODUCTION**

On September 24, 2024, the Board of Supervisors (Board) approved a motion highlighting the urgent need to combat the ongoing presence of advertising of unlicensed cannabis businesses. The motion underscored the growing difficulties to effectively differentiate between licensed and unlicensed cannabis operations, particularly with the use of digital advertising platforms. As part of the motion's directives, the Board requested the County explore strategies that could help minimize advertising (including digital advertising) and operations of unlicensed businesses in the unincorporated areas of the County.

Addressing advertising of unlicensed cannabis business activities and operations is critical to protecting public health, ensuring compliance with existing laws, and fostering a fair marketplace for legal businesses. This need is particularly pressing as the County works toward establishing a commercial cannabis program for its unincorporated areas.<sup>1</sup>

In response to the Board's motion, the Los Angeles County Office of Cannabis Management have met with relevant state and local agencies to discuss feasible options to potentially address these issues. This report provides the Board with possible strategies the County could implement as part of its continued efforts to combat unlicensed operations in our unincorporated communities.

### **EXISTING REGULATORY AND ENFORCEMENT LANDSCAPE**

Cannabis advertising regulations and enforcement are generally set by states with legal markets in part due to its federal prohibition and classification of a Schedule I substance under section 843 of the Controlled Substance Act. In California, advertising restrictions for licensed businesses are set forth by Proposition 64 or the Medical Adult Use Cannabis Regulation and Safety Act (MAUCRSA).<sup>2</sup> These include some of the following guidelines:

- Restricts advertising or marketing only where at least 71.6 percent of the audience is 21 or older, which applies to all marketing channels, including TV, radio, print, and digital.
- Bans cannabis advertising signs within 1,000 feet of daycare centers, school playgrounds, and youth centers.

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<sup>1</sup> On February 15, 2022, the Board of Supervisors unanimously approved a motion directing the County to proceed with the development of a commercial cannabis regulatory framework and an equity program outlined in the Updated Framework and Recommendations for Regulating Commercial Cannabis in Unincorporated Los Angeles County report: <http://file.lacounty.gov/SDSInter/bos/supdocs/166359.pdf>

<sup>2</sup> MAUCRSA advertising and marketing restrictions are codified under Chapter 15 in the [California Business and Professions Code Sections 26150 – 26156](#).

- Prohibits advertisers from promoting or offering the sale of cannabis.
- Requires advertising content to be truthful, substantiated, and avoids being aimed at children.

The advertising restrictions set forth by MAUCSRA are enforceable by the State; however, MAUCRSA also permits local agencies, including the County, to establish and enforce their own regulations.

Since 2017, the County has banned all commercial cannabis activities within its unincorporated areas<sup>3</sup> and will remain in effect until the Board adopts a commercial cannabis program. It is important to note that the County's ban does not specifically address cannabis advertising but rather prohibits all cannabis business operations within its jurisdiction.

In addition to the ban, the County adopted Chapter 8.44 (Abatement of Unpermitted Commercial Cannabis Activity) in 2022, which declared unpermitted commercial cannabis activity unlawful and a public nuisance. This ordinance establishes administrative procedures to address public nuisances caused by unpermitted commercial cannabis activity, including the rights to a hearing before abatement and the processes for imposing penalties and abatement costs. Since its adoption, the ordinance is still pending identification of a lead/issuing department for implementation.

### *Enforcement Challenges*

The County's primary and most effective tool for enforcing its ban on commercial cannabis activities is through the civil litigation process. The process typically begins with an investigation by the Sheriff after receiving a complaint of illegal activity. If the illegal cannabis activity is confirmed, warning letters are sent to the business operator and property owner seeking voluntary compliance before a lawsuit is filed by County Counsel. Lawsuits are filed in civil court against the reported unlicensed business, and property owner(s) enabling illegal cannabis activities. The civil process allows the County to shut down illegal businesses through court orders and impose monetary penalties. Judgment liens may be recorded against the subject properties which serve to financially deter property owners from leasing to new illegal businesses.

While effective, the civil litigation process is often slow and can be exploited by well-funded defendants who benefit by continued operation of the illegal business during the pendency of the lawsuit. Moreover, it is difficult to effectively tackle the large number of unlicensed cannabis businesses with limited resources dedicated to address complicated and reoccurring cases.

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<sup>3</sup> Los Angeles County Code Section 22.140.134

The number of unlicensed dispensaries operating within the County's unincorporated areas is fluid but typically averages around 160. These businesses are heavily concentrated within the First and Second Supervisorial Districts. Advertising by these businesses is often designed to mimic licensed operators, often through digital platforms and other media, further complicating enforcement efforts.

These challenges are not unique to the County, as many jurisdictions throughout the state and the nation are experiencing surges in illegal cannabis operations.<sup>4</sup> In recent years some jurisdictions, such as the state of New York<sup>5</sup> and San Diego County<sup>6</sup>, have responded with increasing resources and allocated funding toward enhanced enforcement of unlicensed storefronts. Such investments have shown favorable results, demonstrating significant reductions in unlicensed dispensaries.

## **PROPOSED STRATEGIES TO ADDRESS UNLICENSED CANNABIS BUSINESS ADVERTISING AND OPERATIONS**

Building on lessons learned from the County's enforcement efforts and other jurisdictions, implementing a multi-faceted strategy that includes local enforcement enhancements, State-level partnerships, and community engagement is essential for effectively curbing unlicensed cannabis advertising and operations in unincorporated areas. By leveraging these strategies, the County can better protect public health, support legal compliance, and help reduce the prevalence of unlicensed cannabis businesses.

### Strengthening Local Enforcement Mechanisms

**Increasing resources for civil litigation.** The most straightforward option to address unlicensed operations is increasing resources toward current civil enforcement actions. As previously stated, this strategy is time and resource intensive, but designed to achieve long-term, sustainable compliance. While this process provides a strong legal pathway to shut down unlicensed dispensaries, it requires persistent enforcement to be effective. Currently, there are limited full-time attorneys dedicated to cannabis litigation. Yet, the complexity of these cases requires dedicated legal, administrative, and enforcement personnel to ensure timely and effective action to adequately address the scale of the problem and large caseload. Through increased resources, the County could enhance the frequency and consistency of civil enforcement actions, particularly against property owners, to initiate investigations and add more full-time attorneys to increase the number

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<sup>4</sup> NPR. Black Market Cannabis Despite Legalization, April 5, 2024: <https://www.npr.org/2024/04/05/1242165136/black-market-cannabis-california-legalization-marijuana-recreational-illegal>

<sup>5</sup> Governor Hochul Unveils New Initiatives to Shut Down Illicit Cannabis Operations and Protect Legal Marketplace in FY25 Budget Agreement, April 19, 2024: <https://www.governor.ny.gov/news/governor-hochul-unveils-new-initiatives-shut-down-illicit-cannabis-operations-and-protect>

<sup>6</sup> In 2021, the San Diego County Board of Supervisors earmarked nearly \$3 million for the battle against illegal dispensaries. Rather than paying for Sheriff's Department overtime, the County created a dedicated enforcement team and hired additional support staff for the district attorney's office. <https://www.latimes.com/california/story/2024-06-08/san-diego-illegal-cannabis-dispensaries-los-angeles-county>

of lawsuits filed. Civil litigation is also a cost-savings strategy by reducing the need for repeated enforcement actions over time. Additionally, costs and civil penalties are recoverable in these cases and are often awarded in judgments entered by the court. As an example, even with limited resources, the County collected over \$760,000 in 2024 through judgments. This demonstrates that civil enforcement is not just a regulatory necessity but a fiscally responsible strategy with a sufficient return on investment.

**Implementing the County's Unpermitted Cannabis Nuisance Abatement Ordinance.** Another feasible option for the County to employ would be to prioritize implementation of the Abatement of Unpermitted Commercial Cannabis Activity Ordinance, which has not yet been executed. Utilizing the administrative process for abatement of unpermitted commercial cannabis activity can be an effective means to supplement existing civil enforcement efforts that would otherwise be enforced in the courts. The County should first identify an issuing department to implement the ordinance and ensure appropriate resources are provided to adequately staff and execute the cannabis abatement program.

The resources and funding needed to strengthen these local enforcement mechanisms are further addressed under *Funding and Resource Considerations* in this report.

#### Digital Deplatforming Strategies

**Collaborating with social media companies.** Currently, major social media platforms such as Facebook, Instagram, and TikTok have Terms and Conditions that preclude sharing of illegal content and do not accept payment to advertise illegal cannabis businesses. However, in states where cannabis is either recreationally or medically legal, content providers, including Google, offer search engine optimization functions, such as mapping of cannabis businesses without regard to the legality of a specific business operation. While these platforms incorporate restrictions as part of their Terms and Conditions community standards, they have advised they are not able to actively monitor all the businesses that are present on their site and are reluctant to remove an illegal business upon a third-party complaint.

In response to the Board's five-signature letter requesting these social media platforms to voluntarily cease allowing the advertising of illegal cannabis dispensaries, some social media platforms, such as Yelp and Google, referenced consumers' First Amendment rights to read and share information about all businesses, even if unlicensed.

Additionally, OCM and County Counsel spoke with representatives from Google regarding possible avenues to deplatform illegal cannabis businesses. Google representatives outlined their advertising policies and restrictions concerning the purchase of ads or paid features, and recommended the County take advantage of their reporting tools. They also shared a similar request from New York State, which led to Google removing listings from their business platforms only after receiving a list of officially closed business locations from New York's regulatory authority.

While deplatforming these unlicensed businesses from social media platforms may be limited, OCM can utilize their reporting tools as a first step. As an example, of the 160 reported unlicensed dispensaries, approximately 68 are listed on Google Maps. OCM has begun the process of utilizing Google's Business Redressal Complaint Form to submit documentation on the County's ban and evidence of these unlicensed businesses being out compliance with State and local regulations. OCM will continue to monitor the effectiveness of these tools, as well as continue to build relationships with these platforms to identify other future strategies and partnerships.

### Partnering with State and Federal Agencies

**Continuing partnerships with State and Federal enforcement agencies.** The County collaborates with various state agencies - the State Departments of Cannabis Control, Tax and Fee Administration, Fish and Wildlife, Water Quality Control Board, and California Environmental Protection Agency, and in conjunction with LASD and the federal Drug Enforcement Agency's Los Angeles field division on investigations and operations against unlicensed cannabis businesses.

Most recently, OCM spoke with the State's Office of the Attorney General regarding their Cannabis Administrative Prosecutor Program, which provides staff attorneys to handle administrative enforcement actions for local government. This partnership can be achieved through a Memorandum of Understanding (MOU) between the Attorney General's Office and OCM and would supplement the County's current enforcement capabilities. However, such a partnership could only occur after the County's Ordinance is implemented.

The County will continue to work with these agencies to support local enforcement efforts.

**Promoting and leveraging the State's Real California Cannabis Campaign.** The California Department of Cannabis Control initiated the Real CA Cannabis Campaign in 2024 to assist licensed cannabis businesses and their customers. Aimed at adult-use consumers, this statewide initiative helps to distinguish licensed from unlicensed retailers, while providing resources to the legal market. With a convenient licensed retailer search tool and Real CA Cannabis QR code signage in stores, consumers can easily locate and verify licensed dispensaries that offer legal products meeting state health standards.

OCM met with State representatives regarding the campaign and will promote it on the OCM website and through its social media outlets. Additionally, because the campaign focuses on the licensed markets, the County can partner with the State to ensure additional marketing of the campaign occurs in unincorporated areas once a program is launched, and that licensed businesses are included in their database and receive QR Code signage.

## Community Engagement and Public Awareness

**Enhancing public awareness of the County's Emblem Program.** In 2020, the County launched the Emblem Program for Authorized Cannabis Stores. Administered by the Los Angeles County Department of Public Health (Public Health), the program is intended to protect consumers and communities from unlicensed retailers by issuing emblems for authorized cannabis retail facilities in cities that are contracted with Public Health. Businesses that receive the County's Emblem indicate they have received all required state and local licenses and have completed Public Health's Cannabis Compliance and Enforcement Program (CCEP). Cities that currently have an agreement with Public Health include Baldwin Park, Culver City, El Monte, Lancaster, Malibu, and Los Angeles.

In 2022, OCM launched a billboard campaign promoting the Emblem Program, with over 255 billboards displayed in designated areas with high illicit dispensary activity throughout the County's unincorporated areas. Promotional videos were also created to provide more information on the program and shared via all social media platforms, including LA County Channel. OCM also sent letters to other jurisdictions in the County with cannabis regulations to share details about the Emblem Program; however, the response and interest has been minimal.

As the County works toward implementing its commercial cannabis program, it would be worthwhile to launch another campaign, including billboard and ads, promoting the Emblem Program. OCM can also continue engaging with other jurisdictions to promote the program and understand potential barriers to participating in the program.

**Developing educational campaigns and materials.** Unlicensed businesses often rely on online platforms and physical advertising that mislead consumers into thinking their products meet regulatory standards. A recent study conducted by the California Department of Cannabis Control (DCC) revealed that 85 percent of respondents living in regions where retail cannabis is prohibited either mistakenly believed that cannabis retail was permitted in their area or were unaware of the local regulations.<sup>7</sup> Consequently, informing the public about the risks of consuming untested cannabis products from unlicensed sources is critical. OCM is currently developing helpful materials for consumers to understand how to distinguish licensed and unlicensed dispensaries. To further expand information and messaging, the County could create countywide campaigns aimed at helping consumers identify licensed businesses and report unlicensed activity.

**Building stronger relationships with community groups.** Public concerns from residents about the visibility of unlicensed cannabis operations within their neighborhoods continue to be one of the most common complaints received by OCM. OCM has

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<sup>7</sup> California Department of Cannabis Control, February 26, 2024: <https://cannabis.ca.gov/2024/02/86-of-californians-who-consume-cannabis-believe-it-is-important-to-shop-legally/>

previously partnered with the Board offices and County Counsel to present at various community meetings to share information on enforcement efforts and processes. While the community has expressed frustration with the pace of business closures, continuing to build these relationships remains important to enhance reporting mechanisms and trust. OCM will continue its outreach efforts to community groups in communities with a high prevalence of unlicensed markets to provide regular updates and information on enforcement efforts.

### Adopting Best Practices into County Ordinances

**Establishing cannabis advertising regulations that complement and supplement current state regulations.** The County's proposed zoning and licensing ordinance drafts<sup>8</sup> for commercial cannabis in Titles 22 and 8, respectively, include provisions to regulate advertising and signage that complement regulations outlined under MAUCRSA. This includes:

- No offsite advertising for cannabis or cannabis products in residential or agricultural zones in unincorporated areas, or within 1,000 feet of youth-oriented uses.
- Restrictions of advertising on delivery vehicles for cannabis products.
- Required signage regarding adult-use and health warnings for storefront retail and non-storefront retail.

Title 8 amendments will also provide for stanch enforcement against unlicensed cannabis operations. Violations of the cannabis ordinances will be subject to civil and criminal prosecutions, including injunctive relief, fines and civil penalties, and attorney's fees and costs.

In addition to the regulations under Titles 22 and 8, licensed businesses will also be required to become authorized cannabis stores under the County's Emblem Program as part of public health permit requirements. This requirement will complement the State's campaign and display emblems and signage that could further distinguish licensed and unlicensed businesses.

The draft regulations collectively incorporate essential safeguards alongside reasonable business requirements that recognize how overregulation can undermine compliant, legal operators from effectively competing with the unlicensed market.

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<sup>8</sup> Draft Zoning Ordinance and Operating Requirements: <https://dcba.lacounty.gov/cannabis/documentsandreports/>

### Legislative Advocacy

**Supporting State legislation that could strengthen local enforcement.** OCM regularly monitors legislation for bills that could support the County's cannabis-related priorities. Below are summaries of recently introduced bills that are relevant to the County's efforts.

- **SB 378 (Wiener) – Online Marketplace: Illicit Cannabis: Reporting:** This bill would require online cannabis marketplaces to address in their terms of service whether they allow advertisements from unlicensed sellers and verify seller licenses. Online cannabis marketplaces that do not verify licenses would be required to display a graphic that warns consumers about various risks associated with cannabis from unlicensed sellers before viewing or engaging with the marketplace. Additionally, the bill would require that online cannabis and hemp marketplaces provide a way for users to report unlicensed advertisements. The bill also would hold online marketplaces strictly liable for damages caused to consumers by unlicensed cannabis or intoxicating hemp products they facilitate, potentially increasing recovery amounts based on the marketplace's knowledge of the seller's status and the whether the harm was suffered by a child.
- **AB 632 (Hart) – Local Ordinances: Administrative Fines or Penalties:** This bill would authorize local agencies to file a final administrative order or decision for payment of fines or penalties related to unlicensed commercial cannabis activity in the superior court of any county in California. It also would allow local agencies to create procedures for collecting fines via liens on the property where the violations occurred. Additionally, AB 632 would specify that its remedies or penalties are cumulative to those available under other laws.

OCM is working with the CEO-Legislative Affairs and Intergovernmental Relations branch to review these bills for potential County advocacy.

### **FUNDING AND RESOURCE CONSIDERATIONS**

The proposed strategies will require additional funding for increased enforcement, ordinance implementation and public awareness campaigns.

As part of its yearly budget proposal, OCM requested \$4.554 million for targeted enforcement through civil litigation processes. The budget included a full-time Project Manager II for DCBA for program ramp-up, the addition of more legal staffing and support to increase the number of lawsuits filed against unlicensed businesses and property owners, and expenses to cover Sheriff investigations. This investment seeks to shut down the number of unlicensed businesses in high-priority areas with a high presence of illegal activities by 50 percent within one year. At the time of submission of this report, this budget request was still under review.

Additionally, implementation of the County's Abatement of Unpermitted Commercial Cannabis Activity Ordinance will require funding for the lead/issuing department to hire staffing to administer the cannabis abatement program. Lastly, additional funding would also be required to develop public awareness campaigns aimed at distinguishing the licensed and unlicensed markets. Funding would be used to contract with a marketing/communications firm to develop and launch a local campaign.

Should your Board choose to pursue these options, OCM can provide more detailed cost estimates for ordinance implementation and public awareness campaigns.

## **CONCLUSION**

To effectively address unlicensed cannabis advertising and operations, the County must adopt and invest in a multi-pronged enforcement strategy. Immediate actions should focus on enhanced local enforcement, public education, and partnerships with state agencies and digital platforms. This approach is essential to create a robust and sustainable regulatory environment.