

**REVISED DRAFT REQUIREMENTS**  
**FOR**  
**COMMERCIAL CANNABIS ACTIVITY**  
**IN THE**  
**CITY OF LOS ANGELES**

## TABLE OF CONTENTS

Definitions .....	3
Commercial Cannabis Activity Application Processing .....	4
General .....	4
Retailer .....	4
Non-Retailer .....	5
Appeals Process .....	6
Proposition M Priority Processing .....	9
Social Equity Program Processing .....	10
General Public Processing .....	10
Licenses Available for Application .....	11
Retailer .....	11
Delivery .....	11
Microbusiness .....	11
Indoor Cultivation .....	11
Manufacture .....	11
Testing .....	12
Distributor .....	12
Commercial Cannabis Activity Application Requirements .....	13
General .....	13
Automatic Rejection .....	17
Retailer .....	17
Delivery .....	18
Microbusiness .....	18
Indoor Cultivation .....	18
Manufacture .....	18
Testing .....	19
Distributor .....	19
Commercial Cannabis Activity Operational Requirements .....	20
General .....	20
Records Retention .....	25
Track-and-Trace .....	26
Retailer .....	26
Delivery .....	29
Microbusiness .....	31
Indoor Cultivation .....	31
Manufacture .....	33
Testing .....	34
Distributor .....	35
Inspections .....	36
Enforcement .....	38
Renewals .....	41
Cancellations .....	42

## **DEFINITIONS**

1. “BTRC” means a Business Tax Registration Certificate issued by the City of Los Angeles Office of Finance.
2. “Business” means any business applying for, or conducting and engaging in Commercial Cannabis Activity.
3. “Commercial Cannabis Activity” includes Commercial Cannabis Activity and Commercial Marijuana Activity as defined by the State of California.
4. “Commission” means the City of Los Angeles Cannabis Regulation Commission.
5. “License” means the official document issued by the Department to the Business for the purposes of conducting and engaging in Commercial Cannabis Activity.
6. “Department” means the City of Los Angeles Department of Cannabis Regulation.
7. “EMMD” means an Existing Medical Marijuana Dispensary, as defined by Proposition M, for the purposes of Proposition M Priority processing.
8. “Notice of Determination” means the official determination of the Commission, Department, or City Council at any time during the Application Processing process.
9. “Premises” means the identified location of a Business applying for, or conducting and engaging in Commercial Cannabis Activity.
10. “Proper Notice” means providing notice to the applicant, occupants and property owners who reside or own property within 500 feet of the proposed Commercial Cannabis Activity, the local Neighborhood Council, and Council office.
11. “Provisional License” means the official document issued by the Department to those Businesses deemed eligible for Proposition M Priority or approved by the Department or Commission for the purposes of conducting and engaging in Commercial Cannabis Activity prior to receiving a state license.
12. “Transitional Worker” means an individual who, at the time of commencing work at the Business, resides in an Economically Disadvantaged Area or Extremely Economically Disadvantaged Area and faces at least two of the following barriers to employment: (1) being homeless; (2) being a custodial single parent; (3) receiving public assistance; (4) lacking a GED or high school diploma; (5) having a criminal record or other involvement with the criminal justice system; (6) suffering from chronic unemployment; (7) emancipated from the foster care system; or (8) being a veteran.
13. “UID” means the Track-and-Trace system Unique Identifiers as established by the State of California.

## COMMERCIAL CANNABIS ACTIVITY APPLICATION PROCESSING

### GENERAL

1. Applications for Commercial Cannabis Activity Licenses must be completed online or by delivering a printed copy to the Department office. Every application shall, at minimum, meet all application requirements, pay all outstanding taxes, and pay the appropriate application, pre-inspection, and audit (if applicable) fees as outlined prior to further processing, unless otherwise indicated in the Social Equity Program. Every applicant will be provided a date and time stamp of receipt of each application or the electronic equivalent. The Department shall provide a master Commercial Cannabis Activity application form to the public. The Department will begin accepting applications at the Department's discretion.
2. If the Department determines that the application is incomplete, the Department shall provide notice to the applicant. An applicant has six months from the date of the notice to correct all deficiencies. The Department may request additional information and documents from the applicant not listed in the application requirements to determine if an application is complete. If the applicant fails to correct the deficiencies within the six-month period, the application shall be considered abandoned. An applicant may reapply at any time following an abandoned application and must pay all fees associated with the new application. The Department will not refund application fees for an incomplete or abandoned application, unless otherwise indicated in the Social Equity Program.
3. In determining the issuance of Licenses, the Department will consider the equitable dispersion of Businesses throughout the City of Los Angeles prior to the issuance of a License to the extent practicable.
4. If the Department determines that the application is complete, the Department shall provide Proper Notice at least 45 days in advance of scheduling a public hearing or making a determination as indicated below. Once an application is deemed complete by the Department, a pre-inspection has been completed, and environmental review has been conducted, the Department will make the following determination for:
  - a. **RETAILER COMMERCIAL CANNABIS ACTIVITY**  
(Type 10 and Type 12)
    - i. **RECOMMENDED APPROVAL:** Commission public hearing after 45 days from the date of Proper Noticing. The Commission will hold public hearings within the regional geographic area as the proposed Business as defined by the Department. Applications will be batched for the public hearing process by regional geographic area. At a regularly scheduled public meeting, the Commission will consider the Department recommendation, written or verbal correspondence from other City Departments, the Council office, Neighborhood Council, the State of California, and written or verbal testimony from the public prior to making

a determination. The Commission may add conditions or require changes to the project subject to the licensure for the purpose of avoiding or minimizing significant environmental impacts identified in any environmental review prepared pursuant to CEQA. Once the Commission makes a decision, the Department will issue a Notice of Determination and Proper Notice will be given, including but not limited to, a copy of the Notice of Determination and an explanation of the appeals process.

- ii. **DEPARTMENT DENIAL:** Once the Department issues a Notice of Determination for denying an application, Proper Notice will be given, including but not limited to a copy of the Notice of Determination and an explanation of the appeals process. An application may be denied for any of the following reasons which include: The applicant does not fully comply with application requirements; the applicant's premises is substantially different from the diagram of the premises submitted by the applicant, in that the size, layout, location of a common entryways, doorways, or passage ways, means of public entry or exit, or limited-access areas within the premises are not the same; the applicant denied Department employees or agents access to the premises; the applicant made a material misrepresentation on the application; the decision maker finds that the significant and unavoidable environmental impacts from issuing the license are not outweighed by the project benefits pursuant to CEQA Guidelines; the applicant failed to correct the deficiencies within the application in accordance with Department requirements and procedures, or the applicant has been denied a license, permit, or other authorization to engage in Commercial Cannabis Activity by a state or local licensing authority. Every applicant shall notify the Commission in writing within 5 business days of any change to any item listed in the application. The notification shall be signed by an owner as defined. Approval of a state license does not allow a business to conduct Commercial Cannabis Activity in the City of Los Angeles without a Department issued License or Provisional License. BTRCs will be revoked for any applicant denied a license.

**b. NON-RETAILER COMMERCIAL CANNABIS ACTIVITY**  
(Type 1A, 1B, 2A, 2B, 3A, 3B, 4, 5A, 6, 7, 8, or 11 Licenses)

- i. **DEPARTMENT APPROVAL:** The Department shall have authority to approve an application for non-retail Commercial Cannabis Activity, subject to the appeals process, unless an applicant for non-retail Commercial Cannabis Activity's premises is larger than 30,000 square feet. Applicants for non-retail Commercial Cannabis Activity with a premises larger than 30,000 square feet must go through the public hearing process as outlined in the retailer Commercial Cannabis Activity application processing. The Department may add conditions or require changes to the project subject to the licensure for the purpose of avoiding

or minimizing significant environmental impacts identified in any environmental review prepared pursuant to CEQA. Once the Department issues a Notice of Determination, Proper Notice will be given, including but not limited to, a copy of the determination, an explanation of the appeals process, and list the approved application on the next agenda of a regularly scheduled public meeting of the Commission.

- ii. **DEPARTMENT DENIAL:** Once the Department issues a Notice of Determination denying an application, Proper Notice will be given, including but not limited to, a copy of the Notice of Determination and an explanation of the appeals process. An application may be denied for any of the following reasons which include: The applicant does not fully comply with application requirements; the applicant's premises is substantially different from the diagram of the premises submitted by the applicant, in that the size, layout, location of a common entryways, doorways, or passage ways, means of public entry or exit, or limited-access areas within the premises are not the same; the applicant denied Department employees or agents access to the premises; the applicant made a material misrepresentation on the application; the decision maker finds that the significant and unavoidable environmental impacts from issuing the license are not outweighed by the project benefits pursuant to CEQA Guidelines; the applicant failed to correct the deficiencies within the application in accordance with Department requirements and procedures, or the applicant has been denied a license, permit, or other authorization to engage in Commercial Cannabis Activity by a state or local licensing authority. Every applicant shall notify the Department in writing within 5 business days of any change to any item listed in the application. The notification shall be signed by an owner as defined. Approval of a state license does not allow Commercial Cannabis Activity in the City of Los Angeles without a Department issued License or Provisional License. BTRCs will be revoked for any applicant that is denied a license.

c. **APPEALS PROCESS**

- i. Appeals may only be based on the rules, regulations, and procedures of the Commission and Department. The Department will provide a master Appeals application form for use in processing all appeals. Acceptance by the Department of an appeal requires the Commission to hold a public hearing within 60 days, or by the City Council within 15 Council days, with Proper Notice.

ii. **APPEALS BEFORE THE COMMISSION**

- 1. **DENIED APPLICATION:** If an application has been denied by the Department, the Department will issue a Notice of Determination,

Proper Notice will be given, including but not limited to, a copy of the Notice of Determination and an explanation of the appeals process. The applicant and occupants, stakeholders, or property owners who reside or own property within 500 feet of the proposed Commercial Cannabis Activity will have 15 business days from the date of the Notice of Determination to file an appeal.

If the Department accepts an appeal, at a regularly scheduled public meeting within the same regional geographic area as the proposed Business as determined by the Department, the Commission will consider the Department recommendation, written or verbal correspondence from other City Departments, the Council office, the Neighborhood Council, the State of California, and written or verbal testimony from the public prior to making a determination. The Commission may add conditions or require changes to the project subject to the licensure for the purpose of avoiding or minimizing significant environmental impacts identified in any environmental review prepared pursuant to CEQA. Once the Commission makes a decision, the Department will issue a Notice of Determination and Proper Notice will be given, including but not limited to, a copy of the Notice of Determination and an explanation of the City Council appeals process.

### iii. APPEALS BEFORE THE CITY COUNCIL

1. APPROVED APPLICATION: If an application has been approved by the Commission, the Department will issue a Notice of Determination, Proper Notice will be given, including but not limited to, a copy of the Notice of Determination and an explanation of the appeals process. The applicant and occupants, stakeholders, or property owners who reside or own property within 500 feet of the proposed Commercial Cannabis Activity will have 15 business days from the date of the Notice of Determination to file an appeal.

If an appeal is filed with the Department within the allotted time, the appeal will be transmitted to the City Council. The City Council must act within 15 Council days on the appeal, or the Commission's decision shall be final. If the City Council acts on the appeal, the decision of the City Council shall be final. The City Council shall have all the same rights and privileges as the Commission in making a determination on the appeal or application.

2. DENIED APPLICATION: If an application has been denied by the Commission, the Department will issue a Notice of Determination, Proper Notice will be given, including but not limited to, a copy of the Notice of Determination and an explanation of the appeals process. The applicant and occupants or property owners who reside or own property within 500 feet of the proposed Commercial Cannabis Activity will have 15 business days from the date of the Notice of Determination to file an appeal.

If an appeal is filed with the Department within the allotted time, the appeal will be transmitted to the City Council. The City Council must act within 15 Council days on the appeal, or the Commission or Department's decision shall be final. If the City Council acts on the appeal, the decision of the City Council shall be final. The City Council shall have all the same rights and privileges as the Department in making a determination on the appeal or application.

5. Only applicants who have been issued a Provisional License or permanent License may conduct Commercial Cannabis Activity in the City of Los Angeles. The applicant and property owner will be subject to Police Department and City Attorney enforcement for beginning operations before an application for licensure has been approved or continuing operations after an application for licensure has been denied or revoked. Furthermore, only Proposition M Priority applicants who have been approved for eligibility as defined may conduct Commercial Cannabis Activity while their application is pending in accordance with the Provisional License, and until such time as the appeals process has been exhausted.
6. Once an applicant who has been issued and maintains a valid Provisional License by the Department has been approved for a license by the State of California, the Department shall issue a permanent License to the applicant. Department issued Licenses shall be valid for 12 months from the date of issuance and shall be renewed annually.
7. If an applicant for Commercial Cannabis Activity has been approved for a Provisional License by the Department, but is denied a license by the State of California, the applicant shall cease all Commercial Cannabis Activity at the location and premises as identified in the application until such time that a license by the State of California has been issued. The applicant and property owner will be subject to Police Department and City Attorney enforcement for continuing operations after an application for licensure has been denied by the State of California. BTRCs will be revoked for any applicant that is denied a state license.
8. An applicant may withdraw an application at any time prior to the Commission or Department's approval or denial of a License for Commercial Cannabis Activity. Requests to withdraw an application must be submitted to the Department in writing, dated, and signed by the applicant. The Department will not refund application fees for a



withdrawn application, unless otherwise indicated in the Social Equity Program. An applicant may reapply at any time following the withdrawal of an application and must pay all fees for the new application.

9. The Department will develop and implement an Early Notification System, similar to the Department of City Planning, and shall provide a report to Council offices and Neighborhood Councils on a monthly basis to allow the tracking of applications from the initial filing through the approval process.

#### PROPOSITION M PRIORITY PROCESSING

1. Applications will be accepted by the Department for the first 60 days from when applications are first made available to the public. After 5 p.m. Pacific Time on the 60th day, the Department will close the Proposition M Priority Processing window permanently. Applications under the Proposition M Priority Processing will only be allowed to apply for Retailer Commercial Cannabis Activity (including delivery), which may include on-site cultivation as allowable under Proposition D. The size of the canopy for on-site cultivation may not exceed the size of the EMMD's existing canopy or square footage of building space as documented by a lease or Certificate of Occupancy prior to January 1, 2017. All on-site cultivation will be required to end operations by Dec. 31, 2020 if the EMMD's premises is within a land use designation that does not allow for Indoor Cultivation Commercial Cannabis Activity as defined by the City of Los Angeles. Any applications received after 60 days will be deemed new applications and require separate processing, subject to all land use requirements for new Commercial Cannabis Activity.
2. An EMMD that received a BTRC after 2014 that is operating in compliance with the limited immunity and tax provisions of Proposition D, may continue to operate within the City at the one location identified in its original or amended BTRC at the time of the beginning of the application processing window until such time that the EMMD applies for and receives a final response to its application for a License for Commercial Cannabis Activity being conducted at that location. No changes shall be made to the BTRC once application processing begins. The Department shall give priority in processing applications of EMMDs that can demonstrate to the Department that the EMMD has operated in compliance with the provisions of the limited immunity and tax provisions of Proposition D. Any mitigating circumstances due to gaps in operations, location change or involuntary closure, ownership, tax payments, etc. must be described in detail for the Department to consider eligibility. Changes in ownership status from non-profit status to for-profit status are allowable. A maximum of three Licenses per BTRC will be allowed (One Type 10 (retailer), One Type 10 (retailer with delivery) AND one Type 2A OR Type 3A (on-site cultivation if applicable)).
3. The Department will determine eligibility for Proposition M Priority Processing and its determination will be final. If an application is denied eligibility for Proposition M Priority Processing, the applicant shall cease all Commercial Cannabis Activity at the location or premises identified until a Provisional License is approved under separate

processing. If the application is determined to be eligible for Proposition M Priority Processing, the Department shall issue a Provisional License until such time as the application is approved or denied by the Commission, Department, or the City Council. The applicant and property owner will be subject to enforcement by the Police Department and City Attorney for continuing operations after an application for Proposition M Priority Processing eligibility has been denied by the Department. BTRCs will be revoked for any applicant denied eligibility or denied a license.

4. All applicants that are approved for eligibility under Proposition M Priority processing are subject to a public hearing as outlined for Retailer Commercial Cannabis Activity prior to issuance of a permanent License.
5. Proposition M Priority applicants will submit to a financial audit by the Office of Finance prior to the issuance of a permanent License, pay the associated audit fee, and clear any and all City of Los Angeles tax obligations.

#### SOCIAL EQUITY PROGRAM PROCESSING

1. Criteria for applicants under the Social Equity Program (Council File Nos. 17-0653 and 14-0366-S15) based on the Social Equity analysis are currently being developed by the Department and will be transmitted to the REIG Committee in October. The REIG Committee will incorporate the Social Equity Program in its entirety into the draft ordinance of these regulations prior to final Council approval. No applications will be accepted until the Social Equity Program is approved (including Prop M Priority and General Processing) and the final ordinances are adopted by the City Council. Applications will be accepted and processed at the discretion of the Department.
2. The Department shall provide regularly reporting to the City Council on the monitoring and evaluation of the Social Equity Program.

#### GENERAL PROCESSING

1. Applications will be accepted at the same time as applications for the Social Equity Program.

## **LICENSE TYPES AVAILABLE FOR APPLICATION**

### **1. RETAILER COMMERCIAL CANNABIS ACTIVITY**

- a. Type 10 – Retailer as defined by the State of California.
- b. Only three Licenses per owner as defined or individual shall be issued for Retailer Commercial Cannabis Activity, including Delivery for Retailer Commercial Cannabis Activity and Microbusiness Commercial Cannabis Activity.

### **2. DELIVERY FOR RETAILER COMMERCIAL CANNABIS ACTIVITY**

- a. Type 10 – Retailer as defined by the State of California.
- b. Only three Licenses per owner as defined or individual shall be issued for Retailer Commercial Cannabis Activity, including Delivery for Retailer Commercial Cannabis Activity and Microbusiness Commercial Cannabis Activity.

### **3. MICROBUSINESS COMMERCIAL CANNABIS ACTIVITY**

- a. Type 12 – Microbusiness as defined by the State of California.
- b. Only three Licenses per owner as defined or individual shall be issued for Retailer Commercial Cannabis Activity, including Delivery for Retailer Commercial Cannabis Activity and Microbusiness Commercial Cannabis Activity.

### **4. CULTIVATION COMMERCIAL CANNABIS ACTIVITY**

- a. Type 1A – Cultivation, Specialty Indoor, Small; Type 1B – Cultivation, Specialty Mixed Light, Small; Type 2A – Cultivation, Indoor Small; Type 2B – Cultivation, Mixed-light Small; Type 3A – Cultivation; Indoor, Medium; Type 3B – Cultivation, Mixed-light Medium; Type 4 – Cultivation, Nursery; and Type 5A – Cultivation, Indoor, Large as defined by the State of California.
- b. The Department shall not restrict the total number of Cultivation Commercial Cannabis Activity Licenses an owner or individual is authorized to hold at any point in time, provided the applicant's total authorized canopy, as indicated in the Licenses, does not exceed 1.5 acres within the City of Los Angeles and meets all State of California and Department requirements.

### **5. MANUFACTURE COMMERCIAL CANNABIS ACTIVITY**

- a. Type 6 – Manufacturer 1 as defined by the State of California.
- b. Type 7 – Manufacturer 2 as defined by the State of California.

6. TESTING COMMERCIAL CANNABIS ACTIVITY

- a. Type 8 – Testing Laboratory as defined by the State of California.

7. DISTRIBUTOR COMMERCIAL CANNABIS ACTIVITY

- a. Type 11- Distributor as defined by the State of California.

REVISED DRAFT

## **COMMERCIAL CANNABIS ACTIVITY APPLICATION REQUIREMENTS**

### **GENERAL**

1. The name of the applicant. For applicants who are individuals, the applicant shall provide both the first and last name of the individual. For applicants who are business entities, the applicant shall provide the legal Business name of the applicant. If applicable, the business trade name (“DBA”) of the applicant.
2. The Commercial Cannabis Activity and License type the applicant is applying for, including if the proposed Business will involve medical (M-Type-) and/or adult use (A-Type-) Commercial Cannabis Activity.
3. Whether the applicant is applying under the Proposition M Priority, Social Equity Program, or General processing.
4. The date the applicant began operations if filing under the Proposition M Priority processing, Social Equity Program and General applicants shall not conduct any Commercial Cannabis Activity until a Department issued Provisional License or permanent License has been issued.
5. A list of the license types and the license numbers issued from the State of California and all other out-of-state or local licensing authorities that the applicant holds, including the date the license was issued and the licensing authority that issued the license, permit or other authorization.
6. Whether the applicant has been denied the right to conduct Commercial Cannabis Activity by the Department or any other cannabis licensing authority. The applicant shall provide the type of license applied for, the name of the licensing authority that denied the application, and the date of denial.
7. The physical address of the premises. The address of record for the applicant. The telephone number for the premises. The website address of the applicant’s Business if applicable. The email address for the applicant’s Business if applicable. Contact information for the applicant’s designated primary contact person including the name, title, address, phone number, and email address of the individual. Contact information for the designated agent for service of process including the name, title, address, phone number, and email address of this individual. The Council District in which the proposed Business is located.
8. The Business organizational structure of the applicant, for example partnership or corporation. The business-formation documents, which may include but are not limited to articles of incorporation, operating agreements, partnership agreements, and fictitious business name statements. The applicant shall also provide all documents filed with the State of California, which may include but are not limited to articles of incorporation,

certificates of stock, articles of organization, certificates of limited partnership, and statements of partnership authority.

9. A list of every fictitious business name the applicant is operating under including the address where the business is located.
10. The applicant shall provide all financial information as required by the State of California for an application to be considered.
11. All individual personal information, other than the name of the individual, will be redacted unless otherwise required by law. All application information will not be provided to the federal government unless required by a Court order.
12. Evidence that the applicant has the legal right to occupy and use the proposed location that complies with the requirements of the Department and the State of California, unless otherwise indicated in the Social Equity Program. If the applicant is not the landowner of the property upon which the premises is located, the applicant shall provide to the Department a document from the landowner that states that the applicant has the right to occupy the property and acknowledging the applicant may use the property for the Commercial Cannabis Activity for which the applicant is applying for. If the landowner of the property is incapacitated, the applicant may provide this document by a duly-notarized agent of the landowner. Only one document per premises will be accepted for any pending applications. An applicant shall also provide a copy of the rental agreement, if applicable. If the applicant is the landowner of the property on which the premises is located, the applicant shall provide to the Department a copy of the title or deed to the property. The applicant shall provide evidence that the proposed location meets all State of California and City of Los Angeles land use and sensitive use requirements.
13. An applicant shall submit to the Department with his or her application a complete and detailed diagram of the proposed premises as required by the State of California and Department. Premises mean the designated structures and land specified in the application that are in the possession of and used by the applicant or Business. The premises must be a contiguous area and may only be occupied by one Business. The diagram must be to scale. If the proposed premises consist of only a portion of a property, the diagram must be labeled indicating which part of the property is the proposed premises and what the remaining property is used for. Multiple Businesses may be located on the same property, as established by an assessor's parcel number, if each premises has a unique entrance and immovable physical barriers between unique premises. Multiple Businesses on the same property must meet all applicable land use and sensitive use requirements of the City of Los Angeles.
14. Applicants will submit to a pre-inspection of the premises during regular business hours prior to the issuance of a Provisional License. Pre-inspection is not required for a Provisional License issued to Proposition M Priority processing applicants, but will be required prior to the issuance of a permanent License. Pre-inspections may include, but is not limited to, employees or agents of the following City Departments: Department of

Cannabis Regulation, Department of Building and Safety, Police Commission, and Fire Department. A pre-inspection consists of approval of the premises diagram, on-site inspection of all applicable building code and fire code requirements, approval of the security plan, fingerprinting, and approval of the fire safety plan (if applicable). An applicant shall satisfy all requirements of a pre-inspection prior to further application processing. An applicant shall upgrade all applicable electrical and water systems to Building and Fire Code standards prior to further application processing.

15. Applicants must provide a detailed description and plan for hiring local residents, including making an ongoing good-faith effort to ensure that at least 30 percent of hours of their respective workforce be performed by residents of the City of Los Angeles, of which at least 10 percent of their respective workforce shall be performed by Transitional Workers whose primary place of residence is within a 3-mile radius of the proposed Business. This shall also include a description of how the applicant will meet all City of Los Angeles wage and labor ordinances and requirements.
16. Applicants must submit a staffing plan and organizational chart that outlines the position and responsibilities of each employee, as well as the reporting or supervisory structure for each employee. This plan shall also include a diversity plan and employee safety plan for staffing.
17. For an applicant with 10 or more full-time equivalent employees, the applicant shall attest that the applicant has entered into a labor peace agreement. Such agreement shall ensure full access for labor representatives to the premises during regular business hours as allowed by the State of California.
18. The applicant shall provide a valid seller's permit number issued by the California State Board of Equalization (if applicable) as required by the State of California. If the applicant has not yet received a seller's permit, the applicant shall attest that the applicant is currently applying for a seller's permit and provide adequate documentation to the Department.
19. Proof of a bond and/or insurance, including product liability insurance, as required by the State of California and the Department.
20. A description of the applicant's practices for allowing individuals access to the limited-access areas of the premises.
21. Applicants must submit a security plan for review and approval by the Department and Police Commission. The approved plan will be maintained by the Department and be made available to other City departments for the purposes of verification and inspections. At minimum, the security plan will include: a description of the applicant's video surveillance system including camera placement and practices for the maintenance of video surveillance equipment; how the applicant will ensure that all access points to the premises will be secured, including the use of security personnel; a description of the applicant's security alarm system; and a description of the applicant's fire-proof safe if

applicable. Security plans are considered confidential, and will not be made available to the public unless required by a Court order.

22. A detailed description of how the applicant will meet the State of California and Department's track-and-trace, inventory, returns, destruction of products, waste management, environmental sustainability, records retention, and operational requirements.
23. Any applicant required to apply for, and maintain a Certified Uniform Program Agency (CUPA) permit issued by the Fire Department must do so prior to the issuance of a Provisional License, and prominently display the CUPA permit on the premises where it can be viewed by state and local agencies.
24. Businesses are not transferable once a License or Provisional License is issued without written approval by the Department. A change to the Business organizational structure or ownership as defined by the State of California requires a change of ownership application, applicable fees, and approval of the change of ownership by the Department.
25. Applicants must provide the Department with a signed copy of the Indemnification agreement as provided to the applicant by the Department and approved by the City Attorney.
26. Applicants will provide a proposed Community Benefits Agreement for consideration that must, at minimum, include all elements as required by the Department. The proposed Community Benefits Agreement must be provided to the local Neighborhood Council for their consideration as indicated below.
27. Applicants will identify and assign an employee as the official Neighborhood Liaison for each Business. Such employee will have a phone number and email to receive and address complaints 24 hours a day.
28. Applicants will provide proof that the local Neighborhood Council in which the Business is proposed has been provided the initial application deemed complete and considered discussing the pending application at a duly-noticed and agenzized public meeting of the Board of the Neighborhood Council, with notice to the public and applicant.
29. Evidence that the applicant is registered with the State Board of Equalization for tax purposes.
30. The applicant shall attest that no owner is a licensed retailer of alcoholic beverages or tobacco products.
31. Provide a radius map and list of all addresses for parties subject to the Public Notice and appeals provisions.



## AUTOMATIC REJECTION OF APPLICATION

1. No business conducting, or proposing to conduct, Commercial Cannabis Activity shall be held by any person holding office in, or employed by, any agency of the State of California and any of its political subdivisions including the City of Los Angeles when the duties of such person have to do with the enforcement and regulation of Commercial Cannabis Activity or any other penal provisions of law of the State of California prohibiting or regulating the sale, use, possession, transportation, distribution, testing, manufacturing, or cultivation of cannabis goods. This section applies to, but is not limited to, any persons employed in the State of California Department of Justice, in any district attorney's office, in any city attorney's office, in any sheriff's office, in any local police department, the City of Los Angeles City Attorney's office, the Los Angeles Police Department, the City of Los Angeles Cannabis Regulation Commission, or the City of Los Angeles Department of Cannabis Regulation. This section applies to any person mentioned herein who has any ownership interest, directly or indirectly, in any Business. This section does not apply to any person who holds a Business in the capacity of executor, administrator, or guardian.
2. Any owner, business entity, or individual convicted for illegal volatile cannabis manufacturing will be banned from Commercial Cannabis Activity within the City of Los Angeles for a period of 5 years from the date of conviction.
3. Any owner, business entity, or individual convicted for violating any law involving wages or labor laws will be banned from Commercial Cannabis Activity within the City of Los Angeles for a period of 5 years from the date of conviction.
4. An applicant that is a corporation outside of the United States shall not be allowed to apply to conduct Commercial Cannabis Activity in the City of Angeles. This provision does not preclude out-of-state investment in a Business proposing to conduct Commercial Cannabis Activity.
5. Any owner, business entity, or individual convicted for violating any law involving distribution of cannabis to minors will be banned from Commercial Cannabis Activity within the City of Los Angeles for a period of 5 years from the date of conviction.
6. Any owner, business entity, or individual cited for conducting illegal Commercial Cannabis Activity after April 1, 2018 will be banned from Commercial Cannabis Activity within the City of Los Angeles for a period of 5 years from the date of conviction.

## RETAILER COMMERCIAL CANNABIS ACTIVITY REQUIREMENTS

1. In addition to the application requirements as described above, an applicant shall provide a proposed Retailer Plan as required by the Department, which shall include how the applicant intends to meet all the operational requirements as described.

## DELIVERY FOR RETAILER COMMERCIAL CANNABIS ACTIVITY REQUIREMENTS

1. In addition to the application requirements as described above, an applicant shall provide a proposed Retailer Delivery Plan as required by the Department, which shall include how the applicant intends to meet all the operational requirements as described.
2. On-site retail sale to the public is not required unless required by the State of California.
3. Contractors and vendors are allowed to apply for Delivery for Retailer Commercial Cannabis Activity as third-party delivery services if allowed by the State of California.

## MICROBUSINESS COMMERCIAL CANNABIS ACTIVITY REQUIREMENTS

1. In addition to the application requirements as described above, an applicant shall provide a proposed Microbusiness Plan as required by the Department, which shall include how the applicant intends to meet all the operational requirements for Retailer, Indoor Cultivation, and/or Manufacture Commercial Cannabis Activity as described.

## CULTIVATION COMMERCIAL CANNABIS ACTIVITY REQUIREMENTS

1. In addition to the applications requirements as described above, applicants shall provide a proposed Cultivation Plan as required by the Department, which shall include how the applicant intends to meet all the operational requirements as described.
2. Applicants shall provide all water source information as required by the State of California.
3. Applicants shall submit an energy efficiency plan and provide all power source information as required by the State of California, including but not limited to, illumination, heating, cooling, and ventilation.
4. The applicant shall attest that it is an "agricultural employer" as defined by the State of California.
5. The applicant shall attest and provide evidence that the Fire Department's Bureau of Fire Prevention and Public Safety has been notified of the proposed premises for Cultivation Commercial Cannabis Activity.

## MANUFACTURE COMMERCIAL CANNABIS ACTIVITY REQUIREMENTS

1. In addition to the applications requirements as described above, applicants shall provide a proposed Manufacture Plan as required by the Department, which shall include how the applicant intends to meet all the operational requirements as described.
2. An applicant shall provide a detailed description of the Manufacture Commercial Cannabis Activity to be conducted on the premises which shall include, but not be limited to: the type

of activity conducted (extraction, infusion, packaging, labeling) including a description of extraction and infusion methods; and the types of products that will be manufactured, packaged, or labeled. In lieu of a description of the methods, processes and procedures to be used by the applicant, the applicant may submit a copy of every such procedure with the application.

3. Any applicant submitting manufacture operating procedures and protocols to the Department pursuant to the State of California and the Department may claim such information as a trade secret or confidential by clearly identifying such information as "confidential" on the document at the time of submission. Any claim of confidentiality by a manufacturer must be based on the manufacturer's good faith belief that the information marked as confidential constitutes a trade secret as defined by the State of California or otherwise exempt from public disclosure under the California Public Records Act.
4. The applicant shall attest and provide evidence that the Fire Department's Bureau of Fire Prevention and Public Safety has been notified of the proposed premises for Manufacture Commercial Cannabis Activity.

#### TESTING COMMERCIAL CANNABIS ACTIVITY APPLICATION REQUIREMENTS

1. In addition to the applications requirements as described above, applicants shall provide a proposed Testing Plan as required by the Department, which shall include how the applicant intends to meet all the operational requirements as described.
2. An applicant shall provide proof of ISO 17025 accreditation or proof that the applicant is in the process of applying or is preparing to apply for ISO 17025 accreditation, as well as laboratory-employee qualifications as required by the State of California.

#### DISTRIBUTOR COMMERCIAL CANNABIS ACTIVITY REQUIREMENTS

1. In addition to the applications requirements as described above, applicants shall provide a proposed Distributor Plan as required by the Department, which shall include how the applicant intends to meet all the operational requirements as described.

## **COMMERCIAL CANNABIS ACTIVITY OPERATIONAL REQUIREMENTS**

### **GENERAL**

1. A Business shall be required to follow all operational requirements, as well as any other Business-specific operational requirements, as outlined below or associated with the Business' License. (Violation Type – Minor)
2. A Business shall not make a physical change, alteration, or modification of the premises that materially or substantially alters the premises or the use of the premises from the premises diagram originally filed with the application without the prior written approval of the Department. A Business whose premises is to be materially or substantially changed, modified, or altered is responsible for filing a premises modification application with the Department and paying the associated fees. Material or substantial changes, alterations, or modifications requiring approval include, but are not limited to, the removal, creation, or relocation of a common entryway, doorway, passage, or a means of public entry or exit, when such common entryway, doorway, or passage alters or changes limited-access areas within the premises. (Violation Type – Moderate)
3. A Business shall only use the Business name as identified on the License for the submission of other permits, certificates, or documents issued by the City of Los Angeles. The identified Business name shall be the only name used for communications, advertising, and all documents required by the State of California. (Violation Type – Serious)
4. A Business, its employees, agents, and officers must obey all applicable laws of the City of Los Angeles and State of California. (Violation Type – Minor)
5. All agents, officers, or other persons acting for or employed by a Business shall display a laminated identification badge issued by the Business. The identification badge shall, at a minimum, include the Business' "doing business as" name and authorization number, the employee's first and last name, and a color photograph of the employee that shows the full front of the employee's face and that is at least 2 inches by 2 inches in size. (Violation Type – Minor)
6. Businesses shall ensure that any person on the premises, except for employees and contractors of the Business, are escorted at all times by the owner or at least one employee of the Business when in the limited-access areas of the premises. (Violation Type – Minor)
7. At a minimum, the Business premises shall have a complete digital video surveillance system in accordance with the approved security plan with a minimum camera resolution of 1280 × 1024 pixels. The surveillance-system storage device or the cameras shall be transmission control protocol/ TCP/capable of being accessed through the internet. All areas recorded by the video surveillance system shall at all times have adequate lighting to allow the surveillance cameras to effectively record images. Cameras must be

immobile and in a permanent location. Cameras shall be placed in a location that allows the camera to clearly record activity occurring within 20 feet of all points of entry and exit on the premises, and allows for the clear and certain identification of any person and activities in all areas required to be filmed. Areas that shall be recorded on the video surveillance system include, but are not limited to, the following: areas where cannabis goods are weighed, packed, stored, quarantined, loaded and unloaded for transportation, prepared, or moved within the premises; areas where cannabis is destroyed; limited-access areas; security rooms; areas storing a surveillance-system storage device with at least one camera recording the access points to the secured surveillance recording area; and entrances and exits to the premises, which shall be recorded from both indoor and outdoor vantage points. Businesses conducting Retailer Commercial Cannabis Activity shall also record on the video surveillance system point-of-sale areas and areas where cannabis goods are displayed for sale. At each point of sale location, camera placement must allow for the recording of the facial features of any person purchasing or selling cannabis goods, or any person in the retail area, with sufficient clarity to determine identity. Cameras shall record continuously 24 hours per day and at a minimum of 20 frames per second. The physical media or storage device on which surveillance recordings are stored must be secured in a manner to protect the recording from tampering or theft. Surveillance recordings shall be kept for a minimum of 30 days. Videos are subject to inspection by the Department and Office of Finance and shall be copied and sent to or otherwise provided to the Department or Office of Finance, upon request. Recorded images shall clearly and accurately display the time and date. Time is to be measured in accordance with the United States National Institute Standards and Technology standards. Videos shall be furnished to the Police Department upon request. (Violation Type – Moderate)

8. A Business shall hire or contract for security personnel to provide security services for the premises. All security personnel hired or contracted for by the Business shall comply with the requirements of the State of California and City of Los Angeles and maintain an active American Red Cross first-aid card. A Business shall ensure that the limited-access areas can be securely locked using commercial-grade, nonresidential door locks in accordance with the approved security plan. A Business shall also use commercial-grade, nonresidential locks on all points of entry and exit to the premises in accordance with the approved security plan. (Violation Type – Moderate)
9. A Business shall maintain an alarm system in accordance with the approved security plan as required by the State of California and the Department. A Business shall ensure a licensed alarm company operator or one or more of its registered alarm agents installs, maintains, monitors, and responds to the alarm system. Upon request, a Business shall make available to the Department or the Police Department all information related to the alarm system, monitoring, and alarm activity. A Business must apply for, and maintain in good standing, a Police Alarm Permit issued by the City of Los Angeles. (Violation Type – Moderate)

10. A Business is not required to have his or her cannabis goods tested or to follow the labeling provisions as required by the State of California or Department until 120 days after City licensure, or April 1, 2018, whichever is sooner. (Violation Type – Serious)
11. A Business shall be properly ventilated and the exhaust air filtered to neutralize the odor from cannabis so that the odor cannot be detected by a person with a normal sense of smell at the exterior of the Business or on any adjoining property. No operable windows or exhaust vents shall be located on the building façade that abuts a residential use or zone. Exhaust vents on rooftops shall direct exhaust away from residential uses or zones. (Violation Type – Moderate)
12. A Business is required to meet all on-site and off-site sign requirements and advertising requirements of the City of Los Angeles. Signs shall be limited to on-site wall and projecting signs and only one sign per façade is allowed. No monument, illuminated, architectural canopy, pole, marquee, roof, temporary, digital, window, moving signs or signs with moving parts, super graphics, or off-site signs are permitted. No portable or sandwich signs are permitted in the public right-of-way. (Violation Type – Minor)
13. Agents or employees of the Department requesting admission to the Business for the purpose of determining compliance shall be given unrestricted access during regular business hours and must maintain and provide their City of Los Angeles issued identification badge upon request. (Violation Type – Serious)
14. The Business' License, State of California license, BTRC, operating conditions, and emergency contact information shall be prominently displayed on the premises where it can be viewed by state or local agencies. (Violation Type – Minor)
15. Every applicant shall obtain a License for each premises where it engages in Commercial Cannabis Activity. Licenses are not transferrable or assignable to any other person, entity, or property without written approval from the Department. (Violation Type – Serious)
16. A Business shall not sublet any portion of the premises identified with the License without written approval from the Department. (Violation Type – Serious)
17. No recommendations or approvals by a physician to use medical cannabis or medical cannabis products shall be issued at any Business. (Violation Type – Moderate)
18. A Business shall not allow the consumption of cannabis or the sale or consumption of alcohol on the premises. No employee or agent of the Business shall solicit or accept any cannabis or alcohol products from any customer or vendor while on the premises. (Violation Type – Moderate)
19. A Business shall only permit authorized individuals to enter the limited-access areas. Authorized individuals include individuals employed by the Business as well as any outside vendors, contractors, labor representatives, or other individuals who have a bona

valid business reason for entering the limited-access area. An individual who is not an authorized individual for purposes of entering the limited-access areas shall not enter the limited-access area at any time for any reason. An individual in the limited-access area who is not employed by the Business shall be escorted by individuals employed by the Business at all times within the limited-access area. An individual who enters the limited-access areas shall be at least 21 years of age. The Business shall maintain a log of all authorized individuals who are not employees that enter the limited-access area. These logs shall be made available to the Department upon request. A Business shall not receive consideration or compensation for permitting an individual to enter the limited-access area. (Violation Type – Moderate)

20. The Business shall be responsible for monitoring both patron and employee conduct on the premises and within the parking areas under their control to assure behavior does not adversely affect or detract from the quality of life for adjoining residents, property owners, and businesses. The Business shall properly manage the premises to discourage illegal, criminal, or nuisance activity on the premises and any parking areas which have been made available or are commonly utilized for patron or employee parking. Loitering is prohibited on or around the premises or the area under control of the Business. “No Loitering, Public Drinking, or Public Smoking/ Consumption of Cannabis” signs shall be posted in and outside of the Business. The property and all associated parking, including the adjacent area under the control of the Business and any sidewalk or alley, shall be maintained in an attractive condition and shall be kept free of obstruction, trash, litter, and debris at all times. (Violation Type – Moderate)
21. Parking shall be subject to the determination of the City of Los Angeles. Any off-site parking shall be provided pursuant to the requirements of the City of Los Angeles. (Violation Type – Minor)
22. Businesses are required to comply with Section 12.37 of the Los Angeles Municipal Code (Highway Dedication Procedures) to repair or replace broken and off-grade sidewalks, close unused driveways, and plant street trees, including parking areas controlled or used by the Business and driveways fronting a public right-of-way. This requirement shall apply to the entire property if the Business premises is larger than fifty percent of the subject property. (Violation Type – Minor)
23. Businesses shall comply, to the fullest extent practicable, with the Commercial Citywide Design Guidelines or Industrial Citywide Design Guidelines as applicable. (Violation Type – Minor)
24. All graffiti on the site shall be removed or painted over to match the color of the surface to which it is applied within 24 hours of its occurrence. (Violation Type – Minor)
25. Trash pick-up, compacting, loading, and unloading and receiving activities shall be limited to 7 a.m. to 6 p.m. Monday through Friday and 10 a.m. to 4 p.m. of Saturday. No deliveries or trash pick-up shall occur on Sunday. Waste receptacles shall be kept secure and accessible only to authorized personnel. (Violation Type – Minor)

26. No special events or parties of any type shall be held on the premises, including but not limited to events for which a Temporary Special Event Permit has been issued by the Department of Building and Safety. (Violation Type – Moderate)
27. Outdoor lighting shall be shielded and directed onto the site, such that the light source cannot be seen by persons on adjacent properties or from the public right-of-way. In cases where the premises immediately adjoins a public sidewalk or alley, a light source that is visible from the portion of the sidewalk or alley immediately adjoining the premises shall not be deemed in violation of this provision. (Violation Type – Minor)
28. All exterior portions of the premises shall be adequately illuminated in the evening as to make discernible the faces and clothing of persons utilizing the space. (Violation Type – Minor)
29. All rooftop equipment is required to be screened from view of the public, including air conditioning units, ventilation equipment, and mechanical equipment. (Violation Type – Minor)
30. Exterior mounted devices are prohibited, including security bars, grates, grills, barricades, and similar devices. The use of wrought iron spears and barbed wire (cyclone) on the property are also prohibited. (Violation Type – Minor)
31. An assigned neighborhood liaison shall be identified with a phone number and email address posted prominently for each premises and Business to address and receive complaints. (Violation Type – Minor)
32. A Business shall ensure that the Department is notified in writing of a criminal conviction rendered against the Business, either by mail or electronic mail, within 48 hours of the conviction. A Business shall ensure that the Department is notified in writing of a civil penalty or judgment rendered against the Business, either by mail or electronic mail, within 48 hours of delivery of the verdict or entry of judgment, whichever is sooner. A Business shall ensure that the Department is notified in writing of the revocation of a state license, permit, or other local authorization, either by mail or electronic mail within 48 hours of receiving notice of the revocation. (Violation Type – Minor)
33. A Business shall notify the Police Department and the Department within 24 hours of discovery of any of the following situations: the Business discovers a significant discrepancy as defined in its inventory; the Business becomes aware of or has reason to suspect diversion, theft, loss, or any other criminal activity pertaining to the operation of the Business; the Business becomes aware of or has reason to suspect diversion, theft, loss, or any other criminal activity by an agent or employee pertaining to the operation of the Business; the Business becomes aware of or has reason to suspect the loss or unauthorized alteration of records related to cannabis goods, registered medical cannabis patients or primary caregivers, or dispensary employees or agents; or the Business



becomes aware of or has reason to suspect any other breach of security. (Violation Type – Moderate)

## RECORDS RETENTION

1. Each Business shall keep and maintain the following records for at least seven years: financial records including, but not limited to, bank statements, sales invoices, receipts, tax records, and all records required by the California State Board of Equalization, other State of California agencies, the Office of Finance, or the Department; personnel records, including each employee's full name, social security, or individual tax payer identification number, date of beginning employment, and date of termination of employment if applicable; training records, including but not limited to the content of the training provided and the names of the employees that received the training; contracts with other Businesses; Permits, licenses, and other local or state authorizations to conduct the Business' Commercial Cannabis Activity. (Violation Type – Serious)
2. The Department or Office of Finance may make any examination of the books and records of any Business as it deems necessary to perform its duties under the rules, regulations, and procedures of the City of Los Angeles and the State of California. Records shall be kept in a manner that allows the records to be produced for the Department at the Business premises in either hard copy or electronic form, whichever the Department requests. A Business may contract with a third party to provide custodial or management services of the records. Such a contract shall not relieve the Business of his or her responsibilities under these regulations. (Violation Type – Serious)
3. A Business must maintain adequate records of all activities and transactions that involve financial implications for seven years. Such businesses are required to utilize electronic track and trace systems and point of sale terminals (if applicable). The equipment must be capable of recording and monitoring business activities, inventories, transportation, sales transactions, and generating reports on demand. The equipment must be fully integrated to process and maintain data that includes information about the Business from whom the goods were received, the type and amount of goods received, the party who holds title to the goods, and the UIDs or lot number of the goods. Electronic equipment may include, but is not limited to: Radio-Frequency Identification Devices, bar code identifiers, scanning equipment and software, cash registers, desktop computers, mobile devices, and cloud-based technologies that can manage all aspects of the cannabis life cycle from "seed to sale". Data storage and reporting features must incorporate all aspects of revenue transactions inclusive of accurate inventory levels, transactional history, sales receipts and entry of all point of sales data inclusive of wholesale and retail sales. The data must also allow for the Department or its authorized agents to clearly distinguish the activities of medical cannabis from retail cannabis. For Businesses engaging in Retailer Commercial Cannabis Activity, information required to be tracked includes the sale of the cannabis goods, such as the date of sale, type of goods purchased and quantity of each good, and related sale prices. For Businesses engaging in Distributor Commercial Cannabis Activity, the Business must disclose when it uses its own Distributor License to transport the cannabis goods to one or more Businesses conducting

Retailer Commercial Cannabis Activity and enter that transport event into the track and trace database. This information includes the distributor state license number, amount of goods transported, vehicle information, and date of transport. (Violation Type – Serious)

### TRACK AND TRACE

1. The Department shall utilize the State of California track-and-trace system for UIDs of cannabis and cannabis products, which all Businesses conducting Commercial Cannabis Activity shall use. Businesses shall meet all Track and Trace requirements of the State of California at all times. (Violation Type – Serious)

### RETAILER COMMERCIAL CANNABIS ACTIVITY

1. Except as otherwise provided by state law, access to the premises shall be limited to individuals who are at least 21 years old and have a bona fide business reason for entering the premises. An individual younger than 21 years of age may enter the premises to purchase medical cannabis goods only if the individual is a medical cannabis patient. Any medical cannabis patient younger than 18 years old shall be accompanied by his or her parent, legal guardian, or primary caregiver. (Violation Type – Serious)
2. Individuals shall only be granted access to the area to purchase medical cannabis goods after the Business has identified the individual as a medical cannabis patient or a primary caregiver. Prior to identifying an individual as a medical cannabis patient or a primary caregiver, a Business shall verify that the individual has valid proof of identification as required by the State of California. In the case of a primary caregiver, valid written documentation containing the signature and the printed name of the medical cannabis patient designating the individual as a primary caregiver for a medical cannabis patient. A Business shall only sell medical cannabis goods to medical cannabis patients or the primary caregivers of medical cannabis patients once identification is verified. (Violation Type – Serious)
3. The Business owner or its employees shall be physically present in the retail area at all times when there are individuals who are not employees of the Business in the retail area. (Violation Type – Moderate)
4. A Business conducting Retailer Commercial Cannabis Activity may only sell cannabis goods during the hours of 6:00 a.m. Pacific Time to 9:00 p.m. Pacific Time. At any time the Business is not open for retail sales, the Business shall ensure the following: the premises shall be securely locked with commercial-grade, non-residential door locks; the premises shall be equipped with an active alarm system; when closed for retail business, all cannabis goods shall be stored in a locked safe or vault on the premises; and only authorized employees and contractors of the Business shall be allowed to enter the premises after hours. All patrons must exit the premises by 9:15 p.m. Pacific Time. (Violation Type – Moderate)

5. The display of cannabis goods for sale shall only occur in the retail area during the operating hours of the Business. The Business shall not display any cannabis goods in areas outside of the retail area. The Business shall not display cannabis goods in a place where it is visible from outside the premises. Cannabis goods on display shall not be readily accessible to the customers. The amount of cannabis goods that are displayed shall not exceed the average amount of cannabis goods the Business sells during an average one day period. The remainder of the Business' inventory of cannabis goods shall be stored in accordance with the requirements of the State of California and the Department. (Violation Type – Moderate)
6. A Business shall not make any cannabis goods available for sale or delivery unless the cannabis goods were received and delivered to the Business as required by the State of California, and the Business has verified that the cannabis goods have not exceeded their expiration or sell-by date if one is provided. (Violation Type – Moderate)
7. A Business shall not sell more than the maximum daily limit established for medical cannabis goods including edibles, or adult use cannabis goods including edibles per individual, as required by the State of California. (Violation Type – Moderate)
8. A Business may accept returns of cannabis goods that were previously sold at the same premises. A Business shall not resell cannabis goods that have been returned. A Business shall treat any cannabis goods abandoned on the premises as a return. A Business shall destroy all cannabis goods that have been returned to a Business as required by the State of California and the Department. (Violation Type – Moderate)
9. A Business shall not provide free samples of any type, including cannabis goods, to any person. A Business shall not allow representatives of other companies or organizations to provide free samples of any type, including cannabis goods, to individuals on the Business premises. (Violation Type – Moderate)
10. A Business shall not accept cannabis goods that are not packaged as they will be sold at final sale, in compliance with the requirements of the State of California. A Business shall not purchase dried flower that is not already packaged for final sale, in compliance with the requirements of the State of California. A retailer shall not package or label cannabis goods, unless otherwise allowed by the State of California. (Violation Type – Moderate)
11. Cannabis goods purchased by a customer shall not leave the Business premises unless they are placed in an exit package as required by the State of California. (Violation Type – Moderate)
12. A Business shall store cannabis goods in a building designed to permit control of temperature and humidity and shall prevent the entry of environmental contaminants such as smoke and dust. The area in which cannabis goods are stored shall not be exposed to direct sunlight. A Business may not store cannabis goods outdoors. Employee break rooms, changing facilities, and bathrooms shall be completely separated from the storage

areas. A Business shall meet all temperature and humidity requirements of the State of California. (Violation Type – Moderate)

13. A Business shall maintain an accurate record of its inventory as required by the State of California. A Business shall provide the Department with a record of its current inventory upon request.(Violation Type – Moderate)
14. A Business shall maintain an accurate record of every sale as required by the State of California. (Violation Type – Minor)
15. Up to 120 days after the date of City licensure or April 1, 2018, whichever is sooner, a Business may sell its inventory of untested cannabis goods if the Business places a label on each package it sells with the date of purchase and the following statement: “This product has not been tested under the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA).” During the time period allowed by this section, a Business will meet all applicable packaging requirements required by the State of California. (Violation Type – Serious)
16. Within the first three months of the establishment of the training program, all employees of a Business conducting Retailer Commercial Cannabis Activity shall enroll in the Department and Police Department’s standardized training for cannabis retailers. Upon completion of such training, the Business shall request the Department to issue a letter identifying which employees completed the training. In the event there is a change in the ownership of a Business, within six months of the change, this training program shall be required for all new staff. The training shall be conducted for all new hires within two months of their employment. A refresher course is required of all employees every 24 months after the initial training is completed. Online or in-person training is at the discretion of the Department and Police Department. (Violation Type – Minor)
17. An electronic age verification device shall be purchased and retained on the premises to determine the age of any individual attempting to purchase cannabis goods and shall be installed on at each point-of-sales location. The device shall be maintained in operational condition and all employees shall be instructed in its use. Cannabis products shall not be sold to the public without a functioning electronic age verification device. (Violation Type – Moderate)
18. Only one door, as identified in the premises diagram, shall be used for patron access. Two doors, as identified in the premises diagram, may be used for patron access to allow for separation of medical and adult use sales. All other doors shall be equipped on the inside with an automatic locking device and shall be kept closed at all times, other than to permit access for deliveries and trash removal. Exterior doors shall not consist of a screen or ventilated security door but shall be solid. (Violation Type – Moderate)
19. There shall be no sales through exterior openings, such as drive through or walk-up windows. (Violation Type – Serious)

20. All windows that front adjacent streets shall consist of at least 50 percent transparent windows, and provide a clear and unobstructed view free of reflective coatings (Violation Type – Moderate)
21. There shall be no adult entertainment of any type pursuant to Section 12.70 of the Los Angeles Municipal Code or alcohol and tobacco sales of any type. (Violation Type – Moderate)
22. No entertainment of any type shall be allowed to take place, except for ambient music. No disc jockey, karaoke, dancing or performing activity or any kind shall be allowed. Any music, sound, or noise emitted from the Business shall comply with the noise regulations of the Los Angeles Municipal Code and shall not extend beyond the Business. (Violation Type – Moderate)
23. There shall be no pool/billiard tables, dart games, video games, coin-operated game machines or similar game devices maintained upon the premises at any time. (Violation Type – Minor)
24. There shall be no outdoor speakers, address, or paging system on the exterior portions of the Business premises or attached to the façade of the building. (Violation Type – Moderate)
25. A Business shall maintain a fire-proof safe on-site. (Violation Type – Moderate)

#### DELIVERY FOR RETAILER COMMERCIAL CANNABIS ACTIVITY

1. A Business conducting Delivery for Retailer Commercial Cannabis Activity shall meet all applicable operational requirements for Retailer Commercial Cannabis Activity. (Violation Type – Minor)
2. All deliveries of cannabis goods must be performed by a delivery employee of a Business conducting Delivery for Retailer Commercial Cannabis Activity. Each delivery employee of a Business shall be at least 21 years of age. A Business shall only use the services of an independent contractor or courier service to deliver cannabis goods as allowable by the State of California. Only authorized employees of the Business can be in the delivery vehicle during the time of delivery. (Violation Type – Moderate)
3. All deliveries of cannabis goods shall be made in person, pre-ordered, packaged for sale, labeled, and placed in exit packaging prior to being dispatched for delivery. A delivery of cannabis goods shall not be made through the use of an unmanned vehicle. A Business may only deliver cannabis goods to a physical address within the boundaries of the City of Los Angeles. A Business shall not deliver cannabis goods to an address located on publicly owned land or any address on land or in a building leased by a public agency. (Violation Type – Moderate)

4. An electronic age verification device shall be purchased and retained on the premises to determine the age of any individual attempting to purchase cannabis goods for delivery and shall be required at each point-of-sales location. The device shall be maintained in operational condition and all employees shall be instructed in its use. Cannabis products shall not be sold to the public without a functioning electronic age verification device. (Violation Type – Moderate)
5. A delivery employee begins the process of delivering when the delivery employee leaves the Business premises with the cannabis goods for delivery. The process of delivering ends when the delivery employee returns to the Business premises after delivering the cannabis goods. (Violation Type – Minor)
6. A delivery employee of a Business shall, during deliveries, carry a copy of the Business' License, the employee's government-issued identification, and an employer provided badge containing a picture and the name of the delivery employee. A Business shall maintain an accurate list of its delivery employees. (Violation Type – Minor)
7. A delivery employee of a Business, carrying cannabis goods for delivery, shall only travel in an enclosed motor vehicle operated by the delivery employee or another delivery employee of the Business. While carrying cannabis goods for delivery, a delivery employee of a Business shall ensure the cannabis goods are not visible to the public. A delivery employee of a Business shall not leave cannabis goods in an unattended motor vehicle unless the motor vehicle is equipped with an active vehicle alarm system. A vehicle used for the delivery of cannabis goods shall be outfitted with a dedicated Global Positioning System (GPS) device for identifying the geographic location of the delivery vehicle. A dedicated GPS device does not include a phone or tablet. The device shall be either permanently or temporarily affixed to the delivery vehicle and shall remain active and inside of the delivery vehicle at all times during delivery. At all times, the Business shall be able to identify the geographic location of all delivery vehicles that are making deliveries for the Business and shall provide that information to the Department upon request. (Violation Type – Serious)
8. A Business shall only deliver cannabis goods during the hours allowable by the State of California. (Violation Type – Serious)
9. While making deliveries, a delivery employee of a Business shall not carry cannabis goods in excess of \$3,000 at any time. This value shall be determined using the retail price of all cannabis goods carried by the delivery employee. (Violation Type – Moderate)
10. Delivery employees of a Business shall not consume cannabis goods or be under the influence of any substance that impairs the ability of the employee while delivering cannabis goods. (Violation Type – Serious)
11. A Business shall prepare a delivery request receipt for each delivery of cannabis goods as required by the State of California. (Violation Type – Minor)

12. While making deliveries of cannabis goods, a delivery employee of a Business shall only travel from the Business premises to the delivery address; from one delivery address to another delivery address; or from a delivery address back to the Business premises. A delivery employee of a Business shall not deviate from the delivery path, except for necessary rest, fuel, or vehicle repair stops, or because road conditions make continued use of the route unsafe, impossible, or impracticable. (Violation Type – Minor)
13. No Business conducting Retailer Commercial Cannabis Activity may conduct any deliveries within the boundaries of the City of Los Angeles without first obtaining a License from the Department, including licensed or permitted Businesses located outside of the City of Los Angeles. Furthermore, no business is authorized to provide delivery services outside of the City of Los Angeles under a License issued by the Department. (Violation Type – Serious)
14. A Business shall ensure that the Department is notified in writing of an arrest or criminal conviction involving a vehicle of an employee and the employee or employees involved, either by mail or electronic mail, within 48 hours of the conviction or arrest. (Violation Type – Minor)
15. A Business shall maintain a fire-proof safe on-site. (Violation Type – Moderate)
16. On the first of every month and upon request, a Business shall provide the Department and the Police Department with information regarding any motor vehicles used for the delivery of cannabis goods, including the vehicle's make, model, color, Vehicle Identification Number, and license plate number. Any motor vehicle used by the Business to deliver cannabis goods may be inspected by the Department at any premises or during delivery. (Violation Type – Moderate)

#### MICROBUSINESS COMMERCIAL CANNABIS ACTIVITY REQUIREMENTS

1. A Business conducting Microbusiness Commercial Cannabis Activity shall meet all applicable operational requirements for Retailer Commercial Cannabis Activity, Cultivation Commercial Cannabis Activity, and/or Manufacture Commercial Cannabis Activity. (Violation Type – Minor)
2. All windows that front adjacent streets shall consist of at least 50 percent transparent windows, and provide a clear and unobstructed view free of reflective coatings (Violation Type – Moderate)

#### CULTIVATION COMMERCIAL CANNABIS ACTIVITY

1. The Cultivation Plan for a Business shall meet all the requirements of the State of California, including hazardous waste management requirements of the CUPA program. (Violation Type – Minor)

2. Businesses are prohibited from transferring or receiving any cannabis or non-manufactured cannabis products from other Businesses conducting Cultivation Commercial Cannabis Activity, except as otherwise allowed by the State of California. Businesses are allowed to receive immature plants or seeds from nurseries and to transfer cannabis and non-manufactured cannabis products under the requirements of the State of California. (Violation Type – Moderate)
3. Businesses are prohibited from accepting returns of cannabis plants or non-manufactured cannabis products after transferring actual possession of cannabis plants or non-manufactured cannabis to another Business. (Violation Type – Moderate)
4. Cannabis plant material scheduled for destruction shall be held in a holding area identified in the Cultivation Plan and shall be managed and disposed of in accordance with the requirements of the State of California. (Violation Type – Moderate)
5. All cannabis shall be kept commercially clean in respect to established pests of general distribution as required by the State of California. (Violation Type – Moderate)
6. A package used to contain a non-manufactured cannabis product shall adhere to the requirements of the State of California. (Violation Type – Moderate)
7. All labeling shall meet the requirements of the State of California. (Violation Type – Serious)
8. Businesses shall only propagate immature plants for planting at their premises in designated propagation area(s) according to the requirements of the State of California. Businesses propagating immature plants for distribution or seed for distribution to another Business shall obtain a Type 4 License. (Violation Type – Moderate)
9. Businesses shall process their cannabis as required by the State of California. (Violation Type – Moderate)
10. Nurseries producing immature plants for distribution may maintain a research and development area for the cultivation of mature plants as required by the State of California. Nurseries shall only conduct research and development on the premises in designated areas identified in their Cultivation Plan and premises diagram approved by the Department. Non-manufactured cannabis products derived from the plants described above are prohibited from entering the commercial distribution chain without the appropriate Department issued License. (Violation Type – Moderate)
11. Processors shall comply with all of the requirements of the State of California. (Violation Type – Moderate)
12. All Businesses shall comply with the environmental protection measures of the State of California. (Violation Type – Moderate)



13. Indoor license types of all sizes shall ensure that electrical power used for commercial cannabis activity shall meet the requirements of the State of California. (Violation Type – Moderate)
14. A Business shall comply with all requirements of a fire safety plan approved by the Fire Department. (Violation Type – Moderate)

#### MANUFACTURE COMMERCIAL CANNABIS ACTIVITY REQUIREMENTS

1. Cannabis extraction shall only be conducted using the methods in accordance with all requirements and procedures of the State of California. (Violation Type – Serious)
2. The Business shall establish and implement written procedures with respect to disease control, cleanliness, contamination prevention, sanitary operations, quality control, the quality of raw materials and ingredients, manufacturing operations, master manufacturing protocol, hazard analysis, standard operating procedures, and inventory control plan as required by the State of California. (Violation Type – Moderate)
3. A Business shall comply with all requirements of a fire safety plan approved by the Fire Department. (Violation Type – Moderate)
4. Within the first three months of the establishment of the training program, all employees of a Business conducting Manufacturer Commercial Cannabis Activity (Type 7- Manufacturer 2) shall enroll in the Department and Police Department’s standardized training for cannabis manufacturers. Upon completion of such training, the Business shall request the Department to issue a letter identifying which employees completed the training. In the event there is a change in the ownership of a Business, within six months of the change, this training program shall be required for all new staff. The training shall be conducted for all new hires within two months of their employment. A refresher course is required of all employees every 24 months after the initial training is completed. Online or in-person training is at the discretion of the Department and Police Department. (Violation Type – Moderate)
5. At minimum, a Business will meet all facility suitability standards and be equipped with adequate sanitary accommodations as required by the State of California. (Violation Type – Moderate)
6. The Business shall establish and implement written procedures to ensure that all product complaints are handled in accordance with the requirements of the State of California. (Violation Type – Moderate)
7. A Business shall establish and implement written procedures in the Cannabis Waste Management Plan for recalling cannabis products manufactured by the Business that are determined to be misbranded or adulterated in accordance with the requirements of the State of California. (Violation Type – Serious)

8. The Business shall be subject and meet all manufacturer requirements of the State of California. (Violation Type – Moderate)
9. No cannabis product shall exceed the level of contaminants as required by the State of California. (Violation Type – Serious)
10. Prior to release of a product, a Business shall ensure that the product is in finished form and is labeled and packaged in its final form for sale at a Business conducting Retailer Commercial Cannabis Activity. A Business must comply with, and follow all labeling and packaging requirements of the State of California. (Violation Type – Moderate)

#### TESTING COMMERCIAL CANNABIS ACTIVITY REQUIREMENTS

1. A Business shall develop and implement sampling plans, procedures, and protocols that meet the requirements of the State of California for obtaining samples of cannabis goods. (Violation Type – Moderate)
2. A Business shall develop, implement, and maintain written standard operating procedures and scientifically valid testing methodologies as required by the State of California. (Violation Type – Moderate)
3. A Business shall only use metals, butane, propane, or any other flammable solvent or inflammable product for the purposes of testing as required by the State of California. (Violation Type – Serious)
4. A Business shall test for and report measurements for the cannabinoids as required by the State of California. (Violation Type – Serious)
5. A Business shall analyze samples of manufactured cannabis batches for residual solvents and processing chemicals as required by the State of California. (Violation Type – Serious)
6. A Business shall test all samples for residual pesticides, microbiological impurities, mycotoxins, filth and foreign material present, and concentrations of heavy metals as required by the State of California. (Violation Type – Serious)
7. The Business shall generate a certificate of analysis as required by the State of California. (Violation Type – Serious)
8. A Business shall destroy nonhazardous used or unused cannabis test samples as required by the State of California. (Violation Type – Moderate)
9. A Business shall conduct an internal audit at least once per year or according to the ISO accrediting body's requirement and State of California requirements, whichever is more frequent. (Violation Type – Moderate)

10. A Business shall maintain analytical testing laboratory records as required by the State of California. (Violation Type – Moderate)
11. Laboratory employees shall meet the experience, education, and training requirements specified and required by the State of California. A Business shall verify and maintain documentation of qualifications of its employees. (Violation Type – Serious)
12. A Business shall deter the unauthorized entrance into areas within the laboratory where cannabis is present by controlling access to those areas through doing all of the following: limiting access to only certain personnel and for the sole purpose of executing their specific job function and duties; implementing an access-control-card system capable of preventing unauthorized access through access control points. The system must record the transaction history of all entrants; using a security alarm system as required; and maintaining a visitor arrival and departure log, which must contain, at minimum, the name of the visitor, date and time of arrival and departure, and the purpose of the visit. (Violation Type – Moderate)
13. A Business shall store cannabis secured with a commercial-grade lock in a room or cabinet capable of preventing diversion, theft, and loss. Secured areas must be locked at all times except when managing or retrieving a secured item or items. A Business shall store medical cannabis samples and items apart and away from non-medical-cannabis samples and items. The testing laboratory shall designate secured areas for storage as required by the State of California. (Violation Type – Moderate)
14. Businesses shall store all raw unprocessed instrument output data files and processed quantitation output files at the laboratory on some form of electronic, magnetic, or optical media. A Business shall allow access to these records for inspection and audit by the Department. Businesses shall install, manage, and maintain password-protection for electronically stored data, including the data listed. (Violation Type – Serious)
15. Businesses shall notify the Department within 24 hours of discovering any of the following: An unexplained loss of 5% or more of the inventory of unpackaged and unused harvest-batch samples held at the laboratory; an unexplained loss of 1 or more units of packaged cannabis batch samples held at the laboratory; or diversion or theft of medical cannabis or any other criminal activity pertaining to the operation of the laboratory. (Violation Type – Minor)
16. No owner or employee of a Business may be employed by, or have any ownership or financial interest, in any other category of Commercial Cannabis Activity. (Violation Type – Serious)

#### DISTRIBUTOR COMMERCIAL CANNABIS ACTIVITY REQUIREMENTS

1. A Business conducting Distributor Commercial Cannabis Activity must meet all operational requirements of the State of California. (Violation Type – Minor)

## **INSPECTIONS**

1. Applicants will submit to a pre-inspection of the premises during regular business hours prior to the issuance of a Provisional License. Pre-inspection is not required for a Provisional License issued to Proposition M Priority processing applicants, but will be required prior to the issuance of a permanent License. Pre-inspections may include, but is not limited to, employees or agents of the following City Departments: Department of Cannabis Regulation, Department of Building and Safety, Police Commission, and Fire Department. A pre-inspection consists of approval of the premises diagram, on-site inspection of all applicable building code and fire code requirements, approval of the security plan, fingerprinting, and approval of the fire safety plan (if applicable). An applicant shall satisfy all requirements of a pre-inspection prior to further application processing. An applicant shall upgrade all applicable electrical and water systems to Building and Fire Code standards prior to further application processing.
2. All Businesses and applicants shall be subject to inspection, investigation, or audit by the Department or its agents to determine compliance. An inspection, investigation or audit is a review of any books, records, accounts, inventory, or on-site operations specific to the Business. Inspections, investigations, or audits may include, but is not limited to employees or agents of the following City Departments: the Department of Cannabis Regulation, Department of Building and Safety, Police Commission, Fire Department, and the Office of Finance.
3. The Department and its agents may conduct an on-site inspection prior to issuing a renewal License in accordance with the requirements of the State of California and the Department.
4. The Department may record the inspection, investigation, or audit.
5. The applicant or Business shall allow the Department access to the proposed or authorized premises for any of the following purposes: onsite inspection of the premises prior to issuing a renewal to determine accuracy and completeness of the application; review or inspect the premises to determine compliance with requirements; audit or inspect records; conduct an inspection or investigation in response to a complaint(s) received by the Department regarding the Business; inspect incoming or outgoing shipments of cannabis and cannabis products, storage areas, production processes, labeling and packaging processes, and conveyances used in the manufacture, storage or transportation of cannabis products; all pertinent equipment, raw material, finished and unfinished materials, containers, packaging, and labeling that has a bearing on whether the cannabis or cannabis product is compliant; investigations concerning the adulteration, misbranding or unlicensed production of any cannabis product including the ability to enter and inspect any place where any cannabis product is suspected of being manufactured or held in violation of requirements; and, conduct an investigation of the Business, the operations, and other activities associated with Commercial Cannabis Activity engaged in by the Business, as deemed necessary by the Department. Failure to fully cooperate with inspections, investigations or audits is a Serious Violation subject to enforcement. All inspections, investigations, or audits and related fees

shall be charged to Businesses at full cost recovery. Prior notice of inspection, investigation or audit is not required.

6. All inspections, investigations and audits of the premises shall be conducted during regular business hours, during times of apparent or alleged activity, or as otherwise agreed to by the Department and the Business.
7. No applicant, Business, its agent or employees shall interfere with, obstruct or impede the Department's inspection, investigation or audit. This includes, but is not limited to the following actions: denying the Department access to the premises; providing false or misleading statements; providing false, falsified, fraudulent or misleading documents and records; and failing to provide records, reports, and other supporting documents. Upon completion of an inspection, investigation or audit, the Department shall notify the applicant or Business of any violation(s) and/or action(s) the Department is taking.
8. The Department may perform an audit of the physical inventory of any Commercial Cannabis Business at the Department's discretion. Variances between the physical audit and the inventory reflected in the track-and-trace system at the time of the audit, which cannot be attributed to normal moisture variations in harvested cannabis may be subject to enforcement action.
9. In construing and enforcing the provisions and regulations of the Commission and Department, the act, omission, or failure of an agent, officer, or other person acting for or employed by a Business, within the scope of his or her employment or office, shall in every case be deemed the act, omission, or failure of the Business.

REVISED

## **ENFORCEMENT**

1. The Department shall be the lead agency for any enforcement investigations and actions with respect to these regulations for licensed Businesses. The City Attorney and the Police Department shall be the lead agencies with respect to any enforcement investigations and actions of unlicensed Commercial Cannabis Activity.
2. Notwithstanding any other provision of law, the Department may take an administrative action at any time within five years after the Department discovers, or with reasonable diligence should have discovered any violation of the License requirements of the Department. Any action of the Department does not preclude the State of California, the Department of Building and Safety, and the Fire Department from taking their own enforcement action.
3. The Department shall use the violation classes and applicable amounts as follows: For the purpose of this section, violation classes are designated as “Serious,” “Moderate,” and “Minor”.
  - a. “Serious”. Violations which preclude or significantly interfere with enforcement, or those which cause significant false, misleading or deceptive business practices, potential for significant level of public or environmental harm, intentional or knowing sale of cannabis products to a person under the age of 21 (unless a medical cannabis patient), intentional or knowing sale of medical cannabis to a person who is not a medical cannabis patient; packaging or labeling any cannabis product in a manner that violates the requirements of the State of California or Department, advertising or marketing cannabis products that violates the requirements of the State of California or Department, issued violations of any law involving wages or labor as a violation of the California Labor Code or Los Angeles Municipal Code, or for any violation which is a repeat of a Moderate violation that occurred within a two-year period and which resulted in an administrative civil penalty.
  - b. “Moderate”. Violations which undermine enforcement or those where it is likely there will be public or environmental harm; or for any violation which is a repeat of a Minor violation that occurred within a two-year period and which resulted in an administrative civil penalty.
  - c. “Minor”. Violations that are not likely to have an adverse effect on public safety or environmental health. Repeat violations may result in an escalation of violation class. Any Minor violations of the License and conditions of licensure shall be corrected within 30 days of notification, with one 30-day extension by request.
4. The Department shall issue a Notice of Violation to Businesses in violation of the applicable requirements of the Department or the State of California. A copy of the Notice of Violation shall be served upon the Business and legal owner of the property. The Notice of Violation shall contain all of the following: A brief statement of the

violation(s) alleged; a statement of whether the violation is correctable, and a timeframe in which the violation shall be corrected; and appeal rights and procedures as follows: respondent's right to an administrative hearing will be deemed waived if respondent fails to respond in writing within 10 business days from the date the Notice of Violation was received by the respondent, or respondent's agent for service.

5. To prevent destruction of evidence, illegal diversion of cannabis or cannabis products, or to address potential threats to the environment or public safety, while allowing a Business to retain its inventory pending further inspection, or enforcement action, the Department may order an administrative hold of cannabis or cannabis products pursuant to the following procedure: The notice of administrative hold shall provide a documented description of the cannabis or cannabis products to be subject to the administrative hold and a concise statement, regarding the basis for issuing the administrative hold. Within 24 hours of receipt of the notice of administrative hold, the Business shall physically segregate all designated cannabis or cannabis products subject to the hold and shall safeguard and preserve the subject property as noticed. Following the issuance of a notice of administrative hold to the Business, the Department shall identify the cannabis or cannabis products subject to the administrative hold in the track-and-trace system. While the administrative hold is in effect, the Business is restricted from selling, donating, transferring, transporting, or destroying the subject property noticed. Nothing herein shall prevent a Business from the continued possession, cultivation, or harvesting of the cannabis subject to the administrative hold. During the hold period, all cannabis or cannabis products subject to an administrative hold shall be put into separate batches. Nothing herein shall prevent a Business from voluntarily surrendering cannabis or cannabis products that are subject to an administrative hold. The Business shall identify the cannabis or cannabis products being voluntarily surrendered in the track-and-trace system. Voluntary surrender does not waive the right to a hearing and any associated rights. The Business shall have the right to appeal an administrative hold ordered by the Department.
6. The Business may appeal a Notice of Violation or an administrative hold by requesting an administrative hearing by written correspondence to the Department. The request shall be received within 10 business days from the date the Notice of Violation was received.
  - a. The request shall include the following: The respondent's name, mailing address, and daytime phone number; if applicable, the License number issued by the Department; copy of the Notice of Violation; a clear and concise statement for the basis of the appeal or counts within the Notice of Violation. Failure to submit a written request constitutes a waiver of the respondent's right to contest the Notice of Violation. Untimely requests for an administrative hearing will not be considered. If the Notice of Violation places an administrative hold on cannabis or cannabis products, the hold shall remain in effect pending the outcome of the administrative hearing.
  - b. The Department shall schedule an administrative hearing within 30 calendar days from receipt of the request for a hearing. The Department shall provide a notice of

the administrative hearing to the respondent containing the following information: date, location, and time of the administrative hearing; summary of the violations; any other information or documentation necessary for the hearing; and standard of proof.

- c. Administrative hearings shall be conducted as follows: The standard of proof to be applied by the hearing officer shall be preponderance of the evidence; The decision of the hearing officer shall be in writing and shall include a statement of the factual legal basis of the decision; The written decision shall be issued within 30 days after the conclusion of the hearing and may be issued orally at the conclusion of the hearing subject to written confirmation; The decision shall be served on the respondent either by personal service, mail, email or via facsimile per respondent's request/direction; and the respondent may appeal the hearing officer's decision by filing a petition for appeal to the Commission.
7. The Department may take an interim action for any violations noted as "Serious" at the discretion of the Department prior to an administrative hearing. If the Business holds multiple Licenses, the Department may simultaneously suspend or impose conditions upon some or all of the Licenses held by the Business based on violations noted as "Serious, by taking any one of, or combination of, the following actions: suspension of the license for a specified period of time; more restrictive conditions of compliance with terms and conditions determined by the Department; or order an administrative hold of cannabis or cannabis products.
  8. If a License is revoked at an administrative hearing or after the appeals process has been exhausted, the owner or individual shall not be allowed to apply to open a Business conducting Commercial Cannabis Activity for a period of 5 years after the date of revocation. Hearings concerning these proceedings shall be held in accordance with the rules, policies, and procedures of the Commission and Department.
  9. Administrative Fines will be issued as follows: "Minor" Violation – Amount equal to fifty percent of the Cannabis Application Fee for each and every violation; "Moderate" Violation – Amount equal to one-hundred and fifty percent of the amount of the Cannabis Application Fee for each and every violation; "Serious" Violation – Amount equal to three times the amount of the Cannabis Application Fee for each and every violation.
  10. BTRCs will be revoked for any Business that has a license revoked.



## **RENEWALS**

1. To renew a License, a completed License renewal form and renewal License fee shall be received by the Department from the Business no earlier than 120 calendar days before the expiration of the License, and no later than 5:00 p.m. Pacific Time 60 calendar days before the expiration of the License. Failure to receive a notice for License renewal does not relieve a Business of the obligation to renew all Licenses as required. In the event the License is not renewed prior to the expiration date, the Business must cease all Commercial Cannabis Activity until such time that the Business is issued a new Provisional License from the Department. The applicant and property owner will be subject to enforcement by the Police Department and City Attorney for continuing operations after an application for renewal has been denied or expired.
2. The License renewal form shall contain, at minimum, the following: The name of the Business. For Businesses who are individuals, the applicant shall provide both the first and last name of the individual. For Businesses who are business entities, the Business shall provide the legal business name of the applicant. The License number and expiration date; the Business' address of record and premises address; an attestation that all information provided to the Department in the original application is accurate and current or a detailed explanation of any changes or discrepancies.
3. The Department and its agents may conduct an on-site inspection prior to issuing a renewal License in accordance with the requirements of the State of California and the Department.
4. A Business' security plan must be reviewed every year during the renewal process. The purpose of the review is to assess the effectiveness of the security plan, and the Police Commission may modify any of the measures within the security plan with the approval of the Department.
5. A renewal applicant must be current on all City of Los Angeles taxes, fees, and free of any violations before a renewal will be considered by the Department.
6. BTRCs will be revoked for any Business who is not approved for renewal.

## **CANCELLATIONS**

1. Every Business who surrenders, abandons, or quits the premises as identified in the License, or who closes the premises for a period exceeding 30 consecutive calendar days, shall, within 30 calendar days after closing, surrendering, quitting, or abandoning the premises, surrender the Licenses to the Department. Exceptions may be made to those Businesses who close due to involuntary relocation. The Department may seize the Licenses of a Business who fails to comply with the surrender provisions and may proceed to revoke the Licenses.
2. The Department may cancel the Licenses of a Business upon request by the Business. Any Business that cancels their licenses will have their BTRC revoked.

REVISED DRAFT