



San Diego City Attorney Jan I. Goldsmith

NEWS RELEASE

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Defiant Pot Shop Must Pay \$1.8 Million *Illegal operation in Pacific Beach had refused to close*

A defiant Pacific Beach marijuana dispensary and its president have been ordered to pay the City \$1,835,000 in civil penalties for operating a pot shop on Garnet Avenue in violation of City zoning laws.

The judgment against SoCal Holistic Health, Inc. and its president, Ryan Murphy, was entered Nov. 20 by Superior Court Judge Timothy Taylor, who also issued a permanent injunction that bars both SoCal and Murphy from operating another dispensary anywhere in San Diego.

The judgment represents a penalty of \$2,500 for each of the 734 days that the dispensary at 1150 Garnet Avenue acknowledged being in operation. The defendants were also ordered to reimburse to the Code Enforcement Division of the City \$1,065 in investigative costs and to pay litigation costs to be determined.

“The judges are sending a message, and so are we: Marijuana dispensaries can either follow the law or they will pay a high price for their actions,” City Attorney Jan Goldsmith said. **“Every business has to comply with zoning laws. You can’t open a dog kennel or a dry cleaner anywhere you like, and neither can you open a marijuana dispensary in neighborhoods where City zoning laws forbid them. My office will continue to close these illegal dispensaries and see that their operators face stiff consequences.”**

Police Chief Shelley Zimmerman, whose department works closely with the City Attorney’s Office on these enforcement actions, said the size of the judgment reflects the high importance the City assigns to this problem.

“This illustrates why San Diego’s method for closing illegal marijuana dispensaries has proven so successful,” Chief Zimmerman said. **“It’s a collaborative approach to keeping our neighborhoods safe.”**

Chris Boudreau, a board member for the Alliance for Responsible Medicinal Access (ARMA), San Diego’s cannabis business trade association, said the success of the City in closing down illegal operations is helping to create a “fair and safe environment” for medical marijuana retailers.

“The City of San Diego is making a clear statement that store owners not operating within the current local zoning ordinance will face severe consequences,” Boudreau said. **“There are many applicants working hard to become respectful and compliant operators under San Diego’s ordinance, and ARMA stands with the City to support a future of compliant marijuana operations that better serve the needs of**

San Diego residents by offering a reasonable level of access to businesses that offer a positive community experience.

“Due to past differences between political interests and the voter established laws, the cannabis industry once operated like the ‘Wild West’, but more recently established regulations allow a path for compliance. Rogue operators put a blemish on both the municipal leaders who have developed the current ordinance, and on marijuana businesses working through the process to be responsible members of the community,” Boudreau said.

ARMA and local officials work together to support a path to compliance for businesses looking to serve the needs of San Diego residents. (For more information about the Alliance for Responsible Medicinal Access, contact Boudreau at chris@greenribbonconsulting.com.)

Since September 2011, 290 illegal dispensaries have been closed through enforcement action by the City Attorney’s Office. Most operations close once ordered to do so by a judge, but a handful have continued to operate in defiance of the court’s order. SoCal Holistic Health was among these offenders.

The City Attorney’s Office sought an injunction and penalties against Murphy and SoCal Holistic Health in December 2014 for operating without proper permits and in an area not zoned for marijuana dispensaries. The dispensary was ordered closed in February 2015, but resisted closing despite police enforcement.

Earlier this year, Murphy and SoCal filed a cross-complaint against the City, claiming that enforcement of City zoning laws violated their constitutional rights. Last month, Judge Taylor dismissed the cross-complaint and grant the City’s motion for summary judgment.

Enforcement action against the illegal dispensary was conducted by Deputy City Attorney Jon Dwyer of the Code Enforcement Unit of the Community Justice Division.

After the cross-complaint was filed, the litigation was taken over by Deputy City Attorney M. Travis Phelps of the Civil Litigation Division.

Illegal dispensary operations at 1150 Garnet Avenue predate SoCal, and include San Diego Organic Wellness, which was ordered closed in 2014. In December 2014, landlord John I. Nobel agreed to pay a \$250,000 civil penalty for leasing properties in Pacific Beach, North Park and the Midway District to illegal dispensaries.

The stipulated judgment against Nobel was the largest previously obtained by the City in a dispensary enforcement action. The courts have awarded the City approximately \$3.5 million in judgments on dispensary cases; the funds are used to enhance future code enforcement efforts.

“We believe there are other dispensaries operating illegally in San Diego beyond those that have been referred to us for prosecution,” Goldsmith said. **“When cases on those or other dispensaries are investigated and brought to us by the San Diego Police Department or Code Enforcement Division, we will close them down and obtain monetary sanctions.”**

Complaints regarding marijuana dispensaries may be referred to the Code Enforcement Division of the City at (619) 236-5500.

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