DEPARTMENT OF CANNABIS REGULATION

COMPLIANCE INSPECTION 101 WEBINAR

CITY OF LOS ANGELES DEPARTMENT OF™
CANNABIS
REGULATION

COMPLIANCE INSPECTION 101 WEBINAR

Agenda

- Compliance with Operational Requirements
- The Self-Assessment Checklist & Common Deficiencies
- Violation Types
- Appointment Notification
- Overview of the Inspection Process
- Q&A

Benefits of Compliance Inspections

1. **Regulatory Adherence**
2. **Risk Mitigation**
3. **Operational Efficiency**
4. **Enhanced Security**
5. **Quality Assurance**
6. **Financial Accuracy**
7. **Market Reputation**
8. **Training and Awareness**
9. **Preparation for Audits**
10. **Continuous Improvement**

Compliance with Operational Requirements

Compliance Inspections & the CRC

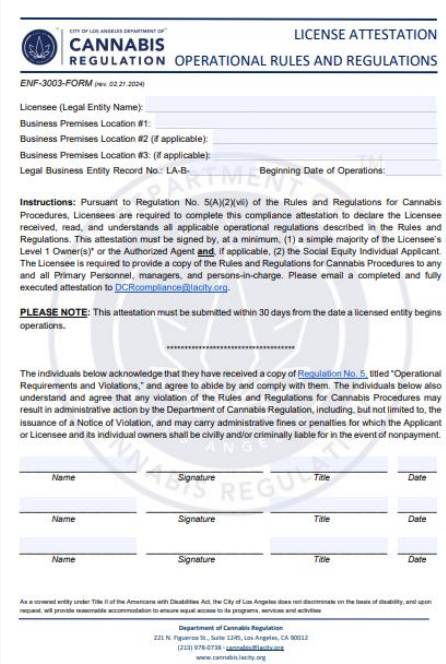
All licensed retailers must comply with Regulation No. 5 - Operational Requirements and Violations.

If a Compliance Inspection is completed prior to CRC, the staff report will reflect any deficiencies found and the status of compliance.

Attestations

ENF-3003-FORM (License Attestation)

- Attestation must be submitted within 30 days from the date a Licensed Entity begins operations.
- Owner and personnel declare they have received, read, and understand all applicable operational regulations described in the Rules and Regulations.



CITY OF LOS ANGELES DEPARTMENT OF CANNABIS REGULATION

LICENSE ATTESTATION
OPERATIONAL RULES AND REGULATIONS

ENF-3003-FORM (rev. 02.27.2024)

Licensee (Legal Entity Name):
Business Premises Location #1:
Business Premises Location #2 (if applicable):
Business Premises Location #3: (if applicable):
Legal Business Entity Record No.: LA-B- Beginning Date of Operations:

Instructions: Pursuant to Regulation No. 5(A)(2)(vii) of the Rules and Regulations for Cannabis Procedures, Licensees are required to complete this compliance attestation to declare the Licensee received, read, and understands all applicable operational regulations described in the Rules and Regulations. This attestation must be signed by, at a minimum, (1) a simple majority of the Licensee's Level 1 Owner(s)* or the Authorized Agent **and**, if applicable, (2) the Social Equity Individual Applicant. The Licensee is required to provide a copy of the Rules and Regulations for Cannabis Procedures to any and all Primary Personnel, managers, and persons-in-charge. Please email a completed and fully executed attestation to DCRcompliance@lacity.org.

PLEASE NOTE: This attestation must be submitted within 30 days from the date a licensed entity begins operations.

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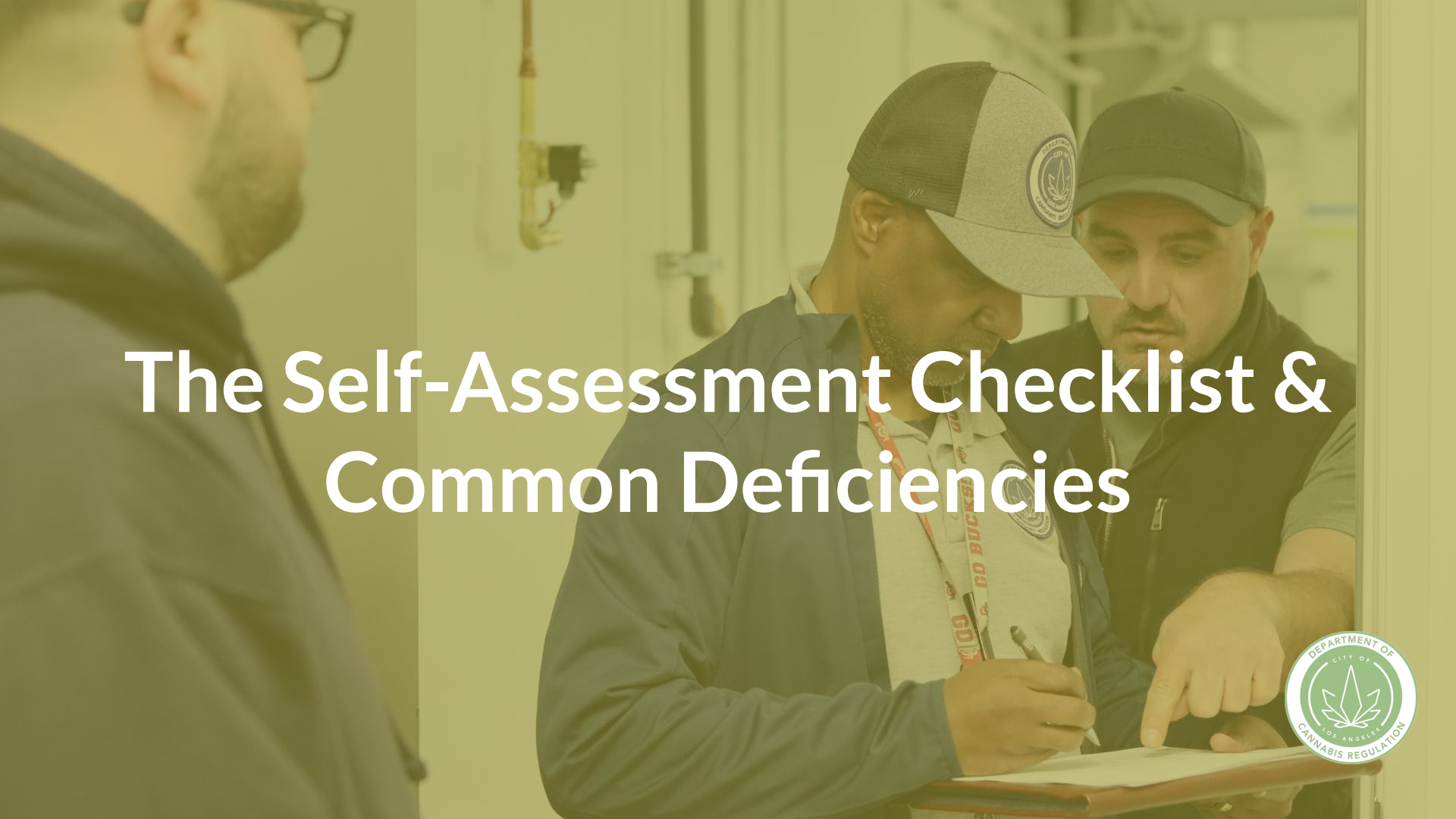
The individuals below acknowledge that they have received a copy of Regulation No. 5, titled "Operational Requirements and Violations," and agree to abide by and comply with them. The individuals below also understand and agree that any violation of the Rules and Regulations for Cannabis Procedures may result in administrative action by the Department of Cannabis Regulation, including, but not limited to, the issuance of a Notice of Violation, and may carry administrative fines or penalties for which the Applicant or Licensee and its individual owners shall be civilly and/or criminally liable for in the event of nonpayment.

Name	Signature	Title	Date

As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability, and upon request, will provide reasonable accommodation to ensure equal access to its programs, services and activities

Department of Cannabis Regulation
221 N. Figueroa St., Suite 1245, Los Angeles, CA 90012
(213) 978-0738 - cannabis@lacity.org
www.cannabis.lacity.org



The Self-Assessment Checklist & Common Deficiencies

The Self-Assessment Checklist & Common Deficiencies

Prior to the inspection, DCR strongly recommends that you go through the self-assessment checklist to identify and rectify any deficiencies.

- This checklist is provided to inform you about what DCR will inspect so that the business can comply and mitigate any potential fines.
- It is provided as a courtesy and any self inspection is optional but highly encouraged.
- You are not required to complete the checklist and it does not need to be returned to DCR.

Violation Types

Violation Types
(common violation examples)

Major ($42,026)	Moderate ($21,013)	Minor ($7,006)
> Licenses Required	> Advertising	> Operational Status
> Transacting with Non-Licensees	> Employee Age	> Use of DBA
> Cooperation	> Physical Changes Without Approval	> Display of License
> DCR Access to Premises	> Surveillance System & Cameras	> Employee IDs
> Cannabis Testing	> Security Plans	> Conduct at Business Premises
> Violations of State Cannabis Law	> Limited Access Areas	> Compliance Attestation

Violation Types

Notice to Correct VS. Notice of Violation

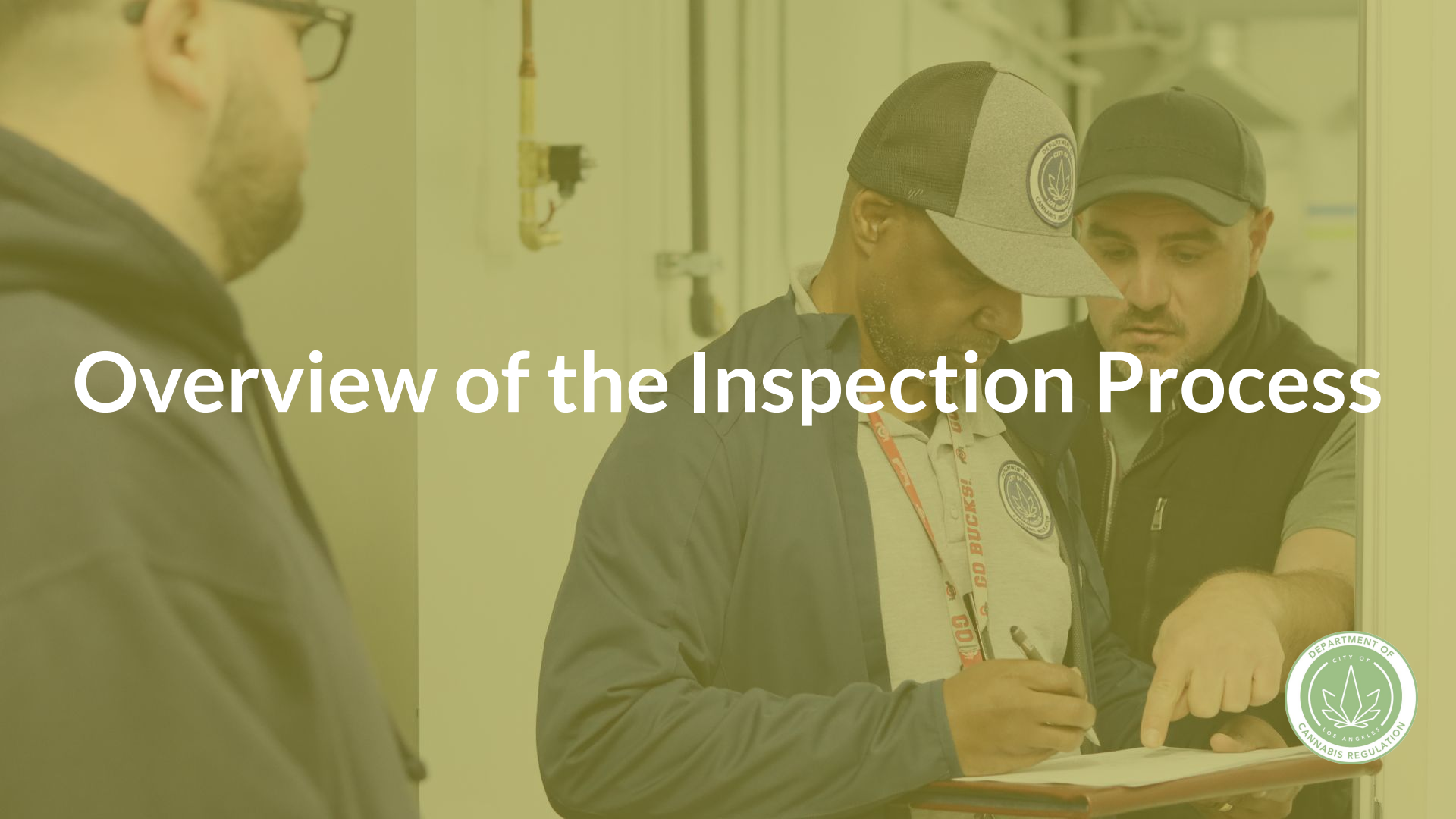
Most deficiencies may be handled by the issuance of a **Notice to Correct** which carries no penalties; however, a Notice to Correct will set a deadline for compliance. If compliance is not met by the deadline, DCR may issue a **Notice of Violation (NOV)**, which includes fines for non-compliance. Use the self-assessment checklist to estimate the amount of non-compliance fines associated with a potential NOV that will otherwise be issued by DCR if corrective actions are not taken.

Appointment Notification

Appointment Notification

A DCR analyst will notify the business 48 hours in advance when the Compliance Inspection will occur

You may request a different date but DCR recommends you keep the appointment provided to you. The hearing date for the Cannabis Regulation Commission (CRC) to review your Annual License Application will remain the same.



Overview of the Inspection Process

Inspection Preparation

When we arrive at the facility we're looking for the following:

> Does this property have graffiti?
> Is it clean of debris and trash?
> Are the lights shielded?
> Are there outdoor speakers?
> Correct signage?
> Do they have a surveillance system?
> Is there a strong smell of cannabis outside?
> Are people loitering on the property?

CANNAWORLD

A retail only location

License No. LA-R-24-000000-ANN

Let’s take a look around the premises….

Inspection Preparation: Graffiti

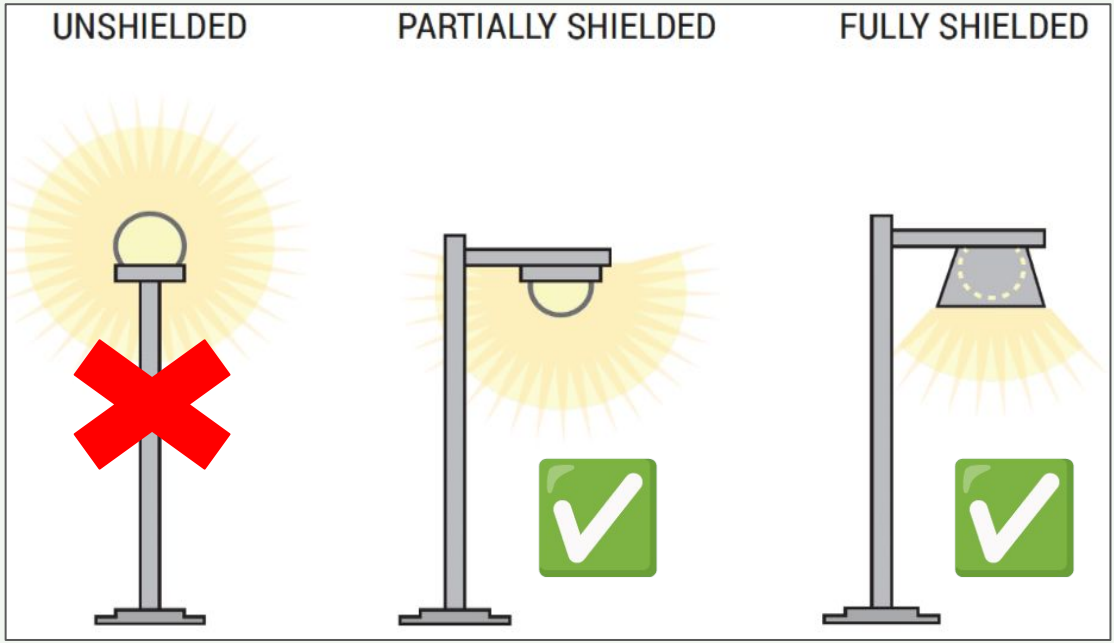
All graffiti, as referenced in LAMC Section 49.84.3, shall be removed or painted over to match the color of the surface within 72 hours of its occurrence. The property and all adjacent areas, including parking areas, under the control of the Licensee and any adjoining sidewalk or alley, shall be maintained in an attractive condition and shall be kept free of obstruction, trash, litter, and debris at all times. **(Violation Type – Minor)**

Inspection Preparation: 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)**

Inspection Preparation: Exterior Lights

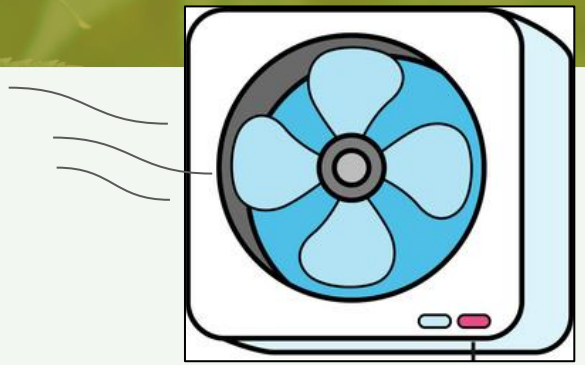
Outdoor lights used for safety or security purposes shall be shielded and downward facing. All exterior portions of the Business Premises shall be adequately illuminated beginning at dusk so as to make discernible the faces and clothing of persons utilizing the space during evening hours. **(Violation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



Inspection Preparation

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 residential areas. **(Violation Type – Moderate)**



Equipment Location

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

Now let’s head inside…

Inspection Preparation: Video Surveillance

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

Video surveillance cameras that 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. **(Violation Type – Moderate)**

Inspection Preparation: Video Surveillance

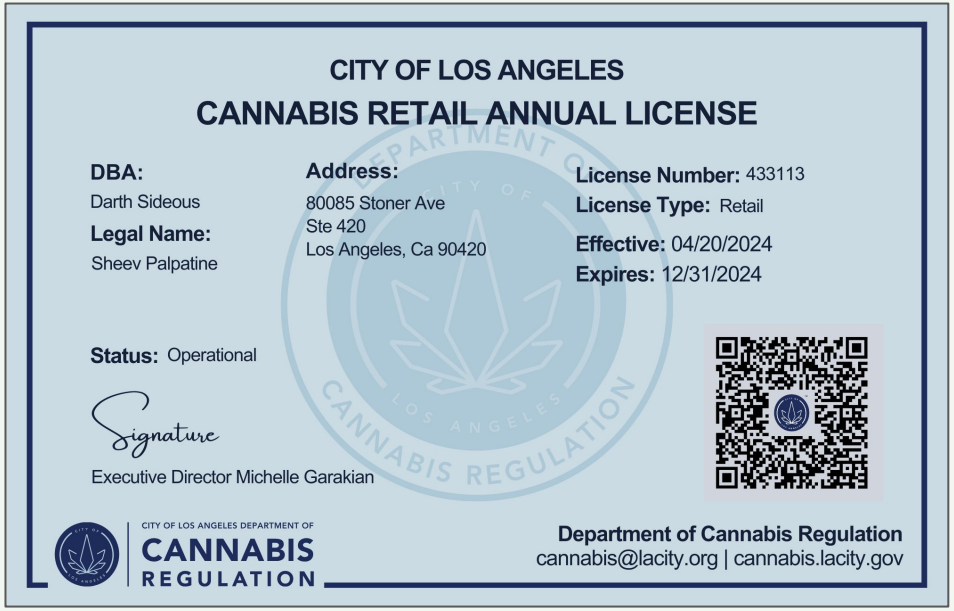
> All entrances and exits to the Business Premises are recorded by the video surveillance system from both the indoor and outdoor vantage points. **(Violation Type – Moderate)**

> All limited access areas, including security rooms, areas of storage, etc., are recorded by the video surveillance system for both interior and exterior. **(Violation Type – Moderate)**

> If applicable, point of sale areas and areas where Cannabis Goods are displayed for sale are recorded by the video surveillance system. **(Violation Type – Moderate)**

Inspection Preparation: Display of License

A Licensee shall prominently display any License, State license, BTRC, Emblem Placard (Storefront Retailers only), 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.
(Violation Type – Minor)


CITY OF LOS ANGELES

CANNABIS RETAIL ANNUAL LICENSE

DBA:
Darth Sideous

Legal Name:
Sheev Palpatine

Address:
80085 Stoner Ave
Ste 420
Los Angeles, Ca 90420

License Number: 433113
License Type: Retail
Effective: 04/20/2024
Expires: 12/31/2024

Status: Operational

Signature

Executive Director Michelle Garakian

CITY OF LOS ANGELES DEPARTMENT OF CANNABIS REGULATION

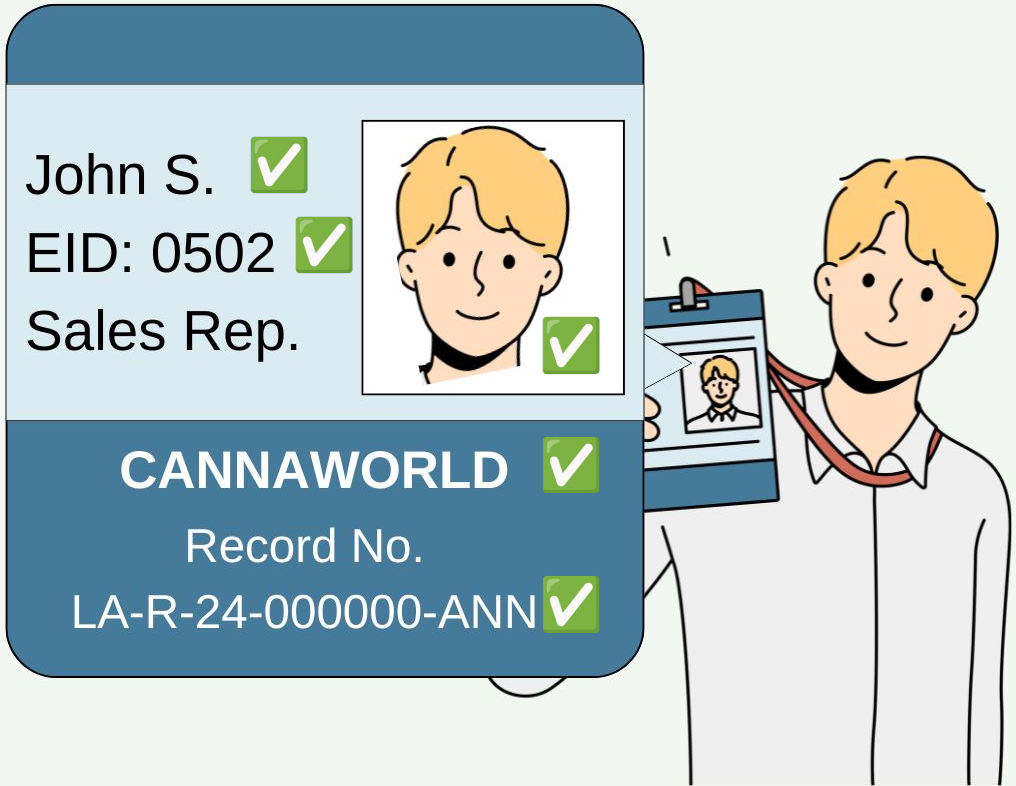
Department of Cannabis Regulation
cannabis@lacity.org | cannabis.lacity.gov

Inspection Preparation: 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. This should include:

1. Licensee's business entity name or DBA
2. DCR core record number
3. Employee first name
4. Employee ID number
5. A color photograph that clearly shows the front of the employee's face and is at least 1 inch in width and 1.5 inches in height

(Violation Type – Minor)



Inspection Preparation: 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)

Bureau of Security and Investigative Services

CALIFORNIA DEPARTMENT OF CONSUMER AFFAIRS

GUARD REGISTRATION

Must Hold Valid BSIS Firearms Permit to Work Armed

Registration No: Z00000000 Expiration: 01/01/2025

DAVID DUNN
221 N. FIGUEROA
LOS ANGELES, CA 90012

Inspection Preparation: Security Plans

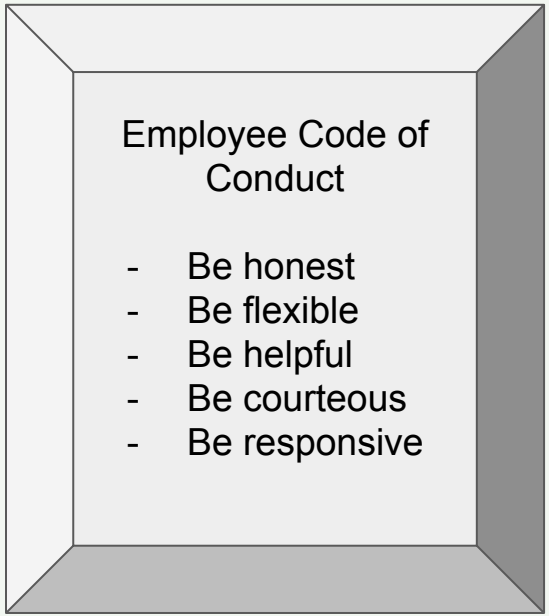
> A Licensee shall develop and implement a written security plan. **(Violation Type – Moderate)**

> There must be a functioning alarm system which is permitted by the Los Angeles Police Department, and alarm information is provided upon request if not displayed. **(Violation Type – Moderate)**

> The Licensee has procedures in place to notify DCR in writing of a criminal conviction rendered against the Licensee, either by mail or electronic mail, within 48 hours of the conviction. **(Violation Type – Minor)**

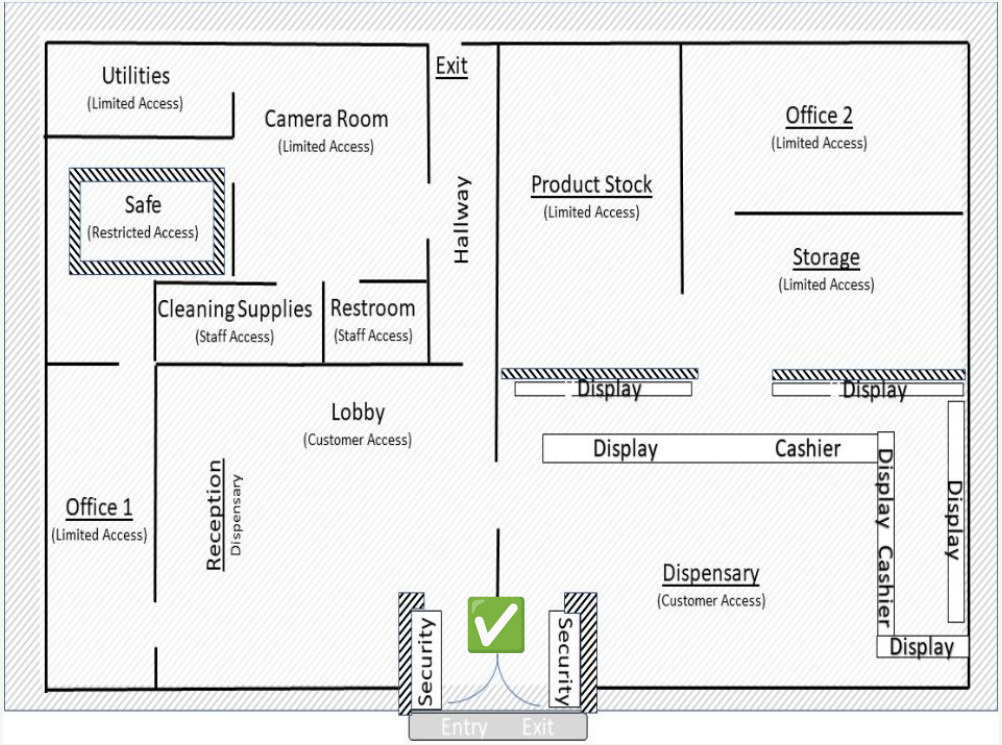
Inspection Preparation: Conduct

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 also discourage illegal activity, criminal conduct, nuisance activity and loitering on the Business Premises. **(Violation Type – Minor)**



Inspection Preparation: Business Diagram

DCR may require that the applicant or licensee update or correct the Business Premises Diagram submitted with the application by issuing Business Premises Diagram Correction Sheet (CED-3005-CS). The Diagram must include a clearly marked entry and exit, and an up to date floor plan that reflects the current layout of the business. **(Violation Type – Moderate)**



Questions?

Reach out to
DCRCompliance@lacity.org
for assistance.
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