



Joseph M. Nicchitta
Interim Director

**COUNTY OF LOS ANGELES
DEPARTMENT OF
CONSUMER AND BUSINESS AFFAIRS**

Members of the Board

Hilda L. Solis
Mark Ridley-Thomas
Sheila Kuehl
Janice Hahn
Kathryn Barger

"To Enrich Lives Through Effective and Caring Service"

August 3, 2018

To: Supervisor Sheila Kuehl, Chair
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Janice Hahn
Supervisor Kathryn Barger

From: 
Joseph M. Nicchitta
Interim Director of Consumer and Business Affairs

**REPORT ON STATUS OF CANNABIS EMBLEM PROGRAM
(JUNE 26, 2018 AGENDA ITEM NO. 8)**

On June 26, 2017, your Board allocated \$350,000 to fund the "Licensed Cannabis Emblem Program" (Emblem Program) and associated consumer education campaign. The program would establish a universal storefront emblem placard to allow consumers to easily determine whether a cannabis store is licensed and educate consumers about the risk of shopping at illegal cannabis stores. The program's purpose is to combat the proliferation of illegal cannabis stores and protect consumers from harm.

The Office of Cannabis Management began working in early 2018 with local cities and a public relations media firm to develop the Emblem Program and completed a design for the emblem placard in Spring 2018. In May 2018, the Office of Cannabis Management introduced the Emblem Program to officials in the California Business, Consumer Services, & Housing Agency (State), which houses the unit that regulates licensed commercial cannabis stores statewide, the California Bureau of Cannabis Control. The State showed initial interest in adopting the program statewide through regulations. The Office of Cannabis Management put a temporary hold on the development and rollout of the program locally while discussions with the State continued.

On June 26, 2018, your Board directed the Interim Director of Consumer and Business Affairs¹ to report back in writing on the status of discussions with the State of California regarding the potential implementation of the Emblem Program statewide, and recommendations for moving forward with the Emblem Program and related education campaign locally if Statewide implementation is infeasible or unlikely.

On July 11, 2018, the State advised the Office of Cannabis Management that the State would not be adopting the Emblem Program at this time.

In this report we recommend your Board:

- Proceed with local implementation of the Emblem Program in the Los Angeles County region; and
- Authorize the Interim Director of Consumer and Business Affairs, or his designee, to enter into a Memorandum of Understanding with cities and other counties to implement the Emblem Program, provided that the Memorandum of Understanding is approved as to form by County Counsel and is substantially similar in all material respects to the Form Memorandum of Understanding attached to this report as Attachment II.

Illegal Cannabis Stores

The number of illegal cannabis stores in County cities and unincorporated areas has generally increased over the past decade. Following the passage of Proposition 64 (Adult Use of Marijuana Act) in November 2016, many consumers do not understand that illegal cannabis stores are not allowed to sell cannabis products, and many also do not understand the safety risks of shopping at an illegal cannabis store. At the same time, consumers cannot easily distinguish between an illegal store and a legal one. There is no uniform mechanism for a cannabis store to demonstrate it has received licenses to operate and many stores falsely claim that they are allowed to operate under Proposition 64.

Illegal cannabis stores threaten the health and safety of consumers. Cannabis products in illegal cannabis stores do not undergo required testing and are not monitored for the presence of contaminants, and, as a result, these illegal stores sell products that are more likely to be contaminated by mold, fungus, pesticides, human byproducts, chemicals, and

¹ The Office of Cannabis Management reports to the Interim Director of Consumer and Business Affairs.

other adulterants. Many of the contaminants that have been found in products sold at illegal stores can create serious physical harm when consumed. One such contaminant is the fungicide myclobutanil, which can convert into hydrogen cyanide when heated, an extremely poisonous substance that is potentially fatal to humans when consumed in sufficient quantities.

Products in illegal cannabis stores also may not comply with the strict packaging and labeling requirements legal stores must follow. These products are more likely to be mislabeled and lack required descriptions of active ingredients in, or the potency of, cannabis products. Additionally, cannabis products sold by legal stores cannot be packaged in a way that is attractive to children and must be in child-resistant packaging.

Because illegal cannabis stores and their products are not regulated under applicable health, safety, and sanitation laws, tainted products sold at these stores may be difficult or impossible to track and recall. Legal stores, on the other hand, are inspected for sanitation, employee practices, and product safety. If a public health risk is identified at a legal store, tainted products can be traced and recalled to protect consumers from further harm, and the business may be subject to closure.

Furthermore, illegal stores do not comply with laws designed to protect life and safety, such as ingress/egress and emergency exit requirements, occupancy limits, fire code standards, and other important safety regulations. Additionally, owners of illegal stores do not go through background checks required of legal store owners and may be associated with criminal activity. Consequently, consumers and employees who shop and work at illegal stores could be at risk.

Lastly, in December 2017, your Board adopted an ordinance establishing a public health permit for cannabis businesses, and delegated authority to the Director of the Department of Public Health to contract with County cities to inspect cannabis businesses for compliance with health standards. Illegal cannabis stores will not be in compliance with any applicable health and sanitation laws and are not inspected by the Department of Public Health, compounding risks to consumers.

Emblem Program for Authorized Cannabis Stores

Direct enforcement against illegal cannabis stores, including criminal and civil actions to shutter businesses, has not succeeded in closing all illegal stores, and new illegal stores continue to open. This problem is not unique to unincorporated County areas. Some cities and other counties are also having difficulty controlling the number of illegal cannabis stores operating within their jurisdictions.

Consumer education campaigns can help closure efforts be more successful by driving customers away from illegal stores. A uniform emblem placard that is required to be displayed by licensed cannabis stores, coupled with a campaign that educates consumers about the risks of shopping at illegal stores, is a relatively straightforward way for consumers to determine whether a store has received the appropriate authorizations to operate and enables them to make informed decisions when purchasing commercial cannabis.

Accordingly, the Emblem Program would require a cannabis store that has obtained all required State and local approvals to display a uniform emblem placard containing information about the store's authorization. The placard will be visible outside the store so a consumer can tell whether a store is legal before going inside.

The Emblem Program will be combined with an education campaign to inform consumers about the significance of the placard and how and why to avoid illegal cannabis stores. The Emblem Program will protect consumers and reduce the profitability of unlicensed and unregulated cannabis stores which, in combination with other closure efforts, is expected to reduce the number of illegal stores over time.

The Office of Cannabis Management partnered with a public relations consultant (emblem consultant) and designed an emblem placard for the program with input from neighboring cities and feedback from focus groups comprised of regular cannabis users. The emblem placard prototype is attached to this report (Attachment I).

The emblem consultant has begun developing the educational outreach campaign to inform consumers about the significance of the emblem placard and educate them about the health and safety risks of shopping at an illegal cannabis store. The campaign will be mostly digital and will target cannabis consumers with web and social media advertisements.

Discussions with the State of California

As explained above, in May 2018, the Office of Cannabis Management introduced the Emblem Program to State officials. The State showed initial interest in adopting the program statewide through State regulation. The Office of Cannabis Management put a temporary hold on the development and rollout of the program locally while discussions with the State continued.

On July 11, 2018, the State informed the Office of Cannabis Management that the State would not implement the Emblem Program at this time, although opportunities may exist for a future partnership with the State.

Partnering with Cities to Implement the Program

The Emblem Program will be more impactful if the emblem placard is displayed in all legal cannabis stores, regardless of jurisdiction. In the absence of the State implementing the Emblem Program statewide, the Office of Cannabis Management recommends that the County move forward with local implementation. Although the County does not presently permit cannabis stores in unincorporated areas, the program can be implemented in partnership with regional cities that allow, or intend to allow, cannabis stores. In a February 7, 2017, motion on cannabis regulation, your Board directed the Office of Cannabis Management to work with local cities to promote uniformity of regulations and best practices within the entire County. Under this direction, the Office of Cannabis Management has actively engaged regional cities on cannabis issues, including partnering to implement the Emblem Program.

The Office of Cannabis Management has discussed the Emblem Program with each city in the greater Los Angeles area that will authorize cannabis stores. The two largest cities in the region that will allow cannabis stores, Long Beach and Los Angeles, have committed to participating in the program and being a part of the initial rollout. The remaining eight cities in the County that will allow cannabis stores, as well as two cities in neighboring counties, have also expressed interest in participating in the program. These cities are Bellflower, Culver City, Huntington Park, Malibu, Maywood, Pasadena, San Bernardino, Santa Ana, Santa Monica, and West Hollywood. The Office of Cannabis Management staff will continue to engage these, and other cities, to increase the number of jurisdictions participating in the program.

Because the County does not have jurisdiction to license cannabis stores in cities or other counties, a Memorandum of Understanding (MOU) must be executed to authorize cities and other counties to join the Emblem Program and use the emblem and associated education campaign materials. With your Board's approval, the Interim Director of Consumer and Business Affairs, or his designee, will enter into an MOU with local cities and other counties to implement the Emblem Program. The MOU will set forth the duties and obligations of the County and each participating agency with respect to the Emblem Program and will license the use of the emblem and associated education campaign materials. Participating jurisdictions must also adopt a model ordinance to implement and enforce the program locally. A model ordinance is included as an attachment to the MOU. Upon direction from your Board, the Office of Cannabis Management will work closely with cities to enter into MOUs and adopt the model ordinance. The draft MOU, including the model ordinance, is attached to this report (Attachment II).

The Office of Cannabis Management will work with the emblem consultant to finalize the public education campaign to inform consumers about the Emblem Program and the risks of patronizing illegal stores. The digital media content and tools developed as part of the campaign will be shared with participating jurisdictions for reproduction. The Emblem Program education campaign will launch concurrently with the implementation of the program in the first group of participating cities.

The Office of Cannabis Management will also develop a branded Emblem Program website that provides information about the program and the risks of shopping at illegal cannabis stores. The website will provide information to assist consumers to identify and verify legal cannabis stores across the region.

Should you have any questions concerning this matter, please contact me at (213) 974-9750 or jnicchitta@dcbalacounty.gov, or Julia Orozco at (213) 974-1151 or jorozco@ceolacounty.gov.

JMN:JO
DSK:rld

Attachments

c: Executive Office, Board of Supervisors
Assessor
District Attorney
Sheriff
Agricultural Commissioner/Weights and Measures
Alternate Public Defender
Chief Executive Office
County Counsel
Fire
Human Resources
Public Defender
Public Health
Public Works
Regional Planning
Sheriff Civilian Oversight Commission
Treasurer and Tax Collector



Issued To:

Business Name and/or
DBA

Expires: XX/XX/XXXX

Agency:

Agency Name Here

Program Administrator:

Agency Name Here

Authorized Location:

1234 Anystreet Blvd. Unit A,
Los Angeles, CA 90001

Address:

Address line one

Address line two

State License:

Adult-use License

Medicinal License

Local License:

Adult-use License

Medicinal License

Phone:

(XXX) XXX-XXXX

Signature:

Date:



This location is authorized
to sell cannabis to adults
age 21 and older



This location is authorized
to sell medicinal cannabis to
patients age 18 and older



Verify this business at: CannabisReg.org or call: 888.424.9876

– MEMORANDUM OF UNDERSTANDING –

EMBLEM PROGRAM FOR AUTHORIZED CANNABIS STORES

This Memorandum of Understanding ("MOU") is entered into by and between the County of Los Angeles ("County"), by and through the Los Angeles County Chief Executive Office, and participating agencies ("Participating Agency" or "Participating Agencies") as reflected herein, for the purposes of implementing the Emblem Program for Authorized Cannabis Stores ("Program"), a collaborative, cross-jurisdictional effort to educate consumers and deter the operation of unlicensed and unregulated cannabis stores in incorporated and unincorporated parts of Los Angeles County and elsewhere in California.

Recitals

- A. WHEREAS, unlicensed and unregulated cannabis stores threaten the health and safety of consumers by selling products that are cultivated, manufactured, prepared, and processed outside of the regulated cannabis marketplace. These products may be tainted, contaminated, mislabeled, unlabeled, or misbranded, and may cause injury or illness if consumed.
- B. WHEREAS, unlicensed and unregulated cannabis stores harm the peace, comfort, and welfare of people who live and work nearby. These stores are more likely to operate outside of proscribed hours of operation, without meeting minimum locational and operational standards, such as parking, lighting, and landscaping, and may be more likely to sell cannabis to minors or in quantities that exceed legal limits in violation of applicable law.
- C. WHEREAS, consumers should be able to tell whether a cannabis store is unlicensed and unregulated without having to enter the premises, and should understand the risks and consequences of shopping at an unlicensed and unregulated cannabis store. This knowledge and understanding will empower consumers to make smart choices to protect their health and safety. Communities will also benefit from a reduction in the number of unlicensed cannabis stores if consumers decide not to shop at those stores.
- D. WHEREAS, the Program requires cannabis retailers that have received all required state and local licenses, permits, or other authorizations to display a placard containing a unique emblem known as the "Authorized Cannabis Store Emblem", which is attached hereto as **Exhibit A (Authorized Cannabis Store Emblem)**. Also as part of the Program, the County is developing a consumer education campaign, including advertisements, web and social media content, and other materials, to inform consumers about the significance of the emblem and the health and safety risks associated with shopping at an unlicensed and unregulated cannabis store not displaying the emblem (collectively, "Program Education Campaign").

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- E. WHEREAS, the County Board of Supervisors funded the development of the Program and Program Education Campaign.
- F. WHEREAS, the County desires to maximize the reach and outcome of the Program and Program Education Campaign by partnering with cities and other counties to ensure that consumers across the region avoid shopping at unlicensed and unregulated cannabis stores. To further this goal, the County will make the Authorized Cannabis Store Emblem and digital Program Education Campaign materials available to Participating Agencies, at no cost, provided the Participating Agencies standardize implementation of the Program and conduct regular inspections to maintain the integrity of the Program, among other requirements as specified in the MOU.
- G. WHEREAS, Participating Agency desires to participate in the Program pursuant to the terms and conditions set forth in this MOU.

NOW, THEREFORE, in consideration of the promises, conditions, covenants, and Recitals set forth above being incorporated in the Agreement as though fully set forth herein, the Parties to this MOU agree as follows:

Agreement

1.0 Purpose

This MOU sets forth the duties and obligations of the County and each Participating Agency with respect to the Program and licenses the use of the Authorized Cannabis Store Emblem, Emblem Placard (as defined in Section 4.5 (Emblem; Emblem Placard)) and Program Education Campaign materials to the Participating Agency as part of its participation in the Program.

2.0 Term of Agreement

This MOU is effective as between the County and each Participating Agency as of the date the Participating Agency executes this MOU. The MOU shall continue in effect as between the County and each Participating Agency until terminated pursuant to Paragraph 9.0 (Termination). The MOU will terminate in its entirety as between the County and each Participating Agency, and as between all Participating Agencies, if terminated by the County pursuant to Paragraph 9.1.

3.0 Participating Agencies

3.1 The Program is administered by the County in partnership with the Participating Agencies listed in **Exhibit B (Participating Agencies)**, as amended from time to time, which is attached hereto and made a part of this MOU by this reference. The County must amend Exhibit B (Participating

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Agencies) each time a Participating Agency joins or leaves the Program, and must maintain an accurate and up-to-date copy of Exhibit B (Participating Agencies) on file. The County will notify each Participating Agency when another Participating Agency joins or terminates its participation in the Program, and will provide each Participating Agency with a copy of the revised Exhibit B (Participating Agencies).

3.2 For the purposes of Paragraph 3.1, a Participating Agency joins the Program by executing this MOU, and leaves the Program by withdrawing from the Program pursuant to Paragraph 9.4, or when the MOU is otherwise terminated as to that Participating Agency pursuant to Paragraph 9.0.

3.3 A Participating Agency must be a city or county in the State of California.

4.0 Program Requirements

4.1 The County and each Participating Agency agree to carry out the provisions of this MOU and implement the Program diligently and in good faith, to the mutual benefit of the County and all Participating Agencies.

4.2 Program Administrator

4.2.1 The County and each Participating Agency must designate a Program Administrator, who will be responsible for administering the Program for the County and each Participating Agency, respectively. The Program Administrator must be a chief administrative officer, city manager, planning director, community development director, other department head, senior management official with responsibility for commercial cannabis regulation, or equivalent person with sufficient authority to carry out the provisions of this MOU. The Program Administrator may carry out her or his obligations with respect to the Program through designees and subordinates, as assigned by the Program Administrator.

4.2.2 Unless otherwise specified in Exhibit B (Participating Agencies), as amended, the Program Administrator for the County is:

Cannabis Management Officer
Los Angeles County Chief Executive Office
Kenneth Hahn Hall of Administration
500 West Temple Street, 7th Floor
Los Angeles, California 90012

4.2.3 The Program Administrator for each Participating Agency is identified in Exhibit B (Participating Agencies), as amended. Each Participating Agency must notify the County immediately any time

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there is a change to its designated Program Administrator's information, as specified in Exhibit B (Participating Agencies).

4.3 Implementing Ordinance

- 4.3.1 Except as provided in Paragraph 4.3.3, each Participating Agency must adopt an ordinance to implement the requirements of the Program, and enforce the provisions of the ordinance. The ordinance must substantially conform in all material respects to the model ordinance contained in **Exhibit C (Model Ordinance)**, which is attached hereto and made a part of this MOU by this reference. Each Participating Agency must adopt the ordinance within 30 days of executing the MOU, or within 180 days if adopting the ordinance requires a duly noticed public hearing.
- 4.3.2 Each Participating Agency must provide the County not less than 14 days' notice prior to amending an ordinance adopted pursuant to this Paragraph 4.3 (Implementing Ordinance), but in no event less than 10 days' notice prior to making the proposed ordinance amendment part of a publicly available agenda for the consideration of the Participating Agency's board of supervisors or city council.
- 4.3.3 The parties to this MOU acknowledge that ordinances approved by initiative or ballot measure may limit a Participating Agency's implementation of the Program. In such event, the parties to this MOU agree that the County may, in its sole discretion, allow a Participating Agency to participate in the Program if the Participating Agency agrees to implement administrative controls sufficient to ensure the material provisions of the Program are enforceable within the jurisdiction of the Participating Agency and that the Participating Agency's participation is consistent with the objectives of the Program as expressed in this MOU.

4.4 Authorized Cannabis Store

- 4.4.1 For the purposes of this MOU, an authorized cannabis store means a retailer engaged in the commercial sale of medical or adult-use cannabis to customers at a physical location, provided:
 - 4.4.1.1 The retailer has obtained a Type-10 (Retailer) or Type 12 (Microbusiness) license from the State of California, or a temporary authorization from the State Bureau of Cannabis Control to operate an onsite cannabis retail location or microbusiness with an onsite retail component;

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- 4.4.1.2 The retailer has obtained all licenses, permits, or authorizations required by the city, if it is located within the incorporated jurisdiction of a city, or the county in which it is located sufficient to allow the retailer to engage in the sale of medical or adult-use cannabis; and
- 4.4.1.3 The retailer keeps all applicable licenses, permits, or authorizations current and valid, and remains in good standing to engage in the sale of medical or adult-use cannabis within the city, if it is located within the incorporated jurisdiction of a city, or the county in which it is located.
- 4.4.2 The County and each Participating Agency agree to issue the Emblem Placard to authorized cannabis stores only, as provided for in Section 4.5 (Emblem; Emblem Placard).
- 4.5 Emblem; Emblem Placard
 - 4.5.1 The County and each Participating Agency agree to require authorized cannabis stores within their jurisdiction to display the attached emblem placard ("**Emblem Placard**") at **Exhibit D (Emblem Packard)** containing the Authorized Cannabis Store Emblem developed by the County for the Program. The Emblem Placard must conform to the design and specifications contained in **Exhibit E (Emblem Style Guide)**, which is attached hereto and made a part of this MOU by this reference. As will be determined by County, each Participating Agency will either (1) obtain the preprinted Emblem Placards from the County, or (2) hire a professional printing service to create the Emblem Placards and ensure that all Emblem Placards are made with high quality materials and workmanship, and include the anti-counterfeit features specified in Exhibit E (Emblem Style Guide).
 - 4.5.1.1 Should the County provide a Participating Agency with preprinted Emblem Placards, the County may require that the Participating Agency reimburse the County in advance for the actual cost to the County of printing the Emblem Placards.
 - 4.5.1.2 Should the County permit the Participating Agency to hire a professional printing service as provided for in Section 4.5.1, the County will make the Emblem Placard template available to each Participating Agency in digital format to allow Participating Agencies to create Emblem Placards

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that conform to the design specifications contained in Exhibit E (Emblem Style Guide).

4.5.2 The County and each Participating Agency agree the Emblem Placard will contain unique identifying information for each premises at which an authorized cannabis store engages in the sale of commercial medical or adult-use cannabis. All Emblem Placards must display the following information, which will be inputted by the Participating Agency:

- A. The name and official seal of the county or city issuing the placard;
- B. The county or city agency responsible for issuing the placard;
- C. A license or permit number from the State of California and from the agency issuing the placard;
- D. A contact email address or phone number for the county or city issuing the placard at which a member of the public can make inquiries or lodge a complaint about the business;
- E. The name of the licensee or permittee and the name of business; and
- F. The street address that corresponds to the premises where commercial cannabis is being sold.

EXCEPT AS PERMITTED ABOVE TO ADD THE REQUIRED INFORMATION CONTAINED IN PARAGRAPH 4.5.2(A)-(F), A PARTICIPATING AGENCY WILL NOT CUSTOMIZE, ALTER IN ANY MANNER, EDIT, REVISE OR CREATE DERIVATIVE WORKS OF THE EMBLEM PLACARD, UNLESS THE COUNTY GRANTS PRIOR APPROVAL IN WRITING TO SUCH MODIFICATION. THE COUNTY MAY REJECT ANY MODIFICATION OF THE EMBLEM PLACARD THAT DOES NOT MEET ITS APPROVAL, IN ITS SOLE DISCRETION.

4.5.3 The County and each Participating Agency must ensure that Emblem Placards are posted in a location on the authorized cannabis store's premises that is clearly visible to the general public and to patrons entering the retailer's premises. An Emblem Placard is "clearly visible to the general public and to patrons entering the retailer's premises" if it is:

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4.5.3.1 Posted in the front window of the retailer within five (5) feet of the front door or posted in a display case mounted to the outside front wall of the retailer within five (5) feet of the front door; or

4.5.3.2 Posted in a location that the Program Administrator determines will ensure proper notice to the general public and to patrons.

4.5.4 A Program Administrator shall exercise her or his discretion when deciding where an Emblem Placard is posted in a way that furthers the purposes of the Program.

4.6 Inspections

4.6.1 The County and each Participating Agency will conduct at least one annual inspection at the premises of an authorized cannabis store within their respective jurisdictions to ensure the Emblem Placard is being displayed in compliance with the provisions of this MOU. This inspection may be conducted in conjunction with other regular or special inspections.

4.6.2 The County and each Participating Agency will conduct any additional inspections of authorized cannabis stores within their respective jurisdictions that are necessary, in their reasonable discretion, to ensure compliance with the Program requirements.

4.7 Costs and Fees

Except as more specifically provided in Paragraph 4.5.1.1, each party to this MOU will bear its own costs to administer the Program, including but not limited to producing Emblem Placards. Subject to applicable law, the County and each Participating Agency may charge an applicant, business owner, or other person a fee to recover the cost of administering the Program, including but not limited to the cost of printing Emblem Placards and conducting inspections.

4.8 Preventing Unauthorized or Misleading Conduct

4.8.1 The County and each Participating Agency agree to require a business within their respective jurisdictions to remove from display and immediately return or otherwise destroy an Emblem Placard if the business no longer qualifies as an authorized cannabis store for any reason.

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4.8.2 The County and each Participating Agency will take reasonable steps to prevent and stop persons or entities within their respective jurisdictions from displaying the Authorized Cannabis Store Emblem, Emblem Placard or Program Education Campaign materials, or any other design, logo, or other materials reasonably likely to cause a member of the public to believe that a retailer is an authorized cannabis store, when it is not. Such steps may include, but are not limited to, the commencement of civil actions or the referral of cases to the district attorney, city attorney, or other prosecuting agency for investigation. Within three (3) business days of discovery of an improper use, a Participating Agency must report to the County the name and address of the person or entity engaged in the improper use; the contact information for the person or entity, if known; the date the Participating Agency discovered the improper use; and what action the Participating Agency undertook or will undertake to halt such confusingly similar or improper use. The County may also conduct such inspections in Participating Agency's jurisdiction, either with, or without, other regular or special inspections.

4.8.3 The County shall have the right, but not the duty, to commence a civil action, investigation, prosecution, or other action or proceeding against a person or entity who uses or displays the Authorized Cannabis Store Emblem, Emblem Placard, or Program Education Campaign materials in violation of the Program, or who otherwise uses, displays, publishes, or disseminates the Authorized Cannabis Store Emblem, Emblem Placard or Program Education Campaign materials, or any derivative thereof, in violation of the County's rights, including intellectual property rights, or otherwise misleads the public into believing it is an authorized cannabis store.

4.9 Program Education Campaign

4.9.1 The County will implement the Program Education Campaign to alert consumers about the Program, the meaning of the Authorized Cannabis Store Emblem, the Emblem Placard, and to educate consumers about the health and safety risks associated with shopping at an unlicensed and unregulated cannabis store. Subject to the provisions of Paragraph 7.0 (Intellectual Property Rights; License), the County will provide Participating Agencies with digital Program Education Campaign materials at no cost, and Participating Agencies agree to make reasonable efforts to publish, disseminate, and distribute the Program Education Campaign materials to promote the Program and to further the goals of educating and protecting consumers.

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4.9.2 If Participating Agency does not use the Program Education Campaign Materials as is, Participating Agency shall provide County the right to review, approve and reject all proposed uses of the Program Education Campaign materials at least 10 business days before materials containing the Program Education Campaign materials, or any derivatives thereof, is distributed or displayed, or placed in the stream of commerce in any manner. The County may reject any use of the Program Education Campaign materials that does not meet its approval, in its sole discretion.

5.0 Website

The parties agree that a goal of the Program is to maintain a branded website, available to the public, that contains a list of the names and addresses of all authorized cannabis stores approved by the County and Participating Agencies. The parties will work in good faith to agree upon information and cost-sharing to establish the website, keep information on the website current, and ensure the website furthers the objectives of the Program.

6.0 Identification of Partnership with the County

6.1 Each Participating Agency must include the following statement in any written material or digital or broadcast media intended to promote the Program:

The Emblem Program for Authorized Cannabis Stores is administered by the Los Angeles County Office of Cannabis Management in partnership with [Name of Participating Agency] to protect consumers and combat illegal commercial cannabis sales.

6.2 When written, the statement in Paragraph 6.1 must be in at least 18-point font, unless all other text, excluding titles, headlines, or similar leads, is smaller than 18-point font, in which case the statement in Paragraph 6.1 must be the same size as the other text.

7.0 Intellectual Property Rights; License

7.1 All materials, including but not limited to, the Authorized Cannabis Store Emblem, Emblem Placard, Program Education Campaign materials, designs, logos, photographs, images, graphics, text, videos, advertising, website plans and designs, promotional materials, interactive media, outlines, sketches, and summaries, developed by the County for the Program, and any and all intellectual property rights to these materials, including but not limited to any copyrights, trademarks, service marks, trade secrets, design rights, domain name rights, and any other proprietary rights,

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and derivatives thereof of these materials, are and shall be the sole property of the County (collectively, "County Materials").

- 7.2 Subject to the limitations contained in Paragraph 7.3, the County hereby grants each Participating Agency a nontransferable, nonexclusive, license to use, display, and publish the County Materials while Participating Agency is participating in the Program (the "License"), for the noncommercial purpose of promoting the Program and its public education message, in any media now existing or which may exist in the future ("License Scope"). Participating Agencies must not modify any County Materials, except with prior written permission from the County to make such modifications, which permission may be withheld in the County's sole discretion. All requests for modification must be submitted to the County at least 10 business days before the planned use date by Participating Agency. Any other use outside of the License Scope is strictly prohibited, and violates the terms of the License and this MOU. Participating Agency further acknowledges that title and the intellectual property rights of the County Materials are reserved by County. Participating Agency acquires no rights to the County Materials, other than the limited rights provided by this MOU.
- 7.3 No Participating Agency shall use, display, or publish the County Materials in violation of any applicable law, including but not limited to the federal Controlled Substances Act; or in a manner that could impede the purposes of the Program; harm, disparage, or negatively impact the reputation or image of the County or another Participating Agency; or subject the Program, the County or a Participating Agency to negative publicity. A Participating Agency must immediately comply with a request by the County to stop using, remove from display, or de-publish any County Materials that the County determines, in its sole discretion, are used, published, or displayed in violation of this paragraph.

8.0 Notice

- 8.1 All notices required or permitted to be made pursuant to this MOU must be sent by first class mail, with a copy by electronic mail, addressed to:

County of Los Angeles
Office of Cannabis Management
Chief Executive Office
Attention: Daniel Kelleher
500 West Temple Street, Suite 726
Los Angeles, California 90012
Email: dkelleher@ceo.lacounty.gov

Participating Agency

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See Exhibit B

- 8.2 Notices made in accordance with Paragraph 8.1 are deemed made on the date such notices are sent.

9.0 Termination

- 9.1 The County may terminate this MOU in its entirety for the following reasons:

- 9.1.1 The County determines in its sole, subjective discretion that the Program is no longer necessary or will not achieve its purposes, as stated herein; or
- 9.1.2 The County Board of Supervisors fails to appropriate funds sufficient to maintain the Program; or
- 9.1.3 The County determines, in its sole discretion, that termination of the MOU is in the County's best interest.

- 9.2 The County will give all Participating Agencies not less than 60 days' written notice of the County's intent to terminate the MOU pursuant to Paragraph 9.1, and termination will become effective on the 60th day after notice is sent, unless the notice specifies a later date of termination. Each Participating Agency will take immediate steps to revoke or require authorized cannabis stores to destroy emblem placards in their possession, but in no event may a Participating Agency allow any person to display an emblem placard 90 days after the County's termination of this MOU is effective.

- 9.3 The County may terminate this MOU as to a Participating Agency if the County determines in its reasonable discretion that the Participating Agency has breached any material provision of this MOU. Prior to terminating the MOU as to a Participating Agency pursuant to this section, the County must give the Participating Agency written notice of the breach and not less than 30 days to cure the breach. If the Participating Agency fails to cure the breach within 30 days of the date of the County's written notice to the satisfaction of the County, the County may notify the Participating Agency in writing that it has terminated the MOU as to the Participating Agency. Termination will be effective immediately unless the County specifies a later date of termination in its written notice. The Participating Agency must take immediate steps to revoke or require authorized cannabis stores to destroy emblem placards in their possession, but in no event may a Participating Agency allow any person to display an emblem placard 90 days after termination of this MOU as to the Participating Agency becomes effective.

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- 9.4 A Participating Agency may decide to withdraw from the Program for any reason. The Participating Agency must provide the County written notice of its intent to withdraw from the Program, and the withdrawal will become effective upon 30 days from the date of the written notice. When a Participating Agency gives notice of its intent to withdraw from the Program, the Participating Agency must take immediate steps to revoke or require authorized cannabis stores to destroy emblem placards in their possession, but in no event may a Participating Agency allow any person to display an emblem placard 90 days after the Participating Agency withdraws from the Program.

10.0 Governing Law, Jurisdiction, and Venue

- 10.1 This MOU shall be governed by and construed in accordance with the laws of the State of California. The parties agree and consent to the exclusive jurisdiction of the courts of the State of California for all purposes regarding this MOU and further agree and consent that venue of any action brought hereunder shall be exclusively in the County of Los Angeles.
- 10.2 Any action arising out of or related to this MOU shall be limited to actions to enforce the provisions of the MOU or a party's obligations under the MOU. The parties expressly waive any rights to bring any action, claim, or proceeding involving claims for damages pursuant to this MOU.
- 10.3 This MOU is not intended to and must not be construed to give any third party any interest or rights (including, without limitation, any third-party beneficiary rights) with respect to or in connection with any agreement or provision contained or contemplated in this MOU. A party's rights and obligations under this MOU may not be sold, assigned, or otherwise transferred.

11.0 Indemnification

- 11.1 Each party to this MOU must indemnify, defend, and hold harmless each other party, including its special districts, elected and appointed officers, employees, and agents, from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with the respective acts of each party arising from or related to this MOU; provided, however, that no party shall indemnify another party for that other party's own negligence or willful misconduct.
- 11.2 In light of the provisions of California Government Code section 895.2 imposing certain tort liability jointly upon public entities solely by reason of such entities being parties to an agreement (as defined in California Government Code section 895), each of the parties to this MOU, pursuant

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to the authorization contained in California Government Code sections 895.4 and 895.6, shall assume the full liability imposed upon it or any of its officers, agents, or employees, by law for injury caused by any act or omission occurring in the performance of this MOU to the same extent that such liability would be imposed in the absence of California Government Code section 895.2. To achieve the above-stated purpose, each party to this MOU indemnifies, defends, and holds harmless each other party for any liability, cost, or expense that may be imposed upon such other party solely by virtue of said section 895.2. The provisions of California Civil Code section 2778 are made a part hereof as if incorporated herein.

- 11.3 County will further indemnify, defend and hold harmless, Participating Agency in the manner provided for in Paragraph 11.1 for any third party claim alleging that the County Materials infringe any trademark, copyright, patent or other intellectual property rights. However, the foregoing indemnification obligations of County relating to third party infringement shall not apply with respect to: (a) County Materials that are modified or used in a manner where such modification or use was not recommended, authorized in writing or required by County, and where such modification or use is the basis of the third party claim; and (b) the County Materials are combined, included or bundled with any non-County materials, products, or processes that were not recommended, authorized or provided by County, if such liability would not have arisen but for such combination, inclusion or bundling.

12.0 All Rights Reserved

All rights not specifically granted in this MOU are expressly reserved by each party.

13. Waiver

This MOU may be modified or waived only by a separate writing signed by both parties. No consent or waiver, express or implied, by either party of any term or condition of this MOU, or any breach thereof, shall be construed as a consent to or waiver of such term or condition or any other term or breach thereof; nor shall any waiver of any default under this MOU be construed as a waiver of any subsequent such default or other default.

14. Invalidity or Unenforceability

The invalidity or unenforceability of any provision or portion of this MOU shall, as far as possible, not affect the validity or enforceability of the other provisions or portions of this MOU.

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15. Execution

This MOU may be executed in two or more counterparts or by facsimile signature (or both), each of which will be deemed to be an original, but all of which will constitute one and the same agreement.

IN WITNESS THEREOF, the County has caused this MOU to be executed by the Chief Executive Officer. Participating Agencies have caused this MOU to be executed by their duly authorized representatives.

SIGNATURES

DRAFT

**Memorandum of Understanding
Universal Emblem Program for Licensed Cannabis Retailers**

Exhibit A

Authorized Cannabis Emblem



**Memorandum of Understanding
Universal Emblem Program for Licensed Cannabis Retailers**

Exhibit B

Participating Agencies

- 1. City of Los Angeles**
- 2. City of Long Beach**
- 3. City of Culver City**
- 4. City of West Hollywood**

DRAFT

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Exhibit C

Model Ordinance

EMBLEM PROGRAM FOR AUTHORIZED CANNABIS STORES

A. Findings.

1. Unlicensed and unregulated cannabis stores threaten the health and safety of cannabis consumers by selling products that are cultivated, manufactured, prepared, and processed outside of the regulated cannabis marketplace. These products may be tainted, contaminated, mislabeled, unlabeled, or misbranded, and may cause injury or illness if consumed.

2. Unlicensed and unregulated cannabis stores harm the peace, comfort, and welfare of people who live and work nearby. These stores are more likely to operate outside of proscribed hours of operation, without meeting minimum locational and operational standards, such as parking, lighting, landscaping, and other standards, and may be more likely to sell cannabis in quantities that exceed legal limits and sell cannabis to minors in violation of applicable law.

3. Cannabis consumers should be able to tell whether a cannabis store is unlicensed and unregulated without having to enter the premises and should understand the risks and consequences of shopping at an unlicensed and unregulated cannabis store. This knowledge and understanding will empower consumers to make smart choices to protect their health and safety. Communities will also benefit from a reduction in the number of unlicensed cannabis stores.

B. Purpose and Intent.

1. The Emblem Program for Authorized Cannabis Stores (Program) is administered by the County of Los Angeles in partnership with the [INSERT CITY NAME] and other participating agencies as a collaborative, cross-jurisdictional effort to deter the operation of unregulated cannabis stores in incorporated and unincorporated areas of Los Angeles County and elsewhere in California. The Program is intended to protect consumers and stop harmful effects caused by unlicensed and unregulated cannabis stores on local neighborhoods and communities by requiring cannabis stores that have received all appropriate licenses, permits, or authorizations from the State of California and participating agencies to display a unique emblem on the store's premises so that it is highly visible to the public from the exterior of the store.

2. The Program is not intended to promote the use, possession, distribution, manufacturing, or cultivation of cannabis or cannabis products, or to engage in any actions that conflict with any applicable local, state, or federal laws.

C. Definitions.

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1. "Authorized Cannabis Store." A retailer engaged in the commercial sale of medical or adult-use cannabis to customers at a physical location, provided:

a. The retailer has obtained a Type-10 (Retailer) or Type 12 (Microbusiness) license from the State of California, or a temporary authorization from the State Bureau of Cannabis Control to operate an onsite cannabis retail location or microbusiness with an onsite retail component;

b. The retailer has obtained all licenses, permits, or authorizations required by the [INSERT CITY NAME] and any other local agencies sufficient to allow the store to engage in the sale of medical or adult-use cannabis; and

c. The retailer keeps all applicable licenses, permits, or authorizations current and valid, and remains in good standing to engage in the sale of medical or adult-use cannabis in the [INSERT CITY NAME].

2. "Emblem." An emblem that conforms to the design requirements specified in subdivision D and issued to an Authorized Cannabis Store by the Program Administrator as part of the Program.

3. "Emblem Placard." A placard displaying the Emblem and other required information, that conforms to the design requirements specified in subdivision D and issued to an Authorized Cannabis Store by the Program Administrator as part of the Program that notifies the public that the store has received all required state and local licenses, permits, or other authorizations to become an Authorized Cannabis Store.

3. "Memorandum of Understanding." The Memorandum of Understanding entered into by and between the County of Los Angeles and the [INSERT CITY NAME], among other participating agencies, effective as to the [INSERT CITY NAME] as of the date this ordinance is effective. The Memorandum of Understanding sets forth the rights, duties, and obligations of the County of Los Angeles, the [INSERT CITY NAME], and other participating agencies with respect to the Program.

4. "Program." The Emblem Program for Authorized Cannabis Stores.

5. "Program Administrator." [INSERT CITY OFFICIAL], or designee.

D. Emblem—Significance. The Emblem, when displayed on the Emblem Placard in accordance with the provisions of this ordinance, shall serve as notice to the public that the store to which the Emblem Placard was issued is an Authorized Cannabis Store at the time of issuance. The Emblem and Emblem Placard shall not grant any rights or remedies, and shall not be construed as granting any rights or remedies, to any person or entity in possession of the Emblem or Emblem Placard. The Emblem and Emblem Placard may not be sold, assigned, or otherwise transferred, and shall not be removed from the premises of the Authorized Cannabis Store to which the Emblem Placard was issued, except as specified in this ordinance.

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E. Emblem Placard—Procedure for Issuance, Posting, Inspection, and Revocation.

1. Issuance. The Program Administrator shall cause an Emblem Placard to be issued to all Authorized Cannabis Stores.

2. Posting.

a. The Program Administrator shall cause the Emblem Placard to be posted at the store's premises so as to be clearly visible to the general public and to patrons entering the store's premises. For this purposes of this section, "clearly visible to the general public and to patrons entering the store's premises" means:

i. Posted in the front window of the store within five (5) feet of the front door or posted in a display case mounted to the outside front wall of the store within five (5) feet of the front door; or

ii. Posted in a location as directed and determined in the discretion of the Program Administrator to ensure proper notice to the general public and to patrons.

b. An Authorized Cannabis Store shall, at its sole cost, make any reasonable modifications to the exterior or interior of its premises that the Program Administrator determines are necessary to accommodate the posting of the Emblem Placard, including but not limited to modifications to lighting, window treatments, coverings, tinting, glazing, and painting, and the mounting of a display case on the exterior of the premises.

c. An Authorized Cannabis Store shall not alter, move, remove, or otherwise modify an Emblem Placard posted at its premises pursuant to this section unless ordered or authorized to do so in writing by the Program Administrator.

4. Inspection. Not less than once per year, the Program Administrator shall cause an inspection to take place at the premises of an Authorized Cannabis Store to ensure the Emblem Placard is displayed in compliance with the provisions of this ordinance. Inspections shall take place during ordinary business hours and may be unannounced. The Program Administrator may conduct an inspection more than once per year if the Program Administrator determines more frequent inspections are necessary to ensure compliance with this ordinance. Inspections may be conducted in conjunction with or separately from other regular inspections.

5. Revocation. Upon a determination by the Program Administrator that a store ceases to be an Authorized Cannabis Store for any reason, the Program Administrator shall immediately issue an order in writing to the store to remove the Emblem Placard from public view and return the Emblem Placard to the Program Administrator, or provide other evidence satisfactory to the Program Administrator that the Emblem Placard has been destroyed. The Program Administrator's determination shall be final and not subject to appeal.

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F. Violations.

1. Commencing 90 days from the date this ordinance becomes effective, it shall be unlawful for any person to engage in the sale of medical or adult-use cannabis or cannabis products in the [INSERT CITY NAME] unless it is an Authorized Cannabis Store and displays an Emblem Placard in compliance with the provisions of this ordinance.

2. It shall be a misdemeanor and an unfair business practice subject to criminal and civil enforcement to display or use the Emblem or Emblem Placard, or any placard, symbol, or rendering that is substantially or confusingly similar to the Emblem or Emblem Placard, in connection with any commercial cannabis activity for the purpose of falsely holding oneself out as an Authorized Cannabis Store.

3. [INSERT CITY NAME] and the County of Los Angeles may conduct inspections of any store displaying the Emblem or Emblem Placard, or a substantially or confusingly similar Emblem or Emblem Placard, on its premises, for the purposes of determining whether the store is an authorized cannabis store. The inspections shall be during regular business hours and may be unannounced.

G. Termination of Memorandum of Understanding.

In the event the Memorandum of Understanding is terminated as to the [INSERT CITY NAME], or if the [INSERT CITY NAME] withdraws from the Program, the Program Administrator shall notify all Authorized Cannabis Stores in writing of the effective date of such termination or withdrawal. Not more than 90 days after the effective date of termination or withdrawal, all Authorized Cannabis Stores, and any other person displaying an Emblem Placard, must immediately remove the Emblem Placard from public view and return the Emblem Placard to the Program Administrator, or provide other evidence satisfactory to the Program Administrator that the Emblem Placard has been destroyed.








H. Fees.

[PLACEHOLDER FOR COUNTY/CITY FEE PROVISIONS]

**Memorandum of Understanding
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Exhibit D

Emblem Placard

| | | |
|--|---|---|
|  | |  |
|  | |  |
| Issued To: Business Name and/or DBA | Expires: XX/XX/XXXX | Agency: Agency Name Here |
| <hr/> | | Program Administrator: Agency Name Here |
| Authorized Location: 1234 Anystreet Blvd. Unit A, Los Angeles, CA 90001 | | Address: Address line one Address line two |
| State License: Adult-use License Medicinal License | Local License: Adult-use License Medicinal License | Phone: (XXX) XXX-XXXX |
| <hr/> | | Signature: |
|  |  | Date: |
| This location is authorized to sell cannabis to adults age 21 and older | This location is authorized to sell medical cannabis to patients age 18 and older |  |
| <hr/> | | |
| Verify this business at: CannabisReg.org or call: 888.424.9876 | | |

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Exhibit E

Emblem Style Guide

Emblem Printing Style Guide

Instructions:

1. **Imprinted text must be printed using a color laser printer. Printer must be able to print on [insert weight of cardstock paper when determined] 8.5" x 11" paper.**
2. **Stock emblem placards will be inserted into printer so that printed information from template aligns with a 0.3-inch margin from the left side.**
3. **All text must appear in black only. City or County seals must appear in color.**
4. **Font for filling in template must be Tahoma, size 15, except in "Contact Information Section" where the size should be 13 and remain in bold.**
5. **Contact information should state "Verify this business at:" and list at least a phone number to the program administrator or staff member who can verify an authorized business. If the city or county has a website listing authorized stores, this should be listed here as well.**
6. **Seal must be at least 1.5 inches in diameter or must cover the place holder and not obscure any other line. It should be placed 0.4 inches below the "Date:" line and not obscure any other line or writing.**
7. **Date of inspection and signature can be physically written on top of printed emblem, but must not obscure information in any other box**
8. **Hologram sticker must always be placed on the top left corner over the "Place Security Label Here" space.**
9. **Before release, all information must be complete and hologram label must be securely affixed to each placard.**