

# City of Hesperia

## STAFF REPORT



**DATE:** January 21, 2020  
**TO:** Mayor and Council Members  
**FROM:** Nils Bentsen, City Manager  
**BY:** Mike Blay, Assistant City Manager  
Tina Bulgarelli, Administrative Analyst  
**SUBJECT:** Appeal of Revocation of Business License No. BL-45284

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### RECOMMENDED ACTION

It is recommended that the Council hear evidence and render a decision in the appeal of Business License No. BL-45284 for Supreme Smoke Shop.

### BACKGROUND

On October 21, 2019, Code Enforcement visited Supreme Smoke Shop at 17153 Bear Valley Rd. in response to a complaint of the sale of marijuana. Code Enforcement confirmed through conversations with the employees and an inspection of the premises that the store was selling marijuana and marijuana products. The Sheriff's department responded and seized approximately 525 marijuana products. Code Enforcement cited the property owner and the business owner under Municipal Code Section 16.16.460 – Prohibition of Medical Commercial Cannabis Activities.

The Development Services Department is responsible for the issuance and regulation of business licenses. Upon review of the evidence the department elected to revoke the business license of Supreme Smoke Shop per Municipal Code Section 5.04.140(A)(5) to protect the health, safety and welfare of the public; and Municipal Code Section 5.04.10(A)(1) for violation of state and local laws, in this case the sale of marijuana outside of the commercial regulations.

The business owner has requested an appeal of the revocation of the business license. Per Municipal Code Section 5.04.150 the City Council hears and renders a decision on the appeal of the license revocation.

### ISSUES/ANALYSIS

The business owner, Magid Ali Abdelhadi allowed the Sheriff's department and Code Enforcement to inspect the property. He was having customers provide a medical recommendation and charging them a membership fee, similar to a collective, where each marijuana product was available for a "donation" of \$25 for each product. He stated to Code Enforcement that he serves approximately ten persons per day.

The proliferation of the illegal market in the cannabis industry is well known. While the business owner purports not to know that the sale of marijuana is without proper licensing and in the right zone, staff does not believe that relieves him of the responsibility to follow state and local law.

The fact that the sale was for medical marijuana only gives the impression that there was at least some knowledge on the part of the business owner about the cannabis regulations in Hesperia. Additionally, the business owner stated to Code Enforcement that he purchases his product from a warehouse in Orange County and only needs a sellers permit to purchase from them. The warehouse is selling marijuana to unlicensed dealers, furthering the illegal market.

Staff is aware from comments made by members of the cannabis industry and the public that smoke shops in Hesperia are selling marijuana and marijuana products, and believe that this issue is ongoing, and will continue enforcement as necessary to continue to combat the illegal marijuana industry in Hesperia.

### **FISCAL IMPACT**

There is no fiscal impact related to this item.

### **ALTERNATIVE(S)**

1. Provide alternative direction to staff.

### **ATTACHMENT(S)**

1. City Revocation Letter dated January 6, 2020
2. Appeal Packet from Magid Ali Abdelhadi, owner of Supreme Smoke Shop