

Dear City of Los Angeles,

Proposition D was enacted by the city of Los Angeles in 2013 to curtail the large number of irresponsible dispensaries across the city and set basic standards for operation. Over the past two years, the Los Angeles City Council and the cannabis community have recognized that Prop D failed to do that. Instead, it created a regulatory mess for the city, loss of tax revenue, lack of protection for the responsible cannabis businesses, and opened a raging unregulated market which prioritized large profit margins, rather than the well being and safety of patients.

We were very encouraged by the Los Angeles City Council's eagerness over the last few years to connect with the cannabis community, hear feedback from stakeholders as well as neighborhood councils, and regulators from other states.

Perhaps the most encouraging part was the council's desire to address equity and social justice, and see members of their own communities become stakeholders in this newly legalized and regulated market.

The above progress the council has made stands in stark contrast to the proposed regulations which heavily contradict all the discussions and efforts by the community to create an inclusive, sensible, and flourishing licensed cannabis market in Los Angeles. Unfortunately, the proposed city regulations mimic Prop D by not offering full fledged business licenses, but only limited immunity from prosecution. This will not position Los Angeles as a job producing hub or leader in cannabis industry, but continue the regulatory quagmire that it currently faces.

We were flabbergasted that the city is proposing the same "limited immunity" regulations as Prop D, and even more taken aback to hear the representatives of the Department of City Planning declare-in front of four rooms filled with concerned LA residents, cannabis stakeholders and patients, and others affected by new cannabis regulations- that Prop D was a successful piece of legislation, and that the new regulations are based off of the (in our opinion, extremely flawed) Prop D principals.

This is quite contrary to what we hear from the city council itself, as well as those who drafted Prop D. The hard working people of the LA cannabis industry deserve the protection and equal treatment that a business license would entail, rather than the "limited immunity" that caused so many legal and enforcement issues under Prop-D

The desire of the council to see people from their communities, and especially minorities, become stakeholders in the industry is a welcomed step to address some of the wrongs from the failed war on drugs that disproportionately negatively affected minority communities, as well as ensuring that LA communities will benefit from the newly regulated cannabis market. However, it is doomed to fail if the financial barrier to enter the cannabis market is much higher than what most minorities and small /cottage businesses can afford.

Based on the proposed California state regulations, it would take roughly \$200k to start even the most basic cannabis business. The lack of ability to share space with other cannabis businesses, and the extremely strict guidelines and protocols as well as manpower and security requirements (for example, a 24/7 high resolution security camera system which can cost around \$20k-30k), will make it cost-prohibitive for most small business owners / entrepreneurs to start a cannabis business, even if they are not minorities.

It is hard enough for non-minorities to raise that amount of money for a non-cannabis business, and the chances of minorities being able to raise that kind of funding for a cannabis business are very slim

While the city may not be able to do much to change the state regulations, it does have the ability to issue micro-business licenses, which would be used to allow for on-site / public consumption for businesses that would like to incorporate cannabis into their services or product selection, rather than make it the focus of the business.

Some examples include a yoga studio that would like to offer a yoga + cannabis class, a pet shop that is interested in carrying some medicated pet products, a spa offering topical cannabis oil treatments, or even a cannabis lounge where people can consume their medicine without having to worry about breaking the rules of their apartment rental lease, or consuming in public places where it is illegal.

Forcing microbusinesses to use only industrial or manufacturing zones, requiring 800 feet distance from others, and prohibiting on-site consumption would render most of them pointless, and deny the opportunities for a lower startup cost cannabis related business, to minorities and small time entrepreneurs.

By not allowing for any on-site or public consumption, the city will only motivate people to break these laws and consume in public places, rather than in designated areas.

As you may know, SB94 was signed into law in late June, which combined the medical regulations MCRSA and the adult use regulation AUMA into MAUCRSA. This forced the Bureau of Cannabis Control (formally BMCR) to retract their proposed regulations (which the city used as a basis for its regulation), and they are expected to issue a new set in the coming weeks / months. Knowing this, the city should follow closely the upcoming new regulations and not create city regulations based on outdated state proposed regulation.

There are parts of the new bill which override and address industry concerns from the old regulations, or allow for activities which were not allowed before,- like the ability to use a single location for both medical and adult use cannabis activity, allowing for a non-storefront delivery service, and the creation of a cannabis event permit (which could provide another great low barrier cost of entry to the cannabis market, and could help minorities start their own cannabis business).

An event permit would also allow the city to ensure events are held in safe and licensed locations, targeting only adults, and in a way that would not adversely affect the community, as well as bring jobs and tax revenue to the city, rather than force people to hold “underground” or private events.

We urge the city to carefully wait for these state regulations, and enact local regulations based on the most recent changes, or even propose the regulations that the city would like to see (as some other cities have done), rather than wait for the state to catch up to the needs of the people of Los Angeles.

The following individuals support this letter.

Tomer Grassiany (Los Angeles, CA); Founder of The Art Of Edibles, member of LA Cannabis Taskforce and board member of the Southern California Coalition.

Bo Nicole Capener aka B. Le Grand (Los Angeles, CA); Founder of Edibles List Magazine.

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