

January 18, 2019

The Honorable Eric Garcetti
Mayor of the City of Los Angeles
City Hall
200 N. Spring Street
Los Angeles, CA 90012

cc: Director Cat Packer, Department of Cannabis Regulation; City Attorney Michael Feuer; President Herb. J. Wesson, Jr., President of the Los Angeles City Council; Councilmember Gilbert Cedillo, Councilmember Paul Krikorian, Councilmember Bob Blumenfield, Councilmember David E. Ryu, Councilmember Paul Koretz, Councilmember Nury Martinez, Councilmember Monica Rodriguez, Councilmember Marqueece Harris-Dawson, Councilmember Curren D. Price, Jr., Councilmember Mike Bonin, Councilmember Mitch O'Farrell, Councilmember Jose Huizar, Councilmember Joe Buscaino

RE: CANNABIS AND SOCIAL EQUITY

Dear Mayor Garcetti,

We are organizers who work at the intersection of the cannabis industry, racial equity, and reparative justice. We come from a diverse range of communities across the city, and we write to demand your attention and support at a time of moral crisis in this field.

This letter lays out our concerns about the progress of Los Angeles' cannabis policies and our proposed solutions to these challenges.

While thousands of people remain in prison and jail for cannabis convictions across this country, American cannabis companies are going public through the Canadian stock market and receiving billion dollar valuations. Despite adult use cannabis legalization in California on January 1, 2018, operators, both licensed and still unlicensed, continue to suffer law enforcement consequences.ⁱ

In Los Angeles, now the largest recreational cannabis market in the world, the expungement or reclassification of an estimated 200,000 cannabis-related convictions will not happen until July, 2020.ⁱⁱ The LA County Board of Supervisors has yet to pass a cannabis policy framework, but they appear to be moving forward with a \$3.5 billion jail construction plan and continue to enforce cannabis prohibition. These decisions affect the City of Los Angeles by limiting access to employment, housing, education, and public benefits, and they create an unnecessary lack of skilled workers.

While states like Colorado and Washington decided to exclude people with felonies from participating in the licensed industry at the onset of their legalization, California's 2016 Proposition 64 explicitly prohibited the denial of cannabis licenses on the basis of any drug conviction, with just a few exceptions. Since Prop 64's passage, courageous cities like Oakland, San Francisco, and Los Angeles, as well as the state of Massachusetts, have decided to make reparative justice and economic healing a priority through the creation of "Social Equity Programs."ⁱⁱⁱ The intention of these efforts is to repair some of the harm caused by decades of enforcement, torture, separated families, and oppression enacted by local law enforcement under the banner of the US war on drugs, by opening up access and specific opportunities for those individuals and communities impacted by those government actions.

While we thank the City for creating the Ordinance and the social equity program, the intention of these efforts must be achieved much more quickly – before inevitable market forces prevent the repair of harm caused by decades of enforcement.

The success of social equity programs depends on factors beyond attaining a license. They must include technical assistance, education around compliance, capital acquisition, business planning, and corporate formation assistance, as well as community reinvestment and public education. Instead, nearly one year after LA's Program was created and creation of the City's DCR, we've seen the Department struggle to implement its programs. The day of cannabis regulation is here, and the City of LA requires a fully staffed and equipped DCR to handle its mandate for social equity.^{ivvvi}

Perhaps most concerning of all, the very social equity applicants the City seeks to help, are instead disadvantaged by an underfunded program. Like all traditional start-up businesses, equity business owners require education around compliance, capital acquisition, business planning, corporate formation assistance, and best practices in finance, human resources and administration. Moreover, people with prior convictions may have trouble finding a qualifying address because landlords, like Federally-subsidized housing authorities, can discriminate against individuals or families with a conviction.

The City of LA's definition of equity will also be measured by the diversity of its cannabis workforce – and the ways in which the cannabis industry provides high-mobility, living wage jobs and new pathways to health, wealth, and wellness for communities of color and other communities disproportionately harmed by cannabis prohibition.

Many community-based organizations in directly-impacted communities are interested in being a part of the conversation on equity in cannabis, but they lack the time, information, and resources to fully participate. Plans for education and outreach must include them both as providers and recipients of science-based, culturally competent cannabis education.

Unlike the state of California, as well as most California municipalities and jurisdictions across the country that have chosen to regulate cannabis, the City of LA, via 2017's Measure M, allocated 100% of revenue raised through commercial cannabis sales back to the City's General Fund. Since the City of LA did not dedicate any consistent funding stream to cannabis-related activity, the Department of Cannabis Regulation has remained severely underfunded and unable to advance public education, technical assistance, or really any programming whatsoever.

We submit the following call on you to immediately advance appropriate budget allocations to support the following in this fiscal year:

1. Full funding of the DCR Social Equity Program, including business and technical assistance for Social Equity Applicants that includes legal assistance, licensing and trademark assistance, graphic design support, etc. (\$1,000,000).
2. Research and analysis to support the expansion of the priority licensing formula in the Social Equity Program to include zip codes in the San Fernando Valley and Boyle Heights (\$95,000).
3. Expansion and regular maintenance of the DCR website so that the public can receive accurate information (\$125,000).
4. Job training and workforce development for careers in the primary and ancillary cannabis industry (\$1,500,000).
5. Harm reduction sites that include areas for safe consumption for people who do not own a private place to consume, which includes the houseless population, tourists, and poor people in general who often have landlords (including HACLA) who disallow cannabis on their premises. (\$750,000).
6. A low-interest or no-interest loan fund for social equity licensees (\$1,500,000).
7. Annual audits of Social Equity Programs and licensees to ensure that they are benefiting equity applicants and not exposing them to predatory relationships (\$250,000).
8. Annual tracking and reporting of cannabis arrests, infractions, and other forms of enforcement (\$150,000).
9. Education for communities of color about the health, wellness, and economic impacts of the cannabis plant and the cannabis industry (\$800,000).

10. Research that helps understand the impacts of the cannabis industry on communities most affected by the War on Drugs in Los Angeles. (\$225,000).

We believe that **we have a short but vital window of opportunity** to create the model of an equitable cannabis industry. We urge you to take our concerns seriously and act quickly. We are available to meet with you or your staff at your request.

Sincerely,

(signers listed in alphabetical order)

Adam Vine, co-founder, Cage-Free Cannabis and Cage-Free Repair

Bamby Salcedo, co-founder, Trans Latina Coalition

Bonita Money, co-founder, National Diversity and Inclusion Cannabis Alliance (NDICA)

Brandie Cross, Ph.D., co-founder, Smart Pharm Research Group

Cheryl Branch, co-founder, Green Believers

Donnie Anderson, President, California Minority Alliance

Eunisses Hernandez, L.A. Campaign Coordinator, JustLeadershipUSA, a member organization of JusticeLA

Fanny Guzman, co-founder Latinos for Cannabis

Felicia Carbajal, co-founder, California Cannabis Advocates

Gloria Gonzalez, organizer, Youth Justice Coalition

Jonatan Cvetko, co-founder, Angeles Emeralds

Kevin Al Perez, co-founder, Somos Familia Valle

Rev. Larry Foy, Justice Not Jails/Interfaith Movement for Human Integrity

Lynne Lyman, co-author and co-chair of Proposition 64

Rigo Valdez, Director of Organizing, UFCW 770

Ruben Honig, Executive Director, United Cannabis Business Association (UCBA)

Stephen V. Heflin, co-founder, Dispensary Dash

Troy F. Vaughn, Executive Director, Los Angeles Regional Reentry Partnership (LARRP)

Virgil Grant, President, California Cannabis Soto Dispensary

ⁱ Schroyer, John. "California Cannabis Distributor Threatens Legal Battle with Feds over Cash Seizure." *Marijuana Business Daily*, 20 September, 2018.

ⁱⁱ Tinoco, Matt. "Why Has Los Angeles' DA Been Slow to Expunge Old Pot Convictions?" *Capital & Main*, 8 March, 2018.

ⁱⁱⁱ Mock, Brentin. "California's Race to the Top on Cannabis." *City Lab*, 5 Feb. 2018.

^{iv} Taylor Jr., Otis R. "Oakland's Marijuana Equity Program Is Hurting Those It Was Supposed to Help." *San Francisco Chronicle*, 15 July, 2018.

^v Enwemeka, Zeninjo. "Marijuana Entrepreneurs Given 'Priority' in Mass. Are Struggling to Get through Licensing Process." *WBUR*, 26 July, 2018.

^{vi} Fox, Hayley. "Los Angeles Licensing Delays Hit Minority Applicants Hard." *Leafly*, 23 July, 2018.