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CANNABIS REGULATION**

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December 27, 2018

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Re: Recommendations for enforcement against unlicensed commercial cannabis activity (Council File No. 14-0366-S5, 14-0366-S24, 14-0366-S25, 14-0366-S26, 14-0366-S27)

Honorable Members:

In June 2017, the City Council established the Cannabis Regulation Commission, in part, to act as an advisory body to the Mayor and City Council regarding the adoption of City laws and regulations pertaining to cannabis-related activity in the City. Six months later, the City Council adopted a comprehensive regulatory program for commercial cannabis activity. Since then, the Commission has been working with the Department of Cannabis Regulation to realize the City's goal of developing of a well-regulated, licensed commercial cannabis market. Although the City has made significant progress over the last 11 months, it will not reach its goal until it curtails the widespread unlicensed cannabis activity taking place the City. The hundreds of unlicensed cannabis businesses in Los Angeles do not pay the City's cannabis business taxes or adhere to its regulatory requirements, allowing these businesses to unfairly compete against authorized cannabis businesses that follow the City's laws. Also, unlicensed cannabis businesses pose a significant threat to public safety, a fact underscored by the recent armed robbery at an unlicensed dispensary in Tarzana and the double-homicide at an unlicensed dispensary in Koreatown. Given the scope of the problem, the Commission finds it is essential for the City to consider a wide range of enforcement tactics against unlicensed cannabis businesses.

Therefore, the Commission supports and recommends adoption of the following enforcement tactics currently being considered by the City Council:

- Create a process by which the Department of Water and Power may disconnect utility services to unlicensed cannabis businesses. (Council File No. 14-0366-S24.)
- Allow certain employees working in illegal cannabis businesses to be issued citations through the Administrative Citation Enforcement Program. (Council File No. 14-0366-S25.)
- Enable the Department of Building and Safety to barricade, padlock, fence or secure an unlicensed cannabis business that has failed to comply with an order by the City to cease operations. (Council File No. 14-0366-S26.)

- Establish a civil service classification of Department of Building and Safety Inspectors for non-criminal enforcement against unlicensed cannabis businesses. (Council File No. 14-0366-S27)
- Require all licensed cannabis retailers to display an iconic emblem placard so that the public can easily distinguish a licensed retailer from an unlicensed retailer. (Council File No. 14-0366-S5.)

Taken together, these enforcement tactics will allow the City to quickly respond to reports of unlicensed cannabis activity and to reduce the likelihood that an illegal business will simply resume operations a short time after the City has turned its attention elsewhere. In addition to the tactics described above, the Commission recommends that City Council explore several other enforcement strategies. One would be for the City Attorney to send cease-and-desist letters to landlords on whose property unlicensed cannabis activity is taking place. The City Attorney could also notify the landlord's creditors that unlicensed cannabis activity is taking place on the landlord's property. Warned of potential criminal or civil action by the City, many landlords would quickly evict from their property the tenants engaged in unlicensed cannabis activity. Another strategy would be for the City to identify an unlicensed cannabis business' creditors and business partners and inform them that the business is unlicensed. This could spur creditors and others who are unaware of a business' lack of a license to discontinue their business relationship with the business.

The Commission appreciates the efforts of the City Council to address the problem of unlicensed cannabis activity and it intends to support the City's enforcement efforts in whatever way it can.

Sincerely,



Victoria Rodriguez
Executive Secretary

Cannabis Regulation Commission

(As authorized by Commission action on November 29, 2018)