



HERB J. WESSON, JR.  
COUNCILMEMBER, 10TH DISTRICT

October 28, 2019

Cat Packer  
Executive Director  
Department of Cannabis Regulation, City of Los Angeles  
221 North Figueroa Street, Suite 1245  
Los Angeles, CA 90012

**RE: SUSPENSION OF PHASE 3, RETAIL ROUND 1 PROCESS**

Dear Ms. Packer:

The City of Los Angeles adopted the Social Equity Program in order to right past wrongs by helping those individuals and communities who were disproportionately impacted by the War on Drugs and to remove barriers to ownership of Commercial Cannabis Activity businesses. We created this program together which is aimed at promoting equitable ownership and employment opportunities in the commercial cannabis industry in order to decrease disparities in life outcomes for marginalized communities and to address disproportionate impacts of past cannabis enforcement in those communities.

Over the last couple of weeks, including at the Cannabis Regulation Commission meeting last Thursday, allegations have been made that multiple applicants had access to the application portal prior to the announced start time of 10am on Tuesday September 3rd. Unfortunately these allegations have been substantiated by the Department at the Commission meeting and the Phase 3 Retail Round 1 process was compromised. While it was always understood that not every applicant would get a license, it is paramount that the application process have the utmost integrity, be transparent, and fair. There appears to be no scenario in which the Retail Round 1 process can meet those three principles currently.

**I am recommending that the Department: 1) suspend all Retail Round 1 applications; 2) refund all monies paid by Retail Round 1 applicants and cancel all invoices; and 3) prepare a full audit and report by an independent third party not involved in the process – unless there are other options like processing every application that would provide the necessary assurances that the process was not compromised.** These are the only options that will provide the clarity and time we need to ensure that the Phase 3 Retail process is fair, transparent, and has integrity.

Sincerely,

**HERB J. WESSON, JR.**  
Council President, City of Los Angeles  
Councilmember, 10<sup>th</sup> District