Communication from Public

Name: Alfred Torregano
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Comments for Public Posting: The LAPD requirement is a separate concern. The Department has no regulatory mandate over cannabis licensing and no industry training on the laws governing it. Its own guidance tells officers who can’t determine whether a cannabis business is legal to call Narcotics. This is being added to an asset the City already devalued. We can’t sell, can’t relocate, have no safekeeping mechanism, and can’t purchase direct. The City sold social equity applicants an asset and structured it as a permit. Three reforms that cost the City nothing: safekeeping, transferability, and distribution authorization at the same premises. Full statement attached. I request a meeting to discuss. Alfred Torregano Tree Haus Wellness Company LLC

ALFRED TORREGANO

Social Equity Retail Licensee — Council District 10

Tree Haus Wellness Company LLC / Haus of Grams

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SUBMITTED FOR THE RECORD

Government Operations and Municipal Services Committee

Re: Opposition to proposed letter-of-support requirement for commercial cannabis license renewal

Summary of Position

I oppose the proposed requirement that commercial cannabis licensees obtain letters of support from the Los Angeles Police Department, a community organization, a neighborhood council, and the council office representing their district as a condition of license renewal.

My objection is structural, not adversarial. The proposal would convert an annual administrative renewal into a discretionary approval held by four separate parties, each of whom would acquire standing leverage over a licensed business. I do not believe this is the intent of the motion. I am asking the Committee to consider that it is the effect.

1. The requirement creates leverage, not input

A neighborhood council, a community organization, and a council office that each know a licensee cannot renew without their signature acquire an annual reason to be approached, negotiated with, and accommodated. This is true regardless of the good faith of any individual body. The structure creates the exposure.

The LAPD requirement raises a distinct concern. The Department has no regulatory mandate over commercial cannabis licensing, and to my knowledge has never conducted industry training or a public workshop on the laws governing licensed cannabis retail. Its own December 2023 training bulletin directs officers who cannot determine whether a cannabis operation is legal to contact the Narcotics Enforcement Detail. Asking a department that has not been trained, resourced, or tasked with regulating this industry to certify whether a licensed business should continue operating is unfair to licensees and unfair to the Department.

2. The requirement compounds an already punitive structure

Los Angeles marketed social equity licenses as an asset — an opportunity to build ownership and generational wealth for individuals harmed by the war on drugs. The regulatory structure that followed has systematically removed the commercial value of that asset:

• Licenses cannot be freely sold or transferred.

• There is no safekeeping mechanism — no way to render a license inactive, continue paying renewal fees, and preserve the instrument for a later date.

• A license lapses within six months of ceasing operations.

• Retailers cannot purchase directly from cultivators and must transact through a mandatory distribution layer.

• Approximately forty percent of gross retail revenue is absorbed by city and state taxation before federal treatment under IRC 280E.

The combined effect is an asset that is scarce by design and unsellable by regulation. Scarcity without transferability does not produce value. It produces trapped capital and accumulating debt.

3. The pending transfer motion does not reach current licensees

I am aware of the motion under consideration to permit license transfers following one year of annual licensure. That relief is real but delayed. The majority of social equity operators do not yet hold annual licenses, which means the mechanism activates well after the financial damage has occurred. A remedy that arrives after the asset has been extinguished is not a remedy.

4. The current structure defeats the City's own revenue interest

When a licensee ceases operations, the license lapses but the tax liability does not. The City and State retain their claims against an operator who no longer holds the only asset capable of satisfying those claims. Forfeiture for inactivity is not an enforcement tool. It removes the sole mechanism by which outstanding obligations could ever be paid.

This is worth stating plainly: the policy penalizes hardship rather than misconduct. It does not respond to fraud, diversion, or sales to minors. It responds to a licensed operator being unable to remain open.

5. The protective framing no longer serves its purpose

Transfer restrictions were adopted to prevent predatory acquisition of social equity licenses. I understand and respect that intent. But an asset that cannot be sold, held, or relocated is not protected — it is devalued. Social equity licensees are not a protected class in need of custodial oversight. We are licensed business operators who completed the City's vetting process, passed background review, submitted ownership disclosures, and satisfied community notice requirements. We are asking to be regulated as businesses.

Requested Actions

I respectfully ask the Committee to reject the letter-of-support requirement and, in its place, consider three reforms that impose no cost on the City:

1. Safekeeping. Permit a licensee who ceases operations to render the license inactive and preserve it while continuing to pay annual renewal fees, consistent with the surrender provisions available under Rule 65 of the Department of Alcoholic Beverage Control regulations.

2. Transferability. Accelerate and broaden the pending transfer authorization so that it reaches licensees currently at risk rather than those who reach annual status in future cycles.

3. Distribution authorization for retailers. Permit a retail licensee to hold local authorization for a distribution license at the same premises, allowing independent retailers to purchase directly from cultivators and manufacturers.

On the distribution requirement

The mandatory distribution layer was built for capitalized scale. A brand servicing one hundred or two hundred accounts requires genuine logistics infrastructure — routing, compliance transport, and inventory reconciliation across many customers. That work is real, and the distribution license should continue to exist to serve it.

An independent retailer supplying its own shelf is performing a different function entirely, and is charged a full intermediary margin for it. More importantly, the current structure forecloses the natural growth path. A retailer permitted to self-distribute could begin by supplying its own location, and — if it builds a product worth carrying — expand organically to ten, twenty, or thirty accounts on its own revenue, without outside capital.

That is the central defect this Committee should weigh. Under the present framework, the only route to scale is to arrive already capitalized. This is precisely the barrier that social equity licensing was created to address, and it recurs across every license type. Permitting co-located retail and distribution authorization would allow operators to grow into scale rather than requiring it at entry. Large multi-store distributors retain the model built for them. Independent operators gain a path. All activity remains within METRC, and the change imposes no cost on the City.

If community accountability is the Committee's objective, that objective can be met through a documented outreach requirement with a defined comment period and default approval — the same input, without a discretionary veto.

Closing

Los Angeles has positioned itself as the model for regulated cannabis in the United States. That position is not secured by adding conditions to licenses the City has already devalued. It is secured by building pathways that allow licensed operators to remain open, employ residents, and generate the tax revenue this City is counting on.

I would welcome the opportunity to meet with the Committee or with individual council offices to discuss these three reforms in detail.

Respectfully submitted,

Alfred Torregano

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