

Communication from Public

Name: Gramercy Block Club

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Council File No: 25-1068

Comments for Public Posting: See attached PDF for public comments regarding this matter and our organization's STRONG SUPPORT for upholding the CRC's initial denial of a license to these applicants.



GRAMERCY BLOCK CLUB

To: City of Los Angeles Government Operations Committee
COUNCILMEMBER IMELDA PADILLA, CHAIR
COUNCILMEMBER JOHN S. LEE
COUNCILMEMBER YSABEL JURADO

RE: Item # 7 | Council File # 25-1068

September 15, 2025

To the Honorable Members of this Committee,

This letter is written on behalf of the families, small business owners, community faith leaders, elected representatives, and over 200 concerned South LA residents, who all signed their names and addresses to a petition that was provided to the Cannabis Regulation Commission, strongly urging them to **deny** this Applicant a license.

Many of these petition signers also called in and showed up to the multiple public hearings throughout this process. We were extremely gratified to see the CRC take action and deny a license earlier this year, but as an appeal is considered, we are again voicing our grave concerns over these Applicants.

In the following pages, we have highlighted the most egregious and blatant examples of the Applicant's violations — including **new context to previous evidence** that only came to light after the 2/20/25 hearing and denial, when we were able to review the additional material that Applicant submitted to the CRC.

With this new context — and building on the CRC's thorough explanation of their initial ruling — we once again urge your committee to **uphold the denial**.

Harry Frishberg
President, Gramercy Block Club

cc. **Marqueece Harris-Dawson**
President, Los Angeles City Council / Eighth District Representative

REASON FOR DENIAL # 1 — Applicant made a material misrepresentation, false statement, or knowingly failed to disclose a material fact to the CRC by not disclosing its relation to a prior cannabis delivery business, LEO Group LLC, at 4367 South Van Ness Ave (LAMC § 104.04(a)(3))

APPLICANT:	GRAMERCY BLOCK CLUB'S RESPONSE:
<p>When questioned by CRC over allegations of cannabis smell and activity coming from the building currently occupied by Applicants:</p> <p>Attorney Narek Balagozian : <i>“There shouldn’t be any smell, I don’t know where the smell is coming from, and if there is a smell it’s not from us.”</i></p> <p>Attorney Balagozian : <i>“I’m not open. I don’t know who’s doing that.”</i></p> <p>- TESTIMONY BY APPLICANTS (“L&E RETAIL, LLC”) AT CRC HEARING ON 12/05/24</p>	<p>This statement, which was repeated several times by both the Applicants themselves and their attorney, does not constitute a simple misunderstanding or an innocent omission. It’s patently false.</p> <p>When the CRC ultimately learned that Applicant (L&E Retail) also operated a cannabis delivery business called “LEO Group LLC,” which included the same principals as L&E Retail, including their attorney and social equity applicant, Applicant had no rational or credible explanation for why this material information was not offered at any point in the months leading up to the final hearing.</p> <p>There were plenty of opportunities for Applicant to explain to the CRC why multiple neighbors and LAPD officers reported smelling strong cannabis smells coming from the building — but Applicant repeatedly insisted that there was no active business and even blamed the smell on the upstairs residents of the building, despite the fact that they had been running a cannabis operation for 3+ years, which they finally admitted during their final statements at the 02/20/25 hearing.</p>
<p>From Part 3, Section E of Applicant’s Appeal (DCR00875):</p> <p>“...at the February 20, 2025 Commission hearing, when the Commission questioned counsel for the Applicant about its prior association with L.E.O. Group, LLC... ... the Applicant responded forthrightly, stating “I am [affiliated]...”</p>	<p>Applicant uses this reasoning to demonstrate that there was “no material misrepresentation”.</p> <p>With proper context however, it becomes clear that they had no other choice but to finally admit the truth. The final hearing (Feb. 20th, 2025) occurred only AFTER several previous meetings/hearings in which Applicant claimed to have no knowledge of any other cannabis operations (see our response to the previous quote from 12/05/24 testimony).</p> <p>Applicant cannot claim to be forthright when this admission was only discovered during the final minutes of their testimony — and only after exhaustive investigations from CD8 and the ECC Neighborhood Council that found evidence of this additional entity, LEO Group, which Applicants were obviously aware of / participating in.</p>

APPLICANT:	GRAMERCY BLOCK CLUB'S RESPONSE:
<p>“...Zoom meeting was scheduled and organized, with notice and invitation given to the community where only three people attended. No constructive feedback was provided by the attendees”</p> <p>- REPORT SUBMITTED BY APPLICANTS AT CRC MEETING ON 02/20/25</p>	<p>This Zoom meeting was requested by Kathy Smith, who did NOT indicate she was working for / on behalf of the Applicant. In fact, she and her associates went to great lengths to deliberately conceal the nature of her involvement, only admitting it after a verbal gaffe 45 minutes into the meeting, where she inadvertently revealed that she was employed by the Applicant.</p> <p>The “three people” who attended the meeting were <i>elected representatives</i> of Gramercy Block Club, representing the 150+ neighbors of our community, and they appeared out of courtesy to Ms. Smith, who only identified herself as a “concerned citizen.”</p> <p>There were multiple concerns raised by our organization’s representatives during this meeting, which Applicants left out of their summary.</p>
<p>“We contacted LAPD Captain Perry Griffith and requested a “Crime Report” for the property address.”</p> <p>- REPORT SUBMITTED BY APPLICANTS AT CRC MEETING ON 02/20/25</p>	<p>This particular Captain was NOT assigned to the area for the proposed dispensary and had not been active in that area for over 8 months. His inclusion in this “report” was noticed and flagged by LAPD Officer Paul Evleth, who offered eye-witness testimony to the CRC.</p> <p>In their appeal letter (DCR00876), Applicant claims there was a report generated from Capt. Griffith, but at the time of the hearing, Applicant admitted that they had not read or reviewed the report and couldn’t speak to what (if anything) was in it. This led the CRC to find that Capt. Griffith’s inclusion in the report was completely immaterial to the matter at hand and extremely misleading.</p>
<p>Attorney Balagozian : “the applicants (are) ready to do whatever is required and necessary to win the trust of the community.”</p> <p>- TESTIMONY BY APPLICANTS (“L&E RETAIL, LLC”) AT CRC HEARING ON 2/20/25</p>	<p>The Empowerment Congress Central (ECC) Neighborhood Council conducted an investigation, which found the Applicants openly advertising L&E Retail as an “active” and “licensed” business well ahead of any actual approval — furthermore, they were attempting to PRE-SELL the “turnkey” cannabis retail business to any interested party, directly contradicting the “social equity” / community message they presented to the CRC and all subsequent pledges to connect with the community and the neighborhood.</p>

REASON FOR DENIAL # 2 — Applicant failed to adhere to the requirements of Article 4 of Chapter X of the Los Angeles Municipal Code or DCR's Rules and Regulations concerning odor, trash, and graffiti. (LAMC § 104.04(a)(7).)

Gramercy Block Club's response:

We are grateful and supportive of the CRC's ruling and we stand behind their decision.

In regards to odor, we have numerous examples of testimony and eye-witness accounts from neighbors and our area's Senior Lead Officer Paul Evleth, who testified at the hearing that he personally was notified and responded to a police call, where he verified strong cannabis odor coming from the building — during which time Applicant was operating a delivery service.

As for garbage and graffiti, we have additional reports from residents of the building as well as neighbors, who frequently found the conditions around the building to be abhorrent.

The below photographs from the ECC Neighborhood Council presentation (many of them taken less than 2 weeks prior to the final hearing on 2/20/25), along with the testimony of dozens of residents, and the area's LAPD Senior Lead Officer, clearly demonstrate that the building was in a constant state of disrepair and dilapidation, throughout the application process.

Applicants later claims that these violations only existed on the opposite side of the building, but that is contradicted by the photos below.



In their appeal (DCR00878), Applicants touted a **clean-up effort on April 6, 2025**, days before filing their appeal, but this doesn't change the fact that at the time of denial and in the YEARS leading up to it, the property was in a severe state of disrepair. The denial cannot be overturned after the fact simply because the applicants are NOW trying to be in compliance. The denial was made because their actions were ALREADY in breach.



Furthermore, even *if* their efforts on April 6th, 2025 were genuine attempts to make amends with this neighborhood, the following photos were captured only 4 days later on April 10th, 2025 and show that the situation has not improved.

As a final word on the matter, we have included photographs from this morning (as of writing this statement) that speak even more clearly as to the conditions for this property. See below.

Thank you again for your consideration — we appreciate your dedication to the matter and hope that you **uphold the CRC's initial denial** of this license.

