

Communication from Public

Name: Dana Cisneros, Esq.

Date Submitted: 06/30/2020 03:50 PM

Council File No: 20-0446

Comments for Public Posting: Dear Hon. Councilmembers: We are encouraged to see the City of Los Angeles taking active steps to ensure Social Equity applicants are provided with the opportunity to proceed through the licensing process forthwith. We do wish to draw attention to one major issue with the draft ordinance: indefinite restrictions on transfer of ownership held by Social Equity Applicants. The provisions of LAMC §104.20(c)(1)(i) diminish the fair market value of Social Equity owned businesses. As you are likely aware, fair market value is the price a willing buyer would pay a willing seller for the business. LAMC §104.20(c)(1)(i) limits the successful Social Equity applicant from transferring his/her/its/their interest to a third party unless that party meets the same Social Equity eligibility criteria. This significantly reduces the “willing buyer” pool for these businesses. Moreover, the modifications to the Social Equity Program in providing retail licenses to essentially all Social Equity Applicants, and a greater pool of them at that, further diminishes the value of the business. We understand wholeheartedly the need to protect Social Equity applicants from predatory practices and agree with the policy in restricting ownership transfers for the protection of the Social Equity Program. However, the restriction should come with a relevant time period to ensure the Social Equity applicants actually realize the revenue and gains from the business, while at the same time allowing them to create a marketable business. We do not want the Social Equity Program to turn into a time-share “investment.” After nearly fifteen (15) years of business and corporate law practice, we know that successful entrepreneurs always have an exit strategy. LAMC §104.20(c)(1)(i) essentially locks the Social Equity applicant into a business with a reduced fair market value and reduced market in general for what would be one of the most profitable businesses in the country given the Los Angeles consumer market for cannabis. Since you have recognized the need to protect Social Equity businesses in Los Angeles until at least 2025, we recommend that you take a similar approach to LAMC §104.20(c)(1)(i) and restrict ownership transfers to similarly qualified Social Equity applicants for the first five (5) or ten (10) years following actual commencement of operations. In this way, the City can protect Social Equity owners from predatory partnerships, while at the same time, allowing these

individuals the opportunity to grow their business and realize the fair market value upon sale. Frankly, we find LAMC §104.20(c)(1)(i) antithetical to the overall policy objectives of the Social Equity Program; providing Social Equity applicants with an opportunity to obtain a coveted retail license, only to impose restrictions that render said license less valuable than the other 187 retail licenses in the City of Los Angeles sends the message once again that they are not actually afforded the same opportunities as others. We further suggest that you include a provision that allows the business to be sold in the event that cannabis becomes federally legal to ensure these businesses owners capitalize on changes to future market conditions. It makes little sense to only allow the 187 pre-ICO businesses to be eligible for acquisition should large publicly traded American companies enter the market in the future; if you truly wish to enhance the lives of Social Equity applicants, give them the opportunity to become multi-millionaires. Additionally, we noticed a number of provisions that reference State licenses as being required for temporary approval or to relocate the premises. This is not procedurally accurate. The licensing agencies do not permit a change of address without local approval, so this presents a chicken or the egg scenario. Moreover, you seem to be requesting a state license before local approval is obtained or before operations commence. Thank you for your careful consideration of our comments. Sincerely, THE CANNABIS CORPORATE LAW FIRM Dana Leigh Cisneros, Esq.



Cannabis Corporate
— LAW FIRM —

1240 N. Lakeview Ave., Suite 125
Anaheim Hills, CA 92807
(714) 676-2035 (phone) (949) 258-9332 (fax)
dana@cannabiscorplaw.com
www.cannabiscorplaw.com

June 30, 2020

Los Angeles City Council
John Ferraro Council Chamber
Room 340, City Hall
200 North Spring Street
Los Angeles, CA 90012

RE: Council File Nos. 20-0446-S1, 17-0653, 20-0446, 20-0782, 20-0785

Dear Hon. Councilmembers:

We are encouraged to see the City of Los Angeles taking active steps to ensure Social Equity applicants are provided with the opportunity to proceed through the licensing process forthwith. We do wish to draw attention to one major issue with the draft ordinance: indefinite restrictions on transfer of ownership held by Social Equity Applicants.

The provisions of LAMC §104.20(c)(1)(i) diminish the fair market value of Social Equity owned businesses. As you are likely aware, fair market value is the price a willing buyer would pay a willing seller for the business. LAMC §104.20(c)(1)(i) limits the successful Social Equity applicant from transferring his/her/its/their interest to a third party unless that party meets the same Social Equity eligibility criteria. This significantly reduces the “willing buyer” pool for these businesses.

Moreover, the modifications to the Social Equity Program in providing retail licenses to essentially all Social Equity Applicants, and a greater pool of them at that, further diminishes the value of the business.

We understand wholeheartedly the need to protect Social Equity applicants from predatory practices and agree with the policy in restricting ownership transfers for the protection of the Social Equity Program. However, the restriction should come with a relevant time period to ensure the Social Equity applicants actually realize the revenue and gains from the business, while at the same time allowing them to create a marketable business. We do not want the Social Equity Program to turn into a time-share “investment.”

After nearly fifteen (15) years of business and corporate law practice, we know that successful entrepreneurs always have an exit strategy. LAMC §104.20(c)(1)(i) essentially locks the Social Equity applicant into a business with a reduced fair market value and reduced market in general for what would be one of the most profitable businesses in the country given the Los Angeles consumer market for cannabis.

Since you have recognized the need to protect Social Equity businesses in Los Angeles until at least 2025, we recommend that you take a similar approach to LAMC §104.20(c)(1)(i) and restrict ownership transfers to similarly qualified Social Equity applicants for the first five (5) or ten (10) years following actual commencement of operations. In this way, the City can protect Social Equity owners from predatory partnerships, while at the same time, allowing these individuals the opportunity to grow their business and realize the fair market value upon sale.

Frankly, we find LAMC §104.20(c)(1)(i) antithetical to the overall policy objectives of the Social Equity Program; providing Social Equity applicants with an opportunity to obtain a coveted retail license, only to impose restrictions that render said license less valuable than the other 187 retail licenses in the City of Los Angeles sends the message once again that they are not actually afforded the same opportunities as others.

We further suggest that you include a provision that allows the business to be sold in the event that cannabis becomes federally legal to ensure these businesses owners capitalize on changes to future market conditions. It makes little sense to only allow the 187 pre-ICO businesses to be eligible for acquisition should large publicly traded American companies enter the market in the future; if you truly wish to enhance the lives of Social Equity applicants, give them the opportunity to become multi-millionaires.

Additionally, we noticed a number of provisions that reference State licenses as being required for temporary approval or to relocate the premises. This is not procedurally accurate. The licensing agencies do not permit a change of address without local approval, so this presents a chicken or the egg scenario. Moreover, you seem to be requesting a state license before local approval is obtained or before operations commence.

Thank you for your careful consideration of our comments.

Sincerely,
THE CANNABIS CORPORATE LAW FIRM



Dana Leigh Cisneros, Esq.

Communication from Public

Name: Jay Vee

Date Submitted: 06/30/2020 10:10 PM

Council File No: 20-0446

Comments for Public Posting: Hello, my name is Jay Vee. I live in 7th district, and I am a social equity applicant. Honorable members, we ask you to vote in favor of the DCR recommendation to amend the ordinance to allow Social Equity Individual Applicants who submitted an application during Phase 3 Retail Round 1 and were deemed ineligible 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. Additionally we ask you to pass the ordinance to amend the Los Angeles Municipal Code Section 104.06.1(c) and process the next 100 applications from the Phase 3 Retail Round 1 Submissions, subject to a re-review of any applications that were deemed ineligible for further processing due to a Community Plan Area having reached Undue Concentration on or after September 3, 2019 or due to sensitive use created by a Phase 3 Retail Round 1 Type 10 Retailer application.

Communication from Public

Name: Ignite Daniel

Date Submitted: 06/30/2020 12:00 PM

Council File No: 20-0446

Comments for Public Posting: Hello, my name is, Ignite Daniel. I live in District 10 and I am a social equity applicant. Honorable members, we ask you to vote in favor of the DCR recommendation to amend the ordinance to allow Social Equity Applicants who submitted an application during Phase 3 Retail Round 1 and were deemed ineligible 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. Additionally we ask you to pass the ordinance to amend the Los Angeles Municipal Code Section 104.06.1(c) and process the next 100 applications from the Phase 3 Retail Round 1 Submissions, subject to a re-review of any applications that were deemed ineligible for further processing due to a Community Plan Area having reached Undue Concentration on or after September 3, 2019 or due to sensitive use created by a Phase 3 Retail Round 1 Type 10 Retailer application.

Communication from Public

Name: Laura A Potter

Date Submitted: 06/30/2020 12:09 PM

Council File No: 20-0446

Comments for Public Posting: Hello, my name is, Laura A Potter. I am a social equity applicant and my proposed location is in district 8. Honorable members, we ask you to vote in favor of the DCR recommendation to amend the ordinance to allow Social Equity Individual Applicants who submitted an application during Phase 3 Retail Round 1 and were deemed ineligible 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. Additionally, we ask you to pass the ordinance to amend the Los Angeles Municipal Code Section 104.06.1(c) and process the next 100 applications from the Phase 3 Retail Round 1 Submissions, subject to a re-review of any applications that were deemed ineligible for further processing due to a Community Plan Area having reached Undue Concentration on or after September 3, 2019 or due to sensitive use created by a Phase 3 Retail Round 1 Type 10 Retailer application.

Communication from Public

Name: DaJuan Houston

Date Submitted: 06/30/2020 12:09 PM

Council File No: 20-0446

Comments for Public Posting: Hello, my name is, DaJuan Houston. I am a social equity applicant and my proposed location is in district 3. Honorable members, we ask you to vote in favor of the DCR recommendation to amend the ordinance to allow Social Equity Individual Applicants who submitted an application during Phase 3 Retail Round 1 and were deemed ineligible 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. Additionally, we ask you to pass the ordinance to amend the Los Angeles Municipal Code Section 104.06.1(c) and process the next 100 applications from the Phase 3 Retail Round 1 Submissions, subject to a re-review of any applications that were deemed ineligible for further processing due to a Community Plan Area having reached Undue Concentration on or after September 3, 2019 or due to sensitive use created by a Phase 3 Retail Round 1 Type 10 Retailer application.

Communication from Public

Name: Danny Abdelmalak

Date Submitted: 06/30/2020 11:53 AM

Council File No: 20-0446

Comments for Public Posting: Hello, my name is Danny Abdelmalak. I live in district, Mid-Wilshire and I am a social equity applicant. Honorable members, we ask you to vote in favor of the DCR recommendation to amend the ordinance to allow Social Equity Individual Applicants who submitted an application during Phase 3 Retail Round 1 and were deemed ineligible 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. Additionally we ask you to pass the ordinance to amend the Los Angeles Municipal Code Section 104.06.1(c) and process the next 100 applications from the Phase 3 Retail Round 1 Submissions, subject to a re-review of any applications that were deemed ineligible for further processing due to a Community Plan Area having reached Undue Concentration on or after September 3, 2019 or due to sensitive use created by a Phase 3 Retail Round 1 Type 10 Retailer application.

Communication from Public

Name: JOEL TANZMAN

Date Submitted: 06/30/2020 11:37 AM

Council File No: 20-0446

Comments for Public Posting: Hello, my name is, JOEL TANZMAN I live in district 6, and I am a social equity applicant. Honorable members, we ask you to vote in favor of the DCR recommendation to amend the ordinance to allow Social Equity Individual Applicants who submitted an application during Phase 3 Retail Round 1 and were deemed ineligible 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. Additionally we ask you to pass the ordinance to amend the Los Angeles Municipal Code Section 104.06.1(c) and process the next 100 applications from the Phase 3 Retail Round 1 Submissions, subject to a re-review of any applications that were deemed ineligible for further processing due to a Community Plan Area having reached Undue Concentration on or after September 3, 2019 or due to sensitive use created by a Phase 3 Retail Round 1 Type 10 Retailer application.

Communication from Public

Name: Shannon Woodland

Date Submitted: 06/30/2020 11:35 AM

Council File No: 20-0446

Comments for Public Posting: Hello, my name is, Shannon woodland I live in district 6, and I am a social equity applicant. Honorable members, we ask you to vote in favor of the DCR recommendation to amend the ordinance to allow Social Equity Individual Applicants who submitted an application during Phase 3 Retail Round 1 and were deemed ineligible 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. Additionally we ask you to pass the ordinance to amend the Los Angeles Municipal Code Section 104.06.1(c) and process the next 100 applications from the Phase 3 Retail Round 1 Submissions, subject to a re-review of any applications that were deemed ineligible for further processing due to a Community Plan Area having reached Undue Concentration on or after September 3, 2019 or due to sensitive use created by a Phase 3 Retail Round 1 Type 10 Retailer application.

Communication from Public

Name: Alex Karypis

Date Submitted: 06/30/2020 11:17 AM

Council File No: 20-0446

Comments for Public Posting: Hello, my name is Alex Karypis, I live in district three and I am a social equity applicant. Honorable members, we ask you to vote in favor of the DCR recommendation to amend the ordinance to allow Social Equity Individual Applicants who submitted an application during Phase 3 Retail Round 1 and were deemed ineligible 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. Additionally we ask you to pass the ordinance to amend the Los Angeles Municipal Code Section 104.06.1(c) and process the next 100 applications from the Phase 3 Retail Round 1 Submissions, subject to a re-review of any applications that were deemed ineligible for further processing due to a Community Plan Area having reached Undue Concentration on or after September 3, 2019 or due to sensitive use created by a Phase 3 Retail Round 1 Type 10 Retailer application.

Communication from Public

Name: Charles Lockett
Date Submitted: 06/30/2020 11:18 AM
Council File No: 20-0446

Comments for Public Posting: Hello, my name is, Charles Lockett and I live in district 10 and I am a social equity applicant. Honorable members, we ask you to vote in favor of the DCR recommendation to amend the ordinance to allow Social Equity Individual Applicants who submitted an application during Phase 3 Retail Round 1 and were deemed ineligible 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. Additionally we ask you to pass the ordinance to amend the Los Angeles Municipal Code Section 104.06.1(c) and process the next 100 applications from the Phase 3 Retail Round 1 Submissions, subject to a re-review of any applications that were deemed ineligible for further processing due to a Community Plan Area having reached Undue Concentration on or after September 3, 2019, or due to sensitive use created by a Phase 3 Retail Round 1 Type 10 Retailer application. Thank you.