



# CALIFORNIA MINORITY ALLIANCE

April 15, 2019

The Honorable Councilman Paul Krekorian, Chair  
Honorable Members of the Los Angeles City Council Budget Committee  
Los Angeles City Hall  
200 North Spring Street  
Los Angeles, CA 90012

BOARD OF  
DIRECTORS

Re: **OPPOSITION TO CF: 17-0768**

Donnie Anderson

Nicole Fox

Dear Honorable Councilmembers of the Budget and Finance Committee:

Tyrone Freeman

On behalf of the cannabis business owners, consumers, employees, community affiliates, and industry stakeholders, who make up the membership of the California Minority Alliance ("CMA"), at this moment formally **OPPOSE** the passage of CF-17-0768.

Virgil Grant

Matt Haskin

Inasmuch, on December 3, 2017, CMA, SCC, and ASA opposition letter to 17-0768 referenced 12 specific reasons for our collective opposition.<sup>1</sup> Since that time no advocate in support of CF: 17-0768 has sought our engagement or for that matter the participation of consumers to address the continuous concern from those most impacted by a "ban on cash transactions." Specifically, in the July 27, 2018 letter to City Council from the Director of Finance/ City Treasurer Ms. Claire Bartels stated, "if *adopted* [CF: 17—0768] would prohibit cannabis businesses from accepting cash from customers..." (pg. 2).<sup>2</sup> It seems that such prohibition warrants public discussion.

Alice Huffman

Gina Huh

Ingrid Hutt

Ken Jones

Hon. Gwen Moore

Furthermore, the public concern issue of "privacy" is relevant when limiting voters' choice of payment to the non-cash system. CF: 17-0768 fails to address the accountability and responsibility issue regarding non-cash instrument providers. It seems only one-side that City of Los Angeles residents are prohibited to non-cash transactions in the customer to business relations, while the proposed ordinance fails to address mandatory non-cash provider be FDIC insured, have cash reserves based on the City of Los Angeles cannabis estimated commercial business activity or other specifications relative to the City's unique cannabis market. It is not enough for a provider to say they meet federal government standards; in that, these standards are not cannabis related.

Darren W. Parker

Mieko Perez

Tony Simone

For instance, when paying particular attention to the example of Colorado's Fourth Corner Credit Union, chartered in 2014 to serve the "unique financial needs" of cannabis-related

<sup>1</sup> City of Los Angeles. Los Angeles City Council. REIR Committee. (December 3, 2017). *Opposition to Ban Non-Cash Transactions in Amended Motion 6A CF: 17-07068*. Available: <https://documentcloud.adobe.com/link/track?uri=urn%3Aaaid%3Aascds%3AUS%3Aefb62aea-1782-4974-ad29-1e136cac3d8f>

<sup>2</sup> Bartels, C. (2018). Office of Finance-Non-Cash Transactions for Cannabis Industry[Letter]. City of Los Angeles. Retrieved from [http://clkrep.lacity.org/online/docs/2017/17-0768\\_rpt\\_OOF\\_07-30-2018.pdf](http://clkrep.lacity.org/online/docs/2017/17-0768_rpt_OOF_07-30-2018.pdf)

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businesses, but whose application for a master account from the U.S. Federal Reserve System was denied because of cannabis' continued illegality at the federal level<sup>3</sup>. A master account allows, among other things, a financial institution to engage in electronic credit and debit transactions with other financial institutions. Without it, a financial institution cannot function. Such that, any real alternative leaves the City of Los Angeles at risk should the provider of such services attract federal scrutiny. Who at this time shall be liable for the monies owed the Department of Finance should fund be held in the quagmire of the state-federal banking mismatch.

At this time, CMA opposes CF: 17-07068 for the reasons outlined in our coalition December 3, 2017 letter, and for the ordinances current lack of accountability for a service provider of non-cash transactions to a city-licensed cannabis business, and the ordinances' failure to engage and address the public regarding issues of privacy and prohibition on consumer choice. Unlike a customers' choices to use a debit or credit card for items purchased on Amazon.com or go to the brick-n-mortar store to buy the same item with cash, if this ordinance passes, customers using cash, cannot walk into a brick- an-mortar licensed cannabis retailer and use cash.

Sincerely,



Tyrone Freeman  
Executive Director

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<sup>3</sup> The text of Fourth Corner's complaint is available at <https://consumermediallc.files.wordpress.com/2015/07/fourthcorner.pdf>.