



Effective April 13, 2022

## Regulation No. 1. Definitions.

The definitions set forth in Los Angeles Municipal Code Section 104.01 apply to these Rules and Regulations. In addition, the following definitions shall apply to these Rules and Regulations:

1. **“Application Date”** means the date the Applicant pays all Pre-Application Review or Modification Request Form Review fees associated with a Business Premises relocation request, whichever is applicable, required under Los Angeles Municipal Code Section 104.19.

2. **“Authorized Agent”** means a natural person who is a Primary Personnel of the Applicant and/or Licensee and who is authorized to submit and sign certain forms and documents, as identified on each form or document, and to communicate with DCR on behalf of an Applicant and/or Licensee.

3. **“Cannabis Goods”** means Cannabis, including dried flower, and products containing Cannabis, as currently defined in Section 5000 of Title 16, Division 42 of the California Code of Regulations, or as may be amended.

4. **“City”** means the City of Los Angeles.

5. **“DCR”** means the City of Los Angeles Department of Cannabis Regulation.

6. **“LAMC”** means the Los Angeles Municipal Code.

7. **“Limited-Access Area”** means an area of the Business Premises in which cannabis goods are stored or held or through which cannabis goods will be moved, except for a retail area in which cannabis goods are sold or displayed.

8. **“Neighborhood Liaison”** means a natural person specifically designated by the Applicant and/or Licensee to interact with the community on behalf of the Applicant and/or Licensee.

9. **“Owner”** means a Person with at least a 20 percent aggregate ownership stake or equity interest in the Applicant or Licensee, unless the interest is solely a security, lien, profit sharing, or encumbrance. Aggregate means the total ownership interest held individually or through an entity. For example, an individual owning 50% of an entity that owns 50% of a cannabis business would have a 25% aggregate ownership interest in the cannabis business.

10. **“Primary Personnel”** means any of the following: (i) a natural person with at least a 20 percent aggregate ownership stake or equity interest in the Person applying for a License or a Licensee, unless the interest is solely a security, lien, profit sharing, or encumbrance; (ii) a natural person who manages, directs, or controls the operations of the commercial cannabis business, including but not limited to: a chief executive officer, president, vice president, officer, general manager, a member of the board of directors, a general partner, a managing member or a non-member manager, and/or a trustee(s) or persons who have control of the trust; (iii) if the Applicant or Licensee is owned in whole or in part by an entity and the entity includes natural persons who manage, direct, or control the operations of the Applicant or Licensee, those natural persons shall also be disclosed as Primary Personnel; and (iv) DCR may determine, in its sole discretion on a case-by-case basis, that additional natural persons have the ability to manage, direct, or control the commercial cannabis business and meet the criteria of Primary Personnel. Upon notification by DCR, the Applicant or Licensee must disclose the natural person(s) as a Primary Personnel.

11. **“Publicly Available”** in reference to a Sensitive Use means identified on an official list posted on the official websites maintained by or on behalf of the respective responsible governmental agencies listed in the LAMC.

12. **“Sensitive Use”** means an Alcoholism or Drug Abuse Recovery or Treatment Facility, Day Care Center, Public Library, Public Park, School, and/or Permanent Supportive Housing.

13. **“State”** means the State of California Department of Cannabis Control or other relevant State of California agency.

14. **“Track and Trace System”** means a system as described in Section 26067 of the California Business and Professions Code which reports the movement of cannabis products throughout the distribution chain using a unique identifier.

15. **“Verification Date”** means the first business day of the calendar quarter beginning February 1, May 1, August 1, or November 1, which immediately precedes the Application Date.

**Regulation No. 2. Licenses.**

The Licenses available for Commercial Cannabis Activity are the same as those listed in LAMC Section 104.02. Applicants shall follow the requirements of these Rules and Regulations, all relevant LAMC provisions, and all applicable County of Los Angeles and State of California rules when applying for a License.

### **Regulation No. 3. Application Procedure.**

#### **A. General**

1. DCR accepts Pre-Application Review records, Applications, modification requests, and other requests for service through the DCR Licensing Portal. Fee payments required under LAMC Section 104.19 and any outstanding taxes are due before DCR may process any record, Application, modification record or other request for service.

2. All required information, forms and/or documents shall be submitted in completed form through the DCR Licensing Portal at the time a record, Application, modification request, or other request for service is created.

3. DCR shall consider an Application filed following: (i) a Pre-Application Review determination of eligibility; (ii) the submission of all required and completed License or Temporary Approval information, forms, and documents through DCR's Licensing Portal; and (iii) the payment of the applicable Application fee(s) for each Commercial Cannabis Activity pursuant to Section 104.19.

4. An Application or modification request may be deemed abandoned if DCR determines, at any time and in its sole discretion, that an Application or modification request is incomplete, fee payments required under Section 104.19 are not timely paid, or information, forms or documents have not been provided within the time allotted by DCR. DCR shall notify the Applicant or Licensee by electronic mail when a record is deemed abandoned.

5. If DCR determines that an Application or modification request is incomplete, DCR shall notify the Applicant. DCR may request additional information and documents from the Applicant not listed in the Rules and Regulations to determine if an Application is complete. If the Applicant fails to correct the deficiencies within the time allowed by DCR, the Application shall be deemed abandoned. Unless another period of time is specified, all required information, forms and/or documents shall be submitted through the DCR Licensing Portal within 30 days, and all fees shall be paid within 30 days of the date of the invoice issuance.

6. Material misrepresentations, false statements, or the failure to disclose a material fact in any type of submission to DCR, including, but not limited to, a Pre-Application Review record, Temporary Approval Application, or modification request, may result in the denial of Temporary Approval or a License, suspension of a License, and/or revocation of a License.

**B. Pre-Application Review**

1. A prospective Applicant shall submit a Pre-Application Review record through the DCR Licensing Portal, including all information, forms and documents as described in subsection (2), and pay a Pre-Application Review Fee pursuant to LAMC Section 104.19 for DCR to determine the eligibility of a proposed Business Premises location pursuant to LAMC Section 104.03(a)(3) and Article 5 of Chapter X of the LAMC.

(i) Within 30 days of payment of the Pre-Application Review Fee, DCR shall complete its review of the Pre-Application Review record.

(ii) The Business Premises address submitted on the Pre-Application Review record through the DCR Licensing Portal shall not be amended or modified while the Pre-Application Review is pending.

2. Pre-Application Review records must include the following:

(i) The physical address(es) of the Business Premises where Commercial Cannabis Activity is proposed to be conducted.

(ii) All Commercial Cannabis Activity or Activities and License type(s) the prospective Applicant would like to apply for and whether the proposed Commercial Cannabis Activity will involve medical (M-Type) and/or adult use (A-Type).

(iii) Landowner Attestation for Location Eligibility (LIC-4016-FORM).

(iv) DCR may request additional information, forms, or documents from the Applicant at any time during the Pre-Application Review, subject to payment of any additional fees under LAMC Section 104.19(h). Unless another period of time is specified, all required information, forms and/or documents shall be submitted through the DCR Licensing Portal within 30 days, and all fees shall be paid within 30 days of the date of the invoice issuance.

3. Pre-Application Review records may include any of the following:

(i) The name of the Applicant. For Applicants who are Individuals, the Applicant may provide both the first and last name of the sole proprietor. For Applicants who are business entities, the Applicant may provide the legal Business name of the Applicant. If applicable, the business trade name (“DBA”) of the Applicant may be disclosed.

(ii) Business Tax Registration Certificate (BTRC) number.

4. Pre-Application Review records that are incomplete or missing required information, forms or documents shall not be eligible for further processing.

5. An Applicant whose Business Premises location is deemed ineligible under Section 104.03(a)(3) or Article 5 of Chapter X of the LAMC shall not be permitted to amend their Pre-Application Review record, but may submit a new Pre-Application Review record subject to the payment of applicable fee(s) in LAMC Section 104.19.

6. A proposed Business Premises location shall be deemed compliant with the required distances specified in LAMC Section 105.02 from Sensitive Uses if the proposed Business Premises location complies with the required distances from all Sensitive Uses that are Publicly Available to the Department of Cannabis Regulation on the Verification Date.

7. If the Pre-Application Review record is deemed eligible for further processing, the Applicant shall submit a Temporary Approval Application or annual License Application through the DCR Licensing Portal, including all required information, forms, and documents, within one (1) calendar year of the date DCR notifies the Applicant by electronic mail that the Pre-Application Review record is eligible for further processing.

**C. Public Convenience or Necessity (PCN)**

1. If the proposed Business Premises is located in a Community Plan Area that has reached Undue Concentration, the prospective Applicant must request that the City Council find that approval of the Application would serve the public convenience or necessity pursuant to LAMC Section 104.03(a)(4). If the City Council finds that approval of the Application would serve the public convenience or necessity, the Applicant shall pay a Temporary Approval Application Fee pursuant to Section 104.19 within 30 days of the City Council's action becoming final.

2. PCN records shall include the following:

(i) Public Convenience or Necessity Finding Request (LIC-4001-FORM); and

(ii) Copies of the completed Stakeholder Input Request forms submitted to the following key stakeholders for the area in which the proposed Business Premises will be located: area Neighborhood Council; Los Angeles Police Department (LAPD) Division; local chamber of commerce; and at least one substance abuse intervention, prevention and treatment organization within the Community Plan Area.

**D. Temporary Approval Application**

1. Within one (1) calendar year of the date DCR notifies the Applicant by electronic mail that the Pre-Application Review record is eligible for further processing, an Applicant shall submit a Temporary Approval Application record through the DCR Licensing Portal, including all information, forms and documents as described in subsection (2).

(i) The Business Premises address deemed eligible for further processing shall not be amended or modified while the Temporary Approval Application is pending.

(ii) Within 60 days of the filing of a Temporary Approval Application through the DCR Licensing Portal, DCR shall conduct its initial review of the Temporary Approval Application for completeness.

(iii) An Applicant may submit a modification request through the DCR Licensing Portal within 60 days of the submission of a Temporary Approval Application, DCR shall review the modification request within 30 days of the filing of the modification request.

A. If an Applicant files a modification request through the DCR Licensing Portal within 60 days of the submission of a Temporary Approval Application, DCR shall temporarily suspend its processing of the Temporary Approval Application.

B. If the modification request is approved, DCR shall complete its initial review of the Temporary Approval Application within 60 days of the approval of the modification request.

C. If the modification request is ineligible or abandoned, DCR shall complete its initial review of the Temporary Approval Application within 60 days of the closure of the modification request.

2. In addition to materials submitted earlier in the application process, Temporary Approval Application records must include:

(i) 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 must be disclosed.

(ii) Contact information for the following Persons, including name, address, phone number, and email address: all Owner(s); all Primary Personnel; all Authorized Agent(s); and Neighborhood Liaison(s). Such information must be provided for each Business Premise. Neighborhood Liaison(s) shall have a phone number and email to receive and address complaints 24 hours a day.

(iii) The following forms: Financial Information Form; List of Primary Personnel and Owner(s) (LIC-4003-FORM); Primary Personnel and Owner Attestation (LIC-4004-FORM); Indemnification Agreement (LIC-4005-FORM); Labor Peace Agreement Attestation Form (LIC-4006-FORM); Evidence of Legal Right to Occupy (LIC-4007-FORM); Ownership Disclosure Form (LIC-4008-FORM); Temporary Approval Attestation (LIC-4010-FORM); No Alcohol or Tobacco Applicant Attestation (LIC-4020-FORM); Initial Inspection Attestation (LIC-4021-FORM); Social Equity Program - Owner Compliance Attestation (SEP-6001-FORM), if applicable.

(iv) The following documents: Business Premises diagram; executed lease or property deed; business records evidencing compliance with the Equity Share requirements in LAMC Section 104.20; business formation and organization documents, which may include articles of incorporation, bylaws, 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.

(v) The Business Tax Registration Certification (BTRC) number issued by the City of Los Angeles Office of Finance (Office of Finance) to an Applicant or Licensee. DCR may approve changes to the BTRC number when processing certain modification requests. Any changes to a BTRC number after an Application has been filed or a License issued must have written approval from DCR and/or the Office of Finance.

(vi) Testing Lab Applicants shall also 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.

3. DCR shall consider a Temporary Approval Application filed following: (i) a determination of eligibility; (ii) the submission of all required and completed Temporary Approval information, forms, and documents through DCR's Licensing Portal; and (iii) and the payment of the applicable Temporary Approval Application fee(s) for each Commercial Cannabis Activity pursuant to Section 104.19.



(i) Within 60 days of payment of the Temporary Approval Application Fee(s), DCR shall complete its initial review of the Temporary Approval Application record.

A. If DCR determines the Temporary Approval Application is incomplete, DCR shall notify the Applicant. DCR shall request additional information, forms, and/or documents from the Applicant to complete the Temporary Approval Application and issue an invoice for applicable fees. All fees shall be paid within 30 days of the date of the invoice issuance and all required information, forms and/or documents shall be submitted through the DCR Licensing Portal within 30 days, unless another period of time is specified in writing by DCR.

(ii) Within 30 days of payment of applicable fee(s), DCR shall complete its second review of the Temporary Approval Application record.

A. If DCR determines the Temporary Approval Application is still incomplete, DCR shall notify the Applicant. DCR shall request additional information, forms, and/or documents from the Applicant to complete the Temporary Approval Application and issue an invoice for applicable fees. All fees shall be paid within 30 days of the date of the invoice issuance and all required information, forms and/or documents shall be submitted through the DCR Licensing Portal within 30 days, unless another period of time is specified in writing by DCR.

(iii) Within 30 days of payment of applicable fee(s), DCR shall complete its third review of the Temporary Approval Application record.

A. If DCR determines the Temporary Approval Application is still incomplete, DCR shall abandon the Temporary Approval Application and notify the Applicant.

4. If DCR determines that the Application is complete, DCR shall update the Application status to “Local Compliance Underway” within seven (7) days of its determination.

5. DCR shall conduct an Initial Inspection within 45 days of a request for an Initial Inspection submitted by email to [\*\*DCRLicensing@lacity.org\*\*](mailto:DCRLicensing@lacity.org) or through the DCR Licensing Portal.

6. Within 15 days of an Applicant passing the Initial Inspection or DCR determining that all Temporary Approval information, forms and documents have been submitted and are complete, whichever occurs last, DCR shall issue Temporary Approval.

7. If an Applicant receives Temporary Approval, the Applicant shall adhere to all applicable rules and regulations as would be required if the Applicant held a non-temporary License of the same type.

**E. Environmental Clearance**

1. Prior to the submission of an annual License Application containing a complete project description for a License and payment of all applicable fees, DCR shall consider whether the Application has been subject to prior environmental review under the California Environmental Quality Act (CEQA) and, if not, what form of environmental review for the License is appropriate.

2. If DCR proposes to act as the local Lead Agency under CEQA, DCR shall prepare, or oversee the preparation of, the appropriate CEQA document which may include: reliance on one or more categorical or statutory exemptions, a negative declaration or mitigated negative declaration, an environmental impact report, a sustainable communities environmental assessment, or an addendum or other document provided by CEQA.

3. If DCR acts as a Responsible Agency under CEQA, the Commission or its designee, prior to approval of a License, shall consider the Lead Agency's environmental document and make the findings required by California Public Resources Code Section 21081, and CEQA Guidelines Sections 15096(g)-(h) and 15050(b).

4. In addition to materials submitted earlier in the application process, to begin the environmental review process a Project-Specific Information Form must be submitted. DCR will use this form to determine whether the Application has the potential to generate significant adverse environmental impacts that might require preparation of a CEQA document or the need for additional information.

5. If DCR determines the Application has the potential to generate a significant effect on the environment that might require preparation of a CEQA document or the need for additional information, DCR will notify the Applicant.

6. The Applicant, at their own cost, shall be required to hire an environmental consultant to prepare the CEQA document or provide the additional information needed to complete the environmental review.

7. DCR shall provide the Applicant a reasonable period of time to complete the environmental review and submit all required information, forms and/or documents through the DCR Licensing Portal.

**F. Determination of Completeness**

1. A determination of completeness shall include an Initial Inspection, environmental clearance, and, if applicable, a review for compliance of the Social Equity requirements under LAMC Section 104.20 for the Person applying for a License.

(i) Prior to receiving a determination of completeness, Tier 3 Applicants shall enter into a Social Equity Agreement with the City.

2. An Annual License Application Fee for each Commercial Cannabis Activity pursuant to LAMC Section 104.19 shall be paid within 30 days of DCR's determination that the Application is complete. If the fees are not paid within the allotted time, the application shall be deemed abandoned.

**G. Annual License Application - Storefront Retailer**

1. Within 90 days of the date DCR deems the Application complete, DCR shall make a recommendation to the Commission whether to issue a License.

2. The date of the recommendation shall be the date when DCR transmits its report to the Commission for consideration to be scheduled at a future Commission meeting.

3. The Commission shall make the determination of whether to issue the License after it conducts a public hearing. The Commission shall accept and consider written information submitted and oral testimony.

4. The Commission shall consider the decision by DCR to recommend approval of the Application, the written summary of the community meeting prepared by DCR, the record before DCR, and any written information and oral testimony timely provided to the Commission.

**H. Annual License Application - Non-Storefront Retailer**

1. Within 90 days of the date DCR deems the Application complete, DCR shall approve or deny the issuance of the License with no hearing. DCR's decision shall be based on written findings and evidence in the record to support that the Applicant and Business Premises meet the restrictions of Article 5 of Chapter X of the Los Angeles Municipal Code.

2. DCR shall consider written information submitted by the public and other interested parties.

**I. Annual License Application - Non-Retailer 30,000 Square Feet or Larger**

1. Within 90 days of the date DCR deems the Application complete, DCR shall make a recommendation to the Commission whether to issue a License.
2. The date of the recommendation shall be the date when DCR transmits its report to the Commission for consideration to be scheduled at a future Commission meeting.
3. The Commission shall make the determination whether to issue the License after it conducts a public hearing. The Commission shall accept and consider written information submitted and oral testimony.
4. The Commission shall consider the decision by DCR to recommend approval of the application, the written summary of the community meeting prepared by DCR, the record before DCR, and any written information and oral testimony timely provided to the Commission to support that the Applicant and Business Premises meet the restrictions of Article 5 of Chapter X of this Code.

**J. Annual License Application - Non-Retailer Under 30,000 Square Feet**

1. Within 90 days of the date DCR deems the Application complete, DCR shall approve or deny the issuance of the License with no hearing. DCR's decision shall be based on written findings and evidence in the record to support that the Applicant and Business Premises meet the restrictions of Article 5 of Chapter X of the Los Angeles Municipal Code.
2. DCR shall consider written information submitted by the public and other interested parties.

**K. Application Modification**

1. The Business Premises location deemed eligible for further processing pursuant to LAMC Section 104.03(a)(3) and Article 5 of Chapter X of the LAMC through the Pre-Application Review process shall not be amended while the Pre-Application Review or Temporary Approval Application is pending.
2. Applicants may submit modification requests through the DCR Licensing Portal for a period of 60 days after the submission of a Temporary Approval Application to amend information, forms and/or documents submitted as part of the Temporary Approval Application record, subject to the payment of any required modification fee(s) in LAMC Section 104.19. The types of modification requests an Applicant may submit during the 60-day window after submission of a Temporary Approval Application are listed in subdivisions 3 through 11.

(i) DCR shall consider a modification request filed following: (i) the creation of a modification record through DCR's Licensing Portal; (ii) the submission of all required and completed Temporary Approval Application information, forms, and documents through DCR's Licensing Portal; and (iii) and the payment of the applicable modification fee(s) pursuant to Section 104.19.

(ii) Within 30 days of payment of the modification fee(s), DCR shall complete its initial review of the modification request.

A. If DCR determines the modification request is incomplete, DCR shall notify the Applicant. DCR shall request additional information, forms, and/or documents from the Applicant to complete the modification request and issue an invoice for applicable fees. All fees shall be paid within 30 days of the date of the invoice issuance and all required information, forms and/or documents shall be submitted through the DCR Licensing Portal within 30 days, unless another period of time is specified in writing by DCR.

B. Within 30 days of payment of applicable fee(s), DCR shall complete its second review of the modification request.

C. If DCR determines the modification is still incomplete, DCR shall abandon the modification request and notify the Applicant.

3. Legal name change modification records shall include the following:

(i) Application Modification Request Cover Page (LIC-4001-MOD).

(ii) All information, forms and/or documents required to demonstrate the Applicant's legal name has been updated with the California Secretary of State. The entity number assigned by the California Secretary of State at the time the entity formed, qualified, registered or converted in California must remain the same.

(iii) If the entity number assigned by the California Secretary of State at the time the entity formed, qualified, registered or converted in California does not remain the same, then the Applicant must submit an entity substitution modification record.

4. Fictitious Business Name (FBN)/Doing Business As (DBA) modification records shall include the following:

(i) Application Modification Request Cover Page (LIC-4001-MOD).

(ii) All information, forms and/or documents required to demonstrate the Applicant has filed and met all filing requirements for a Fictitious Business Name Statement with the Los Angeles County Registrar-Recorder/County Clerk.

5. Entity Substitution modification records shall include the following:

(i) The following forms: Application Modification Request Cover Page (LIC-4001-MOD); Applicant Entity Substitution Form (LIC-4006-MOD); Financial Information Form; List of Primary Personnel and Owner(s) (LIC-4003-FORM); Primary Personnel and Owner Attestation (LIC-4004-FORM); Indemnification Agreement (LIC-4005-FORM); Labor Peace Agreement Attestation Form (LIC-4006-FORM); Evidence of Legal Right to Occupy (LIC-4007-FORM); Ownership Disclosure Form (LIC-4008-FORM); Temporary Approval Attestation (LIC-4010-FORM); No Alcohol or Tobacco Applicant Attestation (LIC-4020-FORM); Initial Inspection Attestation (LIC-4021-FORM); Social Equity Program - Owner Compliance Attestation (SEP-6001-FORM), if applicable.

(ii) The following documents: Business Premises diagram; executed lease or property deed; business records evidencing compliance with the Equity Share requirements in LAMC Section 104.20; business formation and organization documents, which may include articles of incorporation, bylaws, 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.

(iii) The Business Tax Registration Certification (BTRC) number issued by the City of Los Angeles Office of Finance (Office of Finance) to an Applicant or Licensee. DCR may approve changes to the BTRC number when processing certain modification requests. Any changes to a BTRC number after an Application has been filed or a License issued must have written approval from DCR and/or the Office of Finance.

6. Remove Commercial Cannabis Activity modification records shall include the following:

(i) The following forms: Application Modification Request Cover Page (LIC-4001-MOD); and, Application Withdrawal/License Cancellation Form (LIC-4015-FORM).

7. Business Premises diagram modification records shall include the following:

(i) The following forms: Application Modification Request Cover Page (LIC-4001-MOD); Evidence of Legal Right to Occupy (LIC-4007-FORM); Initial Inspection Attestation (LIC-4021-FORM).

(ii) The following documents: Business Premises diagram; executed lease or property deed.

8. Ownership structure modification records shall include the following:

(i) The following forms: Application Modification Request Cover Page (LIC-4001-MOD); Ownership Structure Form (LIC-4004-MOD); Removal of Owner(s) Form (LIC-4005-MOD), if applicable; Financial Information Form, if applicable; List of Primary Personnel and Owner(s) (LIC-4003-FORM); Primary Personnel and Owner Attestation (LIC-4004-FORM); Indemnification Agreement (LIC-4005-FORM), if applicable; Labor Peace Agreement Attestation Form (LIC-4006-FORM), if applicable; Evidence of Legal Right to Occupy (LIC-4007-FORM), if applicable; Ownership Disclosure Form (LIC-4008-FORM); Temporary Approval Attestation (LIC-4010-FORM); No Alcohol or Tobacco Applicant Attestation (LIC-4020-FORM); Initial Inspection Attestation (LIC-4021-FORM); Social Equity Program - Owner Compliance Attestation (SEP-6001-FORM), if applicable.

(ii) The following documents: business records evidencing compliance with the Equity Share requirements in LAMC Section 104.20, if applicable; business formation and organization documents, which may include articles of incorporation, bylaws, 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. Addition of Owner(s) modification records shall include the following:

(i) The following forms: Application Modification Request Cover Page (LIC-4001-MOD); Financial Information Form, if applicable; List of Primary Personnel and Owner(s) (LIC-4003-FORM); Primary Personnel and Owner Attestation (LIC-4004-FORM); Ownership Disclosure Form (LIC-4008-FORM); No Alcohol or Tobacco Applicant Attestation (LIC-4020-FORM); Social Equity Program - Owner Compliance Attestation (SEP-6001-FORM), if applicable.

(ii) The following documents: business records evidencing compliance with the Equity Share requirements in LAMC Section 104.20, if applicable; business formation and organization documents, which may include articles of incorporation, bylaws, 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.

10. Removal of Owner(s) modification records shall include the following:

(i) The following forms: Application Modification Request Cover Page (LIC-4001-MOD); Removal of Owner(s) Form (LIC-4005-MOD); Financial Information Form, if applicable; List of Primary Personnel and Owner(s) (LIC-4003-FORM); Primary Personnel and Owner Attestation (LIC-4004-FORM), if applicable; Ownership Disclosure Form (LIC-4008-FORM); No Alcohol or Tobacco Applicant Attestation (LIC-4020-FORM), if applicable; Social Equity Program - Owner Compliance Attestation (SEP-6001-FORM), if applicable.

(ii) The following documents: business records evidencing compliance with the Equity Share requirements in LAMC Section 104.20, if applicable; business formation and organization documents, which may include articles of incorporation, bylaws, 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.

11. Withdrawal modification records shall include the following:

(i) The following forms: Application Modification Request Cover Page (LIC-4001-MOD); and, Application Withdrawal/License Cancellation Form (LIC-4015-FORM).

12. If an Applicant files a modification request through the DCR Licensing Portal within 60 days of the submission of a Temporary Approval Application, DCR shall temporarily suspend its processing of the Temporary Approval Application.



## **L. License Modification**

1. An Applicant with Temporary Approval and/or a Licensee may submit a modification request(s) through the DCR Licensing Portal after the issuance of Temporary Approval or License to amend information, forms and/or documents submitted as part of the Temporary Approval Application record, subject to the payment of any required fee(s) pursuant to LAMC Section 104.19. Licensees may submit relocation modification requests and all other types of modifications listed in subsection K(3) through (11).

(i) DCR shall consider a modification request filed following: (i) the creation of a modification record through DCR's Licensing Portal; (ii) the submission of all required and completed Temporary Approval Application information, forms, and documents through DCR's Licensing Portal; and (iii) and the payment of the applicable modification fee(s) pursuant to Section 104.19.

(ii) Within 30 days of payment of the modification fee(s), DCR shall complete its initial review of the modification request.

A. If DCR determines the modification request is incomplete, DCR shall notify the Applicant. DCR shall request additional information, forms, and/or documents from the Applicant to complete the modification request and issue an invoice for applicable fees. All fees shall be paid within 30 days of the date of the invoice issuance and all required information, forms and/or documents shall be submitted through the DCR Licensing Portal within 30 days, unless another period of time is specified in writing by DCR.

B. Within 30 days of payment of applicable fee(s), DCR shall complete its second review of the modification request.

C. If DCR determines the modification is still incomplete, DCR shall abandon the modification request and notify the Applicant.

2. Relocation modification records shall include the following:

(i) The following forms: Application Modification Request Cover Page (LIC-4001-MOD); Landowner Attestation for Location Eligibility (LIC-4016-FORM); Business Premises Relocation Form (LIC-4002-MOD); Evidence of Legal Right to Occupy (LIC-4007-FORM); Business Premises Surrender Form (LIC-4019-FROM); and Initial Inspection Attestation (LIC-4021-FORM).

(ii) The following documents: Business Premises diagram; executed lease or property deed.

(iii) If the relocation modification request is deemed eligible for further processing, the Applicant or Licensee shall submit a new Temporary Approval Application.

**M. Refiling**

1. To refile a Temporary Approval Application, the Applicant shall submit a new Pre-Application Review record.

2. If DCR determines the proposed Business Premises location complies with LAMC Section 104.03(a)(3) and Article 5 of Chapter X of the LAMC, the Applicant shall submit a Temporary Approval Application. The Temporary Approval Application shall include all required information, forms and documents contained in subsection D, including all agreements necessary to demonstrate that the Social Equity Individual Applicant(s) owns the minimum Equity Share required under LAMC Section 104.20(a)(2).

3. The refiled Temporary Approval Application shall be submitted within one (1) calendar year of the date DCR notifies the Applicant by electronic mail that the Pre-Application Review record is eligible for further processing.

## **Regulation No. 4. Inspections.**

### **A. General**

1. An Applicant or Licensee shall allow DCR access to a proposed or licensed Business Premises for any of the following purposes:

(i) Prior to the issuance of a Temporary Approval, annual License, or the renewal of a License or Temporary Approval to verify compliance with the LAMC and/or Rules and Regulations;

(ii) To inspect the Business Premises to determine compliance with the requirements of these Rules and Regulations or the LAMC;

(iii) To audit or inspect records; or

(iv) To conduct an inspection or investigation in response to a complaint received by DCR regarding the Applicant or Business Premises.

2. DCR shall, in its sole discretion, decide whether the inspection shall be in-person or virtual. Prior to a virtual inspection, an Applicant or Licensee shall verify that the following technology requirements are met: access to a mobile device (i.e., iPhone, iPad, Android Phone); wireless internet (wifi) or a strong 4G or 5G signal throughout the entire Business Premises; the ability to download the Google Meet app on the mobile device; and the ability to access the security system to perform video playback.

3. Applicants shall request inspections by email to [DCRLicensing@lacity.org](mailto:DCRLicensing@lacity.org).

4. DCR may record the inspection, investigation, or audit.

5. All inspections, investigations and audits of the Business Premises shall be conducted during regular business hours, during times of apparent or alleged activity, or as otherwise agreed to between DCR and the Applicant or Licensee.

6. No Licensee, agent of the Licensee, or employees shall interfere with, obstruct or impede DCR's inspection, investigation or audit, including, but not limited to, the following actions: denying the DCR access to the Business Premises; providing false or misleading statements; providing false, falsified, fraudulent or misleading documents and records; and/or failing to provide records, reports, and other supporting documents.

7. Any act, omission, or failure of an agent, officer, or other Person acting for or employed by a Licensee, within the scope of his or her employment or office, shall in every case be deemed the act, omission, or failure of the Applicant or Licensee.

**B. Initial Inspection**

1. An Applicant shall schedule an Initial Inspection of a Business Premises prior to DCR's issuance of a Temporary Approval.

2. An Initial Inspection shall not be requested until the Applicant receives an Initial Inspection notification via email from DCR. Initial inspections shall be requested by email to [DCRLicensing@lacity.org](mailto:DCRLicensing@lacity.org) with the subject line "*Request for Initial Inspection - [DCR Record Number]*" or through the DCR Licensing Portal. The Applicant shall follow the Initial Inspection procedure outlined in the Temporary Approval Information and Procedure Bulletin.

3. The Applicant shall complete and submit the Initial Inspection Attestation Form to DCR to confirm that the Business Premises is ready for an Initial Inspection.

4. The Applicant shall grant DCR inspectors unrestricted access to Business Premises to conduct the inspection. No Licensee, agent or employees shall interfere with, obstruct, or impede DCR's inspection.

5. At a minimum, the Initial Inspection shall include an inspection of the following requirements:

(i) All entry points to the Business Premises are accurately reflected on the Business Premises diagram.

(ii) All interior doorways, rooms, and walkways are accurately reflected on the Business Premises diagram.

(iii) Whether there are any changes from the Business Premises diagram initially submitted to DCR and, if so, whether these changes received written approval from DCR.

(iv) The property and all associated parking under the control of the Applicant or Licensee and any adjacent sidewalk or alley is well maintained and kept free of obstruction, trash, litter and debris.

(v) Limited-access areas are securely locked utilizing commercial-grade, nonresidential door locks, including points of entry and exit to the Business Premises.

(vi) There is a functioning alarm system which is permitted by the Los Angeles Police Department, and alarm information is provided upon request if not displayed.

(vii) The Business Premises has a digital video surveillance system with a minimum camera resolution of 1280 × 720 pixels with each camera permanently mounted and in a fixed location.

A. Video surveillance cameras record 24 hours per day. The storage device for the recordings is secured in a manner to prevent tampering or theft. Surveillance recordings are kept for a minimum of 90 days.

B. All entrances and exits to the Business Premises are recorded by the video surveillance system from both the indoor and outdoor vantage points.

C. All limited access areas, including security rooms, areas of storage, etc., are recorded by the video surveillance system from both interior and exterior.

D. If applicable, point-of-sale areas and areas where cannabis goods are displayed for sale are recorded by the video surveillance system.

(viii) For businesses with retail sales, there is an electronic age verification device to determine the age of any Individual attempting to purchase Cannabis goods.

(ix) No portion of the Business Premises has been sublet without written approval from DCR.

(x) A records retention system and a Track and Trace Inventory system are in place.

(xi) Procedures are in place to notify DCR within 24 hours of any of the following: inventory discrepancy; suspicion of theft or other loss; suspicion of change or alteration of records; and suspicion of any breach in security.

### **C. Final Inspection**

1. An Applicant shall schedule a Final Inspection of a Business Premises prior to DCR's issuance of an Annual License.

2. A Final Inspection shall not be requested until the Applicant receives a Final Inspection notification by email from DCR. Final inspections shall be requested by email to [DCRLicensing@lacity.org](mailto:DCRLicensing@lacity.org) with the subject line "*Request for Final Inspection - [DCR Record Number]*". The Applicant shall follow the Final Inspection procedure outlined in the Annual License Information and Procedure Bulletin.

3. The Applicant shall grant DCR inspectors unrestricted access to Business Premises to conduct the inspection. No Licensee, agent or employees shall interfere with, obstruct, or impede DCR's inspection.

4. At a minimum, the Final Inspection shall include an inspection of the same requirements as the Initial Inspection listed in section B(5).

**D. Other Inspections**

1. A Licensee's Business Premises shall be subject to inspection, investigation, or audit at any time without notice, and may include a review of any books, records, accounts, inventory, or on-site operations specific to the Business Premises. Inspections, investigations or audits may be conducted by employees or agents of the following agencies: DCR, Los Angeles Department of Building and Safety, Los Angeles Police Department, Los Angeles Fire Department, the Los Angeles Office of Finance, and/or Los Angeles County Department of Health, or any combination thereof.

2. All inspections, audits or investigations shall be charged to the Applicant or Licensee at full cost recovery.

## **Regulation No. 5. Operational Requirements and Violations**

### **A. General**

In addition to the requirements set forth in Article 4 of Chapter X of the LAMC, all Licensees must adhere to the requirements listed below. The indicated characterizations of violations, if any, are suggestions only and may vary depending upon the circumstances of the violation. DCR may issue a separate violation for each subsection or subdivision.

#### **1. Responsible Management.**

(i) **Licenses Required.** Every Applicant shall obtain a License from DCR and the State for each Commercial Cannabis Activity and Business Premises location where it engages in Commercial Cannabis Activity. (Violation Type – Major)

(ii) **Transacting Only with Other Licensees.** A Licensee shall only engage in business-to-business Commercial Cannabis Activity with a Person who possesses a License and a State license for the relevant Commercial Cannabis Activity. (Violation Type – Moderate)

(iii) **Cooperation.** Applicants and Licensees shall fully cooperate with inspections, investigations or audits. Applicants and Licensees must provide any information, surveillance recordings, or other data to the City upon request and in the form or manner requested. (Violation Type – Major)

(iv) **DCR Access to Business Premises.** Agents or employees of DCR with City identification requesting entry to the Business Premises shall be given unrestricted access during regular business hours. (Violation Type – Major)

(v) **Cannabis/Product Testing.** A Licensee shall have all Cannabis and Cannabis products tested as required by the State, and adhere to the State's requirements concerning sampling, chain of custody, and labeling. (Violation Type – Major)

(vi) **Use of Business Name or Legal Entity Name.** A Licensee shall use the name of the licensed business entity and/or Business Premises location, whichever is applicable, for the submission of all other permits, certificates, or documents issued by the City of Los Angeles. In addition, Applicants and/or Licensees must use the same business entity name and Business Premises location applying to the State of California for corresponding Commercial Cannabis Activity licenses. (Violation Type – Major)

(vii) **Catch-all.** A Licensee, its employees, agents and officers must obey all applicable commercial cannabis laws of the City of Los Angeles, the State of California, and any other relevant agencies. DCR may issue Notices of Violation and Administrative Holds, including penalties and fines, against a Licensee for any acts or omissions that are in violation of any provision of the Los Angeles Municipal Code or these regulations, or any another California laws applicable to cannabis licensees including, but not limited to, state labor law.

(viii) **Violations of State Cannabis Law.** A Licensee shall comply with all State regulations concerning Commercial Cannabis Activity. DCR may cite violations of the State's regulations for Commercial Cannabis Activity not specifically listed herein. (Violation Type – Major)

(ix) **Compliance with all Notices of Violation.** A Licensee shall comply with all Notices of Violation or administrative holds issued by DCR. DCR may issue a new Notice of Violation for the failure to timely correct violations cited by an earlier Notice of Violation and/or the failure to timely pay any associated administrative penalties or fines. A Notice of Violation that is issued for failure to timely correct prior violations and/or pay administrative penalties or fees from an earlier Notice of Violation shall be the next violation type, *e.g.*, if the first violation was Minor, the second shall be Moderate.

## 2. **Responsible Management of the Business Premises**

(i) **Display of License.** A Licensee shall prominently display any License, State license, BTRC, designated Neighborhood Liaison, including the phone number and email address to receive complaints, and emergency contact information on the licensed Business Premises where it can be viewed by state and local agencies. If the licensed Business Premises is open to the public, the aforementioned documents shall be displayed in an area that is within plain sight of the public. (Violation Type – Minor)

(ii) **Identification of Employees.** All agents, officers, or other Persons acting for or employed by a Licensee shall display an identification badge all times while conducting business operations. The identification badge shall include: the Licensee's business entity name or DBA, DCR record number, the employee's first name, an employee number exclusively assigned to that employee for identification purposes, and a color photograph of the employee that clearly shows the full front of the employee's face and that is at least 1 inch in width and 1.5 inches in height. (Violation Type – Minor)

(iii) **Conduct at the Business Premises.** A Licensee shall be responsible for monitoring employee and customer conduct at their Business Premises, and other areas which customers or employees frequent, including



parking areas. Employee and customer conduct at the Business Premises shall not adversely affect or detract from the quality of life for nearby residents, property owners, and businesses. A Licensee shall discourage illegal activity, criminal conduct, nuisance activity and loitering on the Business Premises. (Violation Type – Minor)

(iv) **Graffiti.** All graffiti, as referenced in LAMC Section 49.84.3, shall be removed or painted over to match the color of the surface within 72 hours of its occurrence. The property and all adjacent areas, including parking areas, under the control of the Licensee and any adjoining 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 – Minor)

(v) **Debris.** Trash pick-up, compacting, loading, and unloading and receiving activities shall be limited to 7:00 a.m. to 6:00 p.m. Monday through Friday and 10:00 a.m. to 4:00 p.m. on Saturday; and 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)

### 3. **Unauthorized Modifications**

(i) **No Physical Changes without Approval.** Unless given written approval by DCR, a Licensee shall not make physical changes, alterations, or modifications to the Business Premises, including adjustments that alter the originally-approved Business Premises diagram, such as 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 Business Premises). (Violation Type – Moderate)

(ii) **No Changes to Ownership Structure Without Approval.** A change to the Licensee's organizational structure or ownership pursuant to LAMC Section 104.11(a), means a change of an individual Licensee or a change of a majority of officers or stockholders or a controlling ownership interest. Changes from non-profit status to for-profit status by EMMDs are exempt if no other ownership changes are made in accordance with Proposition D's ownership rules and notice is provided to DCR within five business days. This exemption applies until a License is issued by DCR. Licenses are not transferable or assignable to any other person, entity, or property without written approval from the DCR. (Violation Type – Moderate)

(iii) **No Relocation without Approval.** The location of the Business Premises may not be changed without the approval of DCR. (Violation Type – Major)

4. **Security Measures**

(i) **Surveillance System and Cameras.** All Business Premises shall be equipped with a surveillance system. (Violation Type – Moderate)

(ii) **Surveillance System Resolution.** All Licensees' Business Premises shall have a digital video surveillance system with a minimum camera resolution of 1280 × 720 pixels. (Violation Type – Moderate)

A. **General - Security System Location.** The surveillance system shall at all times clearly record images within 20 feet of all points of entry and exits on the Business Premises. Cameras shall be permanently mounted and in a fixed location. Areas that shall also be recorded include, but are not limited to: (a) areas where Cannabis goods are weighed, packed, stored, loaded and unloaded for transportation, prepared, or moved within the Business Premises; (b) I-access areas; (c) security rooms; (d) areas storing a surveillance-system device with at least one camera recording the access points to the area; and (e) entrances and exits to the Business Premises, which shall be recorded from both indoor and outdoor vantage points.

B. **Retailers - Surveillance System Location.** Retailers shall record point-of-sale areas and areas where Cannabis goods are displayed for sale on the video surveillance system. 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, and any Person in the retail area.

C. **Surveillance System Recording and Storage.** Cameras shall record continuously, 24 hours per day and at a minimum of 15 frames per second (FPS). The physical media or storage device on which surveillance recordings are stored shall be secured in a manner to protect against tampering or theft and shall be kept for a minimum of 90 days. Recorded images shall clearly and accurately display the time and date. Time is to be measured in seconds, minutes and hours using Pacific Standard Time. The surveillance system shall be equipped with a failure notification feature that provides notification to the Licensee of any interruption or failure of the equipment or its storage.

D. **Surveillance System Inspection.** Recordings are subject to inspection and shall be maintained in a manner that allows the City to view the recordings immediately upon request. The Licensee shall also copy and send recordings to the City upon request within the time specified.

(iii) **Security Personnel.** All Licensees with onsite retail sales shall hire or contract security personnel licensed by the Bureau of Security and Investigative Services to provide security services for the Business Premises during operating hours. Security personnel shall be at least 21 years of age. (Violation Type – Moderate)

(iv) **Security Plans.** A Licensee shall develop and implement a written security plan. At a minimum, the security plan shall include a description of how the Licensee meets the requirements below. (Violation Type – Moderate)

A. Licensees shall prevent access to the Business Premises by unauthorized persons and protect the physical safety of the public and employees. This includes, but is not limited to, establishing physical barriers to secure perimeter access and all points of entry into the Business Premises, such as locking primary entrances with commercial-grade, non-residential door locks, providing fencing around the grounds and driveway, and securing any secondary entrances including windows, roofs, and ventilation systems.

B. Licensees shall install a security alarm system to notify and record incident(s) where physical barriers have been breached.

C. Licensees shall implement an identification and sign-in/sign-out procedure for authorized personnel, individuals, suppliers, and visitors.

D. Licensees shall maintain the premises such that visibility and security monitoring of the premises is possible.

E. Licensees shall establish procedures for the investigation of suspicious activities and to deter theft or loss of cannabis and cannabis products. This includes, but is not limited to:

(i) Establishing an inventory system to track cannabis and cannabis products and the personnel responsible for processing it throughout the manufacturing process;

(ii) Limiting access of personnel within the premises to those areas necessary to complete job duties, and to those time frames specifically scheduled for completion of job duties, including access by outside vendors, suppliers, contractors or other individuals conducting business with the licensee that requires access to the premises;

(iii) Supervising tasks or processes with high potential for diversion, including the loading and unloading of cannabis and cannabis products from transportation vehicles; and,

(iv) Providing areas in which personnel may store and access personal items that are separate from the manufacturing areas.

F. Licensees shall secure and back up electronic records in a manner that prevents unauthorized access and ensures that the integrity of the records is maintained.

(v) **Alarm System.** A Licensee shall maintain an alarm system as required by the State of California. A Licensee 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 Licensee shall make available to the City all information related to the alarm system, monitoring, and alarm activity. A Licensee must apply for, and maintain in good standing, an Alarm System Permit issued pursuant to LAMC Section 103.206. (Violation Type – Moderate)

(vi) **Limited-Access Areas.** A Licensee shall ensure Limited-Access areas can be securely locked using commercial-grade, nonresidential door locks in accordance with the approved security plan. Additionally, commercial-grade, nonresidential locks shall be used on all points of entry and exit to the Business Premises in accordance with the approved security plan. (Violation Type – Moderate)

(vi) **Access to Limited-Access Areas.** A Licensee shall only permit authorized individuals who are at least twenty-one (21) years of age to enter the Limited-Access Areas. Authorized individuals include: the Licensee's employees, outside vendors, contractors, labor representatives, or other individuals who have a bona fide business reason for entering the area. An individual who enters a Limited-Access Area and is not employed by the Licensee shall be escorted by an employee of the Licensee at all times while within the Limited-Access Area. Additionally, a log shall be maintained which tracks those entering areas with limited access and will provide DCR access to those records when requested. Licensees shall not receive consideration or compensation for permitting an individual to enter a Limited-Access Area. (Violation Type – Moderate)

## 5. **Business Premises Equipment.**

(i) **Ventilation/Exhaust Systems.** A Business Premises shall be properly ventilated and the exhaust air filtered to neutralize the odor from cannabis so that it cannot be detected on the exterior of Business Premises. Operable windows or vents shall not abut a residential use or zone and shall direct exhaust away from said spaces/locations. (Violation Type – Moderate)

(ii) **Exterior Lights.** Outdoor lights used for safety or security purposes shall be shielded and downward facing. All exterior portions of the Business Premises shall be adequately illuminated beginning at dusk so as to make discernible the faces and clothing of persons utilizing the space during evening hours. (Violation Type – Minor)

(iii) **Equipment Location.** All rooftop equipment, including air conditioning units, ventilation and mechanical equipment, shall be screened from view of the public. (Violation Type – Minor)

## 6. **Prohibited Activities.**

(i) **Subletting.** A Licensee shall not sublet any portion of the identified Business Premises without written approval from DCR. (Violation Type – Major)

(ii) **Physician’s Recommendations Onsite.** No recommendations or approvals by a physician to use medical cannabis or medical cannabis products shall be issued at any Business Premises. (Violation Type – Moderate)

(iii) **Consumption of Cannabis or Alcohol at Business Premises.** A Licensee shall not allow the consumption of Cannabis, Cannabis products, or alcohol on the Business Premises. No employee or agent of the Licensee shall solicit or accept any Cannabis, Cannabis products or alcohol from any customer or vendor while on the Business Premises. (Violation Type – Moderate)

(iv) **Loitering.** Loitering is prohibited on and around the Business Premises and the area under control of the Licensee. “No Loitering, Public Drinking, or Public Smoking/ Consumption of Cannabis” signs shall be clearly posted inside and outside of the Business Premises. (Violation Type – Minor)

(v) **Special Events.** No special events or parties of any type shall be held at the Business Premises, including, but not limited to, events for which a Temporary Special Event Permit has been issued by the Building and Safety Commission or any other City department. (Violation Type – Moderate)

## 7. **Required Notifications.**

(i) **Notification of Convictions, Judgments and Revocations.** A Licensee or Applicant shall notify DCR in writing of any criminal conviction entered against the Licensee or Applicant, any Owner of the Licensee or Applicant, any Primary Personnel of the Licensee or Applicant, or Management

Company, by electronic mail, within 48 hours of the entry of the conviction. A Licensee or Applicant shall notify DCR in writing of any judgment or civil penalty entered against the Licensee or Applicant, any Owner of the Licensee or Applicant, any Primary Personnel of the Licensee or Applicant, or Management Company, by electronic mail, within 48 hours of delivery of the verdict or entry of judgment, whichever is sooner. Additionally, a Licensee or Applicant shall provide written notice to DCR of the revocation or suspension of any State license, or other permit, clearance or authorization within 48 hours of such revocation or suspension. (Violation Type – Minor)

(ii) **Notification of Irregularities and Criminal Activity.** A Licensee, Owner, or Primary Personnel shall notify DCR within 24 hours of discovery of any of the following situations: a significant discrepancy in its inventory; suspected or actual diversion, theft, loss, or any other criminal activity pertaining to the operation of the Licensee’s business; suspected or actual diversion, theft, loss, or any other criminal activity by an agent or employee pertaining to the operation of the Licensee’s business; the loss or unauthorized alteration of records related to Cannabis, Cannabis goods, registered medical cannabis patients or primary caregivers, or dispensary employees or agents; and any other breach of security. (Violation Type – Moderate)

## **B. Records**

### **1. Record Retention.**

(i) **Maintenance.** Each Licensee shall keep and maintain the following records for at least seven years:

A. 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 DCR;

B. Personnel records, including each employee’s full name, Social Security or individual taxpayer identification number, date of beginning employment, and date of termination of employment, if applicable;

C. Training records, including, but not limited to, the date and content of the training provided and the names of the employees that received the training;

D. Contracts with other Licensees;

E. Permits, licenses, and other local or state

authorizations to conduct Commercial Cannabis Activity. (Violation Type – Minor)

2. **Audits.** DCR, Los Angeles Department of Building and Safety, Los Angeles Police Department, Los Angeles Fire Department, the Los Angeles Office of Finance, Los Angeles County Department of Health, and/or other government agencies may make any examination of the books and records of any Licensee as it deems necessary to perform its duties. Records shall be kept in a manner that allows the records to be viewed in either hard copy or in electronic form. A Licensee may contract with a third party to provide custodial or management services of the records. Such a contract shall not relieve the Licensee of its responsibilities under these regulations. (Violation Type – Minor)

**C. Retailer Commercial Cannabis Activity**

1. **Age Requirement.** Except as otherwise provided by state law, access to the Business Premises shall be limited to Individuals who are at least 21 years old and have a bona fide business reason for entering the Business Premises. Age verification must occur at each entrance to the Business Premises. An Individual younger than 21 years of age may enter the Business 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 their parent, legal guardian, or primary caregiver. The Licensee shall verify the Individual has valid proof of identification as required by the State. (Violation Type – Major)

2. **Medical Cannabis Sales.** A Licensee shall only sell medical Cannabis goods to medical Cannabis patients or the primary caregivers of medical Cannabis patients as authorized by the State. (Violation Type – Major)

3. **Monitor Retail Area.** The Licensee or its employees shall be physically present at all times when non-employees are in the retail area. (Violation Type – Moderate)

4. **Business Hours.** A Licensee conducting Retailer Commercial Cannabis Activity may only sell Cannabis goods during the hours allowed by the State. At any time the Licensee is not open for retail sales, the Licensee shall ensure the following:

(i) The Business Premises shall be securely locked with commercial-grade, non-residential door locks;

(ii) The Business Premises shall be equipped with an active alarm system;

(iii) Only authorized employees and contractors of the Licensee shall be allowed to enter the Business Premises after hours; and

(iv) All patrons exit the Business Premises no later than 15 minutes after closing. (Violation Type – Moderate)

5. **Display of Cannabis and Cannabis Goods.** The display of Cannabis and Cannabis goods shall comply with the following:

(i) Cannabis and Cannabis goods shall only be displayed in the retail area and shall not be displayed in a place where it is visible from outside the Business Premises.

(ii) Cannabis and Cannabis goods may be removed from their packaging and placed in containers to allow for customer inspection. The containers shall not be readily accessible to customers without the assistance of the Licensee's personnel. A container must be provided to the customer by the retailer who shall remain with the customer at all times.

(iii) Cannabis and Cannabis goods removed from their packaging for display shall not be sold or consumed, and when no longer used for display shall be destroyed pursuant to State requirements. (Violation Type – Moderate)

6. **Cannabis Sales.** A Licensee shall not sell more than the established maximum daily limit for medical Cannabis goods, including edibles, or adult use Cannabis goods, including edibles per Individual, as required by the State. (Violation Type – Moderate)

7. **Product Samples.** A Licensee shall not provide free samples of any type, including Cannabis goods and non-Cannabis, to customers. A Licensee shall not allow representatives of other companies or organizations to provide free samples of any type, including Cannabis goods, to customers on the Business Premises. (Violation Type – Moderate)

8. **Product Packaging.** 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. (Violation Type – Moderate)

9. **Product Inventory and Sales.** A Licensee shall maintain an accurate record of its inventory and every sale as required by the State. (Violation Type – Minor)

10. **Training Program.** Within the first three months of the establishment of the training program, all employees of a Licensee conducting Retailer Commercial Cannabis Activity shall enroll in the DCR and Los Angeles Police Department's standardized training for Cannabis retailers. Upon completion of such training, the Licensee shall request that DCR issue a letter identifying which employees completed the training. The training shall be conducted for all new hires within two months of the



start 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 DCR and Los Angeles Police Department. (Violation Type – Moderate)

11. **Age Verification Device.** An electronic age verification device shall be purchased and retained on the Business Premises to determine the age of any individual attempting to purchase Cannabis goods and shall be installed at each point-of-sales area. 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)

12. **Business Premises Access.** All doors not intended for customer access 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 and shall be solid. (Violation Type – Moderate)

13. **Prohibited Activities.** The following activities are prohibited:

(i) **Drive Through or Walk Up Windows.** There shall be no sales through exterior openings, such as drive through or walk-up windows. (Violation Type – Major)

(ii) **Adult Entertainment.** There shall be no adult entertainment of any type pursuant to LAMC Section 12.70 or alcohol or tobacco sales of any type. (Violation Type – Moderate)

(iii) **Entertainment.** No entertainment of any type shall be allowed to take place, except for ambient music. No disc jockey, karaoke, or performances of any kind shall be allowed. Any music, sound, or noise emitted from the Business Premises shall comply with the noise regulations of the LAMC and shall not extend beyond the Business Premises. (Violation Type – Moderate)

(iv) **Billiards.** There shall be no pool or billiard tables, dart games, video games, coin operated game machines or similar game devices maintained upon the Business Premises at any time. (Violation Type – Minor)

(v) **Outdoor Speakers.** There shall be no outdoor speakers, or paging system on the exterior portions of the Business Premises or attached to the façade of the building. (Violation Type – Moderate)

14. **Display of Emblem.** When available, a Licensee shall post an emblem as required under LAMC Section 104.23. A Licensee shall protect an emblem placard

from damage, theft or tampering. A Licensee shall inform DCR within 24 hours of when an emblem placard is damaged, stolen, or otherwise lost. (Violation Type – Moderate)

**D. Delivery Commercial Cannabis Activity**

1. **Delivery Employee.** All deliveries of Cannabis goods must be performed by an employee of a Licensee. Each delivery employee shall be at least 21 years of age. Only authorized employees shall be in the delivery vehicle during the time of delivery. (Violation Type – Moderate)

2. **Delivery Requirements.** All deliveries of Cannabis and Cannabis goods shall be made in person. A delivery of Cannabis and/or Cannabis goods shall not be made through the use of an unmanned vehicle or device. (Violation Type – Moderate)

3. **Delivery Orders.** As required by the State, Cannabis and Cannabis goods shall be ordered, packaged for sale, labeled, and/or placed in packaging prior to being delivered to a customer. (Violation Type – Moderate)

4. **Delivery Request Receipt.** A Licensee shall prepare a delivery request receipt for each delivery of Cannabis goods as required by the State. Prior to arrival at a delivery location, a Licensee must have received a delivery request from the customer and provided the delivery request receipt either electronically or in hard copy to the delivery employee. (Violation Type – Moderate)

5. **Age Verification.** An electronic age verification device shall be utilized to determine the age of any Individual attempting to purchase cannabis or cannabis goods for delivery and shall be required at each point-of-sales location. All employees shall be instructed in its use. Cannabis and cannabis products shall not be sold to the public without electronic age verification. (Violation Type – Moderate)

6. **Copy of License.** During deliveries, an employee of a Licensee shall carry a copy of the Licensee's License, a government-issued identification, and an employer-provided badge containing the employee's picture and name. A Licensee shall maintain an accurate list of all of its delivery employees. (Violation Type – Minor)

7. **Product Transport.** A delivery employee of a Licensee carrying Cannabis or Cannabis goods for delivery shall only travel in an enclosed motor vehicle operated by the delivery employee or another delivery employee of the Licensee. During delivery and transport, an employee of a Licensee shall ensure Cannabis or Cannabis goods are not visible to the public. A licensed retailer's delivery employee shall not leave Cannabis goods in an unattended motor vehicle unless the motor vehicle is locked and equipped with an active vehicle alarm system. A vehicle used for delivery of Cannabis and Cannabis goods shall be

outfitted with a dedicated Global Positioning System (GPS) device for identifying the geographic location of the delivery vehicle, which 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. The Licensee shall be able to identify the geographic location of all delivery vehicles that are making deliveries and shall provide that information to the City upon request. (Violation Type – Major)

8. **Delivery Hours.** A Licensee shall only deliver Cannabis and Cannabis goods between the hours of 6 a.m. to 10 p.m. daily. (Violation Type – Major)

9. **Delivery Product Amount.** Delivery employees shall not carry Cannabis or Cannabis goods in excess of the amount permitted by the State. (Violation Type – Moderate)

10. **Consumption.** Delivery employees shall not consume Cannabis or Cannabis goods or be under the influence of any substance that impairs the ability of the employee while delivering Cannabis goods. (Violation Type – Major)

11. **Required Notice by Licensee.** A Licensee shall notify the DCR in writing of an arrest or criminal conviction of an employee involving a delivery vehicle, either by mail or electronic mail, within 48 hours of the arrest or entry of conviction. (Violation Type – Minor)

12. **Delivery Fleet Information.** Upon request, a Licensee shall provide the DCR with information regarding motor vehicles used for the delivery of Cannabis and Cannabis goods, including the vehicle's make, model, color, Vehicle Identification Number, and license plate number. Vehicles used in deliveries are subject to inspection by the DCR at a Business Premises or during delivery. (Violation Type – Moderate)

13. **Vehicle Markings.** A vehicle used in the delivery of Cannabis goods shall not have any marking or other indications on the exterior of the vehicle that may indicate that the delivery employee is carrying Cannabis or Cannabis goods for delivery. (Violation Type – Minor)

14. **Motor Carrier Permit.** All vehicles transporting Cannabis or Cannabis goods for delivery shall carry a California Motor Carrier Permit as required under Section 34620 of Chapter 2, Division 14.85 of the California Vehicle Code. (Violation Type – Minor)

**E. Microbusiness Commercial Cannabis Activity**

1. **Operational Requirements.** A Licensee conducting Microbusiness Commercial Cannabis Activity shall meet all operational requirements for Retailer Commercial Cannabis Activity.

**F. Testing Lab Commercial Cannabis Activity**

1. **Restrictions.** No owner or employee of a Licensee may be employed by, or have any ownership or financial interest, in any other category of Commercial Cannabis Activity. (Violation Type – Major)

**Regulation No. 6. Renewals.**

A. Licensees shall renew Licenses and Temporary Approvals annually. At a minimum, the renewal application shall include the following information:

- (i) The first and last name of the individual(s) listed as Licensees;
- (ii) If the Licensee is a business entity, the Licensee seeking renewal shall list its legal business name and DBA;
- (iii) Licensee's Business Premises address;
- (iv) An attestation that all information, forms and documents provided to DCR in the original application remain accurate and current, or a detailed explanation of any changes or discrepancies.

B. DCR and its agents may conduct an on-site inspection prior to issuing a renewal License or Temporary Approval.

C. A Licensee seeking renewal must be current on all City of Los Angeles taxes and DCR fees before a renewal application may be considered by the DCR.

## **Regulation No. 7. Administrative Violations, Penalties and Appeals.**

DCR shall be the lead agency for any enforcement investigations and actions with respect to Article 4 of Chapter X of the LAMC and these Rules and Regulations.

### **A. Notices of Violation**

1. Licensees shall correct violations within 30 days of the issuance of a Notice of Violation, unless an extension of time is granted or the Licensee requests an administrative appeal pursuant to subsection B. Licensees may request an extension of time to correct violations prior to the expiration of the 30 day period by submitting the Request for an Extension of Time to Comply with NOV Form (ENF-3002-FORM). DCR shall have the sole discretion to grant or deny any request for an extension.

2. After the Notice of Violation or administrative appeal thereof becomes final, Licensee shall comply with the Notice of Violation or appellate decision, whichever is applicable, within 30 days. After the Notice of Violation or appellate body's decision becomes final, DCR shall issue an invoice for the associated administrative penalty or fine, if any, which shall be due within 30 days.

3. DCR may issue a new Notice of Violation for the failure to timely correct violations cited by an earlier Notice of Violation and/or the failure to timely pay any associated administrative penalties or fines.

4. DCR shall not renew or reinstate any License where the Licensee has failed to timely correct violations or timely pay associated administrative penalties or fees.

### **B. Administrative Appeals**

1. When authorized by LAMC Section 104.14, an Applicant or Licensee may request an administrative appeal by submitting the Administrative Hearing Request Form (ENF-3001-FORM) through the DCR Licensing Portal.

2. The notice of the administrative appeal hearing shall contain, at a minimum, the date, location, and time of the hearing.

3. In exigent circumstances where a violation poses an immediate and serious threat to public health and/or safety, DCR may take corrective action prior to an administrative appeal hearing. DCR may simultaneously suspend or impose conditions upon some or all of the Licenses held by the Licensee by taking any one of, or a combination of, the following actions: suspension of the license for a specified period of time; more restrictive conditions; or order an administrative hold of cannabis or cannabis products.

4. If a License is revoked at an administrative appeal hearing or after the appeal process has been exhausted, the Owner(s) shall not be allowed to apply for any type of License for a period of 5 years after the date of revocation.

**Regulation No. 8. Social Equity Program.**

1. “Disproportionately Impacted Area” in LAMC Section 104.20 means the following:

Disproportionately Affected Police Reporting Districts (Police Reporting Districts with a High and Very High Number of Cannabis Arrests [Greater than 1.5 Standard Deviations from City Average] and Percentage of Low Income Households Greater Than or Equal to 50 Percent).

Police Reporting District	Area Description	Zip Code(s)^	Individual Cannabis Related Arrests	Percent Low Income Households	Percent People of Color
Citywide Mean Reporting District Values †			72	43	69
Council District 1					
245	MacArthur Park	90057	427	73	93
Council District 8					
397*	Vermont Square	90037, 90062	525	74	98
1822	Broadway-Manchester	90003	470	73	99
1842	Broadway-Manchester	90061	468	73	99
1844*	Green Meadows	90059, 90061	444	77	99
Council District 9					
1258	Florence	90003	632	79	99
397*	Vermont Square	90037, 90062	525	74	98
1269	Florence	90001, 90003	424	81	99
1259	Florence	90001, 90003	367	68	99
1345	Central-Alameda	90011	366	70	99
Council District 10					
363	Baldwin Hills/Crenshaw	90008, 90016	421	51	97
Council District 14					
156	Downtown (San Julian Park)	90013	1,426	90	81
155	Downtown (Skid Row)	90013	595	93	75
166	Downtown (Skid Row)	90014	521	90	81
157	Downtown (Skid Row)	90013, 90014, 90021	370	88	82
Council District 15					
1844*	Green Meadows	90059, 90061	444	77	99
1846	Watts	90059	431	77	99
1849	Watts	90059	386	71	98



Police Reporting District	Area Description	Zip Code(s)^	Individual Cannabis Related Arrests	Percent Low Income Households	Percent People of Color
<p>† Citywide values reflect the average count of cannabis-related arrests by police reporting district derived from LAPD data along with average percentage of low income households and average distribution of the population by race/ethnicity by police reporting district derived from U.S. Census data</p> <p>*When a police reporting district spans multiple Council District boundaries, it is listed under each Council District it overlaps.</p> <p>^Zip codes encompass more area than police reporting districts. Thus, areas not disproportionately impacted would be included in a zip code. Additionally, some police reporting district overlap multiple zip code boundaries. When this occurs, all zip codes overlapped are included.</p>					
Citywide Mean Reporting District Values †			72	43	69
Council District 8					
1266*	Vermont Knolls	90044, 90003	346	78	99
1241	Hyde Park	90043	286	68	99
392	Hyde Park/Crenshaw	90043, 90062	283	71	97
1256*	Vermont Knolls	90044, 90003	269	70	99
1249*	Vermont-Slauson	90044, 90003	266	68	99
1203	Vermont Square	90062	259	70	98
1802	Broadway-Manchester	90003	253	67	99
Council District 9					
1266*	Vermont Knolls	90044, 90003	346	78	99
398	Vermont Square	90037	325	72	98
1268	Florence	90003	282	78	99
1256*	Vermont Knolls	90044, 90003	269	70	99
1249*	Vermont-Slauson	90044, 90003	266	68	99
1367	Central Alameda	90058, 90011	244	80	99
Council District 10					
362	Baldwin Hills/Crenshaw	90008, 90016	339	68	99
361	Baldwin Hills/Crenshaw	90008, 90016	270	72	99
Council District 13					
649	East Hollywood	90027	242	67	63
Council District 14					
147	Downtown	90013	351	95	73
467	Boyle Heights	90033	272	74	98
Council District 15					
1837	Watts	90059, 90002	298	82	99
<p>† Citywide values reflect the average count of cannabis-related arrests by police reporting district derived from LAPD data along with average percentage of low income households and average distribution of the population by race/ethnicity by police reporting district derived from U.S. Census data</p> <p>*When a police reporting district spans multiple Council District boundaries, it is listed under each Council District it overlaps.</p> <p>^Zip codes encompass more area than police reporting districts. Thus, areas not disproportionately impacted would be included in a zip code. Additionally, some police reporting district overlap multiple zip code boundaries. When this occurs, all zip codes overlapped are included.</p>					

## **Regulation No. 9. Financial Grant Program.**

A. Subject to the availability of funds, and pursuant to LAMC Section 104.20(c)(4)(iv), DCR may implement a financial grant program, hereinafter referred to as the Social Equity Entrepreneur Development Grant Program (“SEED Grant Program”) for Social Equity Individual Applicants.

B. To the extent funding is allocated for the SEED Grant Program, DCR shall administer the Program in accordance with the following:

1. Subject to the availability of funds, up to \$5 million in grant funds from the California Governor’s Office of Business and Economic Development may be disbursed by DCR to Applicants with retail (Type 10) Applications deemed eligible for further processing under LAMC 104.06.1(b). Applicants eligible for grant funds under this subsection may receive \$25,000 in grant funds in one lump sum payment. DCR shall accept applications for grant funds under this subsection for a period of 120 days. Funds shall be disbursed on a first come, first served basis. Any remaining funds not awarded by 90 days prior to the end of the City’s Agreement with the California Governor’s Office of Business and Economic Development, or any extension thereof, may be disbursed on a pro rata basis to Applicants who applied by August 20, 2021 and who are eligible for grant funds under this subsection.

2. Subject to the availability funds, up to \$1 million in grant funds from the Bureau of Cannabis Control’s California Local Equity Grant Program may be disbursed by DCR to any Social Equity Individual Applicant with an Application deemed eligible for further processing that did not receive grant funds under subsection (1). DCR shall accept applications for grant funds under this subsection for a period of 120 days. Applicants eligible for grant funds under this subsection may receive available grant funds in two disbursements upon meeting the following licensing milestones: (1) \$5,000 when DCR deems the Pre-Application eligible for further processing; and (2) \$5,000 when the Applicant is eligible for a Notice of Local Compliance Underway. Funds shall be disbursed on a first come, first served basis. Any remaining funds not awarded by 90 days prior to the end of the Grant Term of the City’s Agreement with the Bureau of Cannabis Control, or any extension thereof, may be disbursed on a pro rata basis to Applicants who applied by August 20, 2021 and who are eligible for grant funds under this subsection.

3. Applicants must apply for grant funds. DCR shall have sole and absolute discretion to determine application requirements, if an Applicant is eligible for grant funds, and if applicable, whether and when the requirements for any disbursement of funds are met.

4. DCR may disburse funds to an Applicant at any time after the Applicant has been determined eligible for grant funds.

5. Grant recipients shall enter into a contract with DCR prior to receipt of any grant funds. The contract shall specify the permissible use of the funds, and method and timing of payment.

6. Grant funds shall be used only for expenses incurred to launch and operate a licensed commercial cannabis business in the City of Los Angeles.

7. Applicants with Applications that have been deemed abandoned or denied shall not receive grant funds.

C. Notwithstanding Section (B), the Executive Director may make adjustments to this Regulation and/or allocate available grant funds in any manner required to maximize utility of the funds, including but not limited to using SEED Grant Program funds to reimburse or pay licensing and regulatory fees for Social Equity Individual Applicants due under LAMC Section 104.19.

D. To the extent grant funds are provided by a funding source outside the City, DCR may administer the SEED Grant Program for those funds in compliance with the requirements of that source. To the extent the terms do not conflict, this Regulation shall govern.

**Regulation No. 10. Fee Deferral and Fee Waiver Program.**

A. Subject to the availability of funds, and pursuant to LAMC Section 104.20(c)(4)(ii), DCR may implement a fee deferral or fee waiver program for Social Equity Individual Applicants.

B. To the extent funding is allocated for fee waivers, DCR may implement fee waivers in accordance with the following:

1. Subject to the availability of funds, up to \$1,625,034 may be applied to Social Equity Application (SEIA) Eligibility Verification (Section 104.06.1) Fees pursuant to LAMC Section 104.19 as fee waivers for individuals who submit a complete eligibility verification application to be verified as a Social Equity Individual Applicant.

2. Funds shall be disbursed on a first come, first served basis. Any remaining funds not awarded after the Eligibility Verification window closes pursuant to Section 104.06.1(c), may be disbursed in accordance with the terms of the fee deferral program in subsection (C).

C. To the extent funding is allocated for fee deferrals, DCR may implement fee deferrals in accordance with the following:

1. Subject to the availability of funds, DCR may defer the Social Equity Program (SEP) Temporary Approval Application Fees pursuant to LAMC Section 104.19 for Applicants who were deemed eligible for further processing under LAMC 104.06.1(c), LAMC 104.06.1(e), or LAMC 104.06.1(f).

2. Fees shall be deferred on a first come, first served basis.

3. Social Equity Individual Applicants are limited to one outstanding fee deferral at a time.

4. Fees may be deferred for a maximum period of six months from the effective date of a Fee Deferral Agreement, until a modification request is deemed eligible for further processing, or until Temporary Approval is granted, whichever occurs earlier.

5. Fees shall not be deferred unless and until a Fee Deferral Agreement is entered into to the satisfaction of the Executive Director or their designee.

D. Notwithstanding Sections (B) and (C), the Executive Director may make adjustments to this Regulation and/or allocate available grant funds in any manner required to maximize utility of the funds.