

Communication from Public

Name: Tyrone Freeman
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Comments for Public Posting: CMA General Comments



CALIFORNIA MINORITY ALLIANCE

June 22, 2020

The Honorable Councilwoman, Nury Martinez, City Council President
Rules, Elections, and Intergovernmental Relations Committee Members
Los Angeles City Hall
200 North Spring Street
Los Angeles, CA 90012

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RE: COMMENTS and RECOMMENDATIONS CF: 20-0782: DCR Report No.1, CF: 20-0785: Report No.2, CF:17-0653: DCR Report No.3, CF: 20-0420: DCR Report No.3, CF: 20-0777: DCR 2020 Fee Study Report, and **CF: 20-0446-S1.**

Dear Honorable Councilmembers of the Committee:

On behalf of the African-American and Latino cannabis business owners, applicants, consumers, employees, community allies, and industry stakeholders, who make up the membership of the California Minority Alliance (“CMA”), CMA hereby offers said comments and recommendations on the aforementioned Council Files set before the REIR committee on June 23, 2020, at 8:00 a.m.

Specifically, CMA opposes recommendations that require the sole administration of a “lottery” system for applicant determination of “eligibility” pursuant 104.06 licensing processing. It seems a little ironic that the Department of Cannabis Regulations (DCR) would recommend said process considering the fact that institutions of both black and brown communities historically oppose any “lottery” type system in any manner for communities of color seeking economic equality or said opportunity. In fact, from the pulpit to the classrooms, “lotteries” are a game of chance, of which only the lucky prevail. In fact, statistically, one may say only the “very” lucky.

Lottery systems provide NO measurement of qualification, NO standard of measurable “likelihood” of success, and NO characteristic viable for excellent business acumen. All of which is a necessity in the assurance of those most likely to succeed in this industry. Inasmuch, CMA does not support a “lottery” **ONLY** approach, as recommended by DCR in CF: 20-0785 Report No.2 § 104.06.1(c).

Furthermore, CMA opposes a Pre-Application approach as the first stage in the application process outlined by DCR’s recommendation of § 104.03(a) relative to those applicants who submitted applications during the 14-day window period of September 3, 2020, in that, it allows Applicants to “replace an individual who is disqualified from being an Owner...”. This seems to be a capricious act of the administration towards those applicants who met said criteria during that first-come, first-serve process. It is like giving a sprinter a chance to rerun a race of which they would have otherwise been disqualified.

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Regarding DCR recommendation of “Pre-Licensing Inspection” § 104.04, it is of both public safety and ethical business sustainability concern that DCR is required to conduct an inspection in the manner provided in the Rules and Regulations **prior to** issuing a Temporary license. That is, lessons from Phase 2, provide empirical evidence that given an applicant the “authorization” to conduct business before ensuring they have some ability of compliance with both state and city cannabis regulations leads to a miserable rate of success for those businesses submitted as applicants. In fact, less than 30% of the applicants in Phase 2 have yet to meet the conditions of “conducting compliant” business in the City. In other words, “authorizing” businesses to operate outside of compliance with the current Rules and **Regulations DOES NOT LEAD TO MORE REVENUE FOR THE CITY**, nor deter the illegal market from operating. For this reason of fact-based evidence of the success rate of the 802 applicants of Phase 2, the city council should **oppose CF:20-0446-S1**.


Relative to DCR recommendation to amend § 104.03(c)(9) from 5 years from the date of conviction to 20 years, illustrates a specific example of “institutional” racism being protested today. It is of concern that the progressive City of Los Angeles would impose such a harsh penalty on an individual that has paid his or her debt to society is nothing less than a sudden and unaccountable change of behavior that has no factual basis of providing public safety or applicant protection. *That is, sai; the amendment is not based on any evidence or experience of the DCR administration. It is of itself arbitrary and capricious.*

In summary, CMA postulates that any issuance of “temporary approval” or “continued process” pursuant 104.06.01 or 104.06 as defined by DCR’s amendments, may lead to a high rate of applicants’ business failure, increased default on tax payments, and increased adverse personal liabilities for individual social equity applicants, unless those applicants seeking “temporary approval” or “continued processing” are compliant with the following as a condition of determining “eligible for further process”:

- (1) Provide Lease with evidence of monthly payments and deposits;*
- (2) Provide Radius Map*
- (3) Pass Live-Scan*
- (4) Provide premise site-plan*
- (5) Provide Certificate of Occupancy*
- (5) Obtain State Bureau of Cannabis Control License*
- (6) Obtain LAFD approval of premise*
- (7) Obtain Building and Safety Approval (if applicable)*
- (8) Provide Equity Share Agreement, at time of application submittal*
- (9) Provide Security Plan, and Executed Security Firm Service Contract for premise*
- (10) Provide Business Plan and Community Plan, highlighting strategy for tax and community betterment funding/allocation.*

These ten items are at minium necessary for providing the basis for community safety, diversity, and measurement of viable success. It is evidence-based that those applicants who have provided at least these ten items upon application submittal are more likely to succeed than those who piecemeal these together *"after"* they start operating. Such evidence is evident in states like Washington, Colorado, and Nevada.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tyrone Freeman', with a long horizontal flourish extending to the right.

Tyrone Freeman, Executive Director