

## Communication from Public

**Name:** Dana Leigh Cisneros, Esq.

**Date Submitted:** 06/24/2020 09:38 AM

**Council File No:** 17-0653

**Comments for Public Posting:** Dear Hon. Councilmembers: This firm represents the interests of two (2) social equity tier 1 qualified applicants who submitted applications to the Department of Cannabis Regulation on September 3, 2019 in complete compliance with both the spirit and the letter of all Los Angeles Municipal Codes related to the social equity retail licensing procedure (LAMC §104.06.1). Our clients, who submitted applications ranked in 54th and 214th positions. Neither our clients nor any member of this firm logged into the licensing portal early; we did not use artificial intelligence, robots, vectors or any other technology to gain an unfair advantage during the application process. We strongly support the Department of Cannabis Regulation's recommendations to proceed with immediately processing the first 100 applicants and to award temporary approval to all other applicants. Our client who ranked in the top 100 has already paid all fees and has continued to pay rent on its chosen location costing nearly \$100,000 in addition to the lost revenues caused by the delay in processing. It is important for the Committee and the Council to acknowledge that the delays in processing these first 100 Social Equity Applicants were caused by systemic, avoidable failures by the DCR in conjunction with certain other applicants who took unfair advantage of the social equity process. Any further delays in processing these first 100 social equity applicants unduly penalizes those who fairly participated in the process. To that end, we urge you to recommend that the first 100 applicants who did not violate the rules, be allowed to proceed with processing and inspections so they can commence operations. We are encouraged that the DCR and Rules Committee propose the issuance of temporary approval for all applicants. With more than 800 applications submitted during the first round and a proposal to reopen social equity eligibility based on expanded criteria, it is unclear how the DCR intends to accomplish this objective given the current 400 retail license cap. We are opposed to the lottery system proposed. Applicants who did not make in the first 100 applications processed have been holding property for nearly a year in anticipation of Round 2 opening. Under the current enactment, our client who ranked 214th is guaranteed to be processed in Round 2 and on that basis alone, as continued to rent the premises at a rate of \$20,000 per month. We understand that

struggles facing Los Angeles and the Department of Cannabis Regulation. However, we can no longer stand idly by in silence as you continue to disregard and recklessly injure qualified social equity applicants by changing the rules mid-process because the DCR failed to ensure a fair process and then mislead the public and the Council by grossly underestimating the actual number of applicants who were permitted access to the licensing system before the official start time. To be clear, the proposed amendment proposed by the DCR and Rules Committee changing the rules and procedures from first come, first served to a lottery is due solely to the DCR's questionable conduct. In no way does, "The proposed Application Lottery support [] a process that provides a fair and transparent opportunity for pre-verified applicants to apply for the remaining retail licenses in the City." There is absolutely nothing fair about allowing individuals who violated the rules to maintain eligibility in the process. There is nothing fair about an applicant holding its property for, what will be over a year by the time this lottery takes place. There is nothing fair about increasing the pool of applicants and creating a random process so that those who would have certainly been processed now are subject to a game of chance. To that end, we must strongly oppose the lottery process as it will create harsh and unfair results for those who have acted properly and followed all the rules established thus far. Instead, we support processing all social equity applicants who have already submitted an application. If those applicants no longer maintain the property they submitted with the application package, they should be permitted a reasonable time to locate replacement property. As to reopening the social equity eligibility process, we generally support this action, so long as it does not serve to harm those who timely complied with your rules and have been holding property. Thank you for your careful consideration of our comments. Sincerely, THE CANNABIS CORPORATE LAW FIRM Dana Leigh Cisneros, Esq. 714-676-2035 CannabisCorpLaw.com



**Cannabis Corporate**  
— LAW FIRM —

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June 24, 2020

Los Angeles City Council  
John Ferraro Council Chamber  
Room 340, City Hall  
200 North Spring Street, Los Angeles, CA 90012

RE: Council File Nos. 20-0446-S1, 17-0653, 20-0446, 20-0782, 20-0785

Dear Hon. Councilmembers:

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We strongly support the Department of Cannabis Regulation's recommendations to proceed with immediately processing the first 100 applicants and to award temporary approval to all other applicants.

Our client who ranked in the top 100 has already paid all fees and has continued to pay rent on its chosen location costing nearly \$100,000 in addition to the lost revenues caused by the delay in processing.

It is important for the Committee and the Council to acknowledge that the delays in processing these first 100 Social Equity Applicants were caused by systemic, avoidable failures by the DCR in conjunction with certain other applicants who took unfair advantage of the social equity process. Any further delays in processing these first 100 social equity applicants unduly penalizes those who fairly participated in the process. To that end, we urge you to recommend that the first 100 applicants who did not violate the rules, be allowed to proceed with processing and inspections so they can commence operations.

We are encouraged that the DCR and Rules Committee propose the issuance of temporary approval for all applicants. With more than 800 applications submitted during the first round and a proposal to reopen social equity eligibility based on expanded criteria, it is unclear how the DCR intends to accomplish this objective given the current 400 retail license cap.

We are opposed to the lottery system proposed. Applicants who did not make in the first 100 applications processed have been holding property for nearly a year in anticipation of Round 2 opening. Under the current enactment, our client who ranked 214<sup>th</sup> is guaranteed to be processed in Round 2 and on that basis alone, as continued to rent the premises at a rate of \$20,000 per month.

We understand that struggles facing Los Angeles and the Department of Cannabis Regulation. However, we can no longer stand idly by in silence as you continue to disregard and recklessly injury qualified social equity applicants by changing the rules mid-process because the DCR failed to ensure a fair process and then mislead the public and the Council by grossly underestimating the actual number of applicants who were permitted access to the licensing system before the official start time.

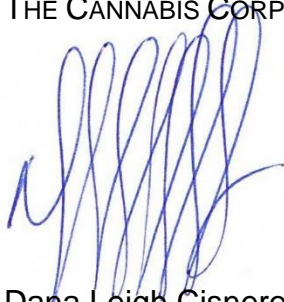
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To that end, we must strongly oppose the lottery process as it will create harsh and unfair results for those who have acted properly and followed all the rules established thus far.

Instead, we support processing all social equity applicants who have already submitted an application. If those applicants no longer maintain the property they submitted with the application package, they should be permitted a reasonable time to locate replacement property. As to reopening the social equity eligibility process, we generally support this action, so long as it does not serve to harm those who timely complied with your rules and have been holding property.

Thank you for your careful consideration of our comments.

*Sincerely,*  
THE CANNABIS CORPORATE LAW FIRM

A handwritten signature in blue ink, appearing to read 'Dana Leigh Cisneros', is written over the text of the firm name.

Dana Leigh Cisneros, Esq.