

Cannabis Store Allegedly Uses ‘Sham’ Union to Block Teamsters' Efforts

A major national labor union, the International Brotherhood of Teamsters, is intervening in a San Diego-area cannabis store's legal challenge to California's labor-friendly licensing requirement. This marks the second time the Teamsters have requested to intervene in a lawsuit against the state's labor peace agreement (LPA) requirement. The union's June 20 filing in the U.S. District Court in Southern California alleges more nefarious practices at play.

Allegations of Sham Unions

The Teamsters claim there is a “pattern and practice” of behavior to evade state law, including cannabis companies paying for weak labor agreements with “sham” unions that have no intention of organizing workers. These sham unions undermine the state's requirement for businesses with 20 or more employees to sign an LPA with a bona fide labor union or risk losing their state license.

Legal and Industry Implications

In April, Ctrl Alt Destroy, a cannabis company, sued the Department of Cannabis Control (DCC) in federal court, challenging the LPA requirement as unconstitutional. This case is similar to a previous lawsuit by Urban Therapies Manufacturing, which was dismissed after Teamsters' intervention. The outcome of these lawsuits could set significant precedents affecting the cannabis industry nationwide.

Teamsters' Counterclaim and Payment Allegations

In their June 20 filing, the Teamsters seek damages from Ctrl Alt Destroy, citing the company's alleged efforts to circumvent the LPA requirement. They also allege that sham unions, such as ProTech Local 33, received payments to sign non-binding LPAs. Plaintiff's attorney Gina Austin called the Teamsters' allegations unwarranted.

The court has yet to rule on the Teamsters' request to intervene. This case highlights the ongoing tension between labor organizations and cannabis companies over labor rights and licensing requirements in the rapidly growing cannabis industry

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