

**U.S. DEPARTMENT OF JUSTICE**

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July 1, 2011

Mayor Ann Schwab
City of Chico
PO Box 3420
Chico, CA 95927

Dear Mayor Schwab:

It has come to my attention that the City of Chico is considering an ordinance which would authorize permits for two medical marijuana cultivation facilities, each up to 10,000 square feet. This letter is written to ensure there is no confusion regarding the U.S. Department of Justice's position regarding municipal ordinances and state laws that purport to establish proposed marijuana cultivation or licensing programs.

Congress has determined that marijuana is a controlled substance. Congress placed marijuana in Schedule I of the Controlled Substances Act (CSA) and, as such, growing, distributing, and possessing marijuana in any capacity, other than as part of a federally authorized research program, is a violation of federal law regardless of state laws permitting such activities. The Department of Justice is firmly committed to enforcing the CSA in all states. As stated in the October 2009 memorandum from then Deputy Attorney General David Ogden, and in the memorandum issued yesterday by Deputy Attorney General James Cole, while the Department does not focus its limited resources on prosecuting seriously ill individuals who use marijuana as part of a medically recommended treatment regimen in compliance with state law, we will enforce the CSA vigorously against individuals and organizations that participate in unlawful manufacturing and distribution activity involving marijuana, even if such activities are permitted under state law.

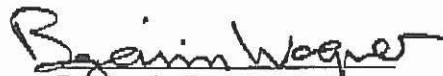
Consistent with federal law, the Department maintains the authority to pursue criminal or civil actions for any CSA violations whenever the Department determines that such legal action is warranted. This includes, but is not limited to, actions to enforce the criminal provisions of the CSA such as Title 21, United States Code, Section 841, making it illegal to manufacture, distribute, or possess with intent to distribute any controlled substance including marijuana; Title 21, United States Code, Section 856, making it unlawful to knowingly open, lease, rent, maintain, or use property for the manufacturing, storing, or distribution of controlled substances; and Title 21, United States Code,

Section 846, making it illegal to conspire to commit any of the crimes set forth in the CSA. Federal money laundering and related statutes which prohibit a variety of different types of financial activity involving the movement of drug proceeds may likewise be utilized. The government may also pursue civil injunctions, and the forfeiture of drug proceeds, property traceable to such proceeds, and property used to facilitate drug violations.

The Department is concerned about the proposed ordinance in the City of Chico, as it would authorize conduct contrary to federal law and threatens the federal government's efforts to regulate the possession, manufacturing, and trafficking of controlled substances. Individuals who elect to operate industrial marijuana cultivation facilities will be doing so in violation of federal law. Others who knowingly facilitate such industrial cultivation activities, including property owners, landlords, and financiers, should also know that their conduct violates federal law.

I hope this letter assists you in making informed decisions regarding a proposed ordinance which would permit the establishment of significant marijuana cultivation facilities in the City of Chico.

Very truly yours,



Benjamin B. Wagner
United States Attorney
Eastern District of California

cc: Kamala D. Harris, Attorney General of the State of California
Mike Ramsey, Butte County District Attorney
David Burkland, Chico City Manager
Lori J. Barker, Chico City Attorney