



August 16, 2016

City of Los Angeles City Hall
Attn: Herb Wesson, Jose Huizar, and Marqueece Harris-Dawson, and City Council Rules, Elections, Intergovernmental Relations, and Neighborhoods Committee
John Ferraro Council Chamber Room 340, Third Floor
200 North Spring Street
Los Angeles, CA 90012

Dear Chairman Herb Wesson and Council Members:

As the City Council considers implementation of Medical Marijuana Regulation and Safety Act (MMRSA) and Adult Use of Marijuana Act (AUMA), alongside necessary reforms to Proposition D, many stakeholders seem to be left out of the conversation and deliberation. To date, the only set of proposed regulations publicly available are those submitted by the United Cannabis Business Alliance (UCBA), the Los Angeles Marijuana and Safety Act, intended to appear as a voter referendum on the March 2017 ballot. We, the undersigned, submit this letter to express our concerns with UCBA's ballot measure proposal for the regulation of commercial cannabis activity within the city of Los Angeles, and the lack of a public process to govern this critical and complex issue.

Despite being the second largest city in the United States and the largest cannabis market in the world, Los Angeles continues to be one of the most chaotic and worst regulated jurisdictions in the state, poorly serving all of its stakeholders-- the general public, medical marijuana patients, cannabis industry professionals, law enforcement, public health advocates, tax payers, and those of us concerned primarily about racial, social and economic justice. This wide range of stakeholders must be considered and their voices heard in order for Los Angeles to develop marijuana policies and industry standards that meets the needs of all Angelinos.

The UCBA proposed measure has serious and numerous flaws. This proposal would create and further entrench current constraints on access, opportunity and diversity in ways that would only monumentalize inequity. The most pressing five concerns with the proposed initiative are as follows:

- 1. By limiting the licensing to 135 "Pre-ICO Medical Cannabis Dispensaries" and excluding any additional retail business applicants, UCBA's proposal limits patients' access and industry diversity, promotes anticompetitive business practices, and fails to deter the existence of the illicit market. With the cannabis market's likely expansion under Proposition 64, an arbitrary cap on the number of storefronts will only continue to perpetuate monopolistic behavior. Reforms to the current under-regulation in LA must encourage and provide avenues for those operating in the underground economy to participate in the legal market.
2. The UCBA initiative protects the financial interests of existing Pre-ICO dispensaries by allowing them to conduct on-site cultivation,



while excluding other potential licensees, including more experienced cultivators, from any role in the LA market. This also appears to be a blatant violation of the Medical Cannabis Regulation and Safety Act's (MCRSA) prohibition on vertical integration, a business practice that will only be allowable under AUMA for small businesses who are awarded the micro license.

3. By disqualifying those with a prior felony conviction for marijuana activities from being a manager, UCBA's proposal ignores the widely recognized discriminatory marijuana arrest practices of African Americans and Latinos. Furthermore, the UCBA proposal is more punitive in this regard than new state regulations under MMRSA.
4. The mandatory fine of \$10,000 per day for an additional law violation is excessive and seriously infringes upon judicial discretion. The fine amount exceeds that outlined in the LAMC and would potentially bankrupt any new and developing marijuana business and result in new arrests that would accumulate for failure to pay the fine. The normalization and legalization marijuana is intended to result in fewer arrests, not additional ones.
5. Delivery services should be regulated like other segments of the industry – without delay. The UCBA proposal to ban delivery services disregards the needs of medical marijuana patients who are unable or uninterested in traveling to one of the 135 storefront dispensaries. Banning non-storefront dispensaries undermines equity by creating unnecessary barriers for entry, specifically for women and people of color. Furthermore, if Proposition 64 passes, by allowing for these non-storefront dispensaries to also provide to non-medical patients, the UCBA initiative's ban prematurely assumes that medical patients will be adequately served.

We are a coalition of cannabis, drug policy and community stakeholders, representing diverse and sometimes competing, interests. Despite this, the undersigned organizations and businesses have come together to relay our collective concerns about the UCBA proposal, along with the lack of transparency and inclusion in the City Council process. Our priorities are as follows:

- Ensuring any new regulations don't codify racial discrimination and inequality through arbitrary and exclusionary licensing caps;
- Enabling people with drug related criminal records to access employment and ownership opportunities in a legal, regulated marijuana industry in the City;
- Addressing public safety concerns and challenges related to eliminating the illegal marijuana industry;

- Organizing a licensing system that enables new compliant cannabis businesses in all licensing categories (dispensaries, delivery services, cultivators, processors, manufacturers, etc.) to enter the City’s legal marijuana industry without unnecessarily lengthy, costly or overly burdensome delays;
- Working to establish appropriate zoning for marijuana businesses that meet the needs of medical patients while also protecting public safety and preventing underage access;
- Developing a tax and community reinvestment model to support the City’s public priorities, while keeping retail prices low enough to phase out illegal market activity;
- Developing a smart approach to considering public consumption, which is allowable as an “opt-in” for localities under the Adult Use of Marijuana Act, Proposition 64.

We urge that City Council consider all of its stakeholders when deciding how to develop marijuana regulation for the City of Los Angeles. We further wish to work with Council to help create and implement fair, equitable, and inclusive regulation.

Sincerely,

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 California State NAACP, Alice Huffman, (916) 498-1890
 Women Grow Los Angeles, Lisa Sweeney, (509) 710-5385
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 Los Angeles Delivery Alliance, Emily Meyers, (310) 721-3775
 LA Reintegration Council, Nyabingi Kuti, (323) 522-1212
 Ret. Lieutenant, Diane Goldstein, (714) 232-3722
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