

Communication from Public

Name: Tyrone Freeman

Date Submitted: 06/01/2020 01:33 PM

Council File No: 20-0446

Comments for Public Posting: CMA Recommendations for Phase 3, Round 1, Retail licensing applicants' review. In sum, process ALL applicants, require applicants to receive State Approval (full application of compliance), then submit to DCR for processing on a rubric scoring system that includes social equity components consist of a 55% weighted average of any cumulative total. This shall ensure that attorneys, corporations, or licensing professionals and well-resourced applicants don't have a scoring advantage of those less resourced. In addition, the application review consist of several points of review, thus limiting favoritism, cheating, or biases. This proposal ensures the best-qualified social equity applicants, which include fair partnership agreements and profit-sharing, are awarded an opportunity of licensure. The proposal is not reliant on wifi, internet, or uploading time. The process addresses past injustices relative to the recent 100 invoice process, as well as future expectations of fairness. It is second to none.



CALIFORNIA MINORITY ALLIANCE

June 1, 2020

The Honorable Councilwoman, Nury Martinez, City Council President
Rules, Elections, and Intergovernmental Relations Committee Members
Los Angeles City Hall
200 North Spring Street
Los Angeles, CA 90012

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RE: COMMENTS and RECOMMENDATIONS CF: 20-0446: *Department of Cannabis Regulation report, dated April 10, 2020, relative to the performance audit and review of the Departments Phase III Round One Licensing Process.*

Dear Honorable Councilmembers of the Committee:

On behalf of the cannabis business owners, applicants, consumers, employees, community allies, and industry stakeholders of other jurisdictions, who make up the membership of the California Minority Alliance ("CMA"), hereby offers said comments and recommendations in conjunction with those proposed by the Cannabis Oversight Committee¹, relative to the Phase III retail licensing process.

Specifically, this letter serves as an implementation guideline for the collaborated recommended changes discussed with the Department of Cannabis Regulations and outlined in the Cannabis Oversight Committee letter dated May 5, 2020 (see Exhibit A).

RECOMMENDATIONS

That the City Council, subject to the approval of the Mayor:

1. Instruct the Department of Cannabis Regulations (DCR) to report back to City Council within seven (7) days of passage of these recommendations the process/implementation time frame of the administration of application-invoice processing of ALL applicants who submitted an application from September 3, 2019, to September 15, 2019, and meet the requirements of L.A.M.C.104.06.1., by providing evidence of lease agreement occupying the business premise prior to September 3, 2019, to date of passage of this recommendation (*current*). Evidence of lease payment(s) and a property lease compliant with the Bureau of Cannabis Control (BCC) § 5007¹ are mandatory requirements.
2. Instruct DCR to report back to City Council within seven (7) days of passage of said recommendations the administrative evaluation criteria components to determine an applicants compliance with the definition of "Equity Share," as defined in LAMC § 104.20 (c), (d), and (e).
3. Instruct DCR to deem all applicants who accessed the Licensing Application platform Accela prior to 10:00 A.M. on September 3, 2019, and submitted an application on September 3, 2019, as Phase III Round 1(b) applicants to be processed after all other applicants who submitted an application on September 3, 2019, who did not access the Accela platform prior to 10:00 A.M. on September 3, 2019.

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4. Request the Office of the City Attorney, with the assistance of the Department, to prepare and present an ordinance to amend Article 4 to Chapter X of the Los Angeles Municipal Code (LAMC) to:
 - a. Amend 104.06.01 (c) as follows:
 4. ~~The first 75 Tier 1 Applicants and the first 25 Tier 2~~ ALL Applicants who meet the requirements of this subsection, and **DCR's proof of evidence criteria** shall be eligible for further processing pursuant to Section [104.06](#). ~~If less than 75 Tier 1 Applicants meet the requirements of this subsection, DCR may process additional Tier 2 applications, based upon the time and date of application submission, until DCR has identified 100 Tier 1 and Tier 2 Applicants who meet the requirements of this subsection.~~ All Applicants who submitted an application that is not eligible for further processing may apply for Type 10 Application Processing - Round 2.
 - b. Allow ALL Phase III Retail Round 1 Applicant who is eligible for further processing to receive DCR local jurisdiction authorization for the purpose of the application for a state retail license, upon approval of a state Retail annual license; applicants shall receive Temporary Approval provided that the Applicant scores 750 points or more on the application review criteria and **meet all requirements in Regulation No.3, No.4(a)(b), No.5 (a), and clears** a background check through Live Scan for all Owners.
 - a. Allow Social Equity Individual Applicants who submitted an application during the 14-day Phase 3 Retail Round 1 Application Window and were deemed ineligible **or categorized as a Phase 3 Round 1(b) applicant** for further processing, to receive priority processing for a new application for one commercial cannabis activity not subject to Undue Concentration findings (i.e., non-volatile manufacturing, distribution, or delivery) and provide them up to one year to submit a complete annual license application;
 - c. Establish new eligibility criteria for the Social Equity Program for Phase 3 Retail Round 2 and all future Social Equity Program application processing- **SUPPORT for DCR RECOMMENDATION AS PRESENTED.**
 - d. Require Social Equity Individual Applicants who did not submit an application in the 14-day Phase 3 Retail Round 1 Application Window period seeking to participate in Phase 3 Retail Round 2 and all future Social Equity Program applications processing to:
 - i. Own at least 51 percent "Equity Share" (as to be amended) in the Social Equity Applicant seeking a License;
 - ii. Qualify under the newly defined eligibility criteria; and,
 - iii. Exempt from this provision the following Social Equity Individual Applicants seeking to participate in LAMC Sec. 104.06.1(f): 1) Delivery Pilot Program, 2) Phase 3 Retail Round 1 Social Equity Individual Applicants that received an ineligibility letter for further processing because its Business Premises was in a geographic area of Undue Concentration limits or within a 700-foot radius of another Type 10 application, and 3) Phase 2 Applicants eligible for processing pursuant to Section 104.08.

Furthermore, to ensure that Verified Social Equity Persons (S.E.P.) add sustainable value to a Social Equity Application, thus mitigating the likelihood of predatory business agreements. In other words, most "unfair" agreement signed by social equity persons in a business partnership is premised on the imposition of controls, such as decision-making vs. the investment. From this perspective, processing social equity application in a manner that gives valuation to a (SEP) beyond "priority process," which is what the program is currently based, may provide an influential step in the City's long journey of reaching a Social Equity Program of perceived legitimacy.

CMA suggests the following application review and process:

- e. Amend the Phase 3 Retail Round 1 and 2 processing to determine Social Equity Applicants qualifications and compliance for Temporary Approval by establishing the following application review process for all Round 1 and 2 applicants who are deemed eligible, paid their invoice and seek (*proceed to understand all risk*) to be furthered process as follows:
 1. Upon approval of this amended ordinance, all applicants who submitted an application in the 14-day window period beginning September 3, 2019, and new applicants' application reviews will be required to follow this process. The Social Equity Retail Establishment licensing process shall consist of three phases. The first phase shall be completed application submission process outlined in LAMC § 104.06.01. The second phase shall be a review of the entity that is applying. The third phase will be the approval of final licenses pursuant to 104.06.

Phase One-Application Review

1. *DCR receipt of Application following invoice payment.* DCR shall provide access to the licensing platform after the adoption of this amended ordinance and applicants payment of invoice as follows:
 - a. Application window. Following the effective date of this ordinance, ALL eligible Round 1 and Round 1(b) retail applicants shall be invoiced pursuant this section during which the DCR shall provide ALL Retail Applicants that are subject to an undue concentration, in the event that more applications for licenses are submitted during this Round 1 that the number of licenses available, those applications have (7) days to either continue to pursue the current licensing process, select PCN processing and pay an additional fee or seek Type 9 delivery and amend the current application, these applications will then be reviewed accordingly by DCR staff without delay for the said applicant.
 1. If more than one applicant's use of a site premise is being requested at the same time (e.g., two-application for same property APN), both applications shall be rejected.
2. *Application Requirements for Completed Social Equity Application under LAMC 104.06(1).* DCR shall only process applicants deemed eligible for further processing pursuant 104.06 who have submitted the following completed items and is not subject to undue concentration, passes a pre-licensing inspection, receives authorization from the State, submits required attestations and indemnification agreements including:
 1. **A completed copy of the application submitted to the BCC for the facility license** [DCR can compare ownership percentage, financial forms, etc. for the integrity of licensing, also lease agreements. This process will also allow the BCC to perform much of compliance review, allowing DCR to focus on SEP review criteria compliance];

2. Copy of State Annual License issued by BCC.
3. Proof of an adequate premise liability and casualty insurance policy in the amount not less than \$1,000,000 per occurrence, covering the BCC., Retail Establishment and naming the City as an additional insured party, available for the payment of any damages arising out of any act or omission of the applicant or any person or entity considered an applicant under the law or its, agents, employees, or subcontractors;
4. All plans, site plans, inspection approval documents required in accordance with Rule and Regulations No.3, No.4(a)(b), No.5 (a). That is, all premises must be approved for commercial Retail by LAFD and Building and Safety; until such time, the Applicant's application is not "complete"; hence, must comply before submittal.
5. **Voluntary Neighborhood Council (NC) Plan.** Good Neighbor Plan (GNP.). The purpose of the GNP is to identify and propose measures to reduce potential negative impacts on nearby residents and businesses by specific uses. The coordination and collaboration of owners or operators with interested parties both before and after the development or licensing process allows for a proactive approach to create a positive working relationship between the community and the applicant by requiring the formulation of a written implementation program. [Applicants must submit letters or proof of support or participation: NC agenda etc.]
6. **Voluntary Diversity Plan.** If submitted, it requires mandatory compliance with LAMC 104.20 (g). Applicants must submit letter engagement with Regional Hiring facility, EDD, or WIB Plans must include the following: A plan listing all employees expected to be hired and the titles of the employees as well as each employee's duties, employee chart of supervision.ⁱⁱⁱ
7. Financial Agreements [profit share agreements] with Social Equity (Individuals) including any payments, advance payments, or attestation that no such agreements exist.
8. Management Company agreement(s) or attestation that no pre-management agreement terms, supplier agreements, or such related instruments exist. In addition, the attestation shall reflect language that no management agreement shall be executive without DCR approval of compliance with LAMC § 104.21.
9. Acknowledgment from LAPD that the Applicants Neighborhood Liaison has communicated with the LAPD neighborhood precinct. This can be in the form of email, letter, or form DCR creates for LAPD OIC of the day of visit to sign.
10. Copies of a CPA attested financial statement of the non-social equity verified partners (e.g., L.L.C., individuals, etc.). In the case of LLC or Corporation, each member of the entity in case of the LLC, or Directors with 5% or more interest in the Corporation must provide this attestation. This will provide transparency to both the CID unit and DCR on ownership/holder of Social Equity Retail Licenses.
11. Business Plan including a minimum of 24 months financial projections

12. Operating Agreement, Constitution/Bylaws, Corporation/L.L.C. Minutes, stock/unit certificates, shareholder/member agreements, IRS Form K-1s, emails, resolutions, Statement of Information forms filed, other business records of Ownership,
3. Upon an applicant's completion of the application and accompanying documentation and furnishing of all required information and documentation, the DCR shall accept the application for review and consideration. DCR Licensing Manager will also provide copies of the received applications to the relative City Council Member Office Neighborhood Council Staff (e.g., staff assigned to NHC), Mayor's Office of Economic Development, and the Cannabis Commission immediately upon receipt. *This will allow for additional persons to participate in the process to eliminate any question of review integrity.* Each application for a retail facility establishment received by the DCR will have a date and time of receipt recorded on the application both by ACCELA and DCR staff.
4. A DCR internal review committee of DCR licensing staff, DCR social equity division/unit staff, Executive Director, or designee, any member(s) of the Cannabis Commission will review the initial application for administrative completeness as soon as practicable following receipt, but no more than ten business days. *(The timeframe proposal factors in the ability of the Cannabis Commission to make this an operative function of their closed session work agenda since they meet each week if the Commissioners are not available at other application review time).* The Applicant will be notified of administrative completeness or any deficiencies as soon as practicable. Applicants will have 10 business days from the receipt of electronic notification of an incomplete or deficient application to cure the deficiencies of their application or will be disqualified and will not be considered. As soon as an application is deemed to be administratively complete, the priority of that application will be established based on the original recorded time of receipt, or the time at which all deficiencies have been corrected, whichever is later and the DCR will assign it an application number by facility type. The application will proceed to the License application evaluation phase.

Phase Two- License application evaluation.

In order to seek the best candidates for any Retail establishment licensure for the City of Los Angeles, the DCR shall review and score and rank the applicants based upon their objective merits if the number of license applicants exceeds the number of licenses available;

Application Internal Review

Once the applicant has received an application number, additional complete copies of the application must be provided to DCR Executive Director to distribute to the following City Staff.

1. The City Attorney;
2. The City Building and Safety Unit;
3. The City Council Office of which the Retail premise is located;
4. The LAFD Cannabis Unit;
5. The LAPD CID Unit;
6. Cannabis Commission

Comments from the staff listed shall be given to the DCR Licensing Manager no later than 5 business days. *(Most comments would have been inclusive in the preparation work for application submittal, so this should not impede any workflow processes for the aforementioned city staff. That is, the city staff of each department during the prior inspections should have an applicant file and, at this time, may add*

comments to Application). Once comments are given by staff, or time frame elapsed, whichever is sooner, the DCR shall then commence the application evaluation and scoring process.

Factors for Scoring

The DCR shall create a scoring rubric outlining the factors and weight of criteria considered for the scoring of such applications, and shall provide the final rubric for modification and final approval by the majority of the City Council. The scoring criteria shall include factors such as the following factors:

- (a) Qualifications of the Social Equity Applicant (Verified Individual)-Business history and experience & Regulatory compliance/legal history
- (b) % of demonstrated proof of Ownership by business factors (using operating agreements, corporate minutes/records, statement of information, stock/unit certificates, financial documents, BCC ownership interest disclosure forms submitted, stock agreements, etc.)^{iv}- Additional scoring factors are available upon meeting or exceeding a minimum floor of 85% demonstrated Ownership of applicants by:
 - 1. Persons who have established residency in a Police Reporting District as established in the Revised Social Equity Analysis or in a socio-economically challenged defined area within the County of Los Angeles in which the total number of cannabis-related convictions exceeded the average cannabis-related conviction rate for the City of Los Angeles where 30% or more of the population live are low income as defined by LAMC 104.20 with 10 or more years of cumulative and/or non-continuous residency required to qualify.
 - 2. Persons of low income as currently defined in LAMC § 104.20(b).
 - 3. Persons who have established residency in a minimum of 3 of the past 5 years in the City of Los Angeles.
 - 4. Persons who have established residency in a minimum of 3 of the past 5 years in Los Angeles County
 - 5. Persons who have established residency in a minimum of 3 of the past 5 years in the State of California

The % of demonstrated proof of Ownership by business factors shall, at minimum, equate to no less than 55% of the cumulative scoring of the entire scoring metric. In other words, all else being equal on the scoring rubric between applicants, these criteria shall be the determining factor. For instance, all applicants that provide all documents available for proof of Ownership would get 85%, and then factors (b)(1)-(5) would provide scoring differences. Additional b (1) must equal the sum scoring of b(2) + b(3) + b(4) +b(5).

- (c) Ability to Operate- Business Plan.
- (d) Good Neighbor Plan (GNP)- Community Engagement, Community Investment, Community Benefits Agreement with Neighborhood Stakeholders, Defined Partnership with Non-Profit organizations in or servicing the City of Los Angeles, etc.
- (e) Diversity Staffing Plan-including quality of employment type, employee training programming offered, quality of compensation package to be offered to employees, share of employee hiring of City of Los Angeles residence pursuant LAMC 104.20, realistic number of employees hired for applicant location, etc.

DCR shall provide criteria scoring for (d) and (e) based on "proof "documents submitted with the completed application (e.g., a diversity plan submitted with WIB letter of engagement receives a higher score, than a diversity plan equal in meeting all established criteria in 104.20 that does not have said letter).

- (f) Compliance with application requirements

Scoring Assessment

- (a) The DCR assessment, evaluation, score, and rank of each application that requires scoring shall be based upon the scoring criteria identified in the factors of the scoring section of the document, with weighting points per category developed by assigned DCR Social Equity and licensing staff, and stakeholder adopted by City Council and consistent with the requirements and conditions of cannabis-related ordinances
- (b) The DCR may engage professional expert assistance in performing the DCR's duties and responsibilities under this ordinance.
- (c) The DCR will recommend to the Cannabis Commission for temporary approval or licenses to the top-scoring complete applications for the number of licenses available during each Retail licensing Round. Scoring and ranking will be applicable for each enrollment period for new applications.
- (d) Overall scoring and ranking shall be conducted and applied by the DCR on the basis of assigned points from zero points to 1000 points with the lowest overall total score as zero points and the highest possible total score being 1000 points. The DCR retains the right to recommend fewer licenses than the number available if the remaining license application scores fall below 750/1000; however, no license shall be awarded to an applicant whose score falls below 510/1000.
- (e) In the event of an evaluation scoring tie which causes there to be more applicants than licenses or locations available, the following process will be used to break ties between scoring-tied applicants:
 - a. *FIRST TIEBREAKER*: Points awarded based upon the points of Ownership by business factors (Factors of Scoring (b))
 - b. *SECOND TIEBREAKER*: The date and timestamp of submission of an administratively certified completed application, awarded to the applicant with the 1st certified completed application
 - c. *THIRD TIEBREAKER*: Applicants names will be placed in a drawing, and the winner will be picked randomly
- (f) Temporary approvals will be granted by the DCR after the recommendations from the DCR, and any scoring evaluation ties are resolved an approved by the Cannabis Commission

Phase Three- Approval of DCR and Issuance of Licenses pursuant 104.06.

Additional Process amendments to LAMC 104.20

- (1) Amend 104.20 (g) third sentence to read,

Social Equity Applicant Tier 3 shall **attest** to have no less than 50 percent of the weekly hours of Licensee's workforce performed by Employees whose primary place of residence at a minimum equals 5 years or more of cumulative non-continuous residency within a police reporting district as established in the Revised Social Equity Analysis.

(2) Amend 104.06(a) that DCR shall deny Social Equity Retail license where Applicant fails to attest by notarization that 15% of Cost of Goods sold from any other commercial cannabis social equity program licensee. In other words, 15% of Cost of Goods sold shall be purchased from those businesses licensed under LAMC 104.08 and 104.20 for a period of at least 3 years from the date of licensure. This timeframe is in alignment with LAMC 104.20; and Amend 104.22, (c) to state that a mandatory requirement in the Corporate Responsibility Report, shall be evidence to support SEP Retail applicant at minimum had 15% of Cost of Goods Sold in the form of State and Federal Tax filings. *This indirectly provides proof of good corporate conduct in that licensees are paying taxes, evidence for the Office of Finance to compare tax payments, etc.*

(3) Amend 104.06.01 (e)(1) to state ONLY Tier 1 Applicant can apply for PCN. Remove Tier 2.

CMA shall submit a draft rubric and detailed criteria for consideration by DCR.

Sincerely,



Dr. Tyrone Freeman, Executive Director

cc: Ms. Cat Packer, Executive Director

ⁱ Reference: <http://cannabisoversightcommittee.org/>

ⁱⁱ § 5007. **Landowner Approval.** (a) If the applicant is not the landowner of the real property upon which the premises is located, the applicant shall provide to the Bureau a document from the landowner or the landowner's agent that states that the applicant has the right to occupy the property and acknowledges that the applicant may use the property for the commercial cannabis activity for which the applicant is applying for licensure. An applicant shall also provide a copy of the rental agreement, as applicable.

(b) If the applicant is the landowner of the real property upon which the premises is located, the applicant shall provide to the Bureau a copy of the title or deed to the property.

ⁱⁱⁱ The plans are voluntary but carry a high value if included in the application packet. This element will level out the playing field, no matter who prepares the application, the criteria will balance out professionals with individuals. The staff diversity plan criteria is outline in L.A.M.C. 104.20 (g). Listed on Application Review Criteria Metric exist points for an attestation to comply with L.A.M.C. 104.20 (g). In other words, if the voluntary diversity plan attestation form will need to be developed and submitted. This applies to the Voluntary Neighborhood Council Plan as well.

^{iv} A shareholder may also prove ownership through his exercise of the "rights, powers, and privileges that accrue to a stockholder in a corporation," such as "the right to attend stockholders' meetings and vote on matters under consideration by shareholders; the right to hold official position of trust in the corporation; and the right to receive dividends from the profits and gains made by the common fund." "The exercise of these rights by the stockholder is a manifestation of his recognition of ownership of stock in the corporate enterprise. So, also, on the part of the corporation." The corporation manifests its recognition of the shareholder's stock ownership through "certain concessions which it makes to a shareholder. . . . For instance, the acceptance of the subscription contract; the entry upon its stock book of the subscriber as a shareholder; the permission accorded to him of attending shareholders' meetings and voting in matters relative to the management of the corporation-exercising directory judgment of his choice in the selection of agencies who may act for him and for the corporation in management of its business; setting aside and paying over to him the proportionate shares of the profits and gains of the corporation to which he may be entitled by reason of his status as a stockholder. Additionally, minutes are very important for social equity applicants (individual), in that, if a social equity applicant (individual) doesn't pay anything for his/her shares, the Business Organization Code provides that shares must be issued for consideration. But that consideration may include any "tangible or intangible benefit to the corporation, cash, debt, "services performed or a contract for

services to be performed, “or” any other property of any kind or nature.” Understanding that the applicant accepted the consideration (e.g. social equity individual verification qualifications to get license) and issued shares, it may not later “question the adequacy of the consideration for the issuance of the stock certificates”.



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May 5, 2020

The Honorable Eric Garcetti
The Honorable Members of the Los Angeles City Council
Los Angeles City Hall
200 N. Spring Street
Los Angeles, CA 90012

Re: Solutions Allowing the COLA Social Equity Program to Move Forward Expeditiously

Dear Mayor Garcetti and Honorable Members of the Los Angeles City Council:

The organizations signatory to this letter represent the founding organizations and supporters of the Social Equity Movement in Los Angeles. Our collaboration with the City of Los Angeles (the City) began at the dawn of the Social Equity Movementⁱ. Our organizations meaningfully assisted the City as it began creating what is now the largest social equity program in the countryⁱⁱ. We were the first to sound the alarm when impediments to a fair and inclusive process aroseⁱⁱⁱ.

It is in the spirit of this close collaboration that the undersigned respectfully make the following recommendations:

1. To ensure that Phase III Round 1 application submissions are free of predatory practices, conduct a thorough vetting of all Phase III Round 1 invoiced applications.
2. Tier I and Tier II candidates participating in Phase III Round 1 who were victimized by predatory agreements, loans or partnerships will be allowed to amend Phase III Round 1 applications and remove their predatory partnership, investor and or lender to prevent their application from being rejected.
3. The right to amend defective agreements may only be done by Tier I and Tier II applicants disqualified because of predatory agreements with entities, lenders, investors or Tier III partners.
4. Any predatory entity, investor, lender and or individual including incubating Tier III partner may not resubmit agreements/applications for any licenses if they are found to be predatory.
5. Victimized Tier I and Tier II applicants will be given a minimum ninety (90) day period of time to find new investors, partners, lenders, and/or storefront locations, should this be necessary.
6. The vetting process of the initial one hundred applications for Phase III and any additional applications should be done by a qualified independent 3rd party who will report their findings to City Council.
7. Objective criteria should be used to evaluate applications so that a clear pass/fail determination can be made.
8. Create a new merit-based round of licensing to run concurrently with the delivery pilot program, which would add one hundred fifty (150) additional social equity retail storefront licenses.
9. The new round of licensing shall be called Phase III Round 1B.
10. Those who were part of the 226 applicants who logged in early on the first day of submission for Phase III Round 1 may not participate in Phase III Round 1B licensing.
11. Those eligible for Phase III Round 1B licenses must have submitted applications during Phase III Round 1 licensing.
12. Any entity, investor, lender or individual deemed predatory including those classified as Tier III licensees who received a license during the initial Phase III Round 1 of licensing are not eligible to apply for Phase III Round 1B licensing.
13. Should any of the additional one hundred fifty (150) eligible applicants in Phase III Round 1B decide not to compete for a retail store license, they would be eligible for expedited licensure of any non-storefront cannabis licenses offered by the City, including delivery.

14. Make changes to the definitions of social equity Tier I, Tier II and Tier III eligibility criteria to ensure a fair and inclusive process.
15. Add police beats as a residential requirement, so that true impact zones are created.
16. Tier II applicants must meet a financial threshold like that required for Tier I applicants.
17. Immediately start the Delivery license Pilot Program (The program is currently required by ordinance).
18. Cannabis Oversight Committee shall provide a detailed list of items which highlights elements of a predatory agreement, loan, investor, and/or phase III partner and which deems them noncompliant.

The above recommendations may not eradicate past anomalies which called into question the fairness of the application process, nor end the War on Drugs, which continues to disproportionately impact our communities. It does not erase the extreme suffering of Phase III Round 1 Applicants who acquired properties which sat empty for years while they waited for the City to act, eventually forcing social equity candidates to choose between bankruptcy or ending their dream of establishing a business.

However, because these suggestions come from the City's Social Equity Pioneers, who have a deep understanding of the Social Equity Program in Los Angeles, we believe these recommendations represent the best of the solutions available^{iv}.

They create a middle path forward. Implementation eliminates the legal liability the City acquires if it throws out prior results, disenfranchising the one hundred already invoiced. It restores opportunities for social equity licensing to those who were deprived of a license by circumstances beyond their control. For these reasons, it is of the utmost importance that the City move quickly and decisively to implement the recommendations discussed above.

In solidarity,

Americans for Safe Access
 Black Women's Cannabis Council
 California Minority Alliance
 Cannabis Oversight Committee
 Concerned Citizens of South Central Los Angeles
 GoVerde Enterprise Development Corporation
 Green Believers
 The Hutt Group
 Los Angeles Metropolitan Churches
 National Diversity and Inclusion Cannabis Alliance (NDICA)
 Southern California Coalition
 Southern Christian Leadership Conference of Southern California

Cc: Ms. Cat Packer
 Mayoral staff assigned to the cannabis issue
 Council staff assigned to the cannabis issue
 City Commissioners



ⁱ The California Minority Alliance, The Southern California Coalition and Americans for Safe Access all contributed meaningfully to the language of what eventually became voter initiative Measure M, the legislative vehicle which created the Social Equity Program. When the City's Measure M was threatened by rival Measure F, The Southern California Coalition and the California Minority Alliance raised the majority of the donations which funded the Measure M campaign.

ⁱⁱ It was the suggestion of the Southern California Coalition that the City make its first social equity licensees the individuals who were the patient providers under the old collective system. This resulted in the maintenance of the existing supply chain and jump started the Social Equity Program with over 132 non-retail social equity licensees, making the COLA Social Equity Program the largest in the country.

ⁱⁱⁱ Social equity applicants were the first to notice and report anomalies in the computer program which the DCR relied upon to accept Phase III Round 1 Applications.

^{iv} In an initial response to anomalies in the computer program used to submit applications, Council President Herb Wesson proposed two alternatives: throw out all Phase III Round 2 applications and start over, or process all applications received in the appropriate time frame.

See: <https://mjbizdaily.com/wp-content/uploads/2019/10/Letter-to-DCR-Phase-3-Round-1-Process-Herb-J-Wesson-Jr-102819.pdf>